

Risk Landscape: the consideration of the full range of assets held by an organization and how they may be negatively impacted due to varying degrees of exposure to all potential hazards.



Risk exposure: is the quantified potential loss from business activities currently underway or planned. The level of exposure is usually calculated by multiplying the probability of a risk incident occurring by the amount of its potential losses.

Minimum Risk

Maximum Risk

Risk Tolerance: the preferred range of risk exposure. Exposure to risks above the appetite and below the threshold is tolerable but these risks are not necessarily desirable. Risks within the tolerance may be accepted or mitigated discretionarily. Generally, risks are exploited in this range if the expected benefit is greater than loss exposure, or risks are mitigated in this range if the cost to mitigate is less than the loss exposure.

Risk Appetite: the low limit of risk exposure. An organization wants to consume (appetite) all desirable risks below their stated risk appetite in order to exploit risks which would likely lead to a benefit and facilitate its mission. Functioning above the risk appetite is preferred. Functioning below the risk appetite (consuming too little risk) can stifle an organization's ability to innovate or operate effectively.

Risk Threshold: the high limit of risk exposure. Any risks exceeding the risk threshold are intolerable. An organization must make every effort to mitigate, avoid, or transfer risks which are above the organizations stated risk threshold until the risk is reduced to a tolerable level or eliminated. Exposure to risks above the risk threshold can be detrimental or catastrophic to an organization.

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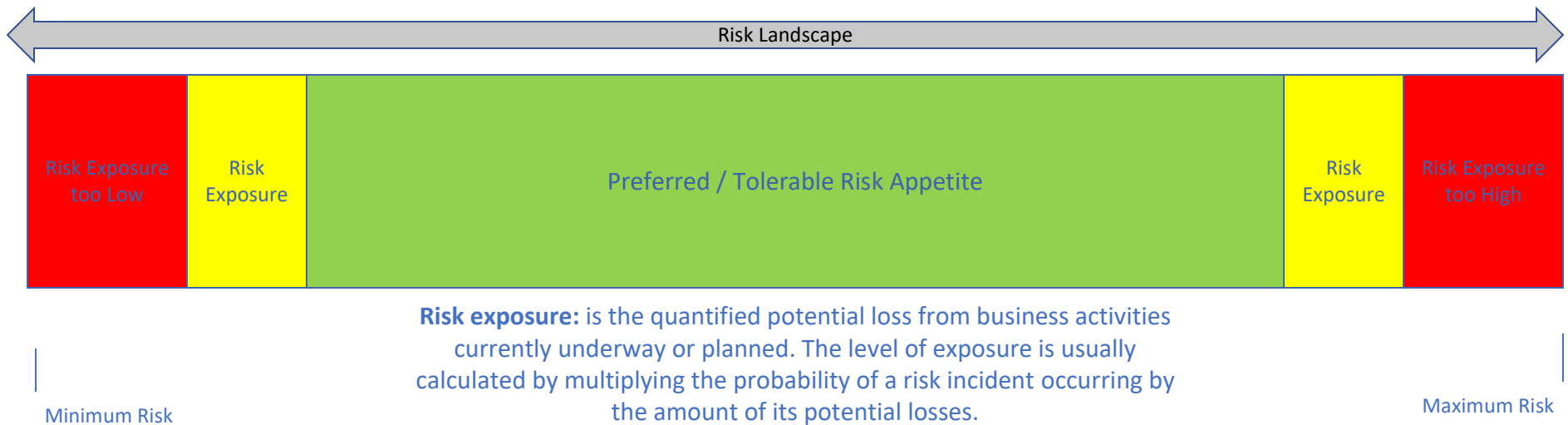
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Initial Risk: looks at the scenario, probability and impact. Does not consider existing controls

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Residual Risk: looks at the scenario, considering existing controls, probability and impact.