1.Inherent Risk Scale (without any control measures)

Impact factor	Processes	People	Technical complexity	Financial
Catastrophic **5**	Major failure in internal processes resulting in substantial losses and errors	Major losses to the value of IDFC's collective competencies, knowledge and skills. Serious breaches of the Code of Business Conduct and Ethics.	Use of unproven technology for critical system / project components. High level of technical interdependencies between system / project components.	> 15% of Revenue.
Critical **4**	Significant failure in internal processes resulting in high losses and errors.	Significant losses to the value of IDFC's competencies, knowledge and skills.	Use of new technology not previously utilised by the GEPF for critical systems / project components.	> 7.5% of Revenue.
Serious **3**	Moderate level internal processes impact.	Lower level losses to the value of IDFC's collective competencies, knowledge and skills.	Use of unproven or emerging technology for critical systems / project components.	> 3.875% of Revenue
Significant **2**	Little internal processes impact.	Little impact to the value of IDFC's collective competencies, knowledge and skills.	Use of unproven or emerging technology for systems / project components.	> 2% of Revenue.
Insignificant **1**	No impact on internal processes.	No impact to the value of IDFC's collective competencies, knowledge and skills.	Use of unproven or emerging technology for non-critical systems / project components.	< 2% of Revenue

2. Likelihood Scale (Probability)

Likelihood Factor	Qualification criteria	Rating
Almost certain	The risk is almost certain to occur in the current circumstances. The risk is already occurring or is likely to occur more than once within the next 12 months.	**5**
Likely	More than an even chance of occurring. The risk could easily occur and is likely to occur at least once within the next 12 months.	**4**
Possible	Could occur quite often. There is an above average chance that the risk will occur at least once in the next 3 years.	**3**
Unlikely	Small likelihood but could happen. The risk occurs infrequently and is unlikely to occur within the next 3 years.	**2**
Rare	Not expected to happen - Event would be a surprise. The risk is conceivable but is only likely to occur in extreme circumstances.	**1**

3. Control Effectiveness Scale

Effectiveness Factor	Qualification criteria	Rating
Very High	Risk exposure is effectively controlled and managed.	**5**
High	Majority of risk exposure is effectively controlled and managed.	**4**
Medium	There is room for some improvement.	**3**
Low	Some of the risk exposure appears to be controlled, but there are major deficiencies.	**2**

Low	Some of the risk exposure appears to be controlled, but there are major deficiencies.	2
Very low	Control measures are ineffective.	1

4. Residual Risk Exposure

Category	Level	Category description	Factor
Priority 1	**Immediate action required**	Management should take immediate action to reduce residual risk exposure to an acceptable level	+21
Priority 2	**Action required**	Management should implement more controls or increase the effectiveness of current controls to reduce the residual risk to a more acceptable level	11 - 20
Priority 3	**Monitor**	Management should constantly monitor the risk exposure and related control effectiveness	6 - 10
Priority 4	**Acceptable**	The residual risk exposure is acceptable	2.6 - 5
Priority 5	**Reduce control**	Management may consider reducing the cost of control	1 - 2.5