

-- For discussion purposes only --

## Guidance for identifying and prioritizing Institute risks and opportunities

This document provides guidelines to assist in the identification of risks and opportunities using consistent criteria to assess the scale at which an identified risk/opportunity could impact MIT. This does not preclude individuals from highlighting concerns that may not meet the criteria set forth in this document.

### Definition of risks and opportunities:

A **risk** is defined as any event or circumstance that, if realized, could impede MIT from achieving its strategic objectives.

An **opportunity** is defined as any event or circumstance that, if realized, could provide MIT with advantages toward achieving its strategic objectives.

### Potential inputs to identifying a risk or opportunity area:

- Risk universe
- Recent events (at peer institutions, world events, socio-cultural topics)
- Recent or upcoming changes (leadership changes, significant process/system changes, significant growth or decline)
- High risk audit findings
- Data trends/patterns observed through internal or external reports and analysis

### Institute risk or opportunity if:

1. Has a medium or high impact in multiple categories outlined below AND
2. Has a medium or high likelihood of occurrence

\*Departments, Labs, Centers and Central Administration Units are responsible for managing risks that have impacts localized to their operations but not material to the Institute as a whole

<i>Impact</i>	<b>Safety</b>	<b>Financial</b>	<b>Operational</b>	<b>Compliance</b>	<b>Reputation</b>	<b>Mission</b>
<b>High</b>	Death or significant physical or psychological harm to MIT community, visitors or vendors	Financial impact of > \$10 million	Widespread disruption of academic and/or research operations	Contractual, legal or regulatory non-compliance with Institute-wide impact	Extensive long-term media coverage; Sustained loss of confidence by 1 or more stakeholder groups <sup>1</sup>	Core mission of MIT directly impacted
<b>Medium</b>	Physical or psychological treatment for members of the MIT community, visitors or vendors	Financial impact of between \$1 million and \$10 million	Limited disruption of academic and/or research operations	Contractual, legal or regulatory non-compliance impacting multiple DLCs	Short-term media coverage; temporary loss of confidence by 1 or more stakeholder groups	Areas of significant importance to MIT's core mission impacted
<b>Low</b>	Minor or no injuries/ psychological harm to MIT community, visitors or vendors	Financial impact of less than \$1 million	Isolated disruption of academic and/or research operations	Contractual, legal or regulatory non-compliance impacting single DLC	Localized complaints from stakeholders, no media coverage	Limited impact to MIT's mission-critical areas

<sup>1</sup> Stakeholder groups: Students, Faculty, Staff, Corporation Members, Alumni, Research Sponsors/Partners, Federal/Local Government, Local Community

*This guidance document is intended to support MIT's system of managing risk in the identification and assessment of potential areas of risk upon which the Institute may wish to focus attention. While this guidance can help with decision-making, it is not intended to be prescriptive or inclusive of all potential factors that could be considered when determining Institute objectives and actions regarding risk.*

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Likelihood level	Criteria
High	<b>Likely</b> Probability of occurrence within next 3 years is > 50%
Medium	<b>Possible</b> Risk has a 25 to 50% chance of occurring in the next 3 years
Low	<b>Remote</b> Risk has a 0 to 25% chance of occurring in next 3 years

If two or more of the following apply to an Institute Risk, RMCS will recommend to the Risk & Compliance Steering Group that the risk be included in the Top Risks Dashboard:

1. Reputational or Mission impact is high
2. High likelihood of risk occurring or opportunity to capitalize (i.e., within next 3 years)
3. Ownership for managing risk or opportunity at the Institutional level is not well-defined
4. Planned and existing mitigating actions, and broader environment would benefit from ongoing monitoring and reporting through the risk management system

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