

## COMMODITY GROUP - Risk Scenario Register

CATEGORY	SCENARIO <i>THREAT AND EVENT (DUE TO ...)</i>	PERCEIVED IMPORTANCE/MATERIALITY  <i>(HIGH, MEDIUM, LOW, NOT APPLICABLE)</i>
<b>BUSINESS ENVIRONMENT RISKS</b>		
<b>Competitor</b>	Competitors entering the Canadian marketplace, with less stringent controls on food safety than an accredited OFFS participant, potentially gain competitive (cost) advantage.	
	Competitor that is unaccredited or has lower quality of safety programs increases overall food safety risk to commodity.	
<b>Customer Expectation</b>	OFFS system does not keep up with customer demands for demonstrative standard of food safety.	
<b>Technology Innovation</b>	Breach or failure of critical technology and information systems.	
	Scientific innovation introduced to market subsequently determined not to be safe (e.g. new drugs, Genetically Modified Food)	
	Technological changes (e.g. commodity production, monitoring systems) introduce new food safety risks.	

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<b>BUSINESS ENVIRONMENT RISKS</b>		
<b>Resource Allocation</b>	Failure to adequately resource for future growth and stakeholder expectations of OFFS.	
<b>Stakeholder Relations</b>	Decline in stakeholder confidence in the OFFS system, threatens the ability to fully execute strategic plan.	
<b>Capital Availability</b>	Insufficient funding to fully implement OFFS systems and programs.	
	Insufficient funding and resources to implement the Commodity Group Risk Management process (national/provincial/local level)	

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<b>BUSINESS ENVIRONMENT RISKS</b>		
<b>Political</b>	Government action in a key export market segment, introduces barriers or cessation of trade due to perceived concerns over safety of Canadian industry/commodity.	
	Domestic regulator curtails or interferes with market, due to perceived concerns over food safety.	
	Changes in government(s) shifts policy and reduces level of support for OFFS initiatives.	
<b>Legal</b>	Changes to Trade Agreements affect OFFS programs (standards, economics).	
	Evolving court precedents “raise the bar” of safety and quality standards.	
	Class action suit (e.g. claims of long-term health issues due to products, medications in food, etc.)	
<b>Regulatory</b>	Jurisdictions introduce bans on key medications or feed product due to concerns over public safety (potentially alternate products are not as effective).	
	Regulators introduce changes to marketplace, which reduces the ability of the entity to control food safety program implementation.	

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<b>BUSINESS ENVIRONMENT RISKS</b>		
<b>Social/Cultural</b>	Consumer trends negatively affect perceptions and demand for commodity.	
<b>Natural Disaster</b>	Natural disaster (e.g. icestorm, earthquake) or environmental incident (e.g. airborne contaminates, water supply) creates significant regional impacts, subsequently affecting the reliability and integrity of food safety systems.	
	Environmental incident (e.g. airborne contaminates, water supply) creates significant regional impacts, and subsequently affect the reliability and integrity of food safety systems.	

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<b>STRATEGIC RISKS</b>		
<b>Marketplace</b>	Failure to monitor, and stay in touch with consumer food safety expectations, results in obsolete food safety strategies and systems.	
<b>Business Model</b>	OFFS program costs exceed perceived value, thereby diminishing Producer support.	
	Insufficient or ineffective information (e.g. the effectiveness of OFFS programs) drives less than optimal strategic decisions.	
<b>Organizational Structure</b>	Organization's size, structure and resources available threatens ability to effectively implement OFFS.	
	The commodity group's organizational structure and delineation of responsibility (National/Provincial) impedes the effective ability to achieve OFFS program objectives and manage food safety risks.	
<b>Measurement</b>	Wrong or ineffective performance measures lead to inaccurate views on actual level of food safety.	

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<b>STRATEGIC RISKS</b>		
<b>Resource Allocation</b>	Inadequate allocation of resources to OFFS and Risk Management programs preclude the commodity group from establishing and sustaining the expected stakeholder returns.	
<b>Planning</b>	Planning process fails to obtain the full and relevant input from all stakeholders, thus potentially leaving gaps in Food Safety and Risk Management systems (e.g. failure to identify critical threat).	
<b>Life Cycle</b>	Lack of relevant and reliable information to manage and monitor the evolution of the full life cycle of OFFS issues.	
<b>Reputation</b>	Willful or inadvertent misuse of brands and trademarks, potentially leads to misrepresentation of product (i.e. with respect to safety)	
	Food safety assertions, branding, certification marks, etc. negatively affected (e.g. by unfounded / unsubstantiated allegations of food safety, actions by special interest group).	
	Integrity of food safety related programs is eroded by misrepresentation or sensationalist reporting by the media.	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>  <i>* Note: the category of Process/Operations Risks is segmented into three categories – those that are “General” and relevant to any Commodity Group, and those that specifically pertain to “Animal/Livestock” commodities, and “Horticulture” commodities.</i>		
<b>Human Resources</b>	Failure to attract and retain personnel (e.g. scientists, validators, farm workers, etc.) with adequate skills and qualifications to develop, implement or maintain OFFS programs.	
<b>Knowledge Capital</b>	Lack of knowledge of and/or experience of National Organizations in designing and implementing OFFS Process (due to _____).	
	Lack of knowledge and/or experience of Delivery Agent in implementing OFFS process (due to _____).	
	Lack of knowledge and/or experience of on-farm auditors in OFFS process (due to _____).	
	Lack of knowledge and/or experience of Producers in implementing OFFS process (due to _____).	
	On-farm auditor decision is in disagreement with the farmer, leads to legal action.	
	Product tainted by improper use of chemicals.	
	A contaminant is detected, however the product is not withdrawn from the market in a timely fashion due to lack of procedures/training.	
	A contaminant is found in the food, however can not be traced back to a particular farm (e.g. GMP paperwork is available at the farm, but does not match current practices)	
	Contaminated product in the marketplace with lack of traceability, paperwork as per current practices for traceability	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Knowledge Capital</b>		
<b>Product Development</b>	Product priced at uncompetitive levels due to incremental costs of OFFS program.	
	Products are introduced to the market by non-participating entities, and are marketed as safer, thus diminishing the importance of OFFS program.	
<b>Efficiency</b>	Inefficiency in implementing OFFS programs leads to gaps in the program.	
	Inefficiency in implementing OFFS lead to unacceptable increased cost of the program.	
<b>Capacity</b>	Low participation rate by producers increases the per-participant costs of the program.	
	OFFS program cannot be implemented as quickly and comprehensively enough to meet stakeholder expectations.	
<b>Performance Gap</b>	System performance is substandard due to gaps in design of practices (results in lower quality product and potential food safety issues).	



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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Performance Gap</b>		
<b>Cycle Time</b>	Additional activities associated with food safety systems threaten the ability to produce quality products in a timely manner (Canadian or export market).	
<b>Sourcing</b>	Limitations on sourcing key raw materials threaten the ability to produce product; substitutes create a food safety issue.	
	A key supply is no longer available (i.e. banned, source no longer produces).	
<b>Supply Chain</b>	Poorly performing distribution channels threaten the delivery of product (e.g. trucking strike), hence “shelf life” related food safety issues result.	
	Delay in shipments/transportation results in a back-up of the supply chain and threatens food safety.	
	Inability of Processor to accept product, results in back-up of the supply chain and threatens food safety.	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Partnering</b>	Industry Partners (e.g. another association) not at the same quality of food safety, decreases the ability to fulfil food safety objectives.	
	Failure to leverage knowledge within the industry, of procedures and best practices, results in a gap in food safety knowledge, or processes.	
<b>Compliance</b>	OFFS program is not fully aligned with customer requirements/needs related to food safety.	
	OFFS program is not fully aligned with laws and regulations pertaining to food safety.	
	OFFS program does not adequately adjust to changing requirements (i.e. customer, regulatory).	
<b>Business Interruption</b>	Loss of critical systems (i.e. power, water supply to a Region) threatens food safety.	
	Loss of suppliers of key raw materials results in need to find substitutions – potentially with increased food safety risk.	
	Loss of computer systems or data at a National/Provincial level creates key food safety information gaps.	
<b>Product/Service Failure</b>	Product liability due to unsafe food claims threatens market share and reputation of the commodity/OFFS program.	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Product/Service Failure</b>		
<b>Environmental</b>	Perception of food safety compromised, if hazardous waste found at a Producer site.	
	Use of particular chemical/fertilizer/feed at farms throughout the country revealed to be environmentally harmful, due to newly available research.	
	Lack of procedures for waste disposal (at farms), results in widespread contamination of farms/water supplies.	
	Water contamination by pesticides, herbicides, manure, etc.	
<b>Health and Safety</b>	Lack of effective procedures for farm workers results in a health and safety issue (physical injuries, inhalation of chemicals) and brings effectiveness of programs into question.	
	Piece of equipment, widely used by industry, causes illness/injury/death to worker, and brings effectiveness of programs into question.	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Leadership</b>	Ineffective direction as pertaining to food safety (e.g. dissemination of information).	
	Lack of feedback/communication/credibility with various stakeholders, leads to regulatory/food safety/perceptual issues of industry handling of food safety related items.	
	Unauthorized decisions/actions leads to food safety crisis.	
<b>Authority/Limit</b>	Entity acts outside their boundaries, resulting in greater food safety risk to the public, and subsequent action against leadership.	
	Entity fails to act which results in greater food safety risk to the public, and subsequent actions against leadership.	
<b>Outsourcing</b>	Key service provider does not adhere to agreed standards for food safety, resulting in a food safety issue.	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Performance Incentive</b>	Incentive for producers to follow OFFS does not offset production demands, hence compromises result in operations inconsistent with OFFS objectives.	
<b>Change Readiness</b>	Resistance to implementing OFFS programs results in not keeping up with marketplace demands for food safety.	
	Adequate tools are not available to assist Producers and other Stakeholders in changing at the pace needed to adopt OFFS programs.	
<b>Communication</b>	Ineffective communication of programs established leads to inconsistent implementation.	
	Ineffective communication to key stakeholders exacerbates a food safety related crisis situation.	
<b>Information Relevance</b>	Information/data collected is inaccurate/misleading and leads to incorrect decision making (food safety related).	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Information Integrity</b>	Inadequate system access controls results in invalid (food safety) data being entered/collected.	
	Inadequate information leads to incorrect/ineffective decisions made (e.g. dated information).	
	Poor system integrity and backup results in the loss of key food safety related information.	
<b>Information Access</b>	Unauthorized access to information results in disclosure of confidential or sensitive food safety related information.	
	Unauthorized access to information and tampering leads to inaccurate/misleading information being disclosed, or used as a basis for decision making.	
<b>Information Availability</b>	Information system failure results in lack of system access during problematic time.	
	Loss of critical food safety-related information due to physical disruption to systems (i.e. cut cables, telephone system outage, fire, flood, electrical outage) with short-term disruption in information systems.	
	Loss of critical food safety-related information due to physical disruption to systems (without a contingency plan) with <u>long term</u> disruption in information systems.	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Information Infrastructure</b>	Lack of integration of information management strategies, with strategic implementation of OFFS programs.	
<b>Management</b>	Misrepresentation of entities’ capabilities to effectively implement food safety (OFFS) initiatives.	
<b>Employee/Third Party Fraud</b>	Fraudulent activities by employees, customers, suppliers, agents for personal gain (e.g. financial or information) exposes the entity to loss. Fraudulent activity may directly impact food safety, and or perception of food safety due to lack of controls.	
<b>Illegal Acts</b>	Illegal acts within the organization, or key stakeholders leads to loss of customers, public confidence, or reputation; indirect perceptual impact on food safety.	

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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Unauthorized Use</b>	Use of assets (including intellectual property) for unethical purposes potentially compromises integrity of programs.	
	Confidential information is compromised, resulting in loss of competitive advantage for marketing.	
<b>Reputation</b>	Reputation of the OFFS program is damaged due to (for example): <ul style="list-style-type: none"> <li>• Systematic failures</li> <li>• Lack of improvement in overall OFFS</li> <li>• Media misreporting or sensationalism</li> </ul>	
	Reputation of the Commodity Group is damaged due to a major incident affecting another commodity group.	
<b>Product Service Pricing</b>	Pricing models do not fully include the costs/resources needed to implement effective OFFS systems.	
<b>Contractual Commitment</b>	Contracted commitments impede the ability to effect OFFS procedures properly.	



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<b>PROCESS/OPERATIONS RISKS – GENERAL</b>		
<b>Measurement/ Alignment</b>	Measurements used from a business perspective misaligned with measurements for continuous improvement (OFFS, Risk Management).	
<b>Budget and Planning</b>	Budget/resources allocated are insufficient to assure effective implementation and maintenance of OFFS programs.	
<b>Accounting Information</b>	Inability of financial accounting, or other economic measures to delineate customer food quality/safety objectives.	
<b>Financial Reporting</b>	Mistaken or inappropriate financial reports affect the reputation of the industry and indirectly, food safety/OFFS reputation and public confidence.	

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<b>PROCESS/OPERATIONS RISKS – ANIMAL / LIVESTOCK SPECIFIC</b>		
<b>Knowledge Capital/  Business Interruption/  Product Failure/  Environmental Risks/  Health and Safety</b>	Known disease, virus, etc. enters the Canadian market (i.e. having previous affected trade in other jurisdictions).	
	Known disease at farm (which impacts farm level production).	
	Product contaminated with veterinary drug residues exceeding Health Canada’s tolerances (e.g. producer uses wrong product, incorrect withdrawal time, extra-off label medication without prescription) sold to consumers.	
	Product contaminated with antimicrobial resistant pathogens, which are traced back to the use of antibiotics by Producer (e.g. Improper use of antimicrobials at the farm level, or antimicrobial resistance develops).	
	Bio-terrorism – A radical group introduces a contaminant into the product.	
	Product contaminated with other chemicals (other than medication), such as heavy metals or dioxins, due to (for exampl): <ul style="list-style-type: none"> <li>• Contaminated feed</li> <li>• Contaminated water</li> <li>• Willful tampering</li> </ul>	
	Broken medication needle discovered (i.e. by Processor, consumer).	
	Product contaminated with pathogens (e.g. salmonella).	
	Contamination scenario at farm which was not identified as a potential risk by the OFFS program.	
	Contamination found in product, despite Producers following OFFS procedures (e.g. due to Processor, or consumer handling).	

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<b>PROCESS/OPERATIONS RISKS – ANIMAL / LIVESTOCK SPECIFIC</b>		
<b>Knowledge Capital/ Business Interruption/ Product Failure/ Environmental Risks/ Health and Safety</b>	A new disease in Canada affects livestock, with disease or biosecurity measures not anticipated by OFFS.	
	Inspection/quality sampling failure at Processor.	
	Mixture of incompatible products, due to not following Procedures.	

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<b>PROCESS/OPERATIONS RISKS – ANIMAL / LIVESTOCK SPECIFIC</b>		
<b>Feed</b>	By products in feed.	
<b>By-Products</b>	Secondary products (rendering).	

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<b>PROCESS/OPERATIONS RISKS – HORTICULTURE</b>		
<b>Knowledge Capital/ Business Interruption/ Product Failure/ Environmental Risks/ Health and Safety</b>	Contaminated site used for crops (e.g. due to lack of knowledge of site history).	
	Contamination of site/product from feces, due to wide animal and livestock access to site	
	Contamination of product/site, due to manure application too close to harvesting season	
	Contamination of product/site, due to drainage/run-off from adjacent properties.	
	Contamination of product with a pesticide which is not registered, due to change in pesticide (registration not consulted).	
	Contamination of product with chemical or other residue from environmental/airborne contaminants.	
	Contamination of water; post harvest water is reintroduced into the water supply.	
	Contamination due to improper drainage/storage of waste.	
	Irrigation water contaminated with undetected coliforms.	
	Pathogens absorbed into produce during washing or other processing.	
	Contamination due to improper handling or improper labeling of chemical.	
	Harvesting equipment improperly or not cleaned (i.e. not rinsed/sanitized) and contaminates product.	
	Improper (excessive) amount of fertilizer introduced to produce due to lack of calibration of equipment.	
	Improper maintenance/sanitation of harvesting container (foreign material contaminates product).	
Contaminated product due to improper hygiene practices.		

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<b>PROCESS/OPERATIONS RISKS – HORTICULTURE</b>		
<b>Knowledge Capital/</b>		
<b>Business Interruption/</b>		
<b>Product Failure/</b>		
<b>Environmental Risks/</b>		
<b>Health and Safety</b>		
<b>Knowledge Capital/</b>	Contaminated product due to worker having a communicable disease.	
<b>Business Interruption/</b>	Contaminated product due to worker working with an open wound.	
<b>Product Failure/</b>	Contaminated product due to use of pest control product.	
<b>Environmental Risks/</b>	Product Recall	
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>• Inefficient due to lack of ability to track lot number</li> <li>• Ineffective communication to all parties</li> <li>• Recall of a lot (when more lots were involved)</li> <li>• Inadequate assessment and control of crisis of the situation</li> </ul>	
	Inaccurate records to detect contamination (e.g. water sources and quality, pesticide spraying, fertilizer application, training for seasonal work, treatment of recycled water).	
	Provisions for G.M. contamination.	

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<b>PROCESS/OPERATIONS RISKS – HORTICULTURE</b>		
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<b>FINANCIAL RISK</b>		
<b>Interest Rate</b>	Higher interest rates increases producers costs, thus impacting ability to implement/maintain OFFS programs.	
<b>Currency/Foreign Exchange Rates</b>	Exchange rates change import/export balance, thus impacting ability to implement/maintain OFFS programs.	
<b>Commodity Pricing</b>	Commodity price reductions reduces Producers margins, thus impacting the ability to implement/maintain OFFS.	
<b>Cash Flow</b>	Changes to overall government farm funding programs, thus diminishing Producers' cash flow and impacting ability to implement OFFS programs.	



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<b>FINANCIAL RISK</b>		
<b>Default</b>	Default in collecting funds owed from third parties creates cash flow problems and impacts ability to implement OFFS program.	
	Failure of a risk financing mechanism (e.g. insufficient funding, insurer default, etc.) following a major food safety related claim.	
<b>Collateral</b>	Major food safety related loss results in decline in underlying business value within sector.	