

RISK MANAGEMENT POLICY

1. Purpose

Company Name description of the mission. Fulfilling this mission is associated with significant uncertainty.

The purpose of this policy is to set the principles and guidelines that the **Company Name** needs to adhere to in order to address the uncertainty associated with the planning, performance management and operations. This includes integrating risk management principles into decision making, core activities and business processes.

The **Company Name** aims to use this risk management policy to make better-informed decisions to improve the probability of achieving its mandate, strategic goals and operational objectives. The policy is based on the principles, framework and process outlined in ISO 31000:2018 and COSO:ERM 2017, as well as relevant national rules and regulations.

2. Scope

This policy applies to all **Company Name** departments and operations.

3. Policy Statement

The **Company Name** is committed to making risk-informed decision by identifying, analyzing, prioritizing and mitigating the risks that may have an impact on the **Company Name** achieving its mandate, strategic goals, operational objectives, projects and day-to-day activities. For **Company Name** to effectively fulfill its risk management commitment, the following principles should be adhered to:

- a. Integrated - Risk management is an integral part of all **Company Name** activities.
- b. Structured and comprehensive - A structured and comprehensive approach to risk management contributes to consistent and comparable results.
- c. Customized - The risk management framework and processes are customized and proportionate to the **Company Name** external and internal context related to its objectives.
- d. Inclusive - Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
- e. Dynamic - Risks can emerge, change or disappear as a **Company Name** external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
- f. Best available information - The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
- g. Human and cultural factors - Human behavior and culture significantly influence all aspects of risk management at each level and stage.
- h. Continual improvement - Risk management is continually improved through learning and experience.

4. Procedure

Company Name integrates risk management in core business activities including key decision-making. Whenever management or staff are required to make a material decision appropriate risk management has to be performed. The overview of the risk management process in line with the ISO31000:2018 and COSO:ERM 2017 is shown in Figure 1.

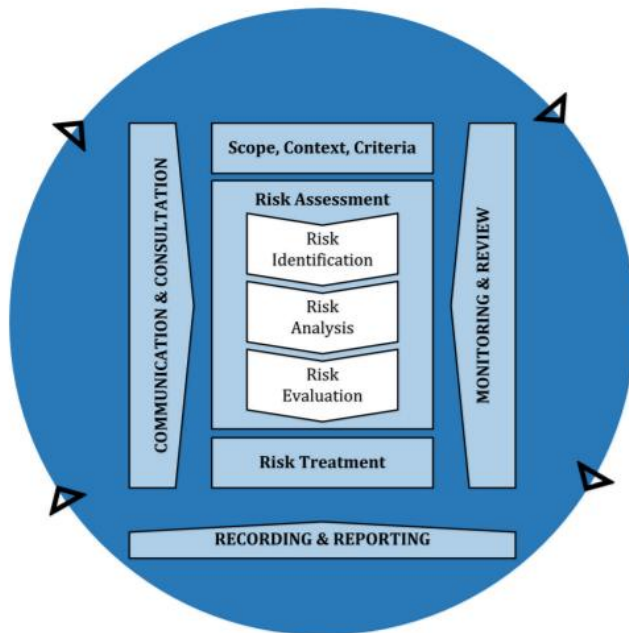


Figure 1: Risk Management Process

Risk management is an integral part of management and decision-making and is integrated into the structure, operations and processes related to the **Company Name** mandate, strategic goals and objectives.

The following is an overview of the risk management process that should typically be applied to important decisions:

Communication and consultation

Communication and consultation assist relevant stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required.

Company Name management and staff need to be made aware that whenever a significant decision needs to take place, the decision proposal has to be supported by a risk assessment. Relevant stakeholders need to be involved in the risk assessment and the outcomes of risk assessment need to be communicated to the key decision makers.

Scope, context and criteria

Establishing the context involves defining the purpose and scope of the risk assessment, understanding the context of the decision, planning the approach to be taken and defining the criteria for risk evaluation.

Risk assessment

Risk assessments should be conducted during the decision-making process to inform management and key stakeholders about the risks associated with taking or not taking a decision / approving or not approving an initiative or budget. Risk assessments should be conducted for any significant decisions / initiatives.

The purpose of risk assessment is to find, recognize and describe risks that might help or prevent **Company Name** from achieving its objectives.

Relevant, appropriate and up-to-date information is important in identifying risks. The risk analysis can be influenced by any divergence of opinions, biases, perceptions of risk and judgements. Additional influences are the quality of the information used, the assumptions and exclusions made, any limitations of the techniques and how they are executed. These influences should be considered, documented and communicated to decision makers as part of the risk assessment.

Risk treatment

The purpose of risk treatment is to select and implement options for addressing risk while making a decision. Risk treatment involves an iterative process of:

- formulating and selecting risk treatment options;
- planning and budgeting for risk treatment as part of the decision;
- assessing the effectiveness of that treatment once the decision has been implemented;
- deciding whether the risk is acceptable;
- if not acceptable, taking further treatment.

Selecting the most appropriate risk treatment option(s) involves balancing the potential benefits derived in relation to the achievement of the objectives against the costs, effort, or disadvantages of implementation.

Monitoring and review

The purpose of monitoring and review is to assure and improve the quality and effectiveness of risk assessment design, implementation and outcomes, as well as its contribution to the quality of decision-making process.

The results of monitoring and review should be incorporated throughout the Company Name performance management, measurement and reporting activities.

Recording and reporting

The outcomes of risk management processes should be incorporated into the information presented to decision makers at the time of making

a decision as well as at the later stage within the financial and performance reporting.

Reporting is an integral part of **Company Name** governance and should enhance the quality of dialogue with stakeholders and support top management and oversight bodies in meeting their responsibilities.

Table 1: Risk management process overview

5. Roles and Responsibilities

Management should ensure that the responsibilities and authorities for relevant roles with respect to risk management are assigned and communicated at all levels of **Company Name**.

Risk management roles and responsibilities include:

- **Company Name Board / Chairman:**
 - Issue a policy that establishes a risk management approach.
 - Ensure that the necessary resources are allocated to managing risk.
 - Assign authority, responsibility and accountability at appropriate levels within the organization.
 - Ensure decisions are made only after proper understanding and consideration of the underlining risks.
- **CEO:**
 - Ensure that risks are adequately considered when setting the organization's objectives, strategy and business plans.
 - Understand and communicate to the **Company Name** Board the risks facing the organization in pursuit of its objectives.
 - Ensure that risk management framework is implemented and operating effectively.
 - Ensure decisions are made only after proper understanding and consideration of the underlining risks.
 - Set risk-adjusted performance targets and KPIs for senior management.
 - Provide timely and accurate disclosure risk-adjusted performance, most significant risks and their treatments to the Company Name Board.
 - Allocate resources necessary to perform business activities with risks in mind
- **Person, responsible for the risk management implementation:**
 - Design and implement the risk management framework.
 - Coordinate risk management activities and provide methodological support for the risk-based decision making.
 - Participate in the decision-making process (if required),
 - Participate in the preparation of management reports, providing relevant information about risks and their treatments,
 - Provide risk management training and integrate principles of risk management into existing training programs.
 - Implement activities designed to integrate risk management principles into the overall organizational culture.
- **Other department heads:**

- Identify, assess and treat risks associated with business activities or decision-making within their area of responsibility.
- Allocate resources necessary to manage risks within their area of responsibility.
- Optimize business processes or decision making based on the outputs of risk management processes.

6. Definitions

Risk - effect of uncertainty on objectives (ISO31000:2018)

Risk management - coordinated activities to direct and control an organization with regard to risk (ISO31000:2018)

7. References

ISO 31000:2018, Risk management – Guidelines
 ISO Guide 73:2009, Risk management – Vocabulary

8. Document History (provide backstory/changes to each policy version)

Version	Date Approved	Approved by	Circulation Date	Brief Description
1				