

Risk Management Charter

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Change Order Form

Serial Number	Reference	Description
1	Name of the document	RISK MANAGEMENT CHARTER
2	Purpose & scope	This document describes Risk Management organization structure, procedures, roles and responsibilities.
3	Date of First Approval	April 2021
4	Date of last approval/amendment	September 2022
5	Indicative Date of Next review	September 2023
6	Administering entity	Strategic Planning Committee (SPC)
7	Approving authority	Board of Governors (BoG)
8	Reference to related policies, procedures, guidelines & regulations	Strategic Plan – FIIB2025 Risk Management Policy Risk Register



Definitions

“Board” shall mean the *Board of Governors (BoG) of Fortune Society for Development & Promotion of International Business*

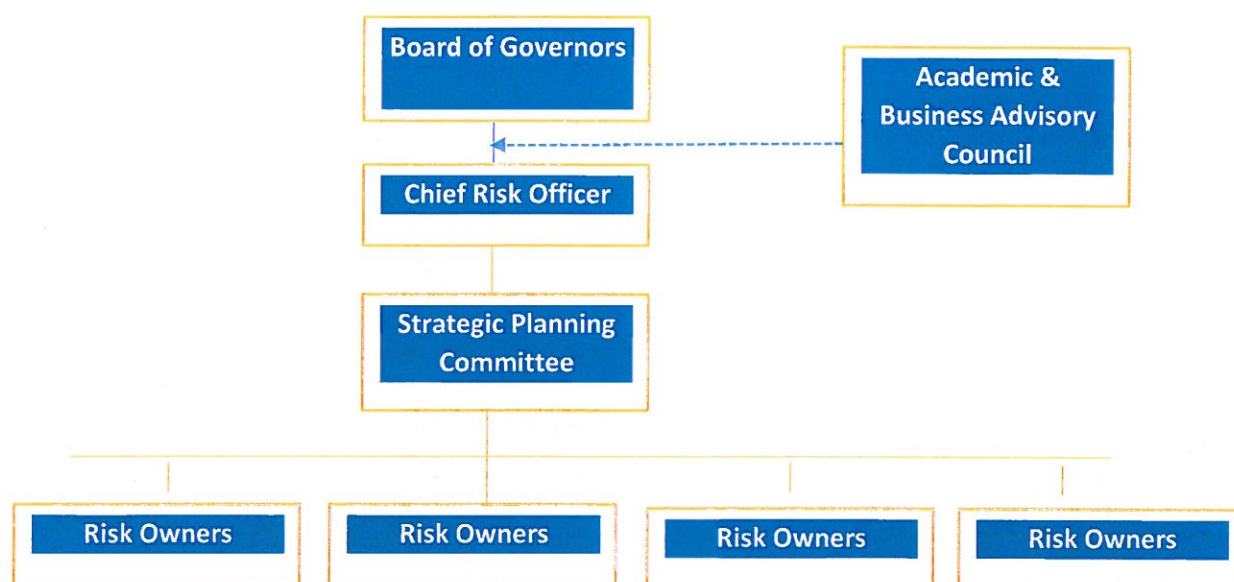
“Academic & Business Advisory Council (ABAC)” shall mean the Academic & Business Advisory Council of Fortune Institute of International Business

“Institute” shall mean *Fortune Institute of International Business (FIIB)*

“Strategic Planning Committee (SPC)” means the committee constituted by the BoG to monitor and review the Risk Management Policy, Risk Management Charter and such other functions pertaining to risk management, by whatever name called.

“Risk Owner” means the persons appointed to monitor implementation of mitigation plans of risks identified, update risk registers and such other responsibilities as may be defined by SPC.

Risk Management Organization Structure



Risk Management Process

The risk management process contains the following key elements:

1. Identification of Risks

Risk identification deals with finding, recognizing, & describing exposure to uncertainty, and implies environmental scanning in relation to the strategic objectives.

Risk Owner shall identify the risks pertaining to their own function and industry. The risk identification is an iterative process and as the work progresses, and more information gained, the risk list is updated to reflect the new found understanding. A starting point for this is to revisit the SWOT done in the earlier cycle keeping FIIB2025 and its aspirations at the forefront. Results of these discussions are distilled and a revised SWOT matrix is developed. The SPC also asks the risk owners to identify the challenges in implementing each of the strategic priorities and rank priorities that are of more urgent and important nature and needs to be addressed. For each of the strategic items in FIIB2025, risk elements are identified. Each one is then assessed on the outcomes it impacts as well as the severity of the consequence if the risk goes unaddressed. A scale is developed and a heat map of the risks is created.

2. Risk Measurement

Risk measurement for the purpose of this Policy means the quantification of the impact of risks to determine their potential severity and the likelihood of occurrence of the risk to determine frequency.

For the risks identified, Risk Owner shall carry out the following Risk measurement exercise:

- a. Risks identified shall be categorized into following categories:
 - Internal/external and
 - Controllable/uncontrollable
- b. Risks shall be measured for:
 - The impact to ascertain potential severity and
 - Likelihood of occurrence and categorization into Extreme, High, and Significant. FIIB uses the following method to measure the risk:
 - Extreme - High Probability of occurrence and High Consequences
 - High - Medium Probability of occurrence and Medium Consequences
 - Significant - Low Probability of occurrence and Low Consequences
- c. Mitigation plan with timelines shall be prepared / updated for all risks.

Further, the cost of controlling and mitigating the risk should not exceed the magnitude of risk except for the risks relating to Regulatory and Compliance, and Health, Safety and Environment categories.

In case of identification of new risks, and/or change in impact of already identified risks, the risk owners will escalate it by promptly communicating to the SPC.

The above exercise conducted by the Risk Owner shall be reviewed and approved by the SPC after suggesting changes, if any.

3. Risk Mitigation

These following strategies are integrated in the strategic plan:

- High Probability of occurrence and High Consequences – Avoid, Control, Transfer

- Medium Probability of occurrence and Medium Consequences – Avoid, Control, Transfer
- Low Probability of occurrence and Low Consequences – Watch/Monitor, Assume

Further, the following action steps are implemented:

- Determine what planning, budget, requirements and contractual changes are needed.
- Assign a risk owner
- Direct the teams to execute the defined and approved risk mitigation plans.
- Outline the risk reporting requirements for on-going monitoring.
- Document the changes.

4. Risk Monitoring

Risk Owners shall be responsible to monitor the mitigation plans as approved and submit the status of the mitigation plan to the SPC. A risk register is used for regular monitoring of the risks.

5. Creation / Updation of Risk Register

Risk Register shall be the key document used to capture the current status of all known risks.

Risks identified shall be documented in the risk register by the Risk Owners once the risk assessment is conducted. The Risk Register format (given in Annexure A) shall be circulated by the SPC to all Risk Owners and revisited on an annual basis by the SPC.

6. Risk Reporting

The following reporting system will follow:

- SPC – Monthly Report
- ABAC – Semi Annual Report
- BoG – Quarterly Report

- The status of implementation of the approved mitigation plans shall be reviewed by the Risk Owners and communicated to SPC. Risk Owners, with support of SPC, shall re-visit the categorization of risks into Extreme, High, and Significant risks.
- The SPC shall review the report and suggest directions, if required. Further it shall also escalate Priority Risks, etc. as deemed fit.
- The BoG shall review the recommendations and suggest directions, if required.

Risk Management Roles & Responsibilities

Board of Governors (BoG):

- a) Review & approve the Risk Management Policy.
- b) Determine & review risk appetite and risk tolerance.
- c) Identify and assess internal and external risks that may impact FIIB in achieving its strategic objectives.
- d) Oversee the development & implementation of the risk management framework and maintain an adequate monitoring & reporting mechanism.
- e) Formulate the risk management strategy to manage the identified risks.
- f) Give directions to SPC on priority risks identified and its mitigation plan.
- g) Satisfy itself that less significant risks are being actively managed, and that appropriate controls are in place and working effectively to ensure the implementation of policies.
- h) Review regularly the Institute's approach to risk management and approve changes to key elements of its processes and procedures.

Academic & Business Advisory Council (ABAC)

- a) Advise FIIB on risks from Strategic, Operational, Technological, and Regulatory perspectives.
- b) Review the risk register.
- c) Review the institute's approach to risk management and suggest improvements to the ERM.

Chief Risk Officer (CRO)

- a) Coordinate downwards (with SPC) and upwards (with ABAC/BoG) to ensure

ongoing review & compliance of the Risk Management Policy and Charter.

- b) Appoint SPC members
- c) Plan SPC meetings as frequently as required.
- d) Support SPC to prepare and update risk register.
- e) Ensure continuous improvement in Risk Management Framework considering best fit practices.
- f) Review priority risks and report the same to the BoG.
- g) Identify macro-economic risks and communicate them to the BoG.
- h) Ensure that a semiannual report and a quarterly report is provided to the ABAC and BoG respectively on the overall strategic framework and effectiveness of the risk management system.

Strategic Planning Committee (SPC):

- d) Ensure the implementation of the risk management policy and suggest any modifications needed to the policy.
- e) Continuously monitor to ensure that the mitigation plans are being implemented by the risk owners. Report deviations, if any to the CRO.
- f) Assess the adequacy of internal controls and ensure that adequate information is provided to the CRO on the status of its effectiveness.
- g) Provide training, advice, and support to tactical and operational teams in managing risks.
- h) Engage with the Institute's internal stakeholders to advice on thresholds for risk based decisions.
- i) Escalate the issues faced in risk management system to the CRO.
- j) Ensure that the Risk Management Framework achieves its objectives.

Risk Owners:

- a) Implement policies on risk management within the prescribed framework.
- b) Identify & assess particular risks that arise in their area of responsibility (functional risks) e.g. a data protection breach; an employment relations challenge, and take necessary actions for risk mitigation.
- c) Monitor the mitigation plans and report status to the SPC.
- d) Develop and maintain a local Risk Register and report it to the SPC
- e) Identify & propose priority risks along with mitigation plans to the SPC.

- f) Support the team members to develop and apply good risk management principles and tools for individual projects.
- g) Communicate identified training needs to the SPC.

Distribution of the Risk Management Charter

Distribution of charter shall be controlled centrally in the institute. The charter shall be classified as 'Confidential' as it sets out in detail the procedures and policies to be followed by the institute. All who shall be given access to this charter shall be instructed to keep the copies in their safe custody.

Risk Management Framework at a glance

Risk Management Process	Tasks	Who will do it	Whom to report/ who would approve
Risk Management Policy	Development, implementation, and Review of the Risk Management Policy	SPC recommends	BoG
Identification of Risks	Identify/ update the functional & industry risks	Risk Owners	
Risk Measurement	Impact assessment to ascertain potential severity and likelihood of occurrence of the Risk followed by categorization into Extreme, High, and Significant risks.	Risk Owners	SPC
Risk Mitigation	Mitigation Plan with timelines for all risks	Risk Owners	SPC
Risk Monitoring	Maintaining local risk register to track implementation of mitigation plans	Risk Owners	SPC
Risk Register	Creation and updation of risk register	SPC	BoG
Risk Reporting	Review & Reporting of risks	Risk Owners on monthly basis to SPC	SPC
		SPC to ABAC on semiannual basis	ABAC
		SPC to BoG on quarterly basis	BoG.

