



RISK MANAGEMENT POLICY AND PROCEDURE

1.1 Purpose of the Policy

All activities undertaken by PAJCCI carry an element of risk. The exposure to these risks is managed through the practice of Risk Management. In managing risk, it is the Chamber's practice to take advantage of potential opportunities while managing potential adverse effects. Managing risk is the responsibility of everyone in the Chamber.

This policy outlines the Chamber's risk management process and sets out the responsibilities of the Board, the Finance and Audit Committee, the Director, senior management and others within the Chamber's in relation to risk management.

1.2 Policy owner

The Director of the Finance and Audit Committee is the policy owner of the Risk Management Policy and Procedure for PAJCCI. The Chairman will still have oversight over the risk management program for PAJCCI.

2 Understanding Risk Management

Risks have been described in terms of combination of the consequences of an event occurring and its likelihood of occurring.

Risk is the chance of something happening that will have an impact on objectives and risk management can be described as the culture, processes and structures that are directed towards realizing potential opportunities whilst managing an adverse effect.

PAJCCI's risk management system is designed to identify the risks it faces and has measures in place to keep those risks to an acceptable minimum. The existence of risk presents both threats and opportunities to PAJCCI.

Risk owners have been assigned responsibility for the identified risks in the Risk Register. It is used as the benchmark in planning and implementing the risk management measures. It takes into consideration the nature, scale and complexity of the business.

The risk management process consists of the following main elements:

Identify: identify a risk (threats or opportunities) and document the risks captured by the risk register owner.

Assess: the primary goal is to document the net effect of all identified threats and opportunities, by assessing:

- Likelihood of threats and opportunities (risks);



- Impact of each risk;
- Proximity of threats;

Plan: preparation of management responses to mitigate threats and maximize opportunities.

Implement: risk responses are actioned.

Monitor and review: monitor and review the performance of the risk management system and changes to business initiatives.

Communicate: provide regular reports to management team / Finance and Audit Committee at agreed times.

3 Responsibility

3.1 Committee

The Finance and Audit Committee, has responsibility under its Charter to review and report to the Board that:

- (a) the Committee has, at least annually, reviewed the PAJCCI's risk management framework to satisfy itself that it continues to be sound and that PAJCCI is operating with due regard to the risk appetite set by the Board, and effectively identifies all areas of potential risk;
- (b) proper remedial action is undertaken to redress areas of weakness.

3.2 Risk Owner

The risk owner (as noted in the Risk Register) is responsible for ensuring on a daily basis that the relevant operational procedures and controls implemented to treat each risk area are adequate and effective. If a control or procedure is not adequate and effective in treating the risk, the risk owner should report this, with a recommendation for an alternative risk treatment, to the Finance and Audit Committee for escalation to the Chairman

3.3 General responsibilities

Every PAJCCI staff member is responsible for effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.



Where there is legislation in place for the management of specific risks (such as Occupational Health and Safety) this Risk Management policy does not relieve PAJCCI of its responsibility to comply with that legislation.

Managers are accountable for strategic risk management within areas under their control, including the promotion and training of the risk management process to staff.

4.1 Risk management process

The risk management system is dynamic and is designed to adapt to PAJCCI's developments and any changes in the risk profile over time. Compliance measures are used as a tool to address identified risks.

The risk management system is based on a structured and systemic process which takes into account PAJCCI's internal and external risks.

The main elements of the risk management process are as follows:

- **Communicate and consult** – communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.
- **Establish the context** – establish the external, internal and risk management context in which the rest of the process will take place – the criteria against which risk will be evaluated should be established and the structure of the analysis defined.
- **Identify risks** – identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of PAJCCI's objectives.
- **Record risks** – document the risks that have been identified in the risk register.
- **Analyze risks** – identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk by analyzing the range of potential consequences and how these could occur.
- **Evaluate risks** – compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.
- **Treat risks** – develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.
- **Monitor and review** – it is necessary to monitor the effectiveness of all steps of the risk management process. This is important for continuous improvement. Risks and effectiveness of treatment measures need to be monitored so that changing circumstances do not alter priorities.



PAJCCI's risks may come from any internal or external event which, if it occurs, may affect the ability to efficiently and effectively operate:

- **Internal risks** – those risks that specifically relate to PAJCCI's business itself and as such as generally within its control. They include risks such as employee related risks, including conduct related risks, strategic risks, and financial risks.
- **External risks** – those risks that are outside the control of PAJCCI. They include risks such as market conditions, digital disruption, cyber-security, privacy and data breaches, sustainability, climate change and legislative change.

4.2 Risk Management methodology

The methodology adopted by PAJCCI for managing and treating its risks can be defined as follows:

1. Document a risk management framework (i.e. the context)
2. Identify the general activities involved in running the business (i.e. risk categories)
3. Identify the risks involved in undertaking the specific business activity by asking the questions:
 - a) What could happen?
 - b) How and why could it happen?
4. Assess whether the existing controls are adequate and allocate the responsibility of monitoring the control to treat the risk. This will integrate risk management and compliance to daily activities and facilitate appropriate control of operational risk.
5. Raise awareness about managing risks across the chamber through communicating the policy and responsibilities.
6. Routinely monitor and review ongoing risks so can risk register can be effectively managed

The Risk Register format is shown in Appendix A.



Appendix A –Risk Register

Risk Register and Mitigation Strategies

S/n	Risk Description	Risk Type	Status	L	I		Mitigation Plans in Place
						Q1-4	