

THIRD WORLD NETWORK BERHAD

POLICY AND PROCEDURES ON RISK MANAGEMENT

A. Purpose

The purpose of the risk management policy is to provide guidance regarding the management of risk to support the achievement of the objectives of Third World Network Berhad (TWN), protect staff and the organisation's finances and sustainability.

B. Scope

This is an organisation-wide policy and applies to all activities undertaken by TWN. It forms part of TWN's governance framework and it applies to the Board of Governors and all staff, contractors and volunteers. The successful implementation of the Risk Management Policy requires a consistent and systematic approach to risk management at all levels of TWN's activities.

C. Risk Governance

Responsibility for risk management is shared across TWN.

Key responsibilities include:

The Board overseeing the establishment and implementation of risk management procedures and reviewing their effectiveness. The Board is responsible for satisfying itself annually or more frequently as required, that management has developed and implemented effective risk management procedures.

Managers/Site Office Heads ensuring staff, contractors and volunteers in their respective offices comply with the risk management policy and foster a culture where risks can be identified and conveyed to the Director.

D. Risk Management Process

The steps to manage risk in accordance with best practice are as follows: Establish the context, identify the risk, analyse the risk, evaluate the risk, treat the risk, monitor the risk, and review the risk.

Advisors and consultants may be requested from time to time, as needed, to advise and assist in the risk management process or management of specific risks or categories of risks.

Every staff of TWN is recognised as having a role in risk management vigilance, the identification of risks and the treatment of such risks.

E. Risk categories

In order to manage risk on an integrated basis i.e. inclusive of all risks whether to do with the management or service delivery processes, the following have been identified as risk areas to be addressed:

Internal Risks

- Financial management
- Regulatory and statutory requirements
- Management of human resources
- Information management activities and systems

External Risks

- Economic and political changes
- Changes in the funding and reporting environment
- Adverse publicity and image

These risks will be included in the Risk Register and in risk reporting.

F. Risk Register and Reporting

The Risk Register is a record of risks that TWN may face at any one time. This Register will be updated to reflect the dynamic nature of risks and the management thereof. Its purpose is to help managers prioritise available resources to minimise risk and target improvements.

The Risk Register is to be prepared by the Director.

The purpose of risk reporting is to create awareness of key risks, improve accountability for the management of risk and the timely completion of risk treatment plans.

A report of risks will be conveyed to the Board by the senior managers.

G. Risk Appetite

Financial Management Risks

- Low risk appetite for financial volatility; desire to manage financial assets and balances

Expenses should not exceed the budget expenditure approved by the Board.

To reduce foreign exchange risks, TWN operates according to the TWN Foreign Exchange Policy.

- Very low risk appetite for insufficient liquidity for operations

Cash flows are managed on a daily, weekly and monthly basis by monitoring the flow of cash in and out of TWN.

Regulatory and Statutory Risks

- Very low risk appetite for non-compliance of national laws and regulations, and relevant international guidelines

TWN monitors trends and developments in national laws and regulations, and relevant international guidelines, and act accordingly to ensure compliance.

TWN maintains zero tolerance for wrongdoings as contained in the TWN Policy on Corruption and Fraud.

Human Resources Risks

- Very low risk appetite for “burn-out” of some staff

To manage the risk that some staff tend to overwork and may face “burn-out” TWN encourages staff to seek balance in their work and lifestyle.

- Low risk appetite for high turnover of staff

To avoid good staff from leaving, TWN tries to cater to the needs/circumstances of such staff while recognising that staff need to adhere to the organisation’s needs and workplans.

Review

Subsequent updates of the TWN Risk Management Policy will be approved by the Board.