



RISK MANAGEMENT POLICY

Introduction

This document sets out the Board Policy on Risk Management for GCC Board Directors Institute (GCC BDI).

Risk Management is the process by which GCC BDI understands, evaluates and takes action on its risks with a view to increasing the probability of success and reducing the likelihood of failure.

Guiding Principles

The Board is committed to a comprehensive risk management policy which adopts the following key principles:

- **Proportionality** - GCC BDI will take measured responses to risks that arise proportionate to the importance of the underlying risk to the achievement of GCC BDI's key business objectives
- **Alignment** - the risk policy will be built around GCC BDI's strategy and key business objectives
- **Comprehensive** - risks will be measured and monitored holistically taking into account those arising from an Operational, Financial and Reputational perspective
- **Culture** - risk management will operate at all levels within GCC BDI and will be used as a guiding principle by all staff on an ongoing basis to help direct them in making risk-based decisions
- **Dynamic** - GCC BDI will use the principles and framework of risk management to make better business decisions and take appropriate strategic risks

Key Risk Management Processes

GCC BDI will use best practice risk management standards suitable to the nature of its size and business.

This includes all GCC BDI business operations including the 3 licensed companies in UAE, Bahrain and KSA.

GCC BDI will follow the key risk management processes set out below:

Establishing the context of risk management	GCC BDI will identify its key strategic objectives and the key requirements of its principal external stakeholders
Deciding how much risk should be taken	GCC BDI will set the risk appetite level for the organisation so that everyone understands the level of risk which GCC BDI is prepared to seek or accept in pursuit of its objectives
Identification of risks	GCC BDI will identify, evaluate and assess its risks by reference to: 1. the potential impact of the risk (Operational, Financial & Reputational) 2. the likelihood of the risk arising (influenced by the effectiveness of the existing controls that are already in place)
Mitigation of risks	GCC BDI will mitigate, where appropriate, risks that arise as follows: a) Accept b) Reduce likelihood and/or consequence c) Avoid
Assurance	GCC BDI will seek assurance at four levels within the organisation: 1. At an operating level for all employees: ensuring that all staff are appropriately trained 2. Ensuring that appropriate internal controls are in place 3. Risk oversight by the Audit and Risk Committee and ultimately the Board of GCC BDI 4. Independent assurance from the external auditor

Risk Appetite

It is the duty and responsibility of the GCC BDI Board to set the correct tone from the top. The Board therefore must set out how much risk it is prepared to let the organisation take in pursuing the delivery of its business objectives.

GCC BDI is a not for profit company and the Board feels therefore that it is prudent to adopt a low risk appetite.

This is defined as a percentage of GCC BDI's gross annual revenues that the Board would be prepared to risk.

For the year 2019, the forecast gross annual revenues are USD 2m. The Board has set the risk appetite at 5% ie USD 100,000 which is the maximum revenue that GCC BDI can risk when making business decisions in pursuing the delivery of its business objectives.

Governance of Risk Management

The Board of GCC BDI is responsible for approving the risk policy, the risk appetite and the risk matrix and reviewing them at least annually.

The day-to-day risk management is delegated to the Executive Director and the management team. The Board directs that the Risk Management Policy is implemented by the Executive Director and it is reviewed periodically by the Audit and Risk Committee.

The Board will seek assurance that the risk policy is being implemented effectively and efficiently in the following ways:

Assurer	
Board Audit and Risk Committee	The Board has established a Board Audit and Risk Committee to advise it on observations and recommendations of its oversight of the GCC BDI Risk Policy
Executive Director	The Board expects the Executive Director to ensure appropriate internal controls are in place to mitigate risk in line with the approved risk appetite and to report to the Board on the key risks associated with the achievement of the organisation's business objectives
External Auditor	The Board uses the services of Audit (Internal, External and Special Investigators) to seek independent assurance on the effectiveness of the controls in place to mitigate to acceptable standards the risks in GCC BDI.

Review of this Policy

This policy was approved by the GCC BDI Board on 17 June 2019

It will be reviewed annually.