Pakistan Institute of Corporate Governance

KEY ELEMENTS OF RISK MANAGEMENT POLICY

1. Introduction

PICG is committed to proactively identifying, assessing, mitigating, and monitoring risks that may affect its operations, financial sustainability, reputation, stakeholders, and achievement of objectives.

2. Objectives

The Policy establishes a structured approach to risk management, promotes risk awareness, accountability and transparency, supports regulatory compliance, and ensures continuous monitoring and mitigation of risks.

3. Scope and Applicability

The Policy applies to all PICG activities, operations and employees and covers strategic, operational, financial, information, and reputational risks.

4. Risk Management Framework

The Policy is aligned with PICG's other policies, SOPs, manuals, and internal controls to form an integrated risk management framework.

- **Risk Identification and Assessment:** Risks are regularly identified and assessed based on internal and external factors, likelihood, and potential impact, using structured meetings, workshops, audit reports, benchmarking, and monitoring of emerging threats. Key risks are monitored quarterly and reported to the Board.
- **Risk Mitigation Strategies:** PICG manages risks through avoidance, reduction, transfer, or acceptance, based on risk tolerance, cost-effectiveness, and organizational objectives.
- **Roles and Responsibilities:** The Board has ultimate responsibility for overseeing and guiding the risk management framework and ensuring its effectiveness. Management implements and monitors the framework, while all employees are responsible for identifying and reporting risks and complying with mitigation measures.
- **Monitoring and Review:** Risk management strategies are regularly monitored and reviewed, with key risks reported to the Board and the Policy updated periodically to reflect changes in the risk environment.

****