



Risk Management Policy

Edition No. 1

Approval Statement

This manual has undergone comprehensive review by the Caritas Jerusalem Executive Committee on February 13, 2024, and has been officially approved by the President of Caritas Jerusalem his Beatitude Cardinal Pierbattista Pizzaballa on February 19, 2024.

The effective date of this manual is the 1st of April 2024.


President's Signature:



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Chapter 1: Introduction

1.1 Purpose of Risk Analysis and Mitigation Plan Policies and Procedures Manual

The risk analysis and mitigation policies shall be referred to as the Caritas Jerusalem manual which serves as an indispensable tool, offering insightful strategies and methodologies to identify, assess, and effectively manage risks.

The purpose of this manual is to provide guidance regarding risk analysis and mitigation plans to ensure that risks are identified, assessed, mitigated/managed, monitored, and reported.

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| <p>Definition of Risk</p> <p>Risk refers to the potential of an event or circumstance to have an adverse impact on objectives, goals, projects, processes, or assets. It involves uncertainty and the possibility of outcomes that deviate from what is expected or desired. Risks can arise from various sources, including financial, operational, strategic, compliance-related, or external factors, and they may result in either positive or negative consequences. Analyzing risks involves assessing their likelihood of occurrence and the potential severity of their impact, allowing organizations to make informed decisions and implement measures to manage, mitigate, or capitalize on them.</p> <p>Definition of Risk Analysis</p> <p>Risk analysis is a systematic process of evaluating potential events, factors, or situations that could have an adverse effect on an organization, project, or process. It involves identifying and assessing various types of risks, including financial, operational, strategic, or external factors that may impact an entity's objectives. This analysis aims to quantify and qualify these risks by examining their likelihood of occurrence and the potential magnitude of their impact. By conducting risk analysis, organizations can make informed decisions, prioritize actions, and develop mitigation strategies to minimize the negative consequences of uncertain events.</p> <p>Definition of Mitigation Plan</p> <p>A mitigation plan is a structured strategy or set of actions designed to reduce, control, or eliminate the potential impacts of identified risks or threats. It is a proactive approach that aims to lessen the severity or likelihood of adverse events occurring or minimize their effects if they do occur. Mitigation plans typically involve a series of measures, protocols, and steps tailored to specific risks, detailing how an organization will respond to and manage these risks to prevent or reduce their impact on operations, projects, or objectives.</p> |
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Chapter 1: Introduction

1.2 Directory terms

This manual is a document that can be implemented and developed after the approval of the Executive Committee. This manual target all those who are involved in the risk assessment and mitigation plans of the Caritas Jerusalem in particular, in addition to the concerned employees and management.

1.2 Manual Update

The manual is dynamic and can be updated based on user experience and best practices to ensure its relevance. Suggested alteration or modification of the policies must be approved in writing by the Executive Committee. Furthermore, the organization may change, delete, suspend, or discontinue any part or parts of the policies in this Manual at any time provided that proper employees' notifications are done on a timely manner.

Chapter 2: Risk Analysis Framework

A structured risk analysis framework needs to be established to facilitate efficient risk assessment and control. It offers guidance on how to conduct risk management activities effectively.

The Risk Analysis framework aims to provide a structured approach to identifying, assessing, and managing risks within the organization. This framework applies to all departments, projects, and processes within Caritas Jerusalem to Enable proactive risk identification, facilitate informed decision-making, and establish a systematic approach to risk management.

The Risk Analysis Framework at Caritas Jerusalem encompasses the following key elements:

1. **Governance and Culture:** Governance at Caritas Jerusalem establishes the organizational tone regarding the significance of risk analysis and management. It also involves assigning oversight responsibilities, starting from the board of directors, and extending through various levels within Caritas Jerusalem.
2. **Risk Strategy Development and Definition of Risk Appetite:** Caritas' executive committee collaboratively with the SG defines its risk appetite aligned with the overall strategy and objectives of the organization.
3. **Risk Analysis, Identification, Prioritization, and Implementation of Risk Responses:** Caritas' management conducts a thorough analysis of risks, identifies and assesses factors that may impact the achievement of organizational strategy and objectives. Subsequently, risks are prioritized based on their severity, and appropriate responses are selected.
4. **Review and Revision:** Caritas' management and executive committee periodically review the risk analysis framework and associated policies. This process includes an assessment of the need for any revisions or updates to enhance effectiveness.
5. **Information, Communication and Reporting:** Caritas ensures effective communication of risk analysis information and any relevant changes to individuals and entities responsible for taking necessary actions within the organization.



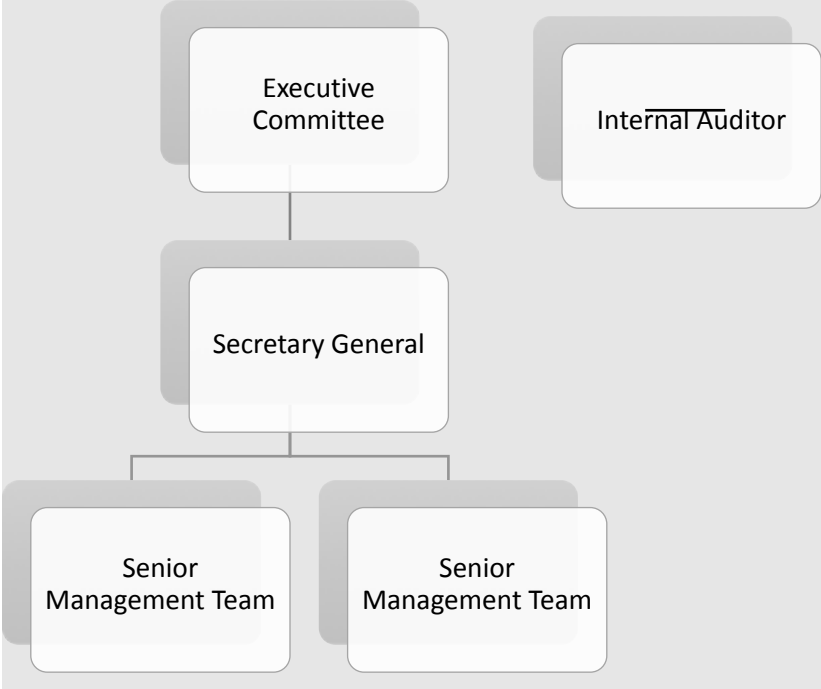
2.1 Governance and Culture

Chapter 2: Risk Analysis Framework

Governance and culture form the base for all other components of Caritas Jerusalem risk analysis and management. Caritas risk analysis and management policy will be implemented through exercises of executive committee oversight, establishment of organization structure, commitment to code of conducts and ethical values and finally employ, deploy, and retain of capable individuals held accountable and appropriate implementation of segregation of duties.

Risk analysis and management typically falls on a dedicated risk management team, consisting of senior management, internal auditor, and secretary general. Ultimately, it's a collaborative effort across different levels of the organization to effectively identify, analyze, and manage risks.

The executive committee is responsible for the oversight of the Risk Management procedures by ensuring that such procedures are in place and implemented in accordance with this policy. The executive committee with secretary general evaluates the risk management policy and ensures its effectiveness, compliance, and review of risk assessment report.



Chapter 2: Risk Analysis Framework

2.2 Risk Strategy Development and Definition of Risk Appetite

The process of developing the risk strategy and defining the risk appetite at Caritas Jerusalem involves a collaborative effort led by the executive committee. This phase is integral to aligning risk management practices with the broader organizational strategy and objectives. The following components are involved in this stage:

a) Strategic Alignment:

The executive committee, in coordination with key stakeholders and relevant departments, ensures that the risk strategy aligns seamlessly with Caritas' overarching strategic goals. This alignment is crucial to integrate risk considerations into the fabric of the organization's mission and vision.

b) Objective Integration:

During the development of the risk strategy, a close examination is made to integrate risk considerations into the specific objectives set by Caritas. This ensures that risk management is not a separate entity but an intrinsic part of achieving organizational milestones.

c) Risk Identification:

The executive committee engages in a comprehensive process of identifying potential risks that may impact the organization's ability to achieve its strategic objectives. This involves a thorough analysis of internal and external factors that could pose challenges or opportunities.

d) Defining Risk Appetite:

Caritas' executive committee explicitly defines the risk appetite, which represents the level of risk the organization is willing to accept in pursuit of its strategic objectives. This is a detailed understanding that considers the organization's values, capacity, and the nature of its activities.

e) Balancing Risk and Reward:

A critical aspect of this phase is finding the optimal balance between taking risks to achieve innovation and growth while ensuring that these risks are within the predefined appetite. The executive committee evaluates the potential rewards against the associated risks, fostering a culture of informed decision-making.

f) Communication and Alignment:

Throughout this process, effective communication is paramount. The risk strategy and defined risk appetite are communicated transparently across the organization, ensuring that all stakeholders understand and are aligned with the risk management approach.

g) Continuous Monitoring and Adaptation:

The risk strategy is not static; it undergoes continuous monitoring and adaptation to accommodate evolving internal and external factors. The executive committee remains vigilant to changes in the risk landscape and is ready to revise the risk appetite as needed.

Chapter 2: Risk Analysis Framework

2.3 Risk Analysis, Identification, Prioritization, and Implementation of Risk Responses

This phase involves a systematic and thorough process of understanding, categorizing, prioritizing, and responding to potential risks that may impact the organization's ability to achieve its strategic objectives. The following key components are integral to this phase:

a) Comprehensive Risk Analysis:

Caritas management conducts a comprehensive analysis of potential risks, considering both internal and external factors. This involves a deep dive into various facets of the organization, including operations, finances, governance, and external socio-economic and geopolitical factors.

b) Risk Identification:

Through a collaborative effort involving various levels of the organization, potential risks are identified and documented. This includes risks associated with operational activities, financial management, external partnerships, and any other areas that may pose a threat to the organization.

c) Risk Assessment and Prioritization:

Each identified risk is subject to a thorough assessment to evaluate its potential impact and likelihood of occurrence. Through this process, risks are prioritized based on their severity and the level of threat they pose to Caritas' strategic objectives. This prioritization enables the organization to focus on addressing the most critical risks first.

d) Development of Risk Responses:

Once risks are identified and prioritized, Caritas develops a range of appropriate risk responses. These responses are tailored to each specific risk and may include risk mitigation strategies, risk transfer mechanisms, risk acceptance, or a combination of these. The goal is to develop a proactive and strategic approach to addressing potential challenges.

e) Implementation of Risk Responses:

Caritas management takes proactive measures to implement the identified risk responses. This may involve operational changes, policy adjustments, or the introduction of new risk management protocols. The timely and effective implementation of these responses is crucial to enhancing the organization's resilience to potential risks.

f) Monitoring and Evaluation:

Continuous monitoring is a key aspect of this phase. Caritas establishes mechanisms to monitor the effectiveness of implemented risk responses. This involves regular reviews, assessments, and, if necessary, adjustments to the responses based on the evolving risk landscape.

g) Communication and Reporting:

Throughout this process, transparent communication is maintained across the organization. Stakeholders are informed about the identified risks, the chosen responses, and the ongoing efforts to manage and mitigate risks. This fosters a culture of shared responsibility and awareness.

h) Integration with Organizational Processes:

The risk responses are seamlessly integrated into the organization's day-to-day operations and decision-making processes. This ensures that risk management becomes an intrinsic part of Caritas' organizational culture and governance.

Chapter 2: Risk Analysis Framework

2.4 Review and Revision

a) Periodic Assessment:

Caritas Jerusalem recognizes the dynamic nature of its operating environment and the evolving landscape of risks. To adapt to these changes, the management and executive committee conduct regular and structured reviews of the existing risk analysis framework and associated policies.

b) Comprehensive Evaluation:

During the review process, a comprehensive evaluation is undertaken to assess the effectiveness and relevance of the current risk analysis framework. This involves analyzing the documented policies, procedures, and risk management protocols to ensure they align with the organization's strategic objectives and industry best practices.

c) Identification of Emerging Risks:

The review process includes a thorough examination of emerging risks that may not have been previously identified. This proactive approach allows Caritas to stay ahead of potential challenges and ensures that the risk analysis framework remains robust in addressing both existing and newly recognized risks.

d) Feedback Mechanisms:

Caritas encourages a culture of feedback from various stakeholders at different levels of the organization. Input from Senior Management staff, board members, executive committee, and external experts is sought to gather diverse perspectives on the effectiveness of the existing risk management processes. This inclusive approach enhances the quality of the review.

e) Benchmarking Against Industry Standards:

To maintain a high standard of risk management, Caritas compares its risk analysis framework against industry standards, regulations, and benchmarks. This benchmarking exercise helps identify areas of improvement and ensures that the organization stays in compliance with relevant guidelines.

f) Flexibility and Adaptability:

The review process is not just a routine exercise; it is an opportunity for Caritas to demonstrate flexibility and adaptability in response to changing circumstances. As new insights emerge and the organizational context evolves, the risk analysis framework is revised to incorporate the latest information.

g) Revision for Continuous Improvement:

Based on the findings of the review, the management and executive committee may propose revisions to the risk analysis framework and associated policies. These revisions are aimed at enhancing the organization's ability to identify, assess, and respond to risks effectively. The goal is continuous improvement in risk management practices.

Chapter 2: Risk Analysis Framework

2.4 Review and Revision (continued)

h) Communication of Revisions:

Following the review and revision process, clear communication channels are established to disseminate information about any updates or changes to the risk analysis framework. This ensures that all relevant stakeholders are aware of the latest risk management protocols and can align their activities accordingly.

i) Documentation of Changes:

All revisions and updates resulting from the review process are thoroughly documented. This documentation serves as a reference for future reviews and provides transparency about the evolution of Caritas' risk management practices over time.

j) Adherence to Governance Standards:

The review process emphasizes adherence to governance standards and ensures that the risk analysis framework aligns with the broader governance structure of Caritas. This alignment reinforces the organization's commitment to ethical conduct and responsible risk management.

i) Continuous Learning Culture:

The review and revision process fosters a continuous learning culture within Caritas, encouraging the organization to draw insights from past experiences and adapt its risk management strategies based on lessons learned.

Chapter 3: Risk Categories

3.1 Operational Risk

Operational risks are more specific to the processes, systems, and activities that directly contribute to the organization's mission or objectives.

1. Program Delivery Risks:

Risk: Inability to deliver programs effectively, meet objectives, or produce desired outcomes.

Mitigation:

- Develop robust program management and monitoring mechanisms.
- Regularly assess and adapt program strategies based on changing conditions.

2. Logistical Challenges:

Risk: Delays or disruptions in the supply chain, transportation, or distribution of goods and services.

Mitigation:

- Establish contingency plans for logistics and supply chain management.
- Build relationships with reliable suppliers and service providers.

3. Human Resource Risks:

Risk: Staff turnover, inadequate skills, or insufficient capacity to execute programs.

Mitigation:

- Implement robust human resource management practices, including regular performance evaluations and feedback mechanisms to identify skill gaps and areas for improvements and development.
- Develop and implement comprehensive training and development programs tailored to address identified skills deficiencies and enhance staff competencies.

4. Security and Safety Risks:

Risk: Threats to the safety of staff, beneficiaries, or assets due to conflict, political instability, or natural disasters.

Mitigation:

- Conduct regular security assessments and implement safety protocols and measures to mitigate risk.
- Provide staff with security training and support.

Chapter 3: Risk Categories

5. Technological Risks:

Risk: Disruptions or failures in technology systems critical to operations.

Mitigation:

- Invest in reliable and secure technology infrastructure.
- Develop and test IT disaster recovery plans.

6. Legal and Regulatory Compliance:

Risks:

- a) **Lack of Legal Recognition:** Operating without adequate registration in the country means Caritas may lack legal recognition as a legitimate charitable entity in the country. This could lead to issues in conducting various activities, including fundraising, distributing aid, and collaborating with local partners.
- b) **Tax Implications:** Unregistered organizations may not benefit from tax exemptions or benefits that are typically provided to recognized charitable entities. This could discourage potential donors, as they may be unable to claim tax deductions for their contributions.
- c) **Limited Access to Funding Sources:** Some donors, including governmental bodies and private foundations, may have policies restricting funding to registered and recognized organizations. This limitation can impact the financial sustainability of Caritas and its ability to carry out its charitable activities.
- d) **Legal Liability:** Without proper registration, the organization may face legal liability issues. This includes potential legal action from donors, beneficiaries, or other stakeholders if there are disputes or if the organization fails to fulfill its obligations.
- e) **Regulatory Compliance:** Charities are typically subject to specific regulations and reporting requirements to ensure transparency and accountability. Failure to comply with these regulations could lead to penalties, fines, or even legal actions against the organization.
- f) **Public Trust and Reputation:** Operating without registration may erode public trust and confidence in the organization. Donors and supporters may question the legitimacy of Caritas, potentially leading to a decline in donations and support.
- g) **Difficulty in Partnering with Local Entities:** Many charitable activities involve collaboration with local entities, government agencies, and other NGOs. Lack of registration may hinder Caritas's ability to establish partnerships, limiting its impact on the ground.

Mitigation:

To mitigate these legal risks, it is strongly recommended that Caritas takes steps to register and comply with the relevant laws and regulations in the country. This process often involves working closely with

Chapter 3: Risk Categories

legal professionals familiar with local charity laws, tax regulations, and registration requirements. Additionally, transparent communication with donors and stakeholders about the registration status and plans for compliance can help maintain trust and support during the transition period.

7. Partnership Risks:

Risk: Challenges in managing and sustaining partnerships with other NGOs, governmental parties, community-based organizations, or private sector entities.

Mitigation:

- Develop clear partnership agreements outlining roles, responsibilities, and expectations.
- Regularly assess the performance of partners and address issues proactively.

8. Communication Risks:

Risk: Ineffective communication both internally and externally, leading to misunderstandings or misalignment.

Mitigation:

- Establish clear communication channels and protocols.
- Foster a culture of transparent and open communication within the organization.

9. Monitoring and Evaluation Risks:

Risk: Inadequate monitoring and evaluation processes leading to an inability to assess program effectiveness.

Mitigation:

- Implement robust monitoring and evaluation systems.
- Regularly review and update evaluation policies and methodologies to align with evolving program goals.

10. Crisis Management and Contingency Planning:

Risk: Lack of preparedness for unexpected crises or emergencies.

Mitigation:

- Develop and regularly update crisis management and contingency plans.
- Conduct drills and simulations to ensure staff readiness.

Chapter 3: Risk Categories

3.2 Financial Risks

Addressing financial risks is a crucial aspect of a comprehensive risk analysis and mitigation plan. Below are some the financial risks that Caritas may face, along with potential mitigation strategies:

1. Funding Shortfalls:

Risk: Dependency on a limited number of donors can lead to funding uncertainties.

Mitigation:

- Diversify funding sources by seeking support from various donors, governments, foundations, and individual donors.
- Develop sustainable fundraising strategies, such as cultivating long-term partnerships.

2. Budget Overruns:

Risk: Unforeseen expenses or mismanagement may lead to exceeding budget limits.

Mitigation:

- Implement rigorous budget monitoring and reporting mechanisms between Finance Department & Other Departments.
- Establish contingency funds for unexpected expenses.

3. Currency Exchange Fluctuations:

Risk: If the NGO operates in multiple countries, changes in exchange rates can impact budgetary planning.

Mitigation:

- Hedge against currency risks where feasible.
- Maintain financial reserves in the local currency.
- Agree with partners on an average exchange rate.

4. Fraud and Corruption:

Chapter 3: Risk Categories

Risk: The risk of misappropriation of funds or fraudulent activities.

Mitigation:

- Implement strong internal controls and financial oversight.
- Conduct regular audits and investigations.

5. Dependency on Project Grants:

Risk: Relying heavily on project-specific grants may create vulnerability.

Mitigation:

- Diversify income streams by incorporating sustainable business models or income-generating projects.

6. Economic Instability:

Risk: Economic downturns can impact donor funding and local support.

Mitigation:

- Stay informed about the economic conditions of operating countries.
- Develop flexible budgets that can adapt to economic changes.

7. Compliance Risks:

Risk: Failure to comply with legal and regulatory requirements may result in fines or loss of funding.

Mitigation:

- Stay updated on legal and regulatory changes.
- Conduct regular compliance assessments.

8. Technology Risks:

Risk: Reliance on outdated or vulnerable financial systems.

Mitigation:

- Invest in secure and up-to-date financial management systems.
- Implement cybersecurity measures to protect financial data.

Chapter 3: Risk Categories

3.3 Risk Management

Management risks encompass broader challenges related to leadership, governance, and organizational effectiveness.

1. Leadership Succession Risks:

a) Inadequate Planning for Leadership Transitions:

Risk: Sudden leadership changes without a structured plan in place.

Mitigation: Develop a comprehensive succession plan outlining key roles, responsibilities, and potential successors. Regularly review and update the plan to ensure alignment with organizational needs.

b) Lack of Leadership Development Programs:

Risk: Absence of programs to nurture and prepare future leaders.

Mitigation: Implement leadership development initiatives, mentorship programs, and training opportunities. Identify and invest in high-potential individuals within the organization.

2. Governance and Board Effectiveness Risks:

a) Ineffective Governance Structures:

Risk: Structures that hinder effective decision-making and oversight.

Mitigation: Conduct regular assessments of governance structures. Implement changes based on best practices to enhance efficiency and effectiveness.

b) Lack of Transparency in Decision-Making:

Risk: Decisions made without clear communication and accountability.

Chapter 3: Risk Categories

Mitigation: Foster a culture of transparency. Establish clear communication channels, decision-making protocols, and reporting mechanisms for stakeholders.

3. Strategic Planning Risks:

a) Misalignment Between Organizational Goals and Strategic Plans:

Risk: Plans that deviate from the organization's overarching objectives.

Mitigation: Ensure a continuous alignment between organizational goals and strategic plans. Regularly review and adjust strategic plans to respond to changing circumstances.

b) Lack of Adaptability in Strategic Planning:

Risk: Rigidity in planning that hampers the ability to adapt to evolving challenges.

Mitigation: Build flexibility in the strategic planning process. Encourage regular reviews and adjustments based on emerging trends and organizational learning.

4. Financial Management Risks:

a) Poor Financial Management Practices:

Risk: Inefficient financial practices leading to financial instability.

Mitigation: Implement robust financial management systems. Conduct regular internal audits and financial reviews to identify and rectify potential issues promptly.

b) Lack of Financial Oversight:

Risk: Absence of adequate monitoring and control over financial activities.

Mitigation: Strengthen financial oversight mechanisms. Clearly define roles and responsibilities, conduct regular financial reporting, and engage external auditors for independent assessments.

5. Resource Mobilization Risks:

a) Dependence on Limited Funding Sources:

Risk: Heavy reliance on a small number of funding channels.

Mitigation: Diversify funding sources by exploring new partnerships, grants, and fundraising strategies. Create a sustainable funding model to reduce dependence on specific donors.

b) Inadequate Diversification of Funding Streams:

Chapter 3: Risk Categories

Risk: Lack of variety in funding streams exposing the organization to financial vulnerability.

Mitigation: Develop a diverse portfolio of funding streams, including government grants, private donations, and corporate sponsorships. Explore innovative revenue-generation models.

Chapter 4: Risk Assessment Process

Risk management process includes all steps are the responsibility of Caritas taken in the process of defining, evaluating, measuring, and controlling the risks. It generally consists of the following stages and steps:

1. Identify and classify risks

The risk identification stage focuses on identifying and classifying the risks to which Caritas Jerusalem may be exposed, as the objective of the risk identification process is to prepare a complete and comprehensive list of all risks to which Caritas may be exposed.

The risk identification phase consists of the following steps:

- a) General understanding of Caritas activity and work environment.
- b) Identify risks.
- c) Measure and evaluate risks.

2. Risk control

The process of risk control is to respond to the risks that have been identified and evaluated by taking measures to avoid, transfer, accept or mitigate the risks based on their evaluation and comparison with the acceptable risk level.

Addressing risks may include redesigning policies and procedures, designing new policies and procedures, or monitoring the application of existing procedures, based on the impact and likelihood of risk associated with those policies and procedures.

Risk response generally includes the following stages:

- a. **Avoidance:** eliminating a particular hazard, usually by eliminating the cause of the hazard. To avoid a particular risk, Caritas simply must not engage in the activity associated with the risk, and risks that are in excess of the acceptable risk are generally avoided and cannot be mitigated to fall within the acceptable risk.
- b. **Risk mitigation:** Reducing risk by decreasing the probability of it occurring. Since eliminating all risks is impractical and may be impossible, it is the responsibility of leadership to design the most appropriate procedures to mitigate risks up to acceptable limits, taking into account that these procedures must include the least possible negative impact on Caritas's resources and its ability to achieve its objectives.
- c. **Risk transfer:** The process of transferring risk is transferring responsibility for any negative outcomes to a party other than Caritas, such as purchasing an insurance policy.
- d. **Risk acceptance:** Risk acceptance means determining that some risks are inherent in doing business, and management may sometimes decide to accept a risk without engaging in efforts to control it, if its assessment of these risks is that they are very low in terms of probability and impact.

Chapter 4: Risk Assessment Process

3. Reporting and follow-up

The most important characteristic of the risk management process is that it is a continuous and integrated process, meaning that the risk management process is not a one-time process at the beginning of the activity, but rather continues throughout the life of the activities and at each of its stages, through preparing, following up and updating the risk register on an ongoing basis, and through following up on responses. On reports related to risks and ensuring that leadership responds to those risks.

Therefore, risks must be re-evaluated periodically by evaluating the risks by building a matrix of impact and probability (Likelihood and Impact), after which the performance quality management policies that prevent the risk from occurring are evaluated and the remaining risk (Residual Risk) is then evaluated.

In the reporting and follow-up process, the following points must be taken into account:

1. Adverse events that have occurred or are about to occur.

This includes analyzing the reasons why negative events occur and determining the likelihood of them occurring and the losses that may result from them.

2. Current status of the risk profile

It represents the most widely used methodology, as it involves reporting the risks faced by Caritas and how they are being responded to.

3. Current exposure to risks

It represents a summary analysis of the magnitude of risks to which Caritas is exposed. Risk exposure reporting generally includes Key Risk Indicators (KRIs) for all risk categories.

Key risk indicators are a combination of quantitative and qualitative measures that provide early warning about increased exposure to risks in various categories.

4. Emerging and future risks

This type represents a future outlook and often includes conducting a general study of the external environment. Scenarios can also be used to study the potential impact of those risks. This also includes current risks that may be affected by future or emerging risks.

5. Executive action plan

After completing the process of classifying various types of risks, the management prepares recommendations and proposals regarding each type of risk individually, specifying who is responsible for implementing these recommendations and proposals with the aim of converting them into action plans on the ground.

Figure- 1: Risk Register

Chapter 4: Risk Assessment Process

| # | Risk Title | Risk Description | Evaluation | | | Action Plan | Monitored By | Action to be Taken by |
|---|------------|------------------|------------|------------|-------------|-------------|--------------|-----------------------|
| | | | Impact | Likelihood | Risk rating | | | |
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Figure -2: Evaluation of the probability of the event occurring (Likelihood)

| Frequency | Score | Probabilities of Event Occurring | Signifier |
|-----------|-------|---|--------------|
| Frequent | 5 | X >75% chance of occurrence. Very regular occurrence | Catastrophic |
| Likely | 4 | 50% < X < 75% chance of occurrence. Circumstances frequently encountered. | Critical |
| Possible | 3 | 25% < X < 50% chance of occurrence. Likely to happen at some point in the next two years. Circumstances occasionally encountered. | Moderate |
| Unlikely | 2 | 5% < X < 25% chance of occurrence. Only likely to happen once in three years. Circumstances rarely encountered. | Minor |

Chapter 4: Risk Assessment Process

| | | | |
|--------|---|--|---------------|
| Remote | 1 | Less than 5% chance of occurrence. Has never happened before. Circumstances never encountered. | Insignificant |
|--------|---|--|---------------|

Chapter 4: Risk Assessment Process

Figure-3: Evaluation of the impact of the event

| Rating | Value | Financial | Health & Safety | Business | Social | Organization |
|------------------------|-------|-------------------------|--------------------------------|------------------------|--------------------|-------------------------------|
| Very High (Catastroph) | 5 | Severe costs, potential | Permanent disability | Severe disruption | Severe ongoing | Extensive damage |
| High (Critical) | 4 | Significant costs | Extensive injuries / requiring | Major disruption | Major social | Series public / media outcry |
| Moderate | 3 | Manageable costs | Medical treatment | Significant disruption | Significant social | Direct adverse impact |
| Minor | 2 | Negligible costs | First aid treatment | Minimal disruption | Minimal social | Adverse impacts |
| Insignificant | 1 | No financial impact | No injuries | No disruption | No social impacts | No significant adverse impact |

Figure-4: Impact and probability matrix

Score= Likelihood × Impact

| Score | Risk Magnitude |
|---------|----------------|
| 20 – 25 | Very High |
| 15 – 19 | High |
| 10 – 14 | Moderate |
| 5 – 9 | Minor |
| 1 – 4 | Insignificant |

| | | | | | | |
|--------|------------|---|----|----|----|----|
| Impact | 5 | 5 | 10 | 15 | 20 | 25 |
| | 4 | 4 | 8 | 12 | 16 | 20 |
| | 3 | 3 | 6 | 9 | 12 | 15 |
| | 2 | 2 | 4 | 6 | 8 | 10 |
| | 1 | 1 | 2 | 3 | 4 | 5 |
| | | 1 | 2 | 3 | 4 | 5 |
| | Likelihood | | | | | |

Chapter 4: Risk Assessment Process

Figure-5: Risk Analysis Matrix (Overall level of risk)

The risk rating or evaluation will be the combined effect of both impact and likelihood.

| | | | | | | |
|------------|------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|------------------------------|
| Impact | 5. Very High | Transfer | Transfer but Monitor | Add strict controls | Avoid OR add rigorous controls | Avoid Risk |
| | 4. High | Transfer | Transfer but Monitor | Transfer OR add strict controls | Avoid OR add strict controls | Avoid OR add strict controls |
| | 3. Moderate | Accept but monitor OR Transfer risk | Accept but monitor OR Transfer risk | Transfer OR add reasonable controls | Transfer OR add strict controls | Avoid OR add strict controls |
| | 2. Minor | Accept Risk | Accept Risk | Accept with Strong monitoring | Moderate Control Required | Reasonable Control Required |
| | 1. Insignificant | Accept Risk | Accept Risk | Accept Risk | Accept but Monitor OR Little control | Moderate Control Required |
| | | 1. Remote | 2. Unlikely | 3. Possible | 4. Likely | 5. Frequent |
| Likelihood | | | | | | |