



# Risk Management Policy

## Introduction

Through programs and activities related to modifying community mindset and creating change in communities to continue driving the wheel of community development in the face of successive changes in the economic, political, and social fields, which have contributed to the emergence of a non-positive environment at times, and on the other hand, may form a fertile environment for implementing development and change activities that may be fraught with risk in some cases, especially family issues related to women, it is necessary to establish a policy for Da'em for Women Enhancement Association to avoid, mitigate, or control the negative risks it may face. Hence, a guidance manual is attached for managing risks that the Association may be exposed to, whether in the administrative, financial, or activity aspects.

### 1. Purpose of Preparing the Risk Management Policy

The Risk Management Policy is considered part of the Association's internal control duties and governance arrangements. It describes the role of the risk management procedure within the entire internal control system, defines the key reporting procedures, and explains the procedure to be taken to assess the effectiveness of the Association's internal control procedures. The policy must clarify the definition of risk (its causes and consequences) and the methods of risk management and the purpose of risk management.

Due to the diversity of Da'em Association's activities and programs according to each project, the roles and responsibilities of the relevant parties in each activity are documented at the project's administrative level or the Association's administrative level.

### 2. Definition of Risk and Risk Management

Risk is defined as any event that can impede the organization's ability to achieve its objectives, or it is a link between the probability of an event occurring and the consequences resulting from its occurrence, along with identifying the causes leading to it. Based on the Association's strategic objectives, Risk Management can be defined as a procedure or structure for identifying, assessing, and controlling aspects of risk in order to continue the Association's activities with the highest standards. When risks are well-identified, understood, and controlled, the remaining risks become less severe.

### 3. Internal Control

Risk management is part of the Internal Control System, which contains a number of elements that fall within the Association's strategy, plans, and budget, in contrast to the desired objective of the activity, to create an effective operating method that improves performance in all financial and administrative aspects.



#### 4. Risk Management Committee and Its Tasks

A committee for risk management review is formed, consisting of the Chief Executive Officer, the Financial Officer, and the Project Manager, which adheres to the guidance manual. The committee undertakes the following tasks:

1. Preparing the Risk Management Plan after conducting relevant research and studies and obtaining approval from the Association's Board of Directors.
2. Implementing the Risk Management and Internal Control Plan approved by the Board and ensuring that appropriate arrangements are in place to ensure that risks are identified, assessed, and managed effectively.
3. Monitoring Major Risks that may threaten the Association's achievement of its strategic objectives. Ensuring the availability of plans to review the efficiency and effectiveness of risk management and its ability to provide an annual assessment of the Association's risk management arrangements.
4. Utilizing the services of external consultants in the specialized aspects of the Association's operations, and using specialists from external parties to provide qualitative consultations and prepare reports to increase the reliability of the internal control system.
5. The Review Committee prepares a report on its review of the effectiveness of risk management in the Association, and the control and governance arrangements annually, and submits it to the General Assembly for approval, as the General Assembly has an influence on risk management in the Association.

#### 5. Mechanism of Work for the Risk Management Committee

1. Monitoring the set of risks facing the Association.
2. Classifying the set of risks facing the Association.
3. Continuously dealing with these risks, attempting to mitigate them, and striving to find appropriate solutions for them.
4. Submitting periodic reports to the Board of Directors to participate in mitigating these risks.

#### 6. How to Measure Risks

Risk measurement and reporting is a necessary process to support risk management. The purpose of measurement is to create a realistic view of what might happen in the future, specifically to answer the question: Will the Association profit or lose?

#### 7. Objectives of Risk Measurement

After detecting actual or potential risks, it is necessary to understand and define the risks, determine the level of severity (low, medium, high), and identify their causes and their actual or potential negative and positive consequences in order to determine the appropriate strategy.



## 8. Risk Management Strategies

**Risk Acceptance:** The risk is accepted without taking any action to mitigate it. The cost of taking any mitigation action may be greater than the cost of the risk itself, provided that the Association is capable of dealing with it later.

**Risk Avoidance / Prevention:** This strategy relies on eliminating the risk by not taking any action that could lead to its occurrence.

**Risk Transfer / Conversion:** The risk transfer strategy is defined as the process by which the risk is transferred to an external party through a contract, agreement, or memorandum so that the other party bears the responsibility of avoiding, confronting, or mitigating the risks according to their specialization, such as contracting with another organization. It is sometimes called Escalation, considering the transfer of risk confrontation or treatment to a more specialized or powerful institution, such as official institutions in case of danger.

**Risk Reduction :** This is the most common policy, where measures and procedures are taken to mitigate the impact of risks or reduce them as much as possible, making the risks more manageable and controllable.

## 9. Steps of Risk Management

Management involves a set of procedures undertaken by institutions to confront potential risks. In this process, risks are analyzed, and their impact on capital, business operations, auditors, employees, and partners is determined. A response plan is then developed to respond to the risks, limit their effects, or prevent them.

### Risk Identification

Risks are identified by monitoring the largest possible number of risk factors, which must include everything that could harm the smooth operation of the Association and its activities, including natural disasters, technological risks, and risks of functional failure and task performance.

### Risk Analysis

To analyze risks, determine their scope, the resulting consequences, the probability of their occurrence, their consequences if they occur, the factors leading to them, and their causes.

### Risk Assessment

The severity and seriousness of the risks are determined, and they are classified as low, medium, or high, and whether they are related to a secondary or primary activity, thus determining the necessary level of response to deal with these risks to avoid damages that may affect the Association.

### Risk Treatment

This is the stage of developing a treatment plan to contain or treat the risks as much as possible, or at least mitigate them to avoid harm to the institution.

### Risk Monitoring

This is the stage of regularly monitoring and reviewing the results of risk mitigation to determine if the plan is sufficient for making any changes. Consequently, the Risk Committee must define a new process if the implemented risk strategy is ineffective.

**Effectiveness:** This policy is considered effective since its approval by the Administrative Board on 27/11/2024, and adherence to it and the implementation of its provisions are mandatory as stated herein.