



Risk Management Policy and Processes

1. Purpose

This document sets out Impress's arrangements for risk management, as well as the definition of risk and how it is assessed, managed and reported. It also lists the responsibilities of the Board, Finance & Audit Committee (F&AC) and senior management team (SMT) regarding risk.

2. Risk policy statement

The Impress Risk Management Policy requires that:

- risks are identified, measured, managed, monitored and reported on as part of the strategic planning process and day-to-day operational management;
- those risks are assessed against risk appetite, and any corrective management actions are identified and acted upon;
- a proportionate system of governance for risk management is implemented.

3. Definitions

3.1. *Risk* is the probability or threat of a negative occurrence, which may be avoided, or the likely impact reduced through pre-emptive action by management. All business activities carry some degree of risk, so complete elimination of risk is impossible.

3.2. Risk assessment is an evaluation of the nature and severity of risk to Impress' business activities. The evaluation is based upon known or theoretical vulnerabilities and threats, the likelihood of the threats being realised, and their potential impact on the organisation.

3.3. *Risk management* is the process of identifying, evaluating and responding to risks to the organisation's business activities for the purpose of reducing those risks to acceptable levels. Risk management uses the results of risk assessments to make decisions on the acceptability of individual risks, on any possible mitigating actions to reduce the impact of those risks, and on the reporting and ongoing monitoring of those risks.

3.4. *Risk appetite* describes the extent to which individual risks may or may not be acceptable.

4. Approach to risk management

4.1. Risk management is central to the strategic management of Impress. It provides a systematic process for identifying risks associated with new and current business

activities that might inhibit the achievement of Impress's strategy and operational plans.

4.2. Risk management involves the evaluation of each risk based on a judgment of the likelihood of the risk occurring and the impact the risk will have when control measures are in place.

4.3. Impress will ensure there is sufficient flexibility to respond to risks and that there are adequate resources to mitigate risks. It is recognised that risks can be most effectively managed if risk management is embedded within the culture of the organisation.

5. Strategic and risk management process

Impress creates a Risk Register and Risk Statement for the approaching business year (1st April to 31st March) as part of the process of creating the Annual Plan. This is undertaken by carrying out the following actions:

- The Annual Plan for the upcoming year is reviewed at a Board meeting. Risk is assessed at this meeting to evaluate the risks involved in achieving the objectives of the plan.
- The risk workshop will identify risks, their impact, the likelihood of occurring, the board's appetite for risk and management actions that are proposed to mitigate risk.
- These risks are recorded on a Risk Register (Appendix B) and then scored in terms of the likelihood of each risk occurring. (see Appendix A for explanations of the likelihood scoring)
- Mitigating actions that should be taken to prevent the risk from occurring are then listed. Each risk is scored based on its impact once any actions are already in place. The risk score would be expected to trend downward as actions are put in place. (see Appendix A for explanations of the impact scoring)
- The final score for each risk is then calculated by multiplying the likelihood (once mitigating actions have been taken into account) by the impact and then adding the impact.
- The Register also lists any contingent actions to take place if the risk occurs, the risk appetite for each entry and any further comments. Risks are ranked on the register from highest to lowest overall score.
- After the Risk Register has been populated, a Risk Statement for the approaching business year is created summarising Impress's major risks for the period as well as its appetite for these risks.
- At the following Board meeting, the Annual Plan with the Risk Register and Risk Statement included are signed off by the Board.

6. Ongoing risk management

6.1. The risks in the Risk Register are monitored throughout the year by the SMT with specific regard to any significant changes to the likelihood of events occurring and the implementation of actions to mitigate risks. If the SMT believes that any changes should be made to the Risk Register, then a report should be completed. This report contains a table for new risks and a table for updating current risks.

Changes should be recorded in the table with reasons behind those changes noted in the Comments box.

6.2. The Report is then presented at the quarterly F&AC meeting where the F&AC may approve, amend or reject the changes. Any changes that are agreed by the F&AC then become part of the F&AC's quarterly report to the Board. The F&AC may also evaluate selected risks in more detail if it feels this would be of benefit to the Board or upon the Board's request. The F&AC report to the board will identify any significant changes to the risk profile of the organisation and the status of management activities to mitigate risk and will make recommendations to the board as appropriate.

6.3. At the next Board meeting, the Board consider any suggested changes to the Risk Register from the F&AC report as well as any detailed risk evaluations. The Risk Register is only changed with Board approval.

7. Role of the Board

7.1. The Board has a fundamental role to play and has ultimate responsibility for the management of risk. Its role is to:

- Provide the content for the annual Risk Register and Risk Statement;
- Set the tone and influence the culture of risk management within the organisation. This includes:
 - determining whether the organisation is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue;
 - determining what types of risk are acceptable and which are not;
 - setting the standards and expectations of staff with respect to conduct and probity;
- Determine the appropriate risk appetite for the organisation;
- Monitor the management of significant risks to reduce the likelihood of unwelcome surprises;
- Satisfy itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively;
- Annually review the organisation's approach to risk management and approve changes or improvements to key elements of its processes and procedures;
- Delegate the F&AC to review the organisation's Risk Register each quarter and report to the Board.

8. Role of the F&AC

The key roles of the F&AC acting on behalf of the Board, are to:

- Oversee the SMT's compliance with the Risk Statement and Policy;
- Review and evaluate any changes to the Risk Register identified by the SMT;
- Review the organisation's Risk Register on a quarterly basis;
- Undertake occasional detailed evaluations of individual risks;
- Report quarterly to the Board on the organisation's risk profile.

9. Role of the SMT

The key roles of the SMT are to:

- Create the organisation's Annual Plan;
- Abide by the organisation's Risk Statement and Policy in its actions;
- Review the organisation's Risk Register on a quarterly basis;
- Identify and evaluate any changes to significant risks faced by the organisation for consideration by the F&AC on a quarterly basis;
- Implement and monitor the effectiveness of mitigating actions;
- Implement any contingent actions if any risks are realised.

Appendix A

Impact:

1	Insignificant	No financial, operational or reputational damage or disruption to day to day work manageable within existing systems
2	Minor	Minor financial, operational or reputational damage / disruption to systems, procedures require review but manageable, limited slippage in work activity
3	Moderate	Disruption to financial systems, significant slippage in work activity, procedures and protocols require significant review
4	Major	Major financial, operational or reputational damage, considerable disruption to business activity

Likelihood:

1	Very Unlikely	May only occur in exceptional circumstances
2	Possible	May occur at some time
3	Likely	Will probably occur/re-occur at some point
4	Very Likely	Almost certain to occur/re-occur

Appetite:

1	High	The Board is willing to accept a high level of risk
2	Medium	The Board is willing to accept some degree of risk
3	Low	The Board is willing to accept a low level of risk
4	None	The Board is not willing to accept any risk

Scoring

Scoring is worked out by multiplying the likelihood by the impact and then adding on the impact e.g. a risk with impact 4 and likelihood 2 would score $(4*2)+4 = 12$. This method of scoring gives added weight to high-impact risks.

20	High	Immediate intervention required to mitigate threat to organisation
12-16	Medium	Action required and/or specific responsibility delegated and overseen
< 20	Low	Activity manageable by established procedures

Appendix B

Risk No.	Appetite for this risk	Inherent risk description	Likelihood (L) of risk occurring	Actions we are already taking to mitigate the risk	Impact (I) after actions	Risk score (LxI)+I	Actions we will take if the risk happens	Comments including planned actions	Movement
1	1	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.	4	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	4	20	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	↑
2	4	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	4	16		Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	
3	1	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	4	16	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.		↓
4	4	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	4	16			
5	4	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	4	16	Lorem ipsum dolor sit amet, consectetur adipiscing elit.		
6	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	4	16	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.		
7	2	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.	4	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	3	15			
8	2	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	3	12			
9	1	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	3	12			
10	1	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	4	Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	2	10			↓



Risk Update Report

New risks

Risk number	Risk description	Likelihood	Impact	Mitigating action	Contingent action	Comments

Changes to current risks

Risk number	Risk description	Score change details	Mitigating action change	Contingent action change	Comments

We are committed to reviewing our policy and good practice annually.

Approved by: The Board of Impress

Date: 12 December 2023

Review Date: 12 December 2025