RISK MANAGEMENT POLICY
OF

NPHOENIX.ORG
("NPHOENIX")

a not-for-profit organizational consulting education partner
and fiscal entity sponsor program of FEPIC,
an IRS qualified §501(c)(3) educational public charity.

1 INTRODUCTION AND OVERVIEW

1.1 PURPOSE
The purpose of this document is to detail the NPHOENIX risk management policy and procedures. All NPHOENIX Lover employees, volunteers & members are required to read the entire risk management policy and direct any questions to a supervising coordinator.

1.2 WHAT IS 'RISK'?
NPHOENIX is subject to certain risk that affects our ability to operate, serve our members, participants, supporters, stakeholders, and remain Conscious Stewards of matter and assets. Risk is an event or cause leading to uncertainty in the outcome of NPHOENIX operations. Inherent risk exists for employees and volunteers, liabilities to stakeholders and property, so NPHOENIX intends to manage four broad categories of risk: strategic, financial, operational, and compliance, in addition to any other perceived risk.

A. **Strategic Risk** - associated with the operations of a particular industry, and arise in:
   a. **Business Environment** - Buyers and sellers interacting, changes in supply and demand, competitive structures and introduction of new technologies.
   b. **Transaction** - Assets relocation of mergers and acquisitions, spin-offs, alliances and joint ventures.
   c. **Investor Relations** - Strategy for communicating with individuals who have invested in the business.

B. **Financial Risk** - associated with the financial structure and transactions of an industry.

C. **Operational Risk** - associated with the operational and administrative procedures of a particular industry which are very common in today's environment.

D. **Compliance Risk (Legal Risk)** - associated with the need to comply with the rules and regulations of the government and regulators.

E. **Other Risks** - various risks like fraud, natural disaster (floods) and others depend upon the nature and scale of the industry.[8]

1.3 WHY MANAGE RISK?
Daily we manage risk without necessarily describing it as "risk management":
- Lock the door behind you on the way out of the house? That is risk management.
- Buckle your seatbelt? That is risk management.
- Balance your checkbook? That is risk management.
- Look both ways before crossing the street? That is risk management.

A formal risk management program is necessary to foster awareness of systematic risks to daily operations of a business, trust, or any creative hobby (and life in general!). During a complete risk assessment, we consider what might go wrong and implement appropriate mitigating control measures over occurrences that would be a detriment to the well-being of NPHOENIX and anyone participating in an organizational offering. As a partner program of a qualified §501(c)(3) not-for-profit educational charity, NPHOENIX needs also provide assurance to our regulators, auditors, and stakeholders that we adequately consider risk, and document the enterprise risk management process.

The jobs and services the organization provides, the safety of programs and events, and other benefits all depend to an extent on our ability to control risk to manageable levels.

1.4 WHO NEEDS CONSIDER RISK?
The Board, and its Officers, has the ultimate responsibility to control organizational risk. Control includes making decisions regarding which risks are acceptable and how to address those that are not. Decisions are made including feedback from the entire stakeholder group, because each Lover member-resonator is in a unique position to experience, interpret, and describe the risks of his or her own perspective better than anyone else.

Each Lover-stakeholder is responsible for reporting an unsafe condition as they see or gain awareness of the risk within the organization or at a program offering. All members are encouraged to suggest ways in which NPHOENIX can operate more safely, harmoniously, and sustainably. We are committed to the careful consideration of every stakeholder's suggestion, and to taking appropriate action to address and mitigate such risks. Please notify a NPHOENIX coordinator when a situation you perceive to be risky presents itself to you.

Accidents, negligence, unsafe behavior, violence, theft, destruction of property, and other situations involving loss or near-loss will be investigated as part of the effort to manage risks.

Every employee's and volunteer's performance will be evaluated, in part, according to how he or she complies with this policy.

1.5 WHEN TO CONSIDER RISK?

Risk is constantly being reviewed and assessed as part of a cohesive and effective risk management policy, as it is for any constructive and sustainable life activity, and at a minimum risk needs be reviewed during planning, at decision-making, upon implementation, and in review. As beginning of the year organizational planning occurs, NPHOENIX members and Officers needs consider a refreshed look of the risk horizon, reviewing the short- and long- term strategic plans and identifying any changes in the risk outlook. Timing is of the essence in establishing adequate mitigating actions and for the implementation of any failsafe controls to be included as a risk treatment procedure.

1.6 PROGRAM AND ORGANIZATIONAL RISKS

Individual NPHOENIX program offerings and projects may have their own risk registers. Where a project risk is considered high priority it should be included in the organizational risk register. The program supervising coordinator or steering group should advise the Board and any relevant Officers of any such risk, and regular risk highlight reports are the standard method of the communication of risk factors. Immediate risks require immediate attention.

Lover-stakeholders are encouraged to identify risks within reasonable expectations of safety and due-diligence, and elevate those concerns to NPHOENIX coordinators for the development of mitigating actions and inclusion in registers and assessment monitoring.

1.7 RISK APPETITE

A "risk appetite" is an expression relating to how much risk an individual or organization is willing to take, and can vary over time and from activity to activity. If the program coordinator risk appetite is clearly articulated, the Board and stakeholders can integrate that information when making decisions. Each Lover-stakeholder should therefore, when considering risk, discuss and express their risk appetite as they perceive it to be to other NPHOENIX Lovers.

The risk register documents the risk appetite, identified risks, and mitigating actions for an individual program or organizational department via risk entries, taking into consideration the existing risk status and the final tolerable risk metrics; ie. risk across the whole organization.

1.8 MITIGATING RISK ACTIONS

Alternatives for dealing with risk:

A. **Tolerate** - if a risk in a certain area cannot be reduced, or if doing so is out of proportion to the risk, we may decide to tolerate the risk; in other words, take no immediate action to reduce the risk. Tolerated risks are listed in the organizational risk register. Can tolerate risk if risk entry is showing "green" after existing mitigating actions are taken.

B. **Treat** - if a risk can be reduced in a sensible manner by implementing mitigating actions, we will do so. Most risks should be identified and addressed as treated.

C. **Transfer** - on manner to treat risk is to transfer it to another organization or entity via liability assignment or insurance, for example.

D. **Terminate** - risks that cannot be further mitigated other than by not participating in that specific area, so if a program is high risk and these risks cannot be treated then the program may be dissolved.

1.9 ADDITIONAL RISK POLICY
See [Risk Management Policy - Insurance, Internal Control & Financial Reporting](#).

2 COMPLETION OF THE RISK REGISTER

2.1 RISK STATUS
"Risk status" is a serious, reasonable assessment of a risk's priority, and is based upon:
   A. Probability - the percentage likelihood of the risk actually occurring; and
   B. Impact - the material influence the risk would have if actually occurring.

Risk status is designated so that risks can be prioritized, as a high impact, high likelihood risk needs be given more attention more timely than a high impact, low likelihood risk. A traffic light (red, yellow, green) and numerical indicator are used to indicate the risk status of each identified risk. See Exhibit A.

2.2 RISK ASSESSMENT
There are at least three risk status assessments needed per identified risk:
   A. **Risk status before existing mitigation** - an assessment of the identified risk and its anticipated impact if no mitigating procedure is taken (eg. what is the risk that we receive an increase in complaints without taking action to address the backlog?)

   B. **Risk status after existing mitigation** - an assessment of the identified risk and its anticipated impact, taking account of existing mitigating actions intended to reduce the risk. (eg. after receiving increased complaints and the process is streamlined, what do we now think the risk status is?)

   C. **Risk after future mitigation** - an assessment of the identified risk level to be reached once complete implementation of mitigating factors has been enacted.

If after existing mitigation the risk status is acceptable then the risk can be tolerated, but if the status remains unacceptable, after taking into account the risk appetite, further mitigating actions needs be identified. See Section *4 Guide to Identifying Risks.*

2.3 MANAGEMENT SUMMARY
The risk register includes a management summary listing all of the programs, identified risks, and corresponding risk statuses, in addition to indicating forecast changes to risk status.

2.4 RISK REGISTER TEMPLATE

See Exhibit B.

3 ROLES AND RESPONSIBILITIES

3.1 BOARD OF DIRECTORS
- Identify organizational and program risks, as appropriate.
- Detailed review of organizational risks and mitigating actions.
- Consideration of organizational risk landscape during decision-making.
- Articulate risk appetite during decision-making.

3.2 OFFICER GROUP
- Quarterly high level review of program risk register and mitigation of risks, ensuring that the risk management process works properly.
- Identification of program and organizational risks.

3.3 AUDIT COMMITTEE
- The provision of advice of the strategic process for risk, control and governance and the Statement of Internal Control.
- Identification of organizational risks related to accounting and finance functions.

3.4 MANAGEMENT TEAM & PROGRAM ORGANIZERS
- Identify risks to the achievement of their unit's mission which might also impact organizational risk and to advise Officers of such risks.
- Propose any relevant mitigating action and describe in the program mission plan
- Awareness of other risks that may develop in the short- or long- term.

3.5 CORPORATE GOVERNANCE
- Direct risk management process ensuring:
  - Risk registers are maintained and presented to governance groups as appropriate, and discrepancies are investigated and resolved;
  - Stakeholders are encouraged to contribute to risk assessment activities;
  - the Risk Management Policy is kept up to date

3.6 ALL STAKEHOLDERS
All stakeholders please remain alert and aware of any potential organizational or program risk and raise reasonable risks that have been identified to NPHOENIX coordinator for review.

4 GUIDE TO IDENTIFYING RISKS

4.1 WHAT ARE INDIVIDUAL, UNIT, PROGRAM AND ORGANIZATIONAL TARGET AIMS?
As part of planning and development activities, the mission's goals needs be documented.

4.2 BRAINSTORM RISKS TO ACHIEVING OR IMPLEMENTING AIMS

With as diverse and inclusive a Lover feedback group as possible, consider barriers to mission goals and document each in relationship to the activity to which the risk applies.

4.3 PERFORM A RISK RANKING ASSESSMENT

For each identified risk, may be more than one per activity or unit, assess and assign risk prioritization per scoring guidance (See Exhibit A), incorporating stakeholder feedback.

4.4 IDENTIFY SPECIFIC MITIGATING ACTIONS, OWNERS, AND TIMELINE

Creatively develop risk mitigation activities for each identified risk that the risk assessment group determines would serve to address risk areas to sufficiently reduce perceived risk to within the appropriate risk appetite levels, and establish a risk owner to manage the timing and implementation of mitigating activities.

4.5 REVIEW RISK STATUS AFTER IMPLEMENTING MITIGATING ACTION

Looking back on the identified risk, implemented mitigating action, and the effectiveness of the risk mitigation activity, the risk owner updates risk ranking and determines future steps.

RISK PROBABILITY, IMPACT AND SCORING GUIDANCE

Risk Probability Guidelines

Probability	Percentage	Criteria Description
Very Low	0-5%	Extremely unlikely or virtually impossible
Low	6-20%	Low but not impossible
Medium	21-50%	Fairly likely to occur
High	51-80%	More likely than not to occur
Very High	81-100%	Almost certainly will occur

Risk Impact Guidelines

Impact	Criteria Description
Very Low	Likely to have minor impact in one or more areas of the organization.
Low	Likely to have minor impact in many areas of the organization.
Medium	Likely to have major impact in one or more areas of the organization.
High	Likely to have major impact in many areas of the organization.
Very High	Will have major impact on whole organization.

Traffic Light Scoring Guidelines

Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)	
5	10	15	20	25	Very High (5)
4	8	12	16	20	High (4)
3	6	9	12	15	Medium (3)
2	4	6	8	10	Low (2)
1	2	3	4	5	Very Low (1)

EXHIBIT B

RISK REGISTER TEMPLATE

SUMMARY OF CURRENT RISKS

DESCRIPTION	STATUS BEFORE EXISTING MITIGATION	STATUS AFTER EXISTING MITIGATION	AFTER FUTURE MITIGATION	TREND

RISK AREA:

RISK OWNER:

TARGET AIM:

RISK DESCRIPTION:

STATUS BEFORE EXISTING MITIGATION:

PROBABILITY	IMPACT	OVERALL

EXISTING MITIGATING ACTIONS	EXISTING ASSURANCES

STATUS AFTER EXISTING MITIGATION:

PROBABILITY	IMPACT	OVERALL	ACCEPTABILITY

FUTURE MITIGATING ACTIONS:

DESCRIPTION	OWNER	DUE DATE	COMMENTS

STATUS AFTER FUTURE MITIGATION:

PROBABILITY	IMPACT	OVERALL	ACCEPTABILITY