

APPROVED

By the decision of the Board of Directors
of the Non-profit Joint Stock Company
**"Aktobe Regional University named
after K. Zhubanov"**
(Protocol No. 5 dated June 14, 2021)

**RISK MANAGEMENT POLICY
OF THE NON-PROFIT JOINT STOCK COMPANY
“AKTOBE REGIONAL UNIVERSITY NAMED AFTER K.ZHUBANOV”**

Unofficial translation. For reference only.

THIS POLICY WAS DEVELOPED

by the Director of the Strategic Planning Center, _____ Balginova K. M.

1. General Regulations

1. The Risk Management Policy (hereinafter – the Policy) defines the procedures for identifying, analyzing, and assessing risks, establishes the key goals and objectives, and outlines the main principles of risk management and elimination of causes to prevent their recurrence in the activities of the Non-profit Joint Stock Company "K. Zhubanov Aktobe Regional University" (hereinafter – the University).

2. Risk management is an integral part of the University's management system. Risk management activities are systematic for the University, integrated into both strategic and operational management at all levels, and encompass all departments and employees in the performance of their functions within any processes.

3. This Policy determines the tools of risk management, as well as the relevant responsibilities and authorities related to risk-related work.

4. This Policy is an internal regulatory document of the University and is not subject to disclosure to third parties, except for partner-consumers (upon their request) with the permission of the Chairperson of the Management Board – Rector of the University.

5. This Policy enacts the following forms:

1. Risk Map;
2. Action Plan and Report on Risk Prevention Activities.

2. Goals and Objectives

6. This Policy serves as a tool to support the process of managerial decision-making and the University's daily operational activities.

7. The main goal of the Policy is to ensure the continuity and stability of the University's operations by limiting the impact of internal and external negative factors.

8. Objectives of the Policy:

1. Prompt response to emerging risk events;
2. Monitoring changes in the external and internal environment;
3. Organizing targeted risk management activities to reduce or transfer risks to third parties (e.g., insurance, hedging);
4. Systematization and further accumulation of information on risks;
5. Enhancing competitiveness and achieving strategic goals.

3. Terms and Definitions

9. The following terms and definitions are used in this Policy:

1. **Risk** – the effect of uncertainty on the University's objectives.

Effect is a deviation from the expected outcome. The effect can be **positive and/or negative**, and may lead to or result from opportunities or threats. Objectives may cover different aspects and categories and may be applied at different levels. Risk is typically described in terms of: **risk source, potential events, consequences, and their likelihood**.

2. **Risk Management** – coordinated activities to direct and control an organization with regard to risk.

3. **Stakeholder** – a person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity.

4. **Risk Source** – an element which alone or in combination has the potential to give rise to risk.

5. **Event** – the occurrence or change of a particular set of circumstances.

6. **Consequence** – the outcome of an event affecting objectives.

7. **Likelihood** – the chance of something happening.

8. **Control Measure** – an action taken to modify or contain risk. Control measures include, but are not limited to, any process, policy, method, practice, or other activity and/or condition that modifies and/or contains the risk.

4. Building a Risk Management System

10. Risk Identification, Analysis, and Assessment

1) This Policy aims to identify a wide range of risks and consider them comprehensively, which contributes to forming a holistic view of existing risks and improves the quality and relevance of risk analysis.

2) A combination of various methods and tools is used for risk identification, such as: goal- and objective-based risk identification, workshops and discussions, interviews, process analysis, collection and analysis of past losses, individual expert methods, strategic analysis, monitoring of publications and speeches.

3) The result of the risk identification procedure is a Risk Map, which includes a complete list of identified University risks, with brief descriptions, sources (causes), possible consequences, and management action plans.

For each risk, risk owners are determined—persons or departments responsible for managing the risk, including heads of structural units in accordance with their functional duties.

The Risk Map is updated on a regular basis by the University's structural units as new risks are identified.

11. Systematizing identified risks helps to::

1) Achieve consistency in risk classification and assessment, enabling better comparison of risks (by processes, structural units, etc.);

2) Create a foundation for developing more advanced tools and technologies for risk evaluation;

3) Provide opportunities for coordinated management and control of the University's risks.

12. Risk classification is carried out by grouping risks into the following main categories:

1) Strategic risks;

2) Operational risks;

3) Financial risks;

4) Legal risks.

13. The Risk Management Process Includes the Following Stages:

1) Identification, analysis, and assessment of risks;

2) Planning of necessary risk mitigation measures;

3) Implementation of risk mitigation measures;

4) Analysis of results and effectiveness of the risk mitigation measures.

14. Risk identification is carried out at all levels of the University in accordance with the process model. When identifying a risk, the head of the relevant structural unit determines the following information:

1) Risk name;

2) Risk description;

3) Causes of the risk;

4) Risk owner and the person responsible for providing information on the risk;

5) Department (responsible unit).

15. Risk Assessment

1) The next stage in the risk management process is risk assessment.

Risks are analyzed considering the likelihood of occurrence and the impact in the event of realization. This analysis allows for the identification of key (critical) risks that may adversely affect the University's operations and the achievement of strategic goals and objectives.

2) Risk assessment uses qualitative and/or quantitative methods, or a combination of both,

which form the methodological basis of the risk management process.

3) Initially, risks are assessed on a qualitative basis; then, for key risks, a quantitative assessment may be carried out. Risks that cannot be quantitatively assessed due to the lack of reliable statistical data or when building such models is economically unjustified are assessed only qualitatively. Quantitative assessment allows for more accurate analytical data and is particularly useful when developing risk mitigation financing methods.

4) The result of the risk assessment, using the above-mentioned approaches, is a general evaluation for each risk, obtained depending on the chosen calculation method.

5) All identified and assessed risks are reflected in the Risk Map.

The Risk Map makes it possible to assess the relative significance of each risk in comparison to others and to highlight the key risks that require the development and implementation of specific mitigation measures.

6) Risk assessment represents a combination of risk probability and impact.

Risk assessment is conducted at least once a year.

Risk probability is determined using a 5-point scale.

Risk Probability Scoring Scale	Interpretation
1 – Very Low	The event is likely to occur no more than once every 5 years
2 – Low	The event is likely to occur once every 4 years
3 – Medium	The event is likely to occur once every 3 years
4 – High	The event is likely to occur within the next 2 years
5 – Very High	The event is likely to occur within the next year

16. Information accompanying the risk management process can be divided into the following groups:

- 1) Information required for management;
- 2) Input data;
- 3) Results of the process.

Type of Information	Interpretation
Information required for management	Organizational and directive documented information of the University
Input data	Results of certifications, marketing research and analysis, complaints claims, documented process information
Process results	Risk Passport

17. Risk Management

1) Risk management is a priority task of the University's operations and represents a process of developing and implementing measures that reduce the negative impact and likelihood of losses or ensure financial compensation in case of losses related to the University's activities.

2) To ensure the efficiency of the process and reduce implementation costs, the University must focus on risks that can have the most significant impact on its financial condition

and the achievement of its goals and objectives.

The adopted risk management measures are reviewed and approved annually by the collegial governing bodies and are mandatory for all structural units.

3) The selection of risk response methods and development of action plans to manage key (critical) risks to ensure an acceptable level of residual risk includes the following measures:

- Risk reduction;
- Risk acceptance;
- Risk avoidance;
- Risk redistribution.

18. When planning risk mitigation measures, the head of the relevant structural unit analyzes information on possibilities for eliminating risks, potential timeframes for elimination, and necessary resources.

19. After completing the Risk Map, the head of the corresponding structural unit fills out the Action Plan/Report for the prevention of the identified risks and communicates this information to the University Management Representative for Quality (UMRQ).

The UMRQ consolidates this data into the summary analytical report on risks in structural units.

Type of Information	Interpretation
Information required for management	Organizational, informational-reference, and directive documentation of the University, including measures for preventing the occurrence of identified risks
Input data	Risk Passport
Process results	Action Plan/Report for the prevention of identified nonconformities; information on the need to eliminate risks reflected in directive and informational-reference documents (e.g., minutes of collegial governing bodies)

20. The head of the structural unit bears overall responsibility for the implementation of risk mitigation activities within the unit.

The direct executors, as specified in the risk mitigation action plan/report, are responsible for the proper execution of the planned measures, timely completion, and accurate information reporting.

Information for Risk Mitigation

Type of Information	Interpretation
Information required for management	Organizational and directive documented information of the University, as well as the Action Plan/Report on the prevention of identified risks
Input data	Records of the need for risk mitigation measures, results and processes in which risks are identified
Process results	Completed Action Plan/Report for the prevention of identified risks and relevant records and protocols, including: <ul style="list-style-type: none">- Records of briefings conducted with students;- Records of briefings conducted with staff;- Minutes of the Board of Directors and Academic Council meetings;- Minutes of faculty council meetings;- Minutes of department meetings;- Internal audit reports;

	- Analysis of the effectiveness of the quality management system
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21. Analysis of the Effectiveness and Efficiency of Risk Mitigation Measures

1. After identifying key risks and corresponding mitigation measures, the main processes exposed to these risks are determined. A step-by-step analysis of these processes is carried out to assess the necessity and feasibility of implementing appropriate control actions. In addition, the risk management action plan/report is analyzed to identify control actions that will ensure effective implementation of the measures. Control actions may themselves serve as methods of risk management.

2. Control actions are embedded in processes at all levels of the University's organizational structure. These actions encompass a wide range of measures, including: approval, authorization, verification, reconciliation, operational review, asset security, and segregation of duties.

3. Responsibility for conducting process analysis and determining the need and feasibility of introducing additional control actions lies with risk owners — the heads of relevant structural units. The University's Quality Representative (UQR) is responsible for coordinating control measures and monitoring the implementation of risk management activities.

4. The main results and conclusions of the University's risk management process are documented in the form of regular risk reports.

5. The head of the structural unit, together with the UQR, analyzes the effectiveness and efficiency of the implemented risk mitigation measures in order to define requirements for subsequent actions and make strategic decisions regarding changes in the University's operations.

Information for the Analysis of Risk Mitigation Effectiveness and Efficiency

Type of Information	Interpretation
Information required for management	Organizational and directive documented information of university
Input data	Action Plan/Report for the prevention of identified risks
Process results	Decisions of the Board of Directors, Management Board, Academic Council regarding conclusions on strategic changes in the University's activities, including requirements for subsequent risk mitigation measures

5. Information and Communication

22. During the implementation of each component of the Policy, information exchange is ensured between the structural divisions and management bodies of the University. All materials and documents prepared within the framework of the Policy are coordinated with the relevant departments, which contribute their comments and suggestions.

23. Information and communication at the University is carried out both vertically and horizontally. The objectives of the regular information exchange process within the University regarding risks are to:

1. Assign personal responsibility for managing specific significant risks to the relevant structural divisions of the University (risk owners);

2. Timely provide the management with information on all risks that need to be managed at the appropriate level of the University;

3. Timely inform the risk management executors of their personal responsibility for executing the corresponding actions (including expected results, timelines, resources, etc.);

4. Ensure effective information exchange during the management of cross-functional risks at the University;

5. Provide University employees with necessary training and courses to improve their skills in risk detection and management.

24. The structural divisions of the University continuously monitor and inform the University's Risk Management Committee (RMC) about any losses and negative consequences that have occurred. For each such case, an analysis of the causes of the losses and negative consequences is conducted, and measures are taken to prevent similar incidents in the future.

25. The University may disclose information on risk management to external auditors and other interested parties, ensuring that the level of detail of the disclosed information corresponds to the nature and scale of the University's activities.

6. Monitoring

26. Monitoring is a crucial stage in the implementation of the Policy, which allows tracking the entire risk management process and, if necessary, taking corrective actions. Monitoring is carried out as part of the University's operational activities (risk reporting), as well as by conducting regular assessments of the effectiveness of the risk management system.

27. The University monitors and controls its risks in accordance with the fundamental principles of this Policy.

28. The monitoring mechanisms are designed to determine the effectiveness of existing risk management processes from the perspective of improving the University's operational efficiency. The University uses mechanisms that include both regular and periodic monitoring activities.

29. Regular activities:

1. Continuous monitoring by the heads of functional departments.

30. Periodic activities:

1. Assessment by internal auditors;

31. The RMC of the University controls the implementation of activities in accordance with the deadlines for each activity.

7. Final Regulations

32. This Policy is approved by the University's Board of Directors and is subject to review as necessary, as well as when new effective methods and tools for risk management are introduced in accordance with leading international practices in risk management.

APPROVED:

Vice-Rector for Strategic Development and Digitalization

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Risk Map

(Name of the Department)

№	Process Name	Risk Name	Causes of Risk rrrence	Risk ability Score	Consequenc bability

Department Head Full Name _____ “ _____ ” _____ 20____ .
(signature)

Appendix B

Plan-Report of Activities for Risk Prevention

("name of the department")

Risk	Mitigation ures	Responsi erson	Execution lines	Completion s	Supporting Documents

Department Head Full Name _____ “ _____ ” _____ 20____ .
(signature)

