FACULTY OF
ECONOMICS
AND BUSINESS

UPH Business School
Risk Management Policy and Guidelines

FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS PELITA HARAPAN
(UPH BUSINESS SCHOOL)

Office of Risk Management and Audit

UPH Business School Risk Management Policy and Guidelines

UPH BUSINESS SCHOOL

OFFICE OF RISK MANAGEMENT AND AUDIT

APPROVAL PAGE

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Head of Audit and Risk Committee

<table>
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RISK MANAGEMENT POLICY GUIDELINES

Section 1 - Purpose and Context

(1). This policy confirms the commitment of the University to good corporate governance through risk management. It defines the broad accountabilities and structures the University and its controlled entities will maintain to manage risks.

(2). Risk is inherent in all academic, projects, administrative and commercial activities, and every member of the University community is continually managing risk. Risk may be potentially advantageous or harmful. The University recognizes the primary objective of risk management is to eliminate exposure to adverse risk, but where its elimination is not possible to provide a structured approach to its identification and treatment by:

a. prioritizing risks so that appropriate resources can be directed towards their mitigation, and
b. obtaining leverage from risk management by converting risks into opportunities

(3). The purpose of this policy is to:

a. affirm the University's commitment to risk management
b. enhance the University's ability to seize opportunities while reducing impacts of risk to the desired or an acceptable level
c. establish the principles by which the University will identify, assess and manage risks
d. foster an environment where staff take responsibility for managing risks
e. provide a consistent risk management framework in which the risks concerning business processes and functions of the University will be identified, considered, and addressed in approval, review and control-assessment processes
f. encourage a proactive rather than reactive management of risks
g. provide assistance to improve the quality of decision making throughout the University, and
h. assist in safeguarding the University's people, assets, finance, property and reputation

Benefits

(4). A structured risk management program will provide a number of beneficial outcomes by:

a. enhancing strategic planning through the identification of threats to the University's mission and addressing uncertainty associated with its operations
b. encouraging a proactive approach to risk issues likely to impact the strategic and operational objectives of the University, and
c. improving the quality of decision-making by providing structured methods and techniques to explore threats, opportunities and resource allocations

Application

(5). This policy applies to all staff and all current and future activities of the University and its controlled entities.

(6). Detailed risk management policies or procedures should be developed to cover specific areas of the University's operations (i.e. insurance, work health and safety, research, commercial activities, campus safety and security, information technology, business continuity, and project management).

Section 2 – Definitions (following the definitions set by the University)

(7). For this Policy, the following definitions apply:

a. **Business Unit/School Risk Register** - a register of locally identified risks is established and maintained by a School, Institute, or business unit for their operations, including significant project or commercial activities.
b. **Emerging Risk** - a new risk or existing risk with a heightened potential exposure for the University.
c. **Research Project Risk Register** – a register of risks identified that may impact the successful achievement of a research project's goals and objectives.
d. **Risk** - the effect of uncertainty on the University's goals and objectives. Risk is measured in terms of the likelihood and impact/consequences of an event/circumstance. The impact/consequences can be a positive or negative deviation from what is expected.
e. **Risk Appetite** – the level of risk the University is willing to take to pursue its strategic and operational goals and objectives.
f. **Risk Assessment** - a process used to determine risk management priorities by evaluating and comparing the level of risk associated with an activity against predetermined tolerances or generally acceptable levels of risk (formulated in consultation with key stakeholders).
g. **Risk Issue** – a risk becomes an issue when risk materializes. That is, the risk event has happened, and it needs to be managed.
h. **Risk Management** - the principles, framework, and processes that are in place to manage risk effectively. In other words, addressing the effect of uncertainty on objectives.
i. **Risk Management Framework** – a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout the University.
j. **Risk Management Process** - the systematic application of risk management policies, procedures, and practices to identify, analyze, assess, evaluate, treat, and communicate risk.
k. **Risk Owner** - a person or entity with the accountability and authority to manage risk. In other words, at the University, a person whose business objectives are impacted by the risk. Generally, it is the process or activity owner. This could be, but is not limited to, a Director; Executive Director; School Dean; Business Unit Manager; Divisional Head; Director, Research Institute; Researcher; Project Manager; Commercial Activity owner; Pro Vice-Chancellor or a member of the Senior Executive.
l. **Risk Profile** – a representation of a set of risks according to their likelihood and consequence. Profiles are used to promote discussion and prioritize actions or responses to risk.
m. **University Strategic Risk Register** - the central register of the University's key strategic risks that have an essential impact at an organizational level is established by the University's Senior Executive team and maintained by the Director, Risk.

n. **UPH ERM** – the University's Enterprise-wide Risk Management system. It is required that operational risk assessments are recorded and maintained in UPH ERM.

Section 3 - Policy Statement (adopted from the UPH Risk Management Policy Statement)

Part A - Risk Management Principles

(8). The University is committed to making risk management an integral part of all the University processes and embedding risk management into the key decisions and approval processes of all major business processes and functions.

(9). The University will embrace well-managed risk-taking in pursuit of its vision and strategic objectives, while:

a. protecting the wellbeing, health and safety of students, staff, affiliates, and the public, and
b. minimizing exposure to:
    i. any potential damage to the culture of excellence in research and education
    ii. long-term brand and reputation damage, and
    iii. health and safety, regulatory compliance, and financial solvency-related risks

(10). All risks should be managed within the boundaries defined in the University's Risk Appetite Statement. Please refer to the University's Risk Appetite Statement for more information.

Part B - Risk Management Framework

(11). The University has adopted a methodology consistent with the International Standard for Risk Management Standard (ISO 31000:2018 Risk Management - Guidelines) for identifying, assessing, and managing risks. This methodology is the basis of the University's risk management framework. The framework helps to ensure a consistent approach to the same risk by different business units of the University. It also provides a structure for:

a. communicating, mitigating, and escalating Critical and High-rated emerging or materialized risks, and
b. incorporating risk management principles and objectives into strategic, operational, research activities, project management, and commercial activities

(12). The University's Risk Management Framework is a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout the University. The Risk Management Framework includes the following, in addition to this policy:

a. a governance structure that enables Senior Executives and the Board of Trustees to oversight risks
b. the University's Risk Appetite Statement which articulates the type and degree of risk the Board is prepared to accept and the maximum level of risk that the University must operate within
c. tools, templates, guidelines and systems which enable risks to be identified, assessed, evaluated, treated and reported upon

d. a strong risk culture being the University's leadership at the top, Code of Conduct, values, principles and practices within the University that determines how our staff identify, measure, govern and act upon risks
e. the University's insurance process to manage unplanned losses from events that the University provides insurance for, and
f. training provided to staff to enhance their skills and capabilities to effectively manage risks for their operations and more broadly across the University

(13). The University should evaluate its existing risk management practices and processes, assess any gaps, and address them within the framework.

(14). A significant element of the framework is an ongoing program of risk assessment across the University. Risk assessments aim to establish a prioritized list of risks and issues for further consideration or action by senior management and executives.

(15). Risk assessments are performed by the management or delegated staff as risk champions and may be facilitated by the Office of Strategy, Performance and Risk. Typically, these risk assessments involve:

a. an assessment of the extent, consequence, and likelihood of risk, and
b. the development of risk registers, risk profiles, and risk mitigation strategies

Risk Appetite Statement

(16). The UPH Business School's Risk Appetite Statement sets out its desired level of risk-taking for its most significant risks. The University's management is aware of the high standards that the community expects of the University.

Risk Management Guidelines

(17). The Office of Strategy, Performance and Risk has developed a UPH Risk Assessment Guide (URAG) which should be utilized by all staff. The URAG provides an overview of how:

a. risk assessments should be performed considering the likelihood and impact of risk events
b. how one should perform the effectiveness of controls
c. who can approve a course of action required to address the risks depending on the level of risks, and
d. indicative time frame for remediating the risks

(18). The URAG should be adopted and implemented by other risk management functions of the University, including but not limited to: Work Health, Safety and Wellbeing; Campus Safety and Security; Information Technology and Digital Services; Office of Strategy, Performance and Risk; Office of General Counsel; and Compliance Program Unit.

Risk Registers

(19). The UPH Business School’s Senior Executive team must establish a Strategic Risk Register for the Business School as large, complex and has multiple different function, which will be coordinated and maintained by the Director of Risk Management Office at the University level.

(20). The UPH Risk Registers are comprised of, but not limited to:

a. the University-wide strategic risk register
b. individual business unit operational risk register, where operations of the unit are large, complex or the unit performs multiple different functions
c. divisional-level operational risk register, where individual business units under the division are too small, simple and do not have multiple functions which justify risk assessment to be performed at the divisional level
d. School's operational risk register
e. Research Institute and specific research project-based risk register
f. significant business programs or project specific risk register, and
g. commercial activities risk registers

(21). The risk registers should document key risk events that would impact on strategic or operational goals and objectives of each relevant area noted above.

Part C - Responsibility for Risk Management

Board of Trustees (Yayasan)

(22). The Board has overall responsibility for risk management and in exercising this function delegates:

a. responsibility for the implementation of risk management frameworks to the Rector and President, and
b. responsibility for oversight of risk management activities to its Audit and Risk Committee (ARC)

Audit and Risk Committee (ARC)

(23). The ARC at the University level advises and makes recommendations to the Board (or, as appropriate, the Rector and President) on matters concerning risks to the University and its controlled entities and the effectiveness of systems of control or management of those risks. The roles and responsibilities of the ARC are formalized via the ARC Charter approved by the Board.

(24). The ARC will oversee risk management activities across the University and its controlled entities and monitor the following:

a. the implementation of remedial actions to minimize or eliminate adverse risk, and
b. actions were taken by management to maximize opportunities given the risk taken (risk opportunity)

(25). The Committee will report at least semesterly to the Board of Trustees on the performance of risk management activities as part of a broader report on the work of the Committee in the Rapat Tinjauan Management (RTM) or Annual Management Review meeting.

Rector and President

(26). The Rector and President is responsible for the following:

a. ensuring that risk management practices are established and maintained in accordance with this policy
b. communicating Critical and High-risk issues to the Board of Trustees and Audit and Risk Committee as appropriate, and
c. ensuring the risk management function is appropriately resourced and funded

Senior Management and Executives (Vice Rectors, Assistant Vice-Rector, Vice-Presidents, Provost, Chief Officers, Executive Deans, Deans, Executive Directors, Directors)

(27). Senior management and executives are responsible for regularly reporting to the Rector and President on risks, immediately in instances where a Critical or High-risk is identified.

(28). Senior management and executives are to ensure that all major proposals including business cases for projects (involving significant financial or reputational risk, for example) that are submitted to the University Executives, Board of Trustees or any of its committees for endorsement/approval, indicate if a risk assessment has been undertaken.

(29). Senior management and executives are also responsible to the Rector and President for the implementation of this policy within their respective areas of responsibility, specifically:

a. periodic reporting on the status of risk mitigation strategies within their portfolio as articulated in the University's Strategic Risk Register.
b. undertaking risk assessments for all major commercial ventures (as refer to Commercial Activities Guidelines), and
c. making training opportunities in risk management available to staff as appropriate to their position and role within the University.

Head of Risk Management Office at UPH Business School

(30). The Head of Risk Management Office at UPH Business School is responsible for the establishment and ongoing maintenance of the Risk Management Policy at the School of Business, in coordination with the University's Risk Director, and:

a. facilitating a formal process for identifying, assessing, recording, and communicating strategic risks that may impact the UPH Business School.
b. establishing supporting processes, tools, and advice to facilitate effective risk management
c. facilitating the development and annual update of the Business School' Strategic Risk Register
d. continuously monitoring activities undertaken by the School of Business to address strategic risk issues
e. providing guidance and assistance to senior management and executive in fulfilling the responsibilities defined in this policy
f. reporting key risks to the Dean of Business School, University Executives, Audit and Risk Committee, and
g. reviewing other risk management functions of the Business School to ensure these functions have applied this policy appropriately

Team Leaders/Managers, Researchers and Project Managers

(31). Managers of the Business School are responsible for incorporating risk management into their standard management practices by:

a. understanding the University's risk management principles and fostering a risk-aware culture within their areas of responsibility.
b. identifying and determining appropriate actions to address risks within their area of responsibility in accordance with university policies and procedures;
c. documenting their risk management processes and developing and maintaining a register of risks.
d. escalating and reporting of Critical and High emerging or residual risks; and
e. ensuring the inclusion of risk management responsibilities in job description, induction, professional development, and performance management processes for all staff within their area of responsibility.

Researchers

(32). As per the *Responsible Conduct of Research Policy*, in conducting research activities, researchers have responsibility to assess and manage the risk of their research activities by:

a. identifying and familiarizing themselves with risks associated with their projects.
b. managing risks consistently with this policy.
c. identifying and determining appropriate actions to address risks within their research project in accordance with University policies and procedures;
d. documenting their risk management processes by developing and maintaining a register of risks; and
e. escalating incidents, risks and concerns to management, where appropriate.

All Staff

(33). All staff are required to be aware of this policy, and to support and participate in the risk management processes adopted by the University by:

a. identifying and familiarizing themselves with risks associated with their roles;
b. managing risks consistently with this policy;
c. contributing to risk management activities as directed by management; and
d. escalating incidents, risks and concerns to management, where appropriate.

(34). All staff must report any incident or knowledge of Critical and/or High risks immediately to their supervisor before escalating the matter to the Office of Strategy, Performance and Risk.

Section 4 - Guidelines

Please see below, UPH Risk Assessment Guidelines (URAG)

UPH BUSINESS SCHOOL
RISK APPETITE STATEMENT

UPH Business School Office of Risk Management

THE UPH SCHOOL OF BUSINESS RISK APPETITE STATEMENT (RAS)

Mission, Enablers, Values, and Principles

The School of Business of Universitas Pelita Harapan's Risk Appetite Statement (RAS) is set in the context of its Mission, Enablers, Values, and Principles as follows:

<table>
<tr>
<td>Mission

To empower our students to be business leaders of tomorrow by seizing the boundless opportunities generated by sustainable business, technological innovation, and the digital economy through our commitment to excellence and transformative, godly character and far reaching societal implications of innovation.</td>
<td>Enablers

Our enablers set out the elements required to unlock and make possible the strategic imperatives embodied in Business School Strategic Plan 2022–2027. Enablers cover our values and help to guide recovery and renewal for the Business School and the communities within which we live with.
• People
• Learning and teaching
• Student experience
• Research with impact and innovation
• Financial Resilience
• Global engagement
• Local perspectives
• Technology and systems</td>
</tr>
<tr>
<td>Values:

We stand for the values of:
• Excellence
•Fairness
•Ethical and Godly Character
•Integrity</td>
<td>Principles

• Sustainability
• Equity
• Transformation
• Connectedness</td>
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Introduction

Risk management is an essential component of the University's governance framework, and it supports the achievement of the University's strategic goals and objectives. Effective risk management increases the probability of successful outcomes while protecting the reputation and sustainability of the Business School.

The Business School's strategic goal and objectives set out in the Business School's strategic plan 2022–2027, makes clear the values that underpin the core business of the University and Business School, namely education, research, scholarship, innovation, and service. The plan reinforces that the Business School is a value-based and ethical organization and a leader in sustainability.

The Business School takes its responsibilities to its stakeholders seriously. Risk management is a tool for good management and essential in ensuring that the Business School meets its obligations to key stakeholders.

The Business School's Risk Management Policy and UPH Risk Assessment Guide provide the framework to manage its risks effectively. The framework seeks to maximize opportunities and minimize adverse outcomes.

The risk appetite is the amount of risk an organization is willing to accept in pursuing its strategic goals. The RAS considers the most significant types of risks the Business School is exposed to and outlines the approach to managing these risks.

Overall Risk Appetite

The University's Board of Trustees (BoT), subcommittees, management, and staff will regard the University's stated risk appetite in strategic and operational decision-making.

Overall, the University has a balanced approach to its risk appetite aligned with its strategic objectives. The University's vision and strategic objectives will necessitate that the University accepts those risks that accompany growth, transformation, innovation and are commensurate with the potential reward. It is acknowledged that the University may sometimes undertake activities that inherently carry greater risks.

The key to achieving appropriate risk tolerances is to ensure the following:

- ethical and effective governance practices, including responsible stewardship of resources.
- the realization of opportunities and allowing growth, transformation, and innovation while avoiding unnecessary negative impacts
- avoidance of a risk-averse culture that stifles growth, transformation, and innovation, but rather to promote a culture of identifying, assessing and managing risk to support the University’s strategic objectives.

Risk Management Framework

Good practice in risk management indicates that organizations should specify their appetite for risk at a granular level related to the nature of activities in the organization. The RAS sets the amount of risk the University is willing to seek or accept in pursuing its strategic objectives. It indicates the parameters within which the University would prefer to conduct its activities.

Risk appetite applies to managing existing activities and seeking new opportunities. It is the responsibility of the University management and staff to continually review what the University does, investigate new opportunities, and take account of individual risks in decision-making.

In terms of priorities, the need to avoid risks related to compliance and overall health and safety for its people and communities will prioritize other factors, e.g., it will be acceptable to undertake risks in research activities provided they do not expose the University to undue compliance or people risk. In many cases, risks are attached to doing something and doing nothing. The 'do nothing' option may often impose greater strategic risks. Therefore, a balanced assessment should be the approach to assessing risk.

The University's risk management framework seeks to ensure an effective process to manage risks across the University. Risk management is integral to all aspects of the University's activities and is the responsibility of all staff. Managers are responsible for evaluating their risk environment, implementing appropriate controls, and monitoring the controls' effectiveness. A good risk management culture emphasizes careful analysis and management of risks in all business processes.

These risks are identified, assessed, and managed at both enterprise-level (top-down) and business unit-level (bottom-up) approaches. The Audit and Risk Committee (ARC) has oversight of these processes.

Given the devolved nature of the University, the RAS acts as a guide indicating:

- areas to step out and be innovative that are key to our growth ambitions.
- places to be conservative in their activities that are key to our legislative responsibilities, and
- the "lines" we will not cross where the implied risk exceeds the potential return.

Key Risk Appetite Concepts

Risk appetite is an interaction of the Business School's risk profile and capacity to take risks. Below are some important concepts and definitions when applying the risk appetite framework to risk management activities.

- *Risk Profile* – the University's entire risk landscape reflects the nature and scale of its risk exposures aggregated within and across each relevant risk category.
- *Risk Capacity* – the University's maximum level or 'ability' to take risk in each risk category while remaining within constraints implied by its capital and funding needs and expectations of stakeholders.
- *Risk Appetite* – the level of risk the University is willing to take to pursue its strategic goals and objectives. Appetite is articulated in qualitative terms.
- *Risk Tolerance* (upper and lower limits) – the level of risk that would require an immediate escalation and corrective action if reached by the University's risk activity.
- *Risk Appetite Trigger* – a level of risk within risk appetite that triggers additional attention and action.

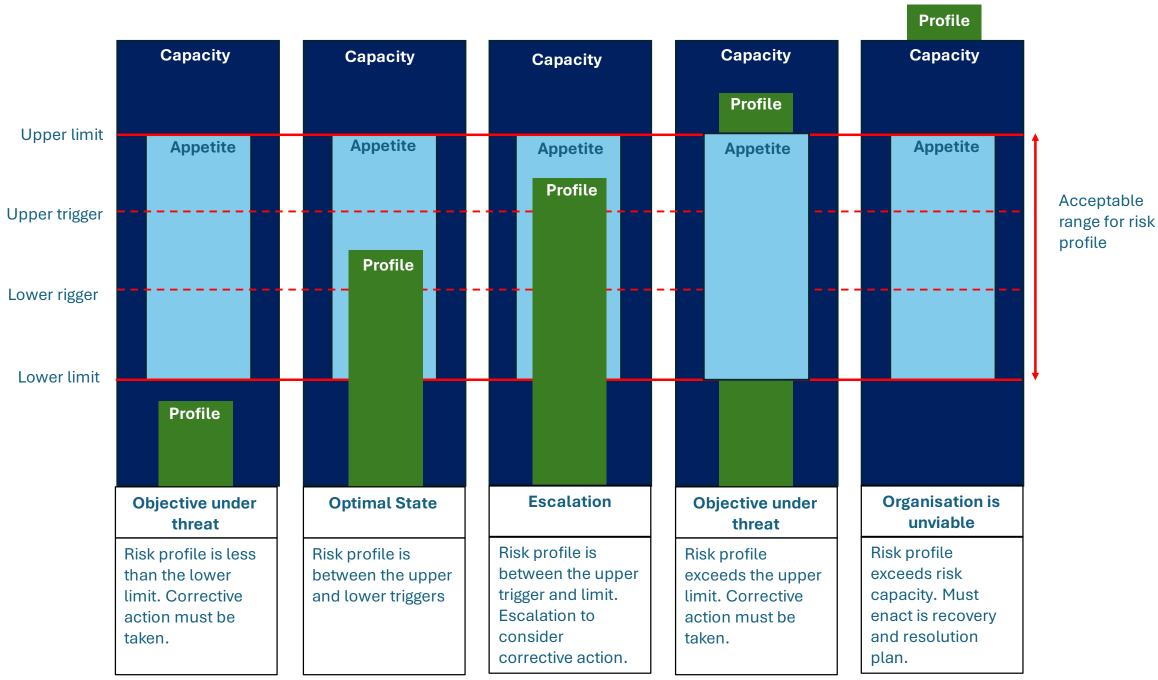
This risk appetite framework allows the Business School to identify and determine the relative positions of its risk capacity, risk profile, and risk appetite when evaluating and pursuing its strategy and take corrective actions where necessary. In each of the five states illustrated below, the University's risk activity profile is measured relative to its risk capacity and appetite.

Risk Appetite Principles

The Business School takes a responsible and proactive approach to risks by recognizing and managing risks. The degree of risk that is acceptable varies within the core domains in Business School in relation to the University activities. Therefore, it is crucial to establish key principles and broad parameters within which the Business School considers its risk appetite for easy understanding and awareness of its stakeholders.

Key Principle 1: The Business School needs to protect against reputational, health and safety, security, foreign external interference, regulatory compliance, and overall financial viability risks, in which these factors take priority over all other factors. All activities must consider these risk domains from the outset and revisit them as necessary for the current or proposed activity.

Figure 1. The concept of risk appetite



Examples:

• A major infrastructure development project proposal needs to consider the regulatory compliance applicable to the project, health and safety requirements, financial risks to the University (including the risks of doing nothing), and reputational risks before approval and commencement of the project.

• A proposal for a research project must consider whether there are any reputational, financial, including external influence or interference, regulatory, health, and safety risks to the University. It must also consider whether compliance with statutory, regulatory, or other ethical frameworks governing such projects may involve reputational and financial risks that cannot be adequately mitigated. It is important to recognize that circumstances will change as the project progresses and the governance processes revisit the level of risk taking in such projects.

Key Principle 2: All activities and projects should be managed within a framework appropriate to the specific activity or project, including risk identification and management as a core component.

Examples:

• A proposal for an IT system where several different solutions are available that the University might wish to operate. All solutions and their respective advantages and disadvantages (including costs versus benefits) are considered before making a final decision.

• A proposal for a major consultancy project should operate within a framework that establishes the financial costs of the Business School delivering the project against benefits (e.g., financial, and reputational benefits).

Key Principle 3: Established activities should be considered within a risk management framework to continually assess whether risks are being managed appropriately, including being accepted at the appropriate level.

Examples:

• The existing academic portfolio should be subject to appropriate oversight and management concerning applicant trends, relevant outcome data (e.g., attainment, student satisfaction, career destination data), and other appropriate measures to ensure the ongoing 'health' of the educational offering.

• A research project where ethical considerations have been identified and addressed before the commencement of the project should incorporate appropriate ongoing ethical evaluation as part of the project governance framework.

Statement of Risk Appetite

The Business School's approach minimizes its exposure to risks relating to its compliance, environment, culture, and people while accepting predetermined acceptable levels of risk in pursuit of its vision and strategic goals. It recognizes that its risk appetite varies according to the activity undertaken. Before proceeding, risks are accepted, subject to a good understanding of the potential benefits and adverse impacts. Unacceptable risks are mitigated through control measures as required. The Business School's risk appetite spreads across a spectrum from unacceptable risks to a higher willingness to take risks in pursuit of its strategy. This is illustrated diagrammatically below:

Figure 2. Risk Appetite Spectrum

Risk Appetite Spectrum				
Unacceptable to take risks (Zero Tolerance)				**Higher Willingness to take risk (High Tolerance)***
Very Low	**Low**	**Moderate**	**High**	**Critical**

* The University is willing to take higher risks after careful assessment and appropriate risk mitigation plans, approved via the relevant governance and decision making process.

The Business School's Strategic and related tactical or operational objectives underpin the aspects covered in the Risk Appetite Statement below. The Business School's Risk Appetite Statement is broadly articulated for critical activities aligned to the University's strategic risks, which enable the achievement of its strategic and operational objectives. The table below details the risk appetite descriptions established for the key strategic risks.

Key Strategic Risks	Risk Appetite Description	Risk Appetite
The Business School fails to ensure the health and safety of university staff, students and visitors due to major and critical incidents.	The Business School is committed to creating a safe working environment for staff, students, and visitors where people are protected from physical and psychological harm. It has a very low to low appetite for the staff or student behavior or misconduct threatening the health and well-being of its staff, students, or visitors. Mental health issues and concerns are a risk to the University.	Very Low to Low
Cyber security threatens the university's people, processes, systems, assets and infrastructure.	The Business School needs its systems to operate efficiently and effectively. The Business School has a low appetite for cyber threats that may lead to the loss of strategic and critical systems or information relating to staff, students, research, or other Business School operations.	Low
Erosion of the university's financial position.	The Business School needs to remain competitive, efficient, and financially sustainable. It is in the process of building its long-term financial viability and its overall financial strength. The Business School has a low-risk appetite for erosion of its strong financial position, and it is willing to accept a moderate level of risk in pursuit of its commercial activities including expanding its student intake for domestic and international, and expanding the revenue from corporate/ executive education, while looking at areas for efficiency.	Low to Moderate
Foreign interference arising from foreign arrangements risk.	The Business School has a low to moderate appetite for risks from dealing with foreign partners. The Business School has adopted and responded to the guidelines to counter Foreign Interference in the Indonesian University sector. Several key policies and procedures have been updated to identify and mitigate potential risks.	Low to Moderate
Lack of resilience by the university during pandemic, natural disaster, crisis or circumstances impacting business continuity.	It is important to the Business School that its activities and services operate effectively and experience minimum disruptions. The Business School has a moderate appetite for any risks that may jeopardize its standards of operation or lead to a loss of confidence in its stakeholders, communities, or key government agencies.	Moderate
The Business School is unable to establish an organizational culture that retains key talent or leadership and fosters growth of high performing individual and diverse teams.	The Business School is focused on recruiting, retaining, and developing a high-quality workforce that reflects the region's diversity, acknowledging the level of market competition for high-caliber employees. The Business School has a moderate appetite to ensure its workforce is engaged, innovative, future focused, and aligned with its values, strategic priorities and objectives.	Moderate
Programs offered fail to satisfy student needs, employers' expectations or they are not financially viable.	The Business School has a low appetite for poor learning and teaching practices or academic quality, which would not meet the standards and external accreditation requirements. This is balanced with a moderate risk appetite for being innovative in delivering courses and online learning that enhances student learning outcomes and experience	Moderate

Lack of timely response to competition, market disruption and changes to political environment	While the Business School regards any activity that may seriously threaten its existence or reputation as a high-quality provider as unacceptable, The Business School is prepared to take a moderate level of entrepreneurial risks from market competition and political changes.	Moderate
The Business School fails to understand and therefore not meet Environmental, Social and Governance (ESG) expectations.	The Business School has a low appetite for any governance risks, while it has a moderate appetite for environmental risks which is beyond Business School's controls. The Business School continues to be a key player in the region in pursuing the Environmental and Social Sustainability Strategy and Action Plan.	Moderate
The quality of student experience fails to meet current and prospective student expectations.	The Business School aims to provide a more holistic student experience from the quality of its learning and teaching activities, support services, and engagement in every aspect. The University has a moderate appetite for the quality of student experience risk. Two significant factors have been identified to adversely impact the student experience are students' mental health issues and financial circumstances.	Moderate
Failure to maintain a research-led university status where research activities are significantly reduced.	The Business School aims to be a research-led school with regional, national, and global impact. Accordingly, the Business School has a high-risk appetite for investing and developing a comprehensive, long-term research community and infrastructure to support its researchers and partnership priorities.	High
The Business School fails to establish and maintain effective partnership and engagement with key strategic stakeholders locally, nationally and internationally.	To expand its reach, reputation, and influence as an institution of global standing, the Business School has a high appetite for forging new relationships and advancing existing ones with local and international agencies, education providers, and industries.	High
IT & Digital transformation strategy is not aligned to the strategic goals of the Business School.	Digital transformation changes are required to adapt to regulations, society, competitive environment, and the conduct of Business School activities. The Business School expects the digital transformation changes to align with its vision and objectives and has a high-risk appetite for excellence and innovation through technology.	High

Implementation of Risk Appetite

All Business School Executives are responsible for the implementation and compliance with this Statement. The risk appetite needs to be reviewed and assessed against key business processes and material changes by all business units in the Business School. As one of the largest faculty in UPH, Business School’s Risk Appetite also needs to be discussed at meetings beyond ARC, and including Board of Trustees (BoT), Finance and Investment Committee (FIC), the University Infrastructure Committee (UIC), People and Culture Committee (PCC) and any other governance committees when seeking approval for key strategic and operational decisions.

Each business unit and School needs to maintain a risk register of the business risks it faces in its day-to-day operations and controls to mitigate those risks. These registers should consider risks from within the Business School and the University that affects directly or indirectly the Business School and external sources, should be reviewed annually. Risk registers are also updated where necessary when there are critical changes in policies, structures, or functions and responses to incidents.

All risks determined as unacceptable at the business unit level are to be reported to the Executive Committee and ARC. Remedial action plans to reduce these risks to acceptable levels are to be notified, where appropriate, to the Executive Committee.

All business unit risks with a high residual risk are reported to the ARC by management. Business units must manage their specific operational risks in a manner consistent with the University's and Business School's Risk Management Policy and this Statement. Business units should manage and address any risks outside the appetite or agreed tolerance levels.

Review of the Risk Appetite Statement

The Business School's RAS is reviewed annually together with the review of the University's strategic risks and submitted to the Executive Committee for review, ARC for endorsement and the Board of Trustees for approval. The Chief Audit and Risk Officer is responsible for coordinating and updating the University's Strategic Risk Register and RAS in consultation with the Executive Committee.

UPH BUSINESS SCHOOL

RISK ASSESEMENT GUIDELINES

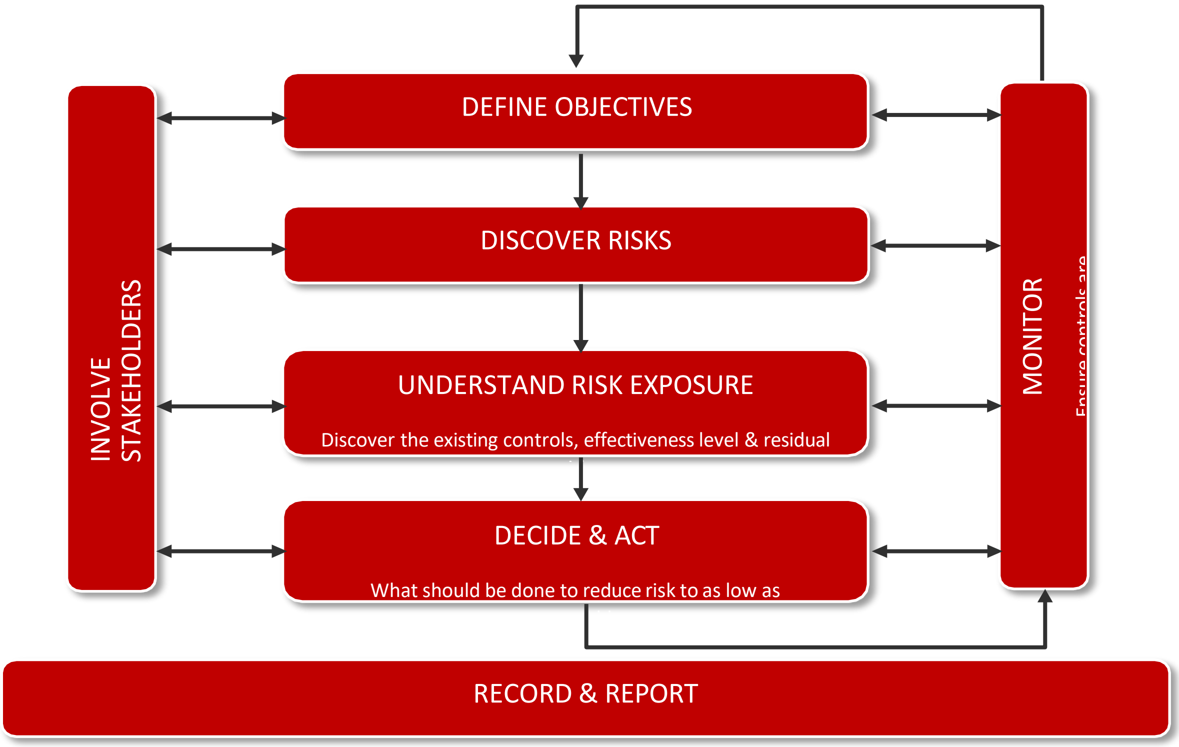
Office of the Risk Management

UPH BUSINESS SCHOOL RISK ASSESMENT GUIDELINES

Summary of The UPH Business School Risk Assessment Guidelines

The Business School takes a proactive approach to risk management by managing risk throughout the decision making process. Managing the risk allows us to protect the Business School from loss and enhance our ability to seek growth opportunities. The guide is designed to support the natural capabilities of our people to discover, understand and deal with uncertainty so that the process is reliable, comprehensive, fit for purpose and consistent. Proactive understanding and responding to risks and opportunities will provide greater certainty for our employees, students and stakeholders. The URAG supports the Risk Management Policy and provides a straightforward process for managing risks and opportunities regardless of the application. The guiding principles for UPH Risk Assessment is depicted in Figure 2 below.

Figure 1. UPH Business School Risk Assessment Framework (adopted from UPH Risk assessment Framework)



Stakeholders Involvement

The management of risk starts by identifying the stakeholders who should be involved. Understand their objectives, what they know and how to involve and collaborate with them throughout each step to source information and manage any potential for bias. Develop an approach to continue involving and collaborating with the stakeholders throughout the risk management process.

Define Objective

Working with these stakeholders allow us to define the decision the risk assessment supports and aim to achieve. Consult stakeholders and confirm the scope of the risk assessment. The scope will influence your understanding of the likelihood and consequence of each risk event (e.g., if a scope relates to a particular division or business unit, location, project, or research). Identify and list business objectives for each process – the list will provide structure to support the discovery of risks.

Discovery of Risks

Continue to work with stakeholders, brainstorm, and document what might happen in the future and what might occur (i.e., the outcome). These are your risk events. The outcome of a risk event may be negative or positive. Describe each risk event as an event in the future using the recommended format of cause-and-effect analysis. Explore what might cause the risk event to happen – what could cause us to lose control of the activity or task?

Structure the approach to avoid missing any events by referring to the business objectives identified in "Define". That is, for each objective identified now to discover the risk.

Understand Risk Exposure

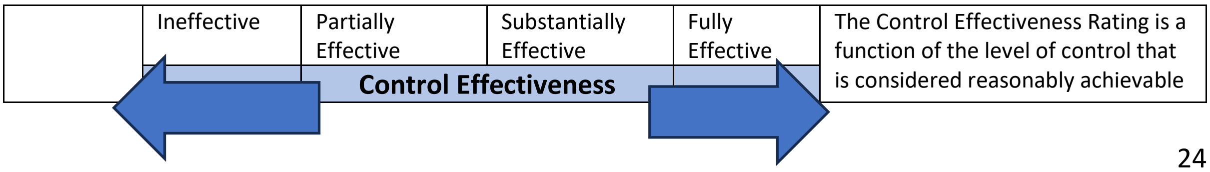
Understand the significance of each risk event to determine and prioritize action. A complete Risk Assessment needs to be performed in two stages as follows:

Risk Assessment Steps	What Is Involved?
1. Inherent Risk Assessment	Assess the risks without any controls in place.
2. Residual Risk Assessment	Assess the risks considering the existing controls in place.

First, assess the level of Inherent Risk. This involves assessing the Likelihood (Refer Figure 5) of the risk event and the Impact/Consequences (Refer Figure 4) of the event, without any controls in place to manage the risk. Determine the level of risk by mapping it in a grid of the Likelihood and Impact (Refer Figure 6).

Second, the level of Residual Risk has to be assessed, after considering the controls in place to manage the risks. The controls in place may reduce the risk event's Likelihood and/or Impact. When we perform residual risk assessment, we consider the effectiveness of the existing controls, whether they are preventive or detectable, manual or automated/systems based. Using Figure 2, we describe the effectiveness of the current types of controls. This is the Control Effectiveness Rating. Additional guidance on the Control Effectiveness Rating is provided in Figure 3.

Figure 2 - Control Effectiveness Guidance



<table>
<tr><td rowspan="2"></td><td colspan="4">Range</td><td rowspan="3">for the specific risk event. As illustrated in Figure 2, a reasonably achievable level of control is not necessarily equal to absolute control as the delivery of absolute control may not be considered reasonably practical or cost effective.</td></tr>
<tr><td>No Control</td><td></td><td>Reasonably Achievable Control</td><td>Absolute Control</td></tr>
<tr><td>Success Rate (in %)</td><td>Less than 25%</td><td>Between 25% until less than 75%</td><td>Between 75% to less than 95%</td><td>Above 95%</td></tr>
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To support the Control Effectiveness Rating, challenge the current controls to test if they meet what is considered reasonably achievable by considering the questions below:

CONTROL DESIGN	-Are the controls meeting the applicable laws, regulations, and mandatory standards? - Are the controls comparable with peers or accepted industry practice? - If the environment has changed, are existing controls still fit for purpose? -Are the controls designed to effectively manage/mitigate the risks?
CONTROL OPERATION	-Can controls be demonstrated and evidenced through testing or other means? -Are there any outstanding action items from audits, risk reviews, or investigations? -In recent occurrences, did the controls work as intended, including throughout the life of the risk? Refer to recent incidents or issues.

Figure 3 - Control Effectiveness Rating

INEFFECTIVE	PARTIALLY EFFECTIVE	SUBSTANTIALLY EFFECTIVE	FULLY EFFECTIVE
-Significant control gaps. -Either controls are not designed to treat root causes and/ or they do not operate at all effectively.	-Some of the controls are designed correctly to treat root causes. - More work to be done to improve design of controls and/ or operating discipline and reliability of controls.	-Majority of controls are designed correctly to address the root causes. -Some work to be done to improve operating discipline and reliability.	-Controls are designed correctly to address the root causes. Management believes that controls are effective and reliable on almost all occasions. - Management monitoring and review of controls is established

Decision and Action

Decisions to address a risk involve comparing the Residual Risk against the University's Risk Appetite and considering the total 'cost' of the risk against the 'cost' of control. One exception is prescriptive legislation which may override any cost-benefit analysis and compels the business to adopt particular controls.

With the understanding of each risk event, the causes and effects of the existing controls:

-Explore the characteristics of the risk event, including the causes and consequences, and seek options that act against the causes and / or the consequences.

-Explore options to improve the design and operating effectiveness of existing controls or the design of new controls where a control gap has been identified.

Develop an understanding of the net business benefit of each option and engage with the Accountable Executive in Figure 4 to decide and act.

Where a decision to act is taken, document the control (its purpose and design intent), those accountable, allocate resources, agree deadlines, and how those responsible will demonstrate that the control is operating as intended when required.

As the action is implemented**, continue to monitor, and assess (update) the control effectiveness rating for the risk event.**

Figure 4 - Priority and Accountable Executive Guidance

LEVEL OF RISK	VERY LOW	LOW	MODERATE	HIGH	CRITICAL
Actions endorsed by	NA	NA	Department Head and/or Process Owners	Executive Dean/Dean, makes recommendation s to the Executive Committee	Executive Dean/Dean, makes recommendations to the Executive Committee
Actions approved by	NA	Risk can be accepted by Dean/ and/or Process Owners	Divisional Heads/Deans	Vice-Rector	Vice-Rector
Indicative time to implement risk mitigation actions.	NA	Nine months	Six months	Three months	As soon as predictable

Monitoring

It is important to regularly monitor and review the effectiveness of current controls to ensure they are fit for purpose and continue to mitigate the risks. Consider if current controls still treat root causes of the known risk events and if any new risks that have been introduced are currently not being treated. The risk owner is responsible for ensuring effective monitoring activities are in place.

With limited time and resources available, monitoring activities should be prioritised to focus on the most critical controls (i.e., controls that are most effective in treating causes and reducing the highest risk exposure).

Some examples of monitoring activities include observing personnel or procedures, analytical review, inquiries or interviews with relevant personnel, review of periodic reporting, testing of controls and conducting audits.

Information produced from monitoring activities can help provide learnings and feedback on whether control effectiveness ratings require any adjustment, if there is a need to implement additional controls to reduce the level of risk and opportunities to improve controls to enhance operational discipline and reliability.

Record and Report

All risk assessments must be recorded and maintained in the approved Risk Management System (UPHERM). If utilizing this system is not practical, risk information is to be captured as specified in the approved management system. Risks rated High & above that impact University operations and require a coordinated treatment must be communicated to the Office of Audit & Risk Assessment for reporting to the Executive Committee and the Audit & Risk Committee.

Figure 5 - Impact Rating

Impact Score	Impact Score Description	Impact Description			
		Education & Research	Health and Safety Operations / Service Delivery Brand & Reputation	Operations / Service Delivery	Brand & Reputation
5 (Catastrophic)	Event or circumstance with potentially disastrous impact on business or significant material adverse impact on a key area.	Unsustainable reduction in student enrolment/ retention. Critical impact on meeting teaching/research goals over a long period. Loss of critical partnerships / collaborations.	Death or permanent disability. Widespread/sustained industrial action, sustained student protest/violence.	Cessation of critical business operations, systems or Education/Research programs for a long period (more than one academic year) in the University calendar. Nearly all service delivery targets are not met.	Irreparable damage to or loss of brand / image / reputation. Serious / long-term damage to University and/ or Business School status / international rankings. Widespread / persistent / sustained negative media attention
4 (Major)	Critical event or circumstance that can be endured with proper management.	Major reduction in student enrolment/ retention. Major impact on meeting teaching/ research goals over a long period. Long-term impact to partnerships / collaborations.	Serious injury/harm, including sexual assault/rape, sexual harassment, student protests, or threats of demonstration/ protest.	Major impact on critical business systems or Education / Research programs for an unacceptable period or at a critical time in the University calendar. Major service delivery targets cannot be met.	Major damage to brand / image / reputation nationally / internationally. Long term media coverage
3 (Moderate)	Significant event or circumstance that can be managed under normal circumstances.	Moderate reduction in student enrolment/ retention. Moderate impact on meeting teaching/ research goals over a short period. Short-term impact to partnerships.	Moderate impact on person's health/wellbeing (mental health). Severe staff morale / increase in workforce absentee rate / student dissatisfaction.	Interruption to some business systems or Education / Research programs for a short period. Few service delivery targets cannot be met.	Moderate or short-term damage to brand / image / reputation. Moderate issues relating to student / stakeholder or community.

Impact Score	Impact Score Description	Impact Description			
		Education & Research	Health and Safety Operations / Service Delivery Brand & Reputation	Operations / Service Delivery	Brand & Reputation
2 (Minor)	Event with consequences that can be readily absorbed but requires management effort to minimize the impact.	Short-term reduction in student enrolment/ retention. Minor impact on meeting teaching/research goals. Limited impact to partnerships / collaborations.	Minor impact on person's health/wellbeing. Inappropriate behavior, workplace safety compromised.	Interruption to critical business systems or Education / Research program for a tolerable period but might happen at inconvenient time. Minor impact on operations / service delivery.	Low negative media coverage. Minor issues or concern raised by students / stakeholders.
1 (insignificant)	Some loss but not material; existing controls and procedures should cope with the event or circumstance.	Minor downturn in student enrolment / retention. Negligible impact on meeting teaching/research goals. Negligible impact to partnerships / collaborations.	Minimal or no adverse impact on person's health/wellbeing.	Negligible impact on the business operations, systems and/or delivery of service	Minor / localized damage to brand / image / reputation.

Figure 5 - Impact Rating (continue…)

Impact Score	Impact Score Description	Impact Description		
		Financial	Legal	Compliance
5 (Catastrophic)	Event or circumstance with potentially disastrous impact on business or significant material adverse impact on a key area.	Financial loss greater than IDR 150 Bil. Significant budget impact (revenue shortfall or expense over-run) with no capacity to adjust within the existing budget resources.	Serious breach of contract / duty of care that results in significant prosecution, potential litigation and significant damages. Criminal or civil proceedings initiated or Board liability.	Serious non-compliances of statutory obligations, that results in significant prosecution, fines, loss of future funding / registrations / licenses. Criminal or civil proceedings initiated or Board liability. failure to comply with Regulator notices / sanctions.
4 (Major)	Critical event or circumstance that can be endured with proper management.	Financial loss greater than IDR100 Bil. Requires significant adjustment or cancellation to approved/funded projects/ programs	Major breach of contract / duty of care that results in investigations, major fines, senior executive liability, potential for high value litigation	.Major non-compliances of statutory obligations, that attract regulatory action, regulatory audits and investigations. Allegations of criminal / unlawful conduct. Senior Executive liability. Potential for litigation, major fines or loss of future funding or licenses
3 (Moderate)	Significant event or circumstance that can be managed under normal circumstances.	Financial loss greater than IDR 50 Bil. The impact may be reduced by reallocating resources	Breach of contract or duty of care that leads to allegations of criminal / unlawful conduct, individual liability, legal proceedings of relatively high value.	Non-compliances of statutory obligations that result in regulatory attention, potential allegations of criminal/unlawful conduct, individual liability. Moderate level fines.
2 (Minor)	Event with consequences that can be readily absorbed but requires management effort to minimize the impact	Financial loss greater than IDR 5 Bil. Requires monitoring & possible corrective action within existing resources.	Minor breach of contract / duty of care that doesn't result in litigation or adverse legal actions against the University.	Minor non-compliances of statutory obligations that result in minor regulatory

				scrutiny via improvement letters. Minor fines.

Impact Score	Impact Score Description	Impact Description		
		Financial	Legal	Compliance
1 (insignificant)	Some loss but not material; existing controls and procedures should cope with the event or circumstance.	Financial loss less than IDR 5 Bil. Unlikely to impact on budget or funded activities. Daily business running costs can absorb impact	Immaterial breach of terms and conditions of contract / duty of care that doesn't result in litigation or adverse legal actions against the University.	Isolated non-compliances of statutory obligations that do not result in adverse regulatory action. Immaterial level of fines.

Figure 6 - Likelihood Rating

(5) Almost Certain	Highly likely to happen or already happened
(4) Likely	Will probably happen, but not a persistent issue
(3) Possible	May happen occasionally
(2) Unlikely	Not expected to happen, but it is a possibility
(1) Rare	Very unlikely this will ever happen

Figure 7 - Level of Residual Risk / Overall Risk Level (Impact x Likelihood)

Impact	Likelihood				
	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Catastrophic (5)	Moderate	Moderate	High	Critical	Critical
Major (4)	Low	Moderate	High	High	Critical
Moderate (3)	Low	Low	Moderate	Moderate	High
Minor (2)	Very Low	Low	Moderate	Moderate	Moderate
Insignificant (1)	Very Low	Very Low	Low	Low	Low