

RISK MANAGEMENT POLICY

Fórum Animal recognizes that strategic risk management is essential for its governance and operational success, ensuring its effectiveness and safety. This policy is designed to ensure the identification, assessment, and management of the main risks faced by the organization. Regular review of risks will contribute to a clear understanding of the risks that the organization may or may not be willing to face.

General Information

The identification, assessment, and management of risks are linked to achieving the organization's objectives. Therefore, Fórum Animal will regularly review and evaluate the risks it faces and the actions to manage and mitigate these risks.

Given that risks can arise both from omissions and from new or ongoing initiatives, as well as from circumstantial changes, tolerance levels to risks can also vary. For example, tolerance levels may be higher in specific areas when the organization's financial reserves are high and there is a promising work pipeline. Additionally, Fórum Animal will ensure that the level of risk acceptable to the organization is appropriate to its circumstances and the external context.

Risk Identification

We have developed a strategic risk framework that considers the main risks in the following categories:

- **Strategy:** Understanding the organization's strategic objectives (mission, vision, and values) and the external and internal environment in which it operates, identifying risks that have the potential to significantly impact its ability to achieve its objectives.
- **Financial Sustainability:** Identifying all financial risks that could affect the organization's sustainability.
- **People:** Recruitment and retention, development and training, equity and diversity, succession and talent planning, organizational culture, performance management, change management (analysis of risks associated with resistance to change during organizational restructuring processes, technology implementation), ethics and compliance, resilience and well-being (assessment of risks related to collaborators' emotional and mental well-being, including stress, burnout, and lack of work-life balance).
- **Reputation:** Addressing risks related to the institution's external perception and public image, including stakeholder analysis, reputation assessment, identification of risks that could negatively affect its reputation, social media monitoring, transparency and accountability, organizational culture, strategic partnerships, and proactive communication.
- **Governance:** Risks related to how an organization is directed, controlled, and monitored, including analysis of the structure and its effectiveness, risks affecting the ability to achieve governance objectives (failures in supervision, conflicts of interest, misconduct, corruption), and risks related to compliance with laws, regulations, and standards.
- **Statutory/Regulatory Compliance:** Includes risks related to compliance with applicable laws, regulations, and statutes to Fórum Animal.

As part of its operational processes, Fórum Animal will maintain a comprehensive view of these strategic risk areas. This will be a dynamic document and will serve as the basis for risk identification, assessment, and mitigation.

Risk Monitoring and Evaluation

Identified risks will be analyzed in terms of the potential severity of their impact and the likelihood of occurrence. This assessment and categorization of risks help in prioritizing, filtering, and determining the need for additional actions. When a new risk arises, the Executive Director will evaluate it based on the likelihood of occurrence and the severity of its impact. For significant risks, appropriate measures will be established to mitigate them, and the risk report model (Annex I) will be updated. If any collaborator has

concerns regarding a risk, they can communicate them to the Executive Director using any available means.

Actions to Mitigate Risks

When an identified risk exceeds Fórum Animal's tolerance, immediate actions are required. Possible measures include:

- Avoiding the risk by discontinuing the related activity.
- Transferring the risk to third parties through outsourcing or contractual agreements.
- Sharing the risk with other entities through project partnerships.
- Mitigating or eliminating the risk by implementing or improving control procedures, such as internal financial controls or recruitment policies.
- Insuring the risk, especially for those that still pose a threat after safety measures are implemented (residual risks). This includes situations such as contracting liability, third-party damages, theft, or fire.

When evaluating the actions to be taken, it is essential to consider the costs of management or control in the context of the potential impact or likely cost that the control seeks to prevent or mitigate. The process may identify areas where current or proposed controls are excessively costly compared to the risk they are intended to manage. Therefore, it is necessary to find a balance between the cost of new measures to manage the risk and the potential impact of the residual risk.

Annex I

Risk Report Template

Risk Area		Comments
1	Strategy	
2	Financial Sustainability	
3	People	
4	Reputation	
5	Governance	
6	Statutory/Regulatory Compliance	

Definition

High Risk	Some mitigation processes have been identified but are not sufficient to adequately manage the risk or are only partially effective
Medium Risk	Some mitigation processes have been identified, but there are potential improvements to make them more comprehensive and/or effective
Low Risk	A comprehensive range of mitigation processes in place

Risk Area	Strategy		
Description			
Inherent risk	Probability	Impact	General
Risk mitigation/management			
Residual risk	Probability	Impact	General
Other considerations.			
Action points			

Risk Area	Financial Sustainability		
Description			
Inherent risk	Probability	Impact	General
Risk mitigation/management			
Residual risk	Probability	Impact	General
Other considerations.			
Action points			

Risk Area	People		
Description			
Inherent risk	Probability	Impact	General
Risk mitigation/management			
Residual risk	Probability	Impact	General
Other considerations.			
Action points			

Risk Area	Reputation		
Description			
Inherent risk	Probability	Impact	General
Risk mitigation/management			
Residual risk	Probability	Impact	General
Other considerations.			
Action points			

Risk Area	Governance		
Description			
Inherent risk	Probability	Impact	General
Risk mitigation/management			
Residual risk	Probability	Impact	General
Other considerations.			
Action points			

Risk Area	Statutory/Regulatory Compliance		
Description			
Inherent risk	Probability	Impact	General
Risk mitigation/management			
Residual risk	Probability	Impact	General
Other considerations.			
Action points			