



## Core Business Process:

### Risk Management and Compliance

**Objective:** To proactively identify, assess, and mitigate risks while ensuring compliance with regulatory requirements, minimizing potential negative impacts on the organization.

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#### Step 1: Establish Risk Management Framework

1. **Define Scope and Objectives:**
    - Determine the scope of risk management efforts (e.g., operational, financial, legal, reputational risks).
    - Align objectives with the company's strategic goals.
  2. **Develop Risk Management Policies:**
    - Create clear policies that define risk tolerance levels.
    - Outline roles, responsibilities, and accountability for risk management.
  3. **Set Up Governance Structure:**
    - Establish a Risk Management Committee (RMC) with representatives from key departments.
    - Designate a Risk Officer to oversee processes and ensure compliance.
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#### Step 2: Risk Identification

1. **Conduct Risk Assessments:**
    - Use tools like SWOT analysis, brainstorming, and risk checklists to identify potential risks.
    - Include input from employees, stakeholders, and external advisors.
  2. **Categorize Risks:**
    - Classify risks into categories such as operational, financial, strategic, legal, and environmental.
    - Prioritize risks based on their relevance to the organization's activities.
  3. **Create a Risk Register:**
    - Document all identified risks in a central repository.
    - Include details such as risk description, category, owner, and potential impact.
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### Step 3: Risk Assessment and Analysis

1. **Assess Likelihood and Impact:**
    - Use qualitative (e.g., high/medium/low) or quantitative (e.g., numerical probabilities) methods.
    - Evaluate the potential impact on operations, finances, reputation, and compliance.
  2. **Prioritize Risks:**
    - Rank risks based on a combination of likelihood and impact.
    - Focus mitigation efforts on high-priority risks.
  3. **Develop Risk Matrix:**
    - Create a visual representation of risks to help stakeholders understand priority levels.
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### Step 4: Risk Mitigation and Control

1. **Develop Mitigation Strategies:**
    - Avoid: Eliminate the risk by changing business practices.
    - Transfer: Use insurance or outsourcing to transfer risk.
    - Mitigate: Reduce likelihood or impact through controls and safeguards.
    - Accept: Acknowledge and prepare for low-priority risks.
  2. **Implement Controls:**
    - Establish procedures, policies, and training to reduce risks.
    - Regularly test controls for effectiveness.
  3. **Monitor Mitigation Progress:**
    - Track the implementation of mitigation strategies.
    - Update the risk register with progress notes.
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### Step 5: Compliance Monitoring

1. **Regulatory Awareness:**
  - Stay informed about industry regulations and legal requirements.
  - Use tools and subscriptions to monitor regulatory changes.
2. **Internal Audits:**
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- Conduct periodic audits to ensure compliance with laws, policies, and standards.
  - Document findings and address non-compliance issues promptly.
- 3. Training and Communication:**
- Provide regular compliance training for employees.
  - Ensure clear communication of policies and regulatory expectations.
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## Step 6: Monitoring and Reporting

- 1. Ongoing Monitoring:**
    - Use dashboards or tools to monitor risk indicators in real-time.
    - Reassess risks periodically to identify emerging threats.
  - 2. Incident Reporting:**
    - Establish a process for employees to report risks or compliance breaches.
    - Investigate and resolve incidents promptly.
  - 3. Reporting to Stakeholders:**
    - Provide regular updates to leadership and stakeholders on risk management and compliance efforts.
    - Use reports to highlight successes and areas for improvement.
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## Step 7: Review and Continuous Improvement

- 1. Post-Incident Analysis:**
    - Review the effectiveness of controls and mitigation strategies after incidents occur.
    - Update policies and processes based on lessons learned.
  - 2. Periodic Reviews:**
    - Conduct annual reviews of the risk management framework.
    - Adjust strategies to reflect changes in business operations or external environments.
  - 3. Feedback Integration:**
    - Gather feedback from employees and stakeholders on the risk management process.
    - Use insights to refine and optimize risk controls and compliance measures.
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**Conclusion:** An effective risk management and compliance process minimizes potential disruptions, protects the organization's reputation, and ensures adherence to legal and regulatory requirements. By continuously monitoring, assessing, and improving, the company can proactively address challenges and maintain operational resilience.