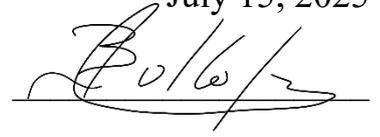


**APPROVED**  
**Executive Director**  
**NGO «Technology of Progress»**  
**Zadvornyy V.V.**  
July 15, 2025



**Approved**  
By Order No. 4-D dated July 15, 2025

**Approved**  
By the Decision of the Extraordinary General  
Meeting No. 3-P dated July 15, 2025

# **RISK ASSESSMENT AND MANAGEMENT POLICY**

## 1. Summary

1.1 Risk Assessment and Management Policy (hereinafter – the «Policy») is adopted and developed by the NGO «Technologies of Progress» (hereinafter – the «Organization»).

1.2 The Policy has been developed to establish a systematic approach to the identification, assessment, and management of risks to ensure the stable functioning of the Organization and the achievement of its statutory goals.

1.3 This Policy applies to all areas of the Organization’s activities, its structural units, project initiatives, as well as employees, engaged experts, and other stakeholders.

1.4 The core principles of risk assessment and management are as follows:

- Preventiveness and systematic approach;
- Comprehensive risk assessment;
- Iterative process: regular monitoring and review;
- Transparency and accountability;
- Proportionality of measures to the level of risk.

## 2. Risk Matrix

Risk Likelihood	Definition
Low	May occur only in exceptional circumstances
Medium	Likely to occur at some time
High	Expected to occur in most circumstances

Risk Impact	Definition
Minor	Minimal damage or disruption
Moderate	Serious damage or disruption
Major	Significant damage or destruction

## 3. Risk Categories

### 3.1 Legal Risks

Risks related to non-compliance with regulatory and legal obligations.

Main types (list not exhaustive):

- Violation or non-fulfillment of contractual obligations;
- Legal claims from partners, donors, and other stakeholders;
- Violations of labor legislation;
- Violations of tax legislation.

### 3.2 Financial Risks

Risks affecting the financial stability and integrity of the Organization.

Main types (list not exhaustive):

- Misuse of donor funds;
- Cash flow gaps due to untimely receipt of funding;
- Errors in financial reporting;
- Loss of funding from major donors;
- Inadequate expense control.

### 3.3 Operational Risks

Risks related to internal processes and personnel of the Organization.

Main types (list not exhaustive):

- Violations of established policies, procedures, and regulations;
- Errors during the performance of job duties;
- Conflicts of interest within the management structure or between partners;
- Internal crisis situations within the Organization (management changes, internal conflicts);
- Misalignment of the Organization’s values with those of donors or target groups;
- Inadequate qualifications of employees or experts;
- System failures or hacker attacks on IT systems;
- Loss of key employees or experts.

### 3.4 Project Risks

Risks related to the implementation of the Organization’s programs and projects.

Main types (list not exhaustive):

- Delays in project implementation;
- Changes in conditions (termination) of donor funding;
- Failure to achieve planned results;
- Changes in the needs of target groups.

### 3.5 Reputational Risks

Risks that may negatively affect public perception and trust in the Organization, its partners, donors, or implemented initiatives.

Main types (list not exhaustive):

- Incompetent or contradictory public communication;
- Violation of ethical standards or codes of conduct by the Organization’s staff or experts;
- Involvement in scandals or association with reputationally risky partners;
- Delayed or inappropriate response to public criticism;
- Conflict of interest;
- Failure to fulfill promises or obligations to donors, beneficiaries, or the public.

## 4. Risk Management Measures

4.1 An essential component of the risk assessment and management process is the identification and implementation of appropriate response measures. Depending on the nature of the risk, available resources, and context, responses can be categorized into one of four main strategies:

Strategy	Application Description	Example Measures
<b>Avoidance</b>	Complete refusal to engage in activities or make decisions associated with a high level of risk.	Refusal to participate in projects with unstable or unverified sources of funding.
<b>Reduction</b>	Implementation of control or preventive measures to reduce the likelihood or impact of a risk.	Implementation of internal financial controls, monthly reporting, audits, and budget planning.
<b>Transfer</b>	Shifting part of the risk to third parties, for example through insurance, delegation, or partnership.	Engaging an external law firm to provide legal support for major transactions

<b>Acceptance</b>	Conscious recognition of the risk as acceptable, with ongoing monitoring.	Engaging in sensitive topics provided that a communication strategy is prepared and the position is publicly explained.
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## 5. Organizational Structure

### 5.1 Responsibility for Risk Assessment and Management

- **General Meeting of the Organization**

Plays a key role in risk assessment and management at the strategic level. It approves relevant policies, defines key approaches and directions in the field of risk management, forms the Risk Assessment Committee, and annually approves the Risk Assessment Plan. The General Meeting also oversees the overall effectiveness of the implemented risk management system.

- **Executive Director**

Holds overall responsibility for implementing risk management policies and strategies in the Organization's activities. Oversees the functioning of relevant bodies and structures, including the Risk Assessment Committee. The Executive Director is directly responsible for integrating risk assessment and management into the Organization's operational activities.

- **Risk Assessment Committee**

Responsible for coordinating the process of identifying, assessing, and analyzing risks within the Organization's operational activities. Develops response proposals for potential threats, formulates recommendations for management, and ensures regular updates of the Organization's risk profile. At least once a year, the Committee conducts a review according to the approved Risk Assessment Plan and submits a report to the General Meeting. The Committee also engages with experts, staff, and other stakeholders to gather relevant information and develop a comprehensive approach to risk management.

## 6. Risk Assessment Committee

6.1 The Risk Assessment Committee of the NGO «Technologies of Progress» (hereinafter referred to as the «Committee») is established to fulfill the statutory purpose and objectives of the Organization. It is the body responsible for identifying, assessing, and analyzing risks in the Organization's operational activities.

### 6.2 Election of Committee Members

6.2.1 The number and composition of the Committee are determined by the General Meeting of the Organization every two years. Candidates for Committee membership are submitted for voting by the members of the Organization upon the recommendation of the Executive Director.

6.2.2 Members of the Audit Committee and the Executive Director of the Organization may not be part of the Committee. If needed, external experts may be included.

6.2.3 The Chair and Secretary of the Committee are elected from among its members at the Committee's first meeting.

6.3 The Committee's core competencies include:

- Conducting reviews in accordance with the approved Risk Assessment Plan;
- Developing and updating the Organization's risk register (list of potential risks);
- Carrying out regular risk assessments across all key categories;
- Analyzing the effectiveness of risk assessment and management measures;
- Reviewing and revising the Organization's key risk categories;
- Preparing recommendations for risk mitigation;
- Coordinating the implementation of risk management measures;
- Preparing reports on the status of risk assessment and management;

- Providing specific recommendations for risk assessment and management prior to the launch of new Organization projects.
- 6.4 The Committee has the following powers:
- Request necessary information from the Organization’s structural units;
  - Conduct internal audits within its area of competence;
  - Engage external experts for consultations;
  - Organize educational activities;
  - Initiate the creation of working groups to study specific issues;
  - Provide recommendations on changes to the Organization’s internal processes.
- 6.5 Committee Procedures and Reporting:
- The Committee shall meet at least once every six months;
  - Extraordinary meetings are convened in the event of critical risks upon the request of the Committee Chair or the Organization’s Executive Director;
  - A quorum for decision-making is 50% of the Committee members;
  - Decisions are made by a simple majority vote;
  - Meeting protocols shall be recorded and stored in accordance with the Organization’s established procedures;
  - The Committee shall report at least once a year to the General Meeting of the Organization (including a report on the review of the Risk Assessment Plan for the calendar year), and at least once every six months to the Executive Director of the Organization.
- 6.6 The Committee is responsible for coordinating educational activities aimed at raising awareness and developing competencies in risk assessment and management within the Organization. The Committee is in charge of planning, coordinating, and monitoring the implementation of a training program on risk assessment and management, which includes:
- Introducing new employees to the basic principles of risk management;
  - Annual knowledge updates for all employees and experts of the Organization;
  - Providing advanced training for staff involved in decision-making or responsible for the Organization’s critical processes.
- 6.7 The Committee ensures the development of an organizational culture that promotes a proactive and responsible attitude toward risk assessment and management within the Organization. This involves:
- communicating the importance of risk management at all levels;
  - integrating risk management principles and standards into the daily activities of employees;
  - creating conditions under which every employee feels engaged in the process of identifying, assessing, and minimizing risks in the Organization’s operations.

## **7. Commitments and Policy Review**

7.1 The Organization recognizes risk assessment and management as key elements of effective programmatic and operational management. The Organization is committed to implementing a risk-based approach in its daily work, taking into account ethical principles, human rights, gender equality, and sensitivity to conflict and context.

7.2 This Policy is an integral part of the overall internal control and quality management system.

7.3 The Organization ensures the regular review and updating of the Policy, particularly in response to changes in the external environment, donor recommendations, identified risks, incidents, or lessons learned from the implementation of programs and projects.

7.4 All changes to the Policy are communicated to the team via internal communication channels. When necessary, employees and stakeholders receive targeted training or clarifications regarding new procedures and requirements to ensure the effective implementation of the Policy in practice.

## **8. Final Provisions**

8.1 This Policy shall enter into force from the date of its approval by the Executive Director of the Organization.