

RISKS MANAGEMENT POLICIES

These Risks Management Policies (hereinafter referred to as the Policies) provides structured framework document, for identification, assessment and management related to the activities of NNLP Collective Management Organization – Intellectual Property Owners Association (hereinafter referred to as the Association).

Policies provide comprehensive approach for protection of the interests of the Association and its stakeholders, by risk identification in structured way, their assessment and management, Association deals with the challenges and continues protection of the rightsholders interests.

1. Definitions

1.1 Risk – potential event or circumstances that can negatively affect achievement of the organization’s goals.

1.2 Risks management – process of the risks identification, assessment and control, for minimization of their impact.

1.3 Risk owner – service / department of the Association, responsible, within its competence and sphere of activities, for management and control of the specific risk.

1.4 Risks registry – document used for monitoring of the identified risks, their assessments and strategies used for their mitigation.

2. Goals of the policies

2.1 Policy goals are as follows:

2.1.1 Identification and assessment of the risks that can affect the Association’s activities and proper exercising of the assigned rights and obligations;

2.1.2 Effective risks management, management of the Association’s rights, securing financial sustainability;

2.1.3 Protection of the interests of Association members and rightsholders;

2.1.4 Implementation of the proper measures for mitigation of the financial, operational and reputation risks;

2.1.5 Promotion of the risks awareness culture among the employees, management and stakeholders.

2.1.6 Compliance with the regulations established by Georgian legislation and international acts.

3. Scopes of the policies

3.1 Policies shall be applicable to all employees of the Association, members of the Association’s management bodies, managers and other stakeholders participating in the Association’s activities.

4. Risks management framework

4.1 Risks identification:

4.1.1 Association provides the risks identification by the following ways:

- Permanent risks assessment.
- Monitoring of the changes in the Law on Copyright and Related Rights, in the legislation dealing with the sphere of the intellectual property rights, monitoring of licensing and trends in the industry;
- Assessment of the members, rightsholders, partners and management bodies.

4.2 Risk assessment

4.2.1 Association provides assessment of each identified risk as follows:

- Probability: probability of risk realization;
- Impact: potential impact on the Association and its reputation’
- Risk rating: risks are classified as low/minima; average or high.

Risk level	Description	Response
Low/minimal impact	Minimal probability, less probable to occur	Monitoring and consideration
Average	Can possibly impact the activities, moderate probability	Implementation of the preventive measures
High	Significant impact: high probability	Urgent response and actions are required

4.3 Risks mitigation strategies

4.3.1 For the purpose of the risks mitigation, Association provides implementation of the following strategies:

- Risks prevention: elimination of such activities/actions that places the Association under excessive risk (e.g. stopping/termination of the high risk actions);
- Risk mitigation: strengthening of the internal control and processes;
- Transfer: risks transfer to the other party, through insurance or outsourcing.
- Risk acceptance: risk management within the determined scopes. Association is entitled to accept the minimal impact risk.

4.4 Risks monitoring and reporting

4.4.1 Permanent monitoring of the risks identified by the Association is significant and decisive for effectiveness of implementation of the strategies and activities. For this, the risk owner performs the following actions:

- Supervises risks management activities;
- Provides risks assessment;
- Makes decisions;
- Provides implementation of all necessary actions provided for by these Policies;
- For the purpose of updating of the risks' management strategies, providing annual risks overviews, maintenance of the risks' registry, drawing up of the report and presentation to the management board/general meeting;

5. Key risks and effective measures for their elimination

5.1 Association provides management of the risks of following categories:

- Risk: risks of correspondence with the legal framework, related to the changes and/or non-compliance with the copyright and related rights and tax regulations and legislation;
- Action: regular legal audit/monitoring and communication with the regulators;
- Risk: financial and royalties management (operational) risks: errors and/or delays with respect of collection and distribution of royalties, causing dissatisfaction of the rightsholders, risks related to variation of the incomes;
- Action: internal monitoring of the financial issues, external audit and transparency reporting;
- Risk: reputation risks: negative attitude of the society and legal disputes with the rightsholders;
- Action: transparent communication, crisis management plans and involvement of the stakeholders.

6. Persons/subjects and responsibility

Person/Subject	Responsibility
General meeting of the Association	Approves and controls risks management policies
Risks owner	Provides risks identification, assessment and control, as well as their management
Risks owner	Performs actions provided for by the strategies and these Policies and ensures supervision thereof Maintains the risks registry
Persons specified in Section 3 of these Policies	Fulfill the instructions related to the risks and provide information about the risks.

7. Revision and adjustment of the Policies

7.1 Association periodically revises the Policies. On the basis of the above, Association shall be entitled to make relevant changes to this document,