

TSC STAFF RETIREMENT BENEFITS SCHEME



RISK MANAGEMENT POLICY

2024

VISION

An exceptional pension scheme offering comfort in retirement

MISSION

To ensure prudent utilization of Scheme Funds and provide timely benefits to members and their beneficiaries

CORE VALUES

- **Integrity**
- **Equity and fairness**
- **Respect for members**
- **Accountability**
- **Innovativeness**

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1.0 Introduction

The Teachers Service Commission Staff Retirement Benefits Scheme operates in a dynamic environment where various risks can impact its operations and the achievement of its objectives. This Risk Management Policy outlines the principles and processes for identifying, assessing, managing, monitoring and reporting risks to ensure the Scheme's long-term sustainability and success.

This Policy should be read with reference to the Scheme's Policy and Procedures of Audit, Assurance and Risk Management and the Risk Register Policy.

2.0 Purpose and Scope

The purpose of this policy is to establish a structured approach to risk management within the Scheme. This policy applies to all Trustees, staff, and service providers involved in the governance, administration, and operations of the Scheme. It aims to embed risk management into the Scheme's culture and decision-making processes.

3.0 Risk Management Philosophy

The Scheme is committed to a proactive and systematic approach to risk management, which involves identifying and managing risks in a way that is consistent with the Scheme's strategic objectives. The Scheme recognizes that risk management is not about eliminating risk but about understanding and managing it to achieve the best possible outcomes.

4.0 Risk Management Framework

4.1. Risk Identification

- Comprehensive Risk Register: The Scheme shall maintain a comprehensive risk register that documents all identified risks, their sources, likelihood of occurrence and potential impacts.
- Proactive Risk Identification: Risks shall be identified through various means, including horizon scanning, stakeholder feedback, internal audits, and external assessments.

4.2. Risk Assessment

- Likelihood and Impact Analysis: Each identified risk shall be assessed based on its likelihood of occurrence and its potential impact on the Scheme's operations and objectives.
- Risk level: This is computed by multiplying the likelihood and the impact ratings
- Risk Rating: Risks shall be assigned a rating (e.g., high, medium, low) based on the results of the likelihood and impact analysis. A risk heat map shall be used to visualize the Scheme's risk profile.

4.3. Risk Response and Mitigation

- Risk Response Plans: For each significant risk, the Scheme shall develop and implement risk response plans, which may include risk avoidance, reduction, sharing, or acceptance.
- Control Measures: The Scheme shall establish and maintain robust internal controls to manage risks effectively. These controls shall be regularly reviewed and updated as necessary.

4.4. Risk Monitoring and Reporting

- Ongoing Monitoring: The Scheme shall continuously monitor its risk environment and update the risk register

- **Regular Reporting:** The Board of Trustees and the Audit and Risk Management Committee shall receive regular reports on the status of the Scheme's risk profile, including any significant changes or emerging risks.
- **Risk escalation and reporting:** The Board of Trustees has developed a Risk Appetite Statement, Risk matrix/Heat Map and a Risk Register Policy that will be used for reporting risks.

5.0 Roles and Responsibilities

- **Board of Trustees:** The Board is responsible for overseeing the implementation of the Risk Management Policy and ensuring that risk management practices are integrated into the Scheme's governance framework.
- **Audit and Risk Management Committee:** The Committee is responsible for reviewing the Scheme's risk management activities, including the risk register, and providing recommendations to the Board on risk-related matters.
- **Trust Secretary:** The Trust Secretary is responsible for maintaining the risk register, coordinating risk assessments, and ensuring that risk management activities are properly documented and reported.
- **Scheme Secretariat staff:** Scheme secretariat staff are responsible for identifying, assessing and implementing the risk treatment as directed by the Trust Secretary.
- **Scheme members:** Scheme members are responsible for identifying and reporting potential risks in their areas of work and for implementing risk management practices as directed.

6.0 Risk Appetite and Tolerance

- **Risk Appetite Statement:** The Scheme's risk appetite is defined as the level of risk that the Scheme is willing to accept in pursuit of its strategic objectives. The Board shall periodically review

and update the risk appetite statement to ensure it remains aligned with the Scheme's goals and external environment.

- Risk Tolerance: Risk tolerance levels shall be established for key risks, indicating the acceptable range of variation in risk exposure. These tolerance levels shall guide the development of risk response plans and the allocation of resources for risk management.

7.0 Review and Revision of Policy

This policy will be reviewed every three years or as required by changes in legal, regulatory, or business requirements. Any revisions shall be approved by the Board of Trustees.

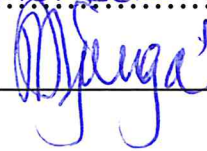
8.0. Adoption and Sign Off

This policy is adopted by the Teachers Service Commission Staff Retirement Benefits Scheme and is effective from the date of approval by the Board of Trustees.

Signed by the Trustees of **Teachers Service Commission Staff**

Retirement Benefits Scheme on this 20th day of SEPTEMBER.....**2024**

COMMISSIONER MBAGE NJUGUNA NG'ANG'A



MR. FRANKLIN KIPRONO CHOGE



MR. GEORGE MUNENE GICHONJO



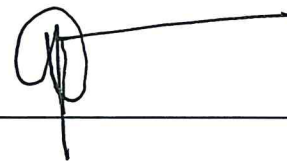
MS. JENNIFER WAITHIRA NDEGE



MS. ERICA KIPSOISOI RUTTO



MR. GEORGE ONYANGO ODAWO



MR. SAMUEL MWENDA KITHINJI



MR. JOSHUA KITHUNU KAMANA



In the presence of the Trust Secretary

MRS. SALOME KARAMBURI MWITI

