

# Risk Management Policy and Procedure

## Scope

This policy applies to all employees, contractors, and visitors at Derivative Games. It is applicable to all areas of the studio, including development, production, administration, and support functions.

## Policy Statement:

Derivative Games recognizes the need for effective risk management to ensure the smooth operation of the studio and the successful development and release of video games. The studio is committed to identifying, analysing, evaluating, and treating risks that may impact the achievement of our goals.

Risk management at Derivative Games shall be conducted in accordance with relevant laws, regulations, and industry best practices. All employees, particularly those in managerial positions, are expected to have a clear understanding of risk management principles and possess the necessary skills to implement risk management effectively.

## Procedure:

### 1. Risk Identification and Assessment

1.1. All employees are responsible for identifying and reporting risks they encounter during their work. Risks may include but are not limited to:

- Technical risks related to game development, such as software bugs, compatibility issues, or scalability challenges.
- Project risks, such as missed deadlines, resource constraints, or scope creep.
- Security risks, including data breaches, unauthorized access, or intellectual property infringement.
- Health and safety risks, such as ergonomic hazards, fire hazards, or inadequate ventilation.

1.2. Employees should promptly report identified risks to their immediate supervisor or the designated risk management focal point.

### 2. Risk Evaluation and Treatment

2.1. The designated risk management focal point, in collaboration with relevant stakeholders, shall evaluate the identified risks based on their potential impact and likelihood of occurrence.

2.2. Appropriate treatment strategies shall be determined for each identified risk. Treatment options may include:

- Accepting the risk if its impact is deemed tolerable and its occurrence likelihood is low.
- Mitigating the risk through preventive measures, process improvements, or additional resources.
- Transferring the risk through insurance coverage or third-party contracts.
- Avoiding the risk altogether by ceasing or modifying certain activities.

2.3. The responsible individuals or teams shall be assigned to implement the selected risk treatment measures.

### 3. Risk Communication and Reporting

3.1. The risk management focal point shall maintain open channels of communication to ensure effective dissemination of risk-related information across the studio.

3.2. Regular risk management updates shall be provided to relevant stakeholders, including senior management, project leads, and employees directly affected by the identified risks.

3.3. Risk reporting mechanisms, such as risk registers, shall be established to track the progress of risk treatment activities and monitor the overall risk profile of the studio.

### 4. Continuous Improvement

4.1. Risk management processes and procedures shall be periodically reviewed to assess their effectiveness and identify areas for improvement.

4.2. Lessons learned from previous risk incidents or near misses shall be documented and shared with the relevant teams to enhance risk awareness and promote proactive risk management practices.

4.3. Risk management training and education programs shall be provided to employees as needed to ensure their continued understanding of risk management principles and their ability to contribute to the risk management process.

By following this policy and adhering to the associated procedures, Derivative Games aims to create a safe, productive, and innovative working environment while minimizing potential risks that may impact our operations and the successful delivery of high-quality video games.