



ENTERPRISE RISK MANAGEMENT
(ERM)

Our Commitment

Clarivate's Board of Directors ('Board') and Executive Leadership Team are fully committed to ensuring that risk management is a core capability and an integral part of the company's activities.

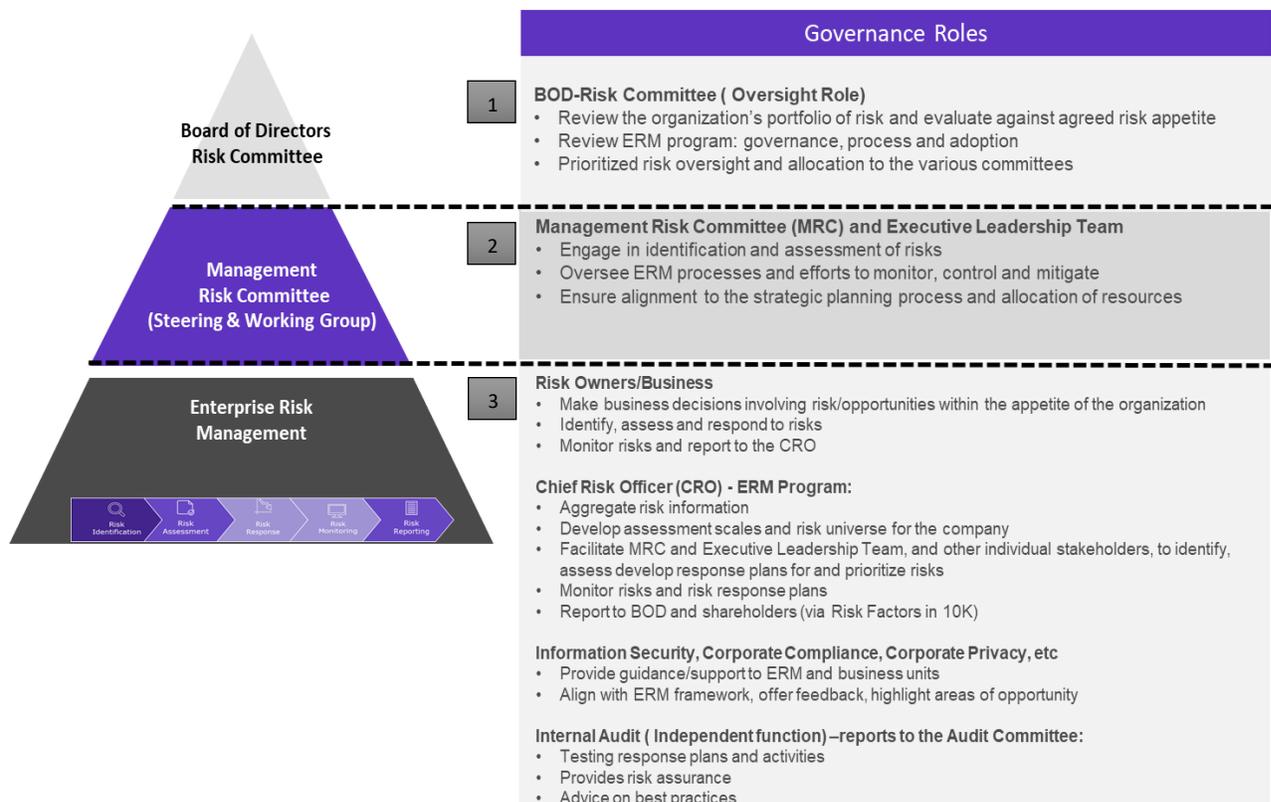
The company's overarching Enterprise Risk Management (ERM) Framework is developed to support the business by:

- Fostering a risk intelligent culture by establishing a common language, culture and direction related to risk management
- Facilitating open communication between management and the Board with respect to risk
- Assisting the company in achieving its strategic goals by embedding a systematic approach to identifying, analyzing, mitigating and reporting risk and controls
- Understanding critical risks (value protection) and opportunities (value creation) in the organization's activities and strategy
- Assigning clear governance roles for risk management oversight and continuous evaluation of the framework and risk management processes
- Enhancing decision making process by being more proactive
- Improving the business performance, operational efficiency, and its results as ERM balances governance, risk and opportunity management, compliance and financial reporting
- Measuring and trending level of risks over time
- Protecting the company's brand and reputation

ERM Governance

Our Enterprise Risk Management (ERM) Framework includes a comprehensive and defined accountability of the various components of a risk management process. Risk Management is the responsibility of every colleague in the company. Different stakeholders have different objectives and levels of accountability with respect to risk management.

The Executive Leadership Team ensures that those who are responsible are equipped to fulfil their role by providing them with the appropriate authority, training and resources. The assignment of roles and responsibilities takes into consideration the reality that a source of risk in one area can affect other areas, and thus an organization-wide focus and approach is essential.



1. **The Risk Committee** is created by the Board of Directors of Clarivate to discharge the responsibilities set forth in the Risk Committee Charter. The governing charter can be found at [Clarivate Risk Committee Charter](#)

The Committee is responsible for the following matters:

- to oversee management’s policies and activities relating to the identification, evaluation, management and monitoring of the Company’s critical enterprise risks, including risks associated with the Company’s strategic initiatives, business plans and capital structure (the “Enterprise Risks”);
- to review and discuss with management the significant Enterprise Risks, the steps management is taking to assess and manage such risks and the adequacy of the Company’s resources and infrastructure to fulfill its risk management responsibilities;
- to oversee compliance with legal and regulatory requirements with respect to the conduct of the Company’s business, except for those specific compliance matters under the jurisdiction of other Committees of the Board, as determined by the Board;
- to review periodic reports from management pertaining to the Company’s business Units, products and services, including any major risks with respect to such business Units, products and services, as the Committee deems appropriate;
- to review periodic reports from management pertaining to cyber security programs and data protection controls and such other appropriate information security reports as the Committee deems appropriate; to review periodic reports from management pertaining to corporate sustainability strategy and initiatives;
- to review any material complaints received through the Company’s Code of Conduct hotline (other than complaints regarding accounting, internal accounting controls or auditing matters, which shall be reviewed by the Audit Committee in accordance with the procedures established by it under such policy);
- to review periodic reports from management on selected risk topics as the Committee deems appropriate from time to time encompassing major risks other than those delegated by the Board to other committees of the Board in their respective charters or otherwise; and
- to assign for review to other committees of the Board such selected risk topics identified by the Committee as the Committee determines is appropriate for effective oversight of such risk

2. **The Management Risk Committee (MRC)** is an integral part of the Governance Framework for Enterprise Risk Management and has been established to serve as an internal forum for identifying, communicating, assessing, responding to, and monitoring risk and issues that could impact Clarivate. The responsibilities of this committee have been set forth in the Management Risk Committee Charter.

3. **Enterprise Risk Management:**

- **Business Unit and Functional Leaders** are responsible for maintaining a sustainable risk management program following the company wide ERM framework.
- **The Chief Risk Officer (CRO)** is responsible for the establishment of the enterprise risk management process within the organization. ERM understands the relationship between risks

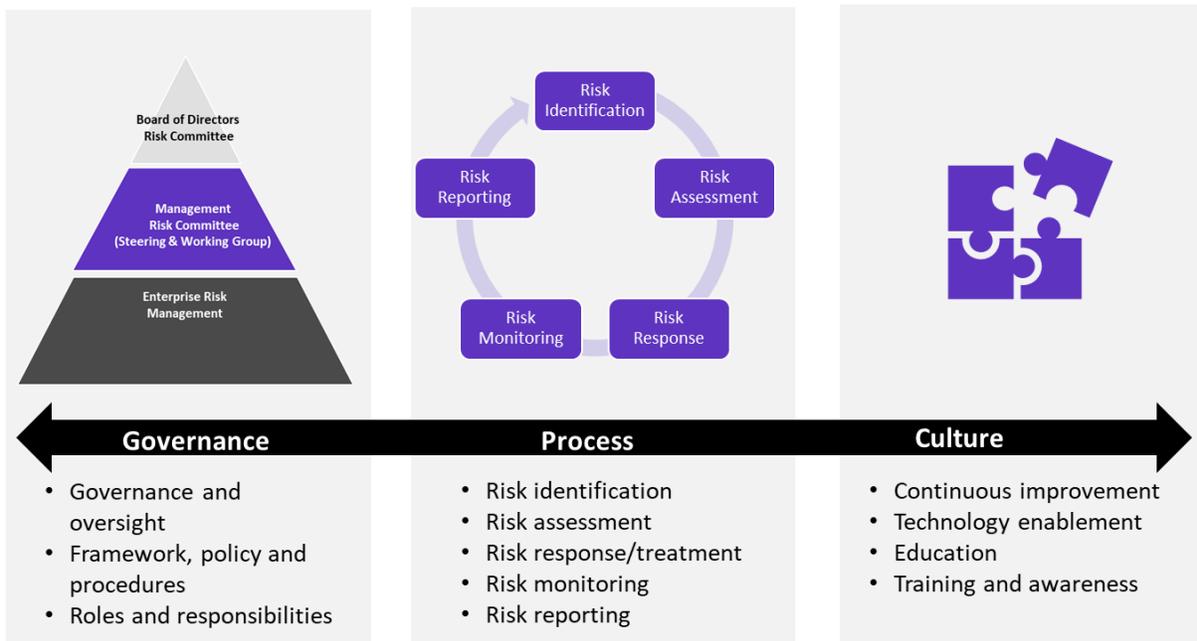
across different categories (risk interdependencies). The CRO will facilitate the process to define risk oversight and accountability for managing risks at all levels of the company by presenting best practice, common risk management techniques and driving a consistent risk-appetite.

- The CRO will collaborate with other teams that support our second line of defense: **Compliance, Information Security, Privacy functions, etc.** to ensure alignment of common objective, evaluate common frameworks, establish coordinated reporting and minimize duplication of efforts.
- The Internal **Audit function** at Clarivate will provide ongoing advise, will be a standing member of the MRC and include the ERM program as an auditable function in the Audit Universe.

Please refer to the Appendix for further details of how the ERM integrates within the business, and outline of the key roles and responsibilities delegated to the CRO, Business Unit Leaders, and Operational Level Managers.

ERM Methodology

ERM framework has been defined based on existing practices, leading guidance and recognized frameworks. The framework is supported by three pillars: governance model, process and a risk aware culture.



A systematic and integrated risk management approach creates efficiency and effectiveness by promoting teamwork, strengthening trust, reducing redundancies and sharing responsibility. Working within the business:

- a. The following elements are essential when managing risk:
 - **Assurance:** Stakeholders are assured that risk is being managed within the organization's risk tolerance, know what our critical assets are and receive information regarding the type, efficiency and effectiveness of controls in place.
 - **Oversight and Responsibility:** All critical risks facing the organization have been identified, managed and reported on a level and frequency that support the organization's risk tolerance.
 - **Ownership:** Risk owners are assigned and understand their responsibility for management, oversight and assurance.
 - **Accountability:** Risk owners and other parties are given appropriate authority and are made responsible and accountable for their roles in ERM.

- b. Risk response options for identified risks will be assessed according to the organization's risk appetite. The four possible risk responses options are to:
- Avoid (eliminate) the risk;
 - Reduce (mitigate) the risk;
 - Transfer the risk (e.g. insurance; in part – share or entire risk);
 - Accept the risk.
- c. A formal or informal evaluation of risk will be considered depending on the scope of the decision or action taken by the organization. This will be done both at the onset and throughout the life of the decision or action.
- d. Major risks must be managed in a timely manner by defining, documenting and implementing risk treatment plans with clear actions, owners and deadlines.
- e. There will be a desire to learn from events that have transpired - the risk management process is a cycle where experience provides key information for new decisions and actions. Open and appropriate communication of results and lessons learned is required to facilitate learning.
- f. Clarivate's register will be evaluated regularly, at least annually. New risks will be considered and risks no longer relevant will be removed. The risk register will be refreshed by rating the likelihood and impact for each risk. This information is used to prioritize the risks and this, in turn, flows into the organization planning cycle.

Five interrelated components as illustrated below form the basis for establishing and putting ERM into practice in the business.



The risk assessment evaluates the extent to which potential threat events and trends might affect the company's objectives. Threat events and trends are assessed by two criteria – impact and likelihood.

There are two necessary approaches that are together utilized for identifying key risks at the organization:

1. Top-down approach, which starts by identifying enterprise-wide risks that affect the organization's strategic objectives.
2. Bottom-up approach which starts by identifying the assets, at a business unit level, relevant threats and controls in place. Assessed risks are aggregated and roll-up to division level and Clarivate group level.

Glossary of Key ERM Definitions

The following definitions are used in defining the ERM Framework.

Risk – effect of uncertainty on organizational objectives. Risk is an event, situation or circumstance that could deter the organization from achieving its objectives. Risk is often classified in terms of a combination of the impact/consequences and the associated probability/likelihood. The source of risk can be internal or external.

Risk Management – the identification, assessment and response to risk to a specific objective or within a specific risk category. A continuous risk management process supports the accomplishment of an organization’s strategic objectives.

Risk Management Framework – provides a direction and guidance to strengthen risk management practices within the organization.

Risk Owner – person or entity with the responsibility and authority to manage an identified risk.

Risk Appetite – The amount and type of risk that an organization is willing to take in order to meet their strategic objectives.

Control – measure or management action to mitigate risk. It includes the policies, procedures, reporting and initiatives performed by the organization to ensure that the desired risk response is carried out. These activities take place at all levels and functions of the organization.

Likelihood – the probability of an event occurring.

Impact – the severity of an event occurring; measured in terms of financial, operational and reputational consequences.

Risk Communication – the process of identifying risk and informing relevant parties, to enable all personnel to deliver on their responsibilities.

Risk Register – official recording of the identified risks facing the organization. A catalogue of the full spectrum of risks (with impact and likelihood assessed) forms the organization risk register.

Opportunity: a situation or circumstance that would allow the organization to fulfil or expand its mission and strategy

Residual Risk: The remaining risk after management has implemented risk response

Inherent Risk: The risk level or exposure without considering the actions that management has taken or might take (e.g., implementing controls)

Risk aggregation: The process of integrating risk assessments at a corporate level to obtain a complete view on the overall risk for the

Risk culture: The set of shared values and beliefs that governs attitudes towards risk-taking, care and integrity, and determines how openly risks and losses are reported and discussed

Appendix

Team	Key role and responsibilities
CRO	<p>Support and strengthen Risk Governance</p> <ul style="list-style-type: none"> • Supports Risk Committee, Management, and the Board and facilitates implementation and coordination of governance, policy, and appetite. • Ensures risk management governance within business units is compatible with enterprise governance. <p>Design and Embed</p> <ul style="list-style-type: none"> • Designs and embed a consistent and sustainable approach for enterprise risk assessment, assessment scales, risk universe, taxonomy. • Establishes and integrates a sustainable corporate risk management framework to ensure that the Business Units have processes in place to identify, measure, monitor, mitigate and report on risks and associated mitigation strategies consistent with this policy and corporate risk tolerances. Assists managers to integrate this into business unit’s business planning and performance management. • Ensures risk information reporting processes are clear and opportunities exist for discussing risk interdependencies to enable better exchange of risk information. <p>Ongoing risk monitoring and reporting</p> <ul style="list-style-type: none"> • Works with the Risk Committee and MRC to establish regular reporting rhythm. • Monitors risk profile and mitigation programs within and routinely reporting to MRC and Risk Committee of the Board material changes in the corporate risk profile. • Independently oversees and assesses risk management and mitigation efforts. • Reviews business unit risk mitigation proposals for enterprise-wide alignment and consider their potential impact on other mitigation plans across the organization. • Develops compendium of risk mitigation best practices. • Advocate for business unit-level risk mitigation funding that will affect enterprise risks.

Business Unit and Functional Leaders	<ul style="list-style-type: none">• Business Unit and Functional leaders will incorporate risk management processes within their purview.• In coordination with CRO, Business Unit and Functional leaders should conduct deep dives to identify risks and align/map risks to enterprise risks.• Business Unit and functional leaders will define internal monitoring approach, response strategies and drive mitigation action plans.• Manage day to day, short and long-term business risks and ensuring activities are within risk tolerances and in compliance with approved risk management policies, procedures and limits.• Monitor mitigation strategies to verify their appropriateness and effectiveness.• Regularly assess and report to the MRC any exceptions to risk management policies, procedures and limits.• Develop key risk indicators that support ongoing monitoring of risk trends and benchmark against risk appetite.
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Management Risk Committee Charter

Review and Revision

At least annually or upon significant changes to the operating or business environment, the CRO will review this Charter to assess adequacy and appropriateness.

Document Management:

Policy Name	Management Risk Committee Charter
Policy Owner	Chief Risk Officer
Applies To	Management Risk Committee Members
Effective Date	7.1.2021
Related Documents	Enterprise Risk Management Framework
Approved By	Management Risk Committee
Supersedes	6.30.2020
Contact person for questions or policy interpretation	Liliana Hinderman
Date Policy was last reviewed	N/A