

SECTION 1- INTRODUCTION, OBJECTIVE, AND SCOPE

RISK MANAGEMENT POLICY – GLOBAL POLICY

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Approved and Disseminated by:



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1.1 Introduction

This policy sets out what is required for Women for Women International (WfWI) to manage risks effectively. It is designed to provide the basis for evaluating and monitoring risk profiles on an ongoing basis; to clarify risk management roles and responsibilities and to integrate risk management into WfWI operations. It also provides a shared understanding and promotes a consistent approach to risk management. The policy comprises of the objectives and scope, Principles and Policy, and key procedures.

Risk Definition-In the context of this policy, risk is defined as the *‘effect of uncertainty on objectives’* as defined by the ISO 31000:2018. Risk is expressed in terms of *‘risk drivers, potential events, their consequences, and their likelihood of happening’*. Risk is characterized as a set of triplets:

- The scenario (s)- A scenario that leads to adverse performance results in one or more performance measures
- The Likelihood of the scenarios and
- The consequences in terms of impact or severity of the impact on our objectives and results

1.2 Objective of the policy

The overall objective of the policy is to provide the basis for consistently and effectively identifying, analyzing, managing, monitoring, and mitigating the WfWI risk profile on an ongoing basis in order to take the appropriate risks necessary for achieving our mission and goals. The specific objectives of the policy are:

- 1) To provide a timely and appropriate response to escalated risks and actual events when they occur
- 2) To support the achievement of WfWI strategic and operational goals by managing (taking, preventing, mitigating) risks that may otherwise impede success
- 3) Enable organisation's adaptability to fast-changing and uncertain risk environment within which the WfWI operates.

1.3 SCOPE

The policy applies to the Global Support Center (GSC), Supporter Countries Offices (SC), and the Country Offices (CO).

SECTION 2-PRINCIPLES AND POLICY

2.1 Principles

For risk management to be effective, it is important that WfWI staff and stakeholders have a shared understanding of what an effective system for risk management looks like, and how we will achieve this. The ISO 31000:2018 Standard recommends organizations adopt principles that provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose. WfWI has adopted the recommended principles as follows:

- 1) Integrated -Risk management is an integral part of all organizational activities. At WfWI, risk management is part of the responsibilities of the Leadership Team, respective boards and it is an integral part of all processes, including strategic planning, projects, change management processes, and decision making.
- 2) Structured and comprehensive-A structured and comprehensive approach to risk management contributes to consistent and comparable results contributing to efficiency.
- 3) Customized-The risk management policy and process are tailored to align with WfWI's external and internal context related to its objectives.
- 4) Inclusive -Appropriate and timely involvement of stakeholders and decision-makers at all levels at WfWI enables their knowledge, views, and perceptions to be considered. This results in improved awareness and informed risk management.
- 5) Dynamic-Risks can emerge, change or disappear as an organization's external and internal context changes. Risk management anticipates, detects, acknowledges, and responds to those changes and events in an appropriate and timely manner.
- 6) Best available information-The inputs to risk management are based on historical and current information, as well as on future projection/foresight expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear, and available to relevant stakeholders.
- 7) Human and cultural factors-Human behaviour and culture significantly influence all aspects of risk management at each level and stage.

- 8) Continual learning/adaptation/improvement-Risk management is continually improved through learning and experience.

2.2 Risk Appetite

- Risk appetite is the amount of risk the organization is willing to take in order to achieve strategic objectives before action is deemed necessary to reduce the risk. It sets the basis for setting acceptable levels of risk tolerance and thresholds and contributes to the identification and implementation of mitigation actions.
- WfWI has a low appetite for taking risks that cause unnecessary or avoidable damage to our people and to our legitimacy and credibility but has a moderate to a high appetite for risk that has the potential for bringing about a lasting positive impact on the lives of women and community we serve.
- WfWI shall take necessary and appropriate risks with medium and above severity only after ensuring that potential benefits and risks are understood before any course of action is authorized and that reasonable measures to mitigate risk are established

2.3 Accountability

- The Board is accountable for the oversight and governance of risk-management. CEO is responsible and accountable for the overall risk management of all parts of the unified WfWI. CEO, Country Directors and Managing Directors as entity heads are accountable for Global Support Centre, Program Country Offices and Supporter Country Offices, respectively, are responsible and accountable for the risk management of their entities.
- The Leadership Team is responsible for determining overall global/international and GSC level risk categories, impact, and consequence rating. These methods shall be reviewed at least once every two years and shall be based on the points of impact that include people, money, reputation, and environment, and other relevant factors
- In circumstances of significant risks, every staff member has a duty to notify their line manager or relevant colleague to escalate and deal with the issue as appropriate
- The Director of Compliance at the functional/operational level and Chief Operating Officer (COO) at the overall organization level and the GSC Leadership Team level shall be primarily responsible and accountable for the integrity and overall global risk management process
- It is the responsibility of the entity heads (CEO/CD/MD) to assign specific risk ownership to the specific respective functionaries in their teams.
- WfWI shall maintain a global risk registry whose primary source shall be the Global Support Center, Supporter Country Offices, and Program Country Offices
- The risk registry shall be updated at least twice every year and reported to respective Board committees and the full International Board. The timelines shall be aligned to

scheduled board meetings (Global and Support Countries) as required by the regulators

- The identified risk owners shall be accountable for ensuring that risks are managed appropriately.

[SEE ANNEX I-IV FOR FURTHER DETAILS/GUIDELINES]

SECTION 3- KEY PROCEDURES

3.1. Risk Register

- WfWI shall maintain a global risk registry whose primary source shall be the Global Support Center, Supporter Country Offices, and Program Country Offices. *(See Annex IV for the risk register format).*
- Risk Register is developed primarily through a bottom process of entities and functions.
- Risk register is to be used to record the risks identified, their rating, treatment action, and progress report, and estimate of residual risk in view treatment plan. Risks that remain outside the WfWI's risk appetite after this point will be escalated for the Leadership Team's action. *[See Table 3 for escalation details]*
- The risk register shall also detail:
 - Those risks which are outside the acceptable tolerance levels
 - Details of any escalating risks, and emerging risk issues considered during the reporting period
 - Risk mitigation actions
- The risk registry shall be reviewed and updated at least twice every year and reported to respective Board committees and the full International Board. The timelines shall be aligned to scheduled board meetings (Global and Support Countries) and to requirements of the regulators
- All risks with Medium and above severity shall be escalated for attention and assurance by the Leadership Team to the Audit Committee of the Board and the full Board and from Country Offices to the GSC.

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- Those risks which are outside the acceptable tolerance levels
- Details of any escalating risks, and emerging risk issues considered during the reporting period
- Risk mitigation actions

3.2 Kinds of Risks

- **External contextual:** Risks that are external and often within limited or outside WfWI control or influence. These are events, factors, or dynamics occurring in the broader environment which affect our organization. This may include societal unrest, natural disasters, terror/insecurity, economic swings, political instability/repression, corruption, unfriendly government policies, and conflicts/war.
- **Programmatic:** These are risks that will cause failure to achieve mandated/promised/planned core business aims and objectives. Such risks may include our strategy, approach, interventions that are not impactful in meeting the needs/aspiration of women we serve or cause harm to people and planet or are against acceptable values, norms or standards. Programmatic risks are mostly internal but can also be external in terms of our relationships/interactions and may include lack of core business capacity, diversion, non-compliance with program quality controls and poor program delivery.
- **Internal governance and operations:** These are risks that are internal to WfWI and are all about what and how our internal organization, people and systems conduct, comply, communicate, present, resources, etc. These internal risks are caused by internal factors that are mostly in our control and which may affect the security and safety of staff, the reputation of WfWI and may include financial, human resources, management systems/processes and fraud.

3.3 Risk Categories

WfWI risk categories are determined based on the critical assets, resources or results that are critical to and that we must protect for existence, work, and impact.

We will assess, monitor, prevent, mitigate, and report on the following 10 categories of risks:

- | | |
|---|--|
| 1. People and Knowledge | 6. Finance and Fiduciary (expenditure) |
| 2. Ethics | 7. Strategy |
| 3. Funding (revenue) | 8. Program Impact |
| 4. Reputation | 9. Working Environment (Social, Political, Economic, Environmental, Technological) |
| 5. Compliance (legal, environmental, standards) | 10. Safeguarding (bullying, harassment, violence), Security and Safety |

Details of each category are outlined in ANNEX II

3.3.3 Risk level rating

We will assess and evaluate risk to determine the level of seriousness and importance we ought to accord. This helps to determine necessary actions that include risk treatment, further analysis to understand the risk, and maintain exiting controls.

Risk levels are determined by the interaction of the estimates of likelihood of occurrence and the consequent or impact on the WfWI people, organization, work, relationships, and results/impact.

After consequence and likelihood have been determined, WfWI shall evaluate the level of risk by referring to the risk assessment matrix as shown below.

Table 1: Risk Assessment Matrix

Likelihood	Consequence				
	Insignificant	Minor	Significant	Major	Catastrophic
Certain	Medium	Medium	High	High	High
Likely	Medium	Medium	Medium	Medium	High
Possible	Low	Medium	Medium	Medium	Medium
Unlikely	Low	Low	Low	Low	Low
Rare	Low	Low	Low	Low	Low

The risk rating assists with determining an appropriate response by distinguishing significant risks from those that are insignificant. This includes no action, deciding how to treat the risk, undertaking more analysis of the risk to better understand it, maintaining current controls, or reconsidering what objectives are being pursued. The impact assessment scale shall be determined using the set risk categories and their consequences matrix in ANNEX 3. Likelihood and consequences are rated on a scale of 1-5 and 6-10 respectively. The rating scale is as follows:

Table 2: Rating Scale

	Likelihood	Consequence				
		Insignificant	Minor	Significant	Major	Catastrophic
5	Certain	30	35	40	45	50
4	Likely	24	28	32	36	40
3	Possible	18	21	24	27	30
2	Unlikely	12	14	16	18	20
1	Rare	6	7	8	9	10
		6	7	8	9	10

3.4 Risk response or treatment: For effective management of risks appropriate treatment options as deliberate actions/interventions are determined especially where the current controls are not mitigating the risks within the defined tolerance levels.

Risk owners at GSC or Country Offices, will be responsible for designing, developing, and implementing risk response or treatment for prevention, mitigation or absorbing risks. It will be the responsibility of the risk owners, in consultation with the relevant stakeholders, to:

- Formulating and selecting risk treatment options
- Planning and implementing the selected option
- Assessing the effectiveness of the treatment
- Deciding whether the remaining residual risk is acceptable and taking further treatment if it's not.

The table below explains what action a risk owner needs to take in response to the residual rating. Residual risk is the risk that remains after efforts to eliminate them have been made.

Table 3: Residual Rating Action

Rating		Action Needed
H	High	The risk owner immediately escalates new high risks to the Leadership Team as applicable. These risks are to be monitored monthly.
M	Medium	Quarterly the risk owner monitors and reviews the effectiveness of treatments and whether the risk rating has changed.
L	Low	Quarterly monthly the risk owner monitors and reviews the effectiveness of treatments and whether the risk rating has changed.

3.5 Risk Recording, Monitoring and Reporting

3.5.1 The risk owners review their risk registers at least every 6 months and consider any changes in their respective areas including the effectiveness of controls or treatments being applied to mitigate existing risks and identifying any new risks which are emerging as a result from changes in the internal or external environments.

3.5.2 Any new high risks are immediately that are not in the current Risk Register are immediately informed to the CD/MD/GSC LT and to the Director of Compliance.

3.5.2 GSC Risk reports are prepared twice each year for the Leadership Team and the Board's Audit Committee. The Director of Compliance with the oversight from the COO is responsible coordinating, preparing, reporting, and presenting GSC Risk Register.

3.5.3 Current risk register as all approved plans and budget will be transparently shared only internally via shared platform with access to all staff, volunteers, and Board members. External sharing of the current risk register will be done on a need basis at the approval of the COO.

Annex I: Risk Management Roles and Responsibilities

Who	What	When
International board	<ul style="list-style-type: none"> The Board governs, oversees, supervises WfWI global operations, establishing both the strategic direction and financial performance targets for management and monitoring the achievement of these objectives 	Per board Calendar
Audit Committee	<ul style="list-style-type: none"> Assist the International Board in discharging its responsibilities relative to risk management Approving the Risk Management Policy, monitoring risk assessments and internal controls instituted, and to approve or recommend approval of risk related policies 	Per committee Calendar
COO assisted by Leadership Team	<ul style="list-style-type: none"> Provide oversight on risk management content/processes and assessment of strategic risk within their areas of responsibility Establish Policy and process for risk management 	Per calendar
CD/MD/ED assisted by SMT/SLT Department heads (Country Office, GSC, UK, Germany)	<ul style="list-style-type: none"> Identify risks (review existing and add new) and update the risk register Consider the effectiveness of controls or treatments being applied to mitigate existing risks and identify any new risks which are emerging as a result of changes in the internal or external environments. 	Per calendar
Director of Compliance	<ul style="list-style-type: none"> Support risk owners in this process and ensure bi-annual risk register updates. 	Ongoing

ANNEX II: Risk Categories and type of risk

Risk Category	Types of risk
1) People & Knowledge	<ul style="list-style-type: none"> • Inability to attract and retain skilled staff • High rate of turnover • Ineffective employment relations • Inadequate staff knowledge, skills, and engagement
2) Ethics	<ul style="list-style-type: none"> • Harm caused by unethical behavior
3) Funding (Revenue)	<ul style="list-style-type: none"> • Financial/ Funding constraints
4) Reputation	<ul style="list-style-type: none"> • Damage to image and public perception • Digital risk
5) Compliance (legal, environmental, standards)	<ul style="list-style-type: none"> • Violating government laws or regulations e.g., labor laws, data breach • Failure to comply with legal or policy requirements • Inadequate insurance covers
6) Finance and Fiduciary (Expenditure)	<ul style="list-style-type: none"> • Lack of internal controls • Adverse impact on financial outcomes • Inefficient financial management practices and tools • Corruption/fraud/theft/diversion • Potential liabilities
7) Governance & Strategy	<ul style="list-style-type: none"> • Poor or insufficient governance • Adverse decisions not aligned to strategy • Improper implementation of strategy
8) Program Impact	<ul style="list-style-type: none"> • Inability to achieve objectives • Capacity/competency gaps • Access constraints • Inefficient grants management • Inadequate asset information and management • Inadequate management of technology and systems
9) Working Environment (Social, Political, Economic, Environmental, Technological)	<ul style="list-style-type: none"> • Violence/crime • Natural disasters-Climate change • Political conflicts • State repression
10) Safeguarding/Security	<ul style="list-style-type: none"> • Safety of staff • Sexual misconduct/exploitation

ANNEX III: Risk Categories and consequences (with Examples)

Risk Category	Consequence rating				
	Insignificant	Minor	Significant	Major	Catastrophic
	Unlikely to occur in the next five years or during the project. Less than 4% probability.	Could occur at least once in the next three to five years. Could occur but has not in similar projects. Between 5-24% probability.	Could occur at least once in the next two years. Has occurred in a small number of similar projects. Between 25-54% probability.	Expected to occur once in the next year. Has occurred in similar projects. Between 55-89% probability.	Expected to occur more than once in the next year. Likely to occur multiple times during a project. Over 90% probability.
People and Knowledge	Turnover rate of less than 5% Minor staff injury to an individual (impairment of less than a month)	Turnover rate of 6-10% Major injury to an individual (impairment of more than a month)	Turnover rate of 11-15% Serious Injury of more than one person	Turnover rate of 16-20% Fatal injury of an individual	Turnover rate of more than 20% Fatal injury of a number of persons
Ethics	Some staff occasionally inconsistent with WfWI values and code of conduct	Senior management not appropriately responding to behavior that is inconsistent with WfWI values and code of conduct	Widespread staff perception that senior management does not appropriately respond to staff breaching WfWI values and code of conduct	Persistent widespread staff perception that senior management does not appropriately respond to staff breaching WfWI values and code of conduct	Majority of internal stakeholders believe WfWI culture is corrosive and unable to timely respond to unethical behavior
Funding (Revenue)	Insufficient funds for complimentary activities	Insufficient fund for short term activities	Insufficient funds to finance agreed enrollment numbers	Insufficiency of funds at critical times within the program cycle diluting programmatic impact	Insufficiency of funds to complete program cycle and inability to meet overall objectives
Reputation	External Reputation not affected. No effort or expense required to recover.	Media attention no more than 1 day. Negative association with WfWI brand (stakeholder).	Regional media attention 1-3 days, little effort or expense required to recover. Marginal drop in international ranking. Potential medium-term impacts to being seen as provider or partner of choice.	Nationwide media attention, greater than 2 days. National headlines, variety of media. Requires effort or expense to recover and mitigate. Significant drop in international ranking. Significant impacts to attractiveness as provider or partner of choice	Sustained media attention, including international exposure. Significant damage to WfWI brand, requiring urgent effort or expense to recover. Involves unplanned CEO time to address.

				Incomplete communications to different audiences negatively affects perceptions, credibility, and support	Serious and sustained impacts to attractiveness as provider or partner of choice.
Compliance (Legal, environment. Standards)	Contract: Minor contractual breach, sanction from other party with potential small compensation. Regulatory. Minor noncompliance able to be remedied without penalty or notification.	Contract: Potential for dispute, mediation likely and/or with potential small compensation Regulatory: Mandatory reporting of non-compliance,	Contract: Material breach of contractual obligation, potential litigation, or large settlement Regulatory: Investigation by regulator	Contract: Single Litigation. Regulatory: Sanction or prosecution by regulator	Contract: Multiple Litigations. Regulatory: Major compliance breach, or multiple breaches that result in prosecution or maximum penalty or sanction by regulator
Financial and Fiduciary (Expenditure)	Permanent Financial loss (shortfall in income or additional expenditure) up to \$150k, within 12-month period.	Permanent Financial loss (shortfall in income or additional expenditure) up to \$150- \$500k, within 12-month period. Budget impacts to individual unit, short term impact to operations.	Permanent Financial loss (shortfall in income or additional expenditure) up to \$500k-\$1M, within 12-month period. Budget impacts across multiple portfolios, affects operations and performance.	Permanent Financial loss (shortfall in income or additional expenditure) up to \$1M-\$5M, within 12-month period. Budget issues affect: 1-3yr capital plans. Cost management measures required across all portfolios. Insufficient fraud mitigation and detection measures Inadequate financial reporting constrains	Permanent Financial loss (shortfall in income or additional expenditure) up to >\$5M within 12-month period. Budgetary impacts across WfWI, affecting long term capital plan. Budget surplus at risk, extraordinary measures required.
Strategy	Negligible but has the potential to adversely impact WfWI KPI's	Negative but acceptable variation in less than 10% of WfWI strategic KPIs when assessed on annual basis	Significant but acceptable negative variation in 10 -20% of WfWI strategic KPIs when assessed on annual basis	Significant or unacceptable negative variation of 20-30% of WfWI strategic KPI's when assessed on annual basis	Significant or unacceptable negative variations in more than 30% of WfWI strategic KPI's when assessed on annual basis
Program Impact	Project purpose and schedule not defined No delay to programs Quality is lower than planned	Project purpose and schedule not well defined Some delay to programs	Project purpose and schedule not clearly communicated and understood Some delay and disruptions to programs	Project purpose and schedule not tracked effectively Severe disruption to programs Quality is compromised but requirements can be met with increases in cost, time, or scope	Project purpose and schedule off track and irredeemable Loss of programs and projects Quality is compromised and unrecoverable

		Quality is lower than planned but still meets mandatory requirements	Quality and mandatory requirements compromised		
Working Environment (Social, Political, Economic, Environmental, Technological)	No delay to programs No damage	Some delay to programs Minor Damage	Some delay and disruptions to programs Damage requiring additional allocation of resources	Severe disruption to programs Extensive damage requiring significant resources	Loss of programs and projects Catastrophic damage and unrecoverable or requiring significant resources to remedy
Safeguarding, Security and Safety	No Serious injuries Isolated incident of teasing or low level unwanted sexualized attention	Minor Injuries Minimal verbal teasing with minimal impact	Non-life-threatening injury Recurring indecent exposure	Serious injury Recurring sexualized touching without consent	Death or severe injury Sex in relationship characterized by authority inequality or exploitation

ANNEX IV: Risk Register Format

WFWI Risk Register																	
Step 1: Risk Identification					Step 2: Risk Assessment				Step 3: Risk Reponse or Treatment						Step 4: Monitor and Control		
		Current Risk Rating								Residual Risk							
Risk Category	Specific Risk and Implication= Risk Description	P	I	T	Rating	Leadership Strategy, Actions/Intervention for dealing with the risk	Residue Risk Description	P	I	T	Rating	Inc/Dec	Required Action	Risk Owner/ Responsible Individual	Date Last Updated		
People and Knowledge		5	10	50	H			4	1	4	L						
Ethics		5	10	50	H			4	1	4	L						
Funding (revenue)		1	6	6	L			4	1	4	L						
Reputation		2	10	20	L			4	1	4	L						
Compliance (legal, environmental, standards)		5	6	30	M			4	1	4	L						
Finance and Fiduciary (expenditure)		4	10	40	H			4	1	4	L						
Strategy		4	10	40	H			4	1	4	L						
Program Impact		1	10	10	L			4	1	4	L						
Working Environment (Social, Political, Economic, Environmental, Technological)		5	7	35	M			4	1	4	L						
Safeguarding, Security and Safety		5	10	50	H			4	1	4	L						
Key																	
P Probability																	
I Impact																	
T P X T=Total																	
H High																	
M Medium																	
L Low																	

ANNEX V: Key Definitions

(Source: ISO 31000:2018)

Risk – the effect of uncertainty on the achievement of objectives. Inherent risk is the level of risk apparent in activities without implementing controls. Residual risk is the amount of risk that remains after controls have been implemented.

Risk appetite – the amount and type of risk that WfWI is prepared to accept in the pursuit of its objectives.

Risk assessment – the overall process of risk identification, risk analysis and risk evaluation.

Risk management – encompasses coordinated activities to direct and control an organization with regard to risk.

Risk management process – is the systematic application of management policies, process, and practices to activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring, and reviewing risks.

Risk register – is the record of information about identified risks and how they are being managed. There are two different types of register, operations, and projects.

Inherent risk rating – is the current risk level without taking into consideration existing control measures.

Residual risk rating – is the current risk level taking into consideration existing risk controls.

Control Effectiveness – represents the total effectiveness of all controls that act upon a particular risk. This includes those controls that affect the likelihood of the risk and those that affect the consequences.