

Risk Management Policy


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REVISION HISTORY

Revision	Date	By	Change
0			First Issue
1	23/04/14		Ian Barry CFO
2	22/01/21		Robert Sloley CFO

APPROVALS

Name / Role	Signature and Date
Robert Sloley / CFO	 22/01/21

Risk Management Policy

PURPOSE OF THIS POLICY

This risk management policy forms part of CABI's corporate governance arrangements. This document comprises a Policy Statement, specification of roles and responsibilities, and an outline of CABI's risk management processes. It is also supported by existing related CABI-wide policies. The purpose of this policy is to ensure that the risk management processes adopted by CABI are understood by all members of staff and are clear and transparent to all our stakeholders.

DEFINITION OF RISK

In the context of this policy, risk is defined as the uncertainty in an event or activity which may jeopardise the likelihood that CABI will achieve its objectives.

INTRODUCTION

CABI's general approach to risk is to instil a culture of risk awareness throughout the organisation such that every employee considers risk as part of their everyday activities. Where there are considered to be 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 strategies for managing risk include:

- Acceptance
- Contingency
- Prevention
- Reduction
- Transference

The Company's Risk Management policy statement is supported by related policies, principally in the following areas:

- Financial processes and controls
- Project management
- Human Resources
- Information Services and Information Technology
- Insurance
- Treasury Management

To assist in implementing this policy, we will:

- Identify, analyse and produce a risk management strategy for those risks which might inhibit CABI from achieving its strategic objectives and which would threaten its ongoing survival;
- Raise awareness of and integrate risk management into the way in which CABI is managed;
- Promote an understanding of the importance and value of risk management, particularly associated with development opportunities; and
- Establish, regularly review and maintain registers of the major risks facing CABI

RISK APPETITE

CABI recognises that in pursuit of its mission and objectives it may choose to accept an increased degree of risk. It will do so subject always to ensuring that potential benefits and risks are understood before any course of action is authorised and that reasonable measures to mitigate risk are established. It will try to adopt best practices in the evaluation and cost effective management of risks to which it is exposed in pursuing its strategic objectives.

CABI's risk appetite is greater in areas where it seeks to expand its range of knowledge, experience and effectiveness, recognising that change and innovation are necessary to deal with the ever changing demands of food and nutrition security, protection of the environment and biodiversity etc. It will however exercise very tight risk management controls in areas such as biological control, quarantine, sanitary and phytosanitary methods, management of quality and protection of its excellent reputation, and in the safety of its staff and partners.

Statements of Risk Appetite should be produced for each of the key strategic areas identified in the Strategic Risk Register (see section on 'Risk Registers') and then assessed at least annually reviewed by the Audit and Risk Committee

RISK ASSESSMENT

Risk assessment processes identify an organisation's exposure to uncertainty. This should be approached in a methodical way to ensure that all significant activities in CABI have been identified and all the risks flowing from these activities defined. Business activities and associated risks can be classified broadly in the following ways, examples of which include:

Strategic - These concern CABI's long-term strategic objectives and can be affected by such issues as damage to reputation, sovereign and political risks, legal and regulatory changes, and changes in the physical environment.

Operational - These concern the day-to-day issues that CABI is confronted with as it strives to deliver its strategic objectives.

Staff Security – this concerns health and safety of staff whilst working at CABI including travelling in-country or internationally on CABI business.

Financial - These concern the effective management and control of CABI's finances and the effects of external factors such as availability of funding, foreign exchange rates, interest rate movement and other market exposures.

Knowledge management - These concern the effective management and control of the knowledge resources, the production, protection and communication thereof. External factors might include the unauthorised use or abuse of intellectual property,. Internal factors might be system malfunction or loss of key staff.

Cyber Security and Data Protection – This concerns security of data (CABI, staff and third parties) information technology and prevention and/or detection of cyber related crime.

Compliance - These concern such issues as health & safety, environmental, trade descriptions, consumer protection, data protection, employment practices and regulatory issues.

RISK REGISTERS

Managers and those responsible for Business Units should regularly review their risks and their management approaches to them, and note them on risk registers in the format attached in appendix 1. Risk registers should be revised and updated at least annually at the time of preparing the annual budget and the review should consider any significant risks which may affect achievement of budget objectives.

For each significant risk area, every specific risk and its implications should be noted and an assessment made of the Impact (I) of that risk and the Likelihood (L) of it occurring. Both I and L are measured on a scale of 1-5 for low-high respectively. The total value of the Gross Risk (T) is the product of multiplying the I and L scores. The register then sets out the management strategy for mitigating the risk and the revised assessment of the risk, the Net Risk, assuming that the strategy is effectively carried out. A direction of travel indicating whether the Gross Risk is increasing, decreasing or broadly static is then shown, as are specific actions which still need to be taken in order to affect the management strategy. Finally, the register must indicate the individual responsible for those actions so they can be held accountable for fulfilling them.

Risk registers are completed at different levels of CABI's activities. At each level those risks with a Gross Risk rating of 12 or more and/or a Net Risk of 8 or more will be automatically included in the Strategic Risk Register. In this way risks are "cascaded up" to the CABI Board.

The CABI Board monitor the key strategic risks for CABI, usually no more than 10, and a separate Strategic Risk Register (SRR) is updated annually for their review. The SRR is also accompanied by a "Heat Map", as attached at appendix 2, showing the direction of travel of the strategic risks.

ROLES AND RESPONSIBILITIES IN RISK MANAGEMENT

Risk management is embedded throughout CABI. It is not the sole responsibility of senior managers but should be exercised by all staff, particularly those with management or operational responsibilities.

Role of the Board and Audit and Risk Committee

The CABI Board has a fundamental role to play in the management of risk, some of which may be delegated to Audit and Risk Committee. The role is to:

- Approve and monitor the risk management strategy and demonstrate the commitment to effective risk management.
- Set the tone and influence the culture of risk management within CABI. This includes determining what types and levels of risk are acceptable (the risk appetite) and which are not, and to provide a framework within which the appropriate level of exposure to risk can be determined in particular circumstances.
- Annually reviewing CABI's approach to risk management including risk appetite and, if appropriate, recommending changes or improvements to key elements of its processes, policies and procedures.
- Approve major decisions affecting CABI's risk profile or exposure.

- Determine and review at least annually CABI's key strategic risks and the management approaches for each.
- In the CABI Annual Report and Financial Statements publish a Corporate Governance statement which summarizes the risk management policy.

Role of the Executive Management Team (EMT)

EMT is responsible for:

- Implementing the CABI risk management policy.
- Ensuring that the major risks associated with significant proposals put to it have been properly considered and can be appropriately managed within the policy framework set by the Board.
- Ensuring that risks are properly managed, reviewing evidence to this effect and ensuring measurement of results as appropriate.
- Communicating CABI policy and information about the risk management programme to all staff, and making it transparent and publicly available.

Roles of Managers

Managers are responsible for:

- Identifying evaluating and managing strategic and operational risks in their area of responsibility and bring emerging corporate risks to EMT's attention.
- Ensuring compliance with company policies.
- Ensuring that everyone in their area of responsibility understands their risk management responsibilities and making clear the extent to which staff are empowered to take risks.

Roles of Staff

Individuals should:

- understand their accountability for individual risks.
- understand that risk management and risk awareness are a key part of the Company's culture.
- report systematically and promptly to senior management any perceived new risks or failures of existing control measures.
- understand how they can enable continuous improvement of risk management processes.
- Read and apply CABI's policies and procedures

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MONITORING AND REPORTING

Effective risk management requires a monitoring and reporting structure to ensure that risks are effectively identified and assessed, and that appropriate controls and responses are in place. Regular audits of policy and standards compliance should be carried out and standards performance reviewed to identify opportunities for improvement. Such audits should be managed as part of the CABI annual internal audit programme. The monitoring process should provide assurance that there are appropriate controls in place for the organisation's activities and that the procedures are understood and followed. This should also determine whether:

- the measures adopted resulted in what was intended;
- the procedures adopted and information gathered for undertaking the assessment are appropriate; and
- whether improved knowledge would have helped to reach better decisions, and identify what lessons could be learned for future assessments and management of risks.

Incident Reporting

All incidents (where risks have materialised) will be reported promptly to the relevant EMT member. Specifically, incidents related to fraud, bribery, conflicts of interest, safeguarding, staff security, health and safety will be raised and discussed at every meeting of EMT.

APPENDIX 1 – RISK REGISTER TEMPLATE WITH EXAMPLES

	Risk Area	Specific risks and implications	I	L	T	Management Strategy for dealing with risk	Residual Risk	Inc/dec	Required Action	Responsible Individual
1	Loss of reputation and therefore donor support	Quarantine escape or other environmental problem, caused by CABI	4	3	12	Maintain integrity of facilities and procedures; maintain correct waste disposal methods and procedures. Implement and maintain Standard Operating Procedures for quarantine and laboratory procedures as appropriate.	3x2=6	↓	Continue monitoring, DEFRA testing and certification. Regularly review SOP's.	U Kuhlman
		Loss of financial credibility due to fraud, theft or poor financial management	4	3	12	Regular review and update of finance policies and procedures and strict adherence to those procedures Rigorous independent audit of CABI activities (through KPMG). Due diligence and risk assessment of partners and collaborators	4x2=8	↔	Extend capacity building with partners and collaborators to improve their systems and controls. Review and audit of policies and compliance.	R Sloley
2	Loss of facilities due to disaster, fire, terrorism.	Inability to continue business and to deliver against customer requirements	4	2	8	Implement disaster recovery/business continuity planning for all major sites and ensure regular testing. Adherence to safety procedures for major risks. Maintain liaison with Counter Terrorism Advisors.	3x1=3	↓	Implement business continuity plan review recommendations and continue periodic testing.	L Copsey

APPENDIX 2 – RISK HEAT MAP AND DIRECTION OF TRAVEL

	Impact				
Likelihood	Low	Low/Med	Med	Med/High	High
High					
Med/High			↑ 1		
Med		↓ 2			3 ↑
Med/Low			4 ↓	5 ↔	
Low		↓ 6			7 ↔

Risk

Risk 1.

Risk 2.

Risk 3.

Risk 4.

Risk 5.

Risk 6.

Risk 7.

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