CGIAR System Organization
Risk Management Policy

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<th>Approved by</th>
<th>Policy number</th>
<th>Risk family</th>
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<td>System Management Board</td>
<td>SO CM 03 PL 01</td>
<td>3 – Non adherence to appropriate values</td>
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<td>5 – Poor execution undermines capability</td>
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**Revision History**

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<tr>
<th>Version</th>
<th>Effective date</th>
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<th>Summary of changes</th>
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<td>1.0</td>
<td>7 November 2019</td>
<td>System Management Board</td>
<td>New document</td>
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1. **Purpose**

1.1 This policy’s purpose is to promote and foster a culture of risk management, supported by sound practices to be applied consistently as an integral aspect of good governance and day-to-day activity at all levels of the CGIAR System Organization (‘System Organization’).

2. **Scope and applicability**

2.1 This policy is mandatory and is applicable to the System Organization and System Organization Representatives (as hereafter defined) who have been given notice of and access to it. Any deviation from this policy requires a written waiver obtained in accordance with applicable procedures.

2.2 For the avoidance of doubt, while this policy does not apply to the CGIAR System (‘System’) as a whole, it does govern the approach that the System Organization will adopt to address any risks impacting the System beyond the System Organization itself, to the extent it is necessary, practical or otherwise expedient to do so.

2.3 If there is a conflict between this policy and the requirements of a specific funder, the funder’s requirements, if greater, will prevail, and the deviations will be documented in writing.

2.4 The System Organization may put in place additional policies, guidelines, standard operating procedures, business processes and tools to support implementation of this policy.

3. **Relevant definitions**

3.1 All defined terms used within this policy are governed by the definitions contained in the Accountability Structure Definitions of Standard Terms. Relevant defined terms used within this policy include:

“control” means the set of measures designed to prevent a risk event from occurring, detect it once it has occurred and/or mitigate its negative consequences to the extent possible as long as it exists;

“risk” means an event or circumstance that may affect the achievement of objectives. A risk has a cause and effect;

“System Organization Representative” means an employee of the System Organization, a member of any of its governing bodies, or any person who has an individual contractual relationship with the System Organization, whether as a contractor, consultant or agent.
3.2 Further risk management-specific terms can be found in Appendix A of the Risk Management Guidelines of the CGIAR System.

4. Policy

4.1 The need to embed risk management

4.1.1 The System Organization recognizes the need to embed risk management in its strategic and operational planning, day-to-day management and decision-making processes at all levels in the organization.

4.2 Commitment to effective implementation

4.2.1 The System Organization is committed to managing risk by identifying, analyzing, evaluating and treating exposures that may impact on the achievement of its objectives and/or the continued efficiency and effectiveness of its operations. It will maintain a register of risks, in a form and updated with such frequency as deemed necessary by management.

4.2.2 The System Organization will develop its approach to risk management in a manner consistent with the Risk Management Framework of the CGIAR System, the Risk Management Guidelines of the CGIAR System and any relevant legal requirements, and with due consideration of relevant best practice standards, such as ISO 31000 and COSO Enterprise Risk Management.

4.3 Determination of risk appetite and tolerance

4.3.1 The System Organization will determine and periodically review the nature and extent of risk it is willing to accept and the related impact it is able to withstand in pursuit of its objectives. In doing so, it will be mindful of the need for an appropriate balance between leveraging the potential opportunity and minimizing the potential threat that a specific risk represents for the achievement of any given objective.

4.3.2 The System Organization’s decision-making and risk management strategies will be informed by its determination of risk appetite and related tolerance, which will be consistent with the CGIAR System Risk Appetite Statement.

4.4 Commitment to training and knowledge development

4.4.1 The System Organization is committed to ensuring that all staff, particularly those with management, advisory and decision-making responsibilities, obtain a sound understanding of the principles of risk management and the requisite skills to implement risk management effectively.
4.5 Monitoring progress for continuous improvement

4.5.1 The System Organization will regularly monitor and review the progress being made in developing an appropriate culture of risk management and the effective implementation of risk management strategies throughout the organization, as a basis for continuous improvement.

5. Roles and responsibilities

5.1 Every System Organization Representative has a role to play in relation to risk management within the System Organization. Primary responsibilities are as follows:

5.1.1 The **System Management Board** is responsible for overseeing an organization-wide approach to risk management. It sets the tone and culture for effective risk management within the System Organization, through formulation of strategy and high-level objectives, and approving resource allocations. It is supported in discharging its responsibilities by the Audit and Risk Committee.

5.1.2 The **Executive Director** is responsible to the System Management Board for the development and achievement of System Organization strategy and objectives, including the overall management of risks.

5.1.3 **Management** is responsible for identifying new and emerging risks and for ensuring an appropriate and timely response to all significant risks.

5.1.4 **Risk Owners** are responsible for managing a given risk, including development and monitoring the effectiveness of required controls, and related reporting and escalation to management.

5.1.5 All **Staff** are responsible for applying this policy and for familiarizing themselves with, and applying, risk management concepts and practices as relevant to the performance of their duties, communicating information about potential risks and risk events to line management as they become aware of them and executing operational controls.

5.2 Other responsibilities for risk management within the System Organization will be determined from time to time by the System Management Board or the Executive Director, as relevant.
6. Compliance

6.1 Failure to apply this policy may be regarded as a breach of discipline and may be subject to applicable disciplinary procedures.

6.2 System Organization Representatives are expected to report known or suspected contraventions of this policy following relevant procedures or through ethics@cgiar.org.

7. Related documents

7.1 Frameworks
- Risk Management Framework of the CGIAR System (CG CP 01 FM 01)
- CGIAR System Risk Appetite Statement (CG CP 02 FM 02)

7.2 Guidelines
- Risk Management Guidelines of the CGIAR System (CG CP 02 GL 01)

8. Policy review

8.1 The Audit and Risk Committee will assess the effectiveness of this policy and its implementation on an annual basis, bring any concerns regarding implementation to the attention of the System Management Board, and recommend amendments to the policy, as appropriate, to the System Management Board for approval.