



**Friends of
the Earth**

RISK MANAGEMENT POLICY

Friends of the Earth ("FoE") is committed to having the robust governance and effective management systems, and the appropriate financial resources, to maximise its impact and to cultivate a positive working environment.

As part of this commitment, Friends of the Earth Ireland will comply with relevant legislation and recommended best practice in risk management with a clear policy and process that is appropriate to its size and complexity.

Last updated July 2021

PURPOSE

The purpose of this policy is to provide **guidance** on managing organisational risk to:

- support the achievement of FoE's strategic objectives in line with its culture and values,
- protect stakeholders,
- ensure optimal outcomes and achievement of organisational goals.

DEFINITIONS AND LIMITATIONS

A **risk** is an uncertain event which may occur in the future preventing or delaying a charity's ability to realise and achieve its objectives.

Risk Management is a process which aims to help organisations understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure'. (*Institute Of Risk Management*)

The **likelihood** of a risk occurring **can only be estimated**. To estimate risk properly, each risk should be identified, understood and evaluated by the board of directors. Board members are responsible for ensuring that a risk management system is put in place in order to protect the charity from any harm that may be caused, by reducing the likelihood of each risk occurring and minimising the impact of each risk where possible.

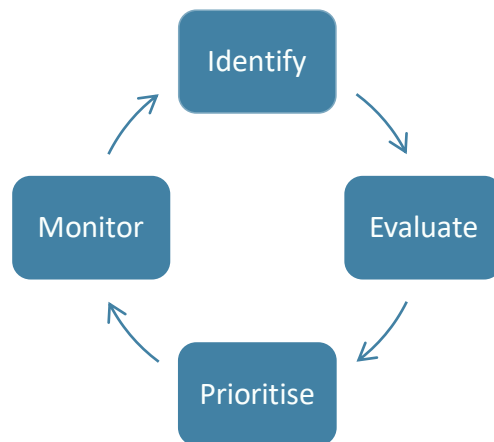
The aim is not to eliminate risk, but to manage it: active risk management reduces the likelihood of a risk occurring or mitigates the impact if a risk does occur.

ROLES AND RESPONSIBILITIES

Roles	Responsibilities
Board of Directors	<ul style="list-style-type: none">▪ Required to identify and review the risks to which FoE is exposed and to assess the potential likelihood and seriousness of such risks, should they occur.▪ Board members must satisfy themselves that risk management is embedded in the organisation and adequate systems are in place to monitor, manage and where relevant, mitigate FoE's exposure to such risks.▪ Annual review of the risk register
Governance Committee	<ul style="list-style-type: none">▪ Quarterly review of risk register.▪ Detailed review of policy and risk register annually and report to the Board.

Roles	Responsibilities
Risk Management Officer	<ul style="list-style-type: none"> ▪ Identify and assess risk ▪ Implement the organisation's Risk Management System ▪ Maintain the organisation's Risk Register ▪ Report to the Board of Directors
CEO and Head of Circles	<ul style="list-style-type: none"> ▪ Monthly review of key management reports, issues and actions at management meeting. As external events occur or operational challenges arise, discuss and decide on introduction of new risks or amendment of existing risks. ▪ Promote dynamic risk management processes throughout the organisation, encouraging transparent and prompt reporting/escalation of issues arising.
Staff and volunteers	<ul style="list-style-type: none"> ▪ Comply with FoE's risk management policy and processes. ▪ Foster an organisation wide environment which supports the identification and escalation of risks.

THE RISK MANAGEMENT CYCLE



The Risk Management Cycle is informed by FoE's Risk Register which, as of 29 July 2021 will be reviewed every year at board meetings.

The purpose of the risk register is to identify and monitor significant risks and consequently to enable the board and executive to make informed and coherent decisions and timely action in the best interests of the organisation.

RISK IDENTIFICATION

The risks to FoE are normally categorised under 7 headings:

- Governance
- Strategic
- Compliance (legal or regulatory)
- Operational
- Financial
- Environmental
- Reputational

All staff and stakeholders should be consulted in drawing up a list of identified risks.

RISK ASSESSMENT – EVALUATE AND PRIORITISE

Each identified risk is described in the FoE Risk Register, together with examples of the potential impacts of each risk materialising. Each risk is assessed by considering the following rating criteria:

Impact		Likelihood		Controls	
Scale of 1 - 5		Scale of 1 - 5		Scale of 1 - 3	
1	No significant impact	1	Rarely, if ever	1	Controls highly effective
2	Minor impact	2	Possible	2	Controls effective, but could be improved
3	Significant but containable impact	3	Likely	3	No controls / controls are ineffective
4	High impact	4	Very Likely		
5	Extremely detrimental impact	5	Unavoidable / already occurring		

The risk score is determined by multiplying the risk impact by the risk likelihood by the effectiveness of the controls.

The following traffic light system is used on a risk register to highlight / prioritise risk:

Risk Score	Risk Level	Action / Response
25+	High	This level of risk will not be tolerated, and needs immediate action (with written plan of action, regular monitoring and clear ownership with responsibility for reducing risk) to decrease impact or likelihood, or increase controls.
13 – 24	Medium	This level of risk will be addressed if resources allow, and if costs of mitigation are proportionate to decrease in risk. Risk to be kept under review to ensure score does not increase over time.
0 – 12	Low	Risk is tolerated, but will be kept under review to ensure risk score does not increase over time.

RISK MONITORING AND REVIEW

FOE's Board are ultimately responsible for the system of risk management and internal control and through the Governance Committee, reviews the effectiveness of this approach and system. FOE's Board is committed to conducting an annual review of the nature and extent of the principal risks to which the organisation is exposed, in the context of the risk it is willing to take in achieving its strategic objectives. This means that for all key decisions taken by the Board, risk appetite is assessed to balance opportunities for development and growth of the organisation with the requirement to maintain reputation and strong levels of stakeholder support.

It is the responsibility of FOE's Management Circle to promote risk management processes throughout the organisation and to encourage transparency in reporting and prompt issue and risk escalation in the first instance to the Risk management officer. It is the responsibility of the Head of each Circle to ensure that all staff and volunteers are fully conversant with FOE's Risk Management policy and procedures and that all new staff receive the appropriate training to identify and manage risks, as part of their induction process. Working with his/her team, the Head of each Circle is responsible for reviewing risks on a monthly basis, ensuring that any risks, whether new/emerging or existing are considered by reference to FOE's risk management policy and process, using the risk register to record updates.

Monthly reviews are captured by each Head of Circle within the risk register and discussed with the CEO at the Management Circle meeting, highlighting:

- Progress in relation to implementation of Mitigation Actions, with an emphasis on the highest graded risks identified;

- Any new/emerging risks, requiring to be considered by Friends of the Earth.
- Updates in relation to any risks that have materialised and factors that require consideration including FoE's reputation and stakeholder engagement.

In the event of any significant risk emerging, the Head of Circle is required to escalate any such matter without delay to the CEO with a view to ensuring timely and appropriate attention to any key risk, outside of the normal Risk Monitoring and Review cycle.

The Governance Committee review the risk register quarterly and provides updates to the Board at board meetings. FOE's Management Circle is responsible for ensuring a dynamic approach to risk identification, reporting and escalation, as well as managing the risk mitigation plans on an ongoing basis, providing updates for each Governance Committee meeting. In addition, the Management Circle is responsible for producing an annual update in advance of the annual review of risk by FOE's Board members.

RISK TOLERANCE

The risk tolerance is defined as the level of risk which the FoE Board is willing to tolerate within the organisation:

- The risk tolerance is individually assigned to each risk category
- Risk tolerances are subject to on-going review on a regular basis by the risk management officer
- They will be formally agreed and signed off by the Board of Directors on an annual basis.
- Deviations from tolerances will be reported as part of the monthly Risk Reporting process.

Risk tolerances are detailed in the Risk Tolerance Statement.