

oikos

cooperação e desenvolvimento



K S E

| Risk Management Policy

RISK MANAGEMENT POLICY

1. SCOPE OF POLICY

Oikos – Cooperação e Desenvolvimento (Oikos) abides to a risk management policy and approach as it assists the organisation to efficiently implement its mandate, increase performance on achieving strategic goals, improve resource efficiency and prevent or minimize harm to staff and beneficiaries. The existence of a risk management policy and the integration of risk management practices within the organisations planning and activities is also important to create confidence amongst the staff and different stakeholders on the organisations governance, quality of decision-making and accountability for all staff.

Risk management focus at i) anticipating risks, ii) preventing them from taking effect on the organisation and iii) minimizing their impact. Risk management is therefore, a process of undertaking coordinated actions to control and reduce risks and their impact and is integral to all aspects of the organisation governance and management. Oikos Risk Management policy and practices are aligned with the organisations mandate, principles, good practices and other existing policies.

2. APPLICABILITY

Oikos promotes a culture of risk awareness throughout the organisation such that all staff and third parties related to the organisation's activities, understand that risk is intrinsic to the work carried out by the organisation, permanently monitor the

existing degree of risk and adopt the most adequate measure to prevent risk and its consequences.

Where there are considered to be significant risks every staff member/ third party related to the organisation's activities has the duty to notify their line manager to address the issue as appropriate.

Oikos recognises that carrying out its mission and pursuit objectives, entails an increased degree of risk. Oikos accepts this assumption subject always to ensuring that potential benefits and risks are understood and that reasonable measures to prevent and mitigate risks are established, with the adoption of best practices in the evaluation and cost-effective management of risks to which it is exposed. Oikos, however, will exercise very tight risk management controls, particularly where risk exists to the physical protection and well-being of staff and beneficiaries, and to property, finances, sustainability and reputation (organisation, staff and board) of Oikos.

3. DEFINITIONS

Risk

Is defined as the effect of uncertainty on the organisations' life and objectives. Risks vary in probability and effects that potentially produce, according to the internal dynamics of the organisation, to the external context in which it operates and their evolution.

Keeping up-to-date of the risks that may affect the organisation is a continuous activity. Oikos considers the existence of 3 broad types of risk:

i) Compliance Risks

Compliance risks are those where the organisation fails to meet its corporate and legal obligations. These include reporting,

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accounting, licensing, workplace relations, and work health and safety activities, with potential legal, financial and reputation consequences. Tolerance for compliance risks assessed as 'high' or 'extreme' is low and require immediate reaction.

ii) Organisational Risks

Organisational risks are those where the organisation fails to achieve objectives such as level of service delivery, quality of service delivery, or meeting stakeholder expectations. Consequences arising from such risks eventuating may include loss of reputation, high staff turnover, financial losses and threats to staff and to the organisation.

iii) Opportunity Risks

Some risks arise from the pursuit of opportunities – 'positive risks' – that may enhance the organisation in some way or allow it to more easily achieve its objectives. For these risks, consideration should be given to the potential gains for the organisation as well as to the resources (human, financial, technical) required to pursue the opportunities.

Risk Appetite

Risk appetite is the willingness to take risks and it may occur on the imperious need to fulfil the organisation's mandate, namely on highly volatile contexts, and/or on the pursue of opportunities. Risk appetite may be greater when the organisation seeks to expand its operations (sectorial or geographically), knowledge, experience and/or effectiveness, in recognition of the need to evolve, adapt and innovate. However, risk management controls should be tight and while risks should be taken within the organisation's strategy, mandate, principles and policies, they must not affect the organisation's reputation, sustainability

and place at harm the organisation's property, staff and third-party collaborators.

Risk Assessment

Risk assessment is an internal process (which could also be carried out with external resources) to identify an organisation's exposure to uncertainty and to ensure that all significant risks arising from the organisation's activities, positioning and decisions have been identified. In Oikos, risks are categorised into:

- i) Strategic/ political;
- ii) Legal;
- iii) Reputation;
- iv) Operational;
- v) Financial;
- vi) Personal;

These categories are not necessarily sealed, and one activity or decision may involve several risks that, occurring, may be isolated or interdependent.

Risk Register

Risk register is a tool to identify and evaluate the level of exposure to the different risks from current and potential strategies and policies, activities, positions and decisions (to be) taken by the organisation.

Risk register functions are an auxiliary tool to decision-making process and for the monitoring of risks concerning the organisations' decisions, activities and positioning, considering the evolving contexts, for adapting preventive, contingencies and responsive measures. In Oikos, risk registers exist at operational (program and department) and strategic levels and are created and updated by Country managers/ Head of Department,

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reviewed by their hierarchical superior and shared with the Executive Board.

In the risk register, 4 levels of risk exist:

- i) low;
- ii) medium;
- iii) high;
- iv) extreme.

Medium, high and extreme risks require the definition of contingency measures by the Country managers/ Head of Department and/or their hierarchy, when outside their capacity. High and extreme risks must be acknowledged and accepted by the Executive Board and, upon the Executive Director decisions, by the Board of Directors. Risk register also identifies the level of impact associated to the risk (low, medium, high, extreme) and the envisaged risk trend, if applicable (up, down, same).

4. PRINCIPLES

- Risk management addresses uncertainties that the organisation and its interventions face;
- Risk is part of Oikos work and may vary according to the physical/geographic, environmental, political, social, economic, religious and cultural context where Oikos work. It must, nevertheless, be continuously assessed and managed, at different levels, according to the context and level of existing risks;
- Risk management should be part of the organisational, governance and decision-making processes. Risk management should be based on the best information available and it should

be made aware that some information may be unprecise, limited and untimely;

- Risk management creates and protects value and must take human, impact and sustainability factors into account;
- Risk management must be dynamic and adaptive to change, contributing to the continuous improvement and protection of the organisation, its work, staff and beneficiaries. It must, also, be tailored to Oikos' mandate, principles, capacities and resources.

5. COMMITMENTS

Oikos:

- Identifies, monitors and analyses ongoing risks to its mandate, strategy and sustainability; the organization assesses and analysis risks of future political, strategic, operational and financial decisions;
- Most relevant risks have identified preventive, contingency and mitigation measures and are informed within the organisational structure;
- Executive Board and the Board of Directors are aware and participate in the mitigation of high and extreme risks, with high or extreme impact;
- Raises awareness of and integrates risk management into project and organisational management, in order to disseminate the understanding of the importance and value of risk management and attain responsibilities of the involved staff;

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- Approves and updates relevant policies that guide practices, procedures and internal norms (including operational and financial compliance protocols and regulations), towards the internal management of the organisation and external actors;
- Regularly train/ recycle staff on the application of complementary policies. The promotion of the organisation's principles, values, procedures and good practices reduces compliance and organisational risks;
- Carries out regular internal and external audits and program monitoring activities;
- Considers communication and transparency to all staff, third party collaborators, beneficiaries and other relevant stakeholders as essential to prevent several risks and mitigate their impact, should they occur;
- Foresees a reserve in the organisations' budget for contingency purposes, including staff a 3-month salary reserve (according to the administration manual);
- Foresees a maintenance budget for all office facilities, vehicles and IT (including backup and software update), with assigned responsibilities;
- Has clearly defined crisis management procedures, involving Country managers, Executive Board and Board of Directors;
- Has in place insurance policies for all staff, property (including rented vehicles) and facilities.

6. RESPONSIBILITIES

The Board of Directors is requested to identify and review the strategic, political and sustainability risks to which the organisation is exposed (or may be exposed, upon certain decisions) and to assess the likelihood of such risks and the possible level of impact. The Board of Directors will request the Executive Board to ensure that preventive, contingency and mitigation measures are in place and may be involved in mitigation/ responsive decision-making when high/ extreme risks, with high/ extreme impact are identified, upon request of the Executive Board.

The Audit Committee (Conselho Fiscal) analyses the annual accounts and external audits, granting recommendations to the Board of Director and General Assembly, to control or ensure the reduction of financial risks that may jeopardise the organisations existence or sustainability.

The Executive Board, composed by the different Head of Departments + the Executive Director identify and analyse the program and department risk register. They monitor and guide the program (along with Country managers) and Department risk register and are involved in mitigation/ responsive decision-making when high/ extreme risks, with high/ extreme impact are identified.

Managers and staff comply with risk management policy and processes and promote practices and an environment where risks can be identified and controlled.



Oikos – Cooperação e Desenvolvimento is a Non-Profit Association, internationally recognized as a Non-Governmental Organization for Development. We believe in a world without poverty or injustice, where human development is equitable and sustainable at both local and global levels. For this reason, we have assumed the mission of eradicating poverty and reducing inequalities so that all people may enjoy the right to a dignified life.

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