



The Global Crop Diversity Trust
Enterprise Risk Management Policy

May 2023

APPROVED BY THE EXECUTIVE BOARD ON NOVEMBER 16, 2023

PREAMBLE

The Global Crop Diversity Trust (the Crop Trust) is an autonomous international fund, established under international law. It strives to ensure the long-term conservation and availability of plant genetic resources for food and agriculture with a view to achieving global food security and sustainable agriculture.

The Executive Board of the Crop Trust has responsibility for ensuring an appropriate risk management process is in place to identify and manage high and significant risks to the Trust. The Executive Board adopted an approach for the Crop Trust whereby the review and monitoring of key risks is a standing item at each Fall Board meeting using a framework of identifying, assessing, managing, and monitoring risks.

Risk management is an essential element of the Governance – Risk Management – Compliance (GRC) trio (*Figure 1*). In order to create and run governance and compliance mechanisms, they need to be supported by robust risk management systems. A strong risk management system requires risks to be integrated in all activities and all decision-making levels of the organization.

Figure 1: GRC structure



Monitoring is an essential part of the risk management process which requires clear assignment of responsibility. It ensures that the Crop Trust's risk management continues to be applied at all levels and across the organization. The monitoring and review process conducted across the institution enables the Crop Trust to: a) analyze and learn lessons from events, changes, and trends; b) detect changes in the external and internal operating environment, including changes to the risks which may require revision of risk actions and priorities; c) ensure that the risk control and mitigation measures are effective in both design and operation; and d) identify emerging risks. Monitoring of risks in the Crop Trust is an ongoing process which comprises a) a formal institutional review done annually as part of the detailed institutional risk matrix assessment involving all staff, and b) on an ongoing basis as and when changes or new risks are identified.

With a view to further advancing the risk management process within the Crop Trust, the risk management process has been digitalized and is integrated into the Crop Trust ERP systems. With the overall objective of integrating all activities of the organization within risk management and in line with the ISO 31000:2018 Risk Management Guidelines approach, an Enterprise Risk Management (ERM) has been adopted.

1. PURPOSE AND SCOPE

1.1 The purpose of this Policy is to govern the risk management process within the Crop Trust.

1.2 The Crop Trust has adopted an Enterprise Risk Management approach and therefore, this Policy applies to the management of all risks within the Crop Trust.

2. DEFINITIONS

For the purposes of this Policy:

- (a) "Expected risk" means the risk after considering agreed actions that have not yet been implemented;
- (b) "Event" means occurrence or change of a particular set of circumstances;
- (c) "Consequence" means outcome of an event affecting objectives;
- (d) "Control" means measure that maintains and/modifies risks;

- (e) "Inherent risk" means the risk before considering existing controls;
- (f) "Likelihood" means the change of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively;
- (g) "Opportunity" means an event or circumstance that may positively affect the achievement of objectives;
- (h) "Policy" means the Risk Management Policy;
- (i) "Residual risk" means the risk after considering existing controls;
- (j) "Risk" means an event or circumstance that has a cause and effect and that may affect the achievement of institutional objectives;
- (k) "Risk Appetite" means the degree of risk that the Crop Trust is willing to accept in pursuit of its mission and objectives;
- (l) "Risk Management" means coordinated activities to direct and control the organization with regard to risks;
- (m) "Risk Source" means the element which alone or in combination has the potential to give rise to a risk;
- (n) "Target risk" means the desired optimal level of risk;
- (o) "Threat" means an event or circumstance that may negatively affect the achievement of institutional objectives.

3. RISK CATEGORIES

3.1 Risks at the Crop Trust are classified into nine categories: (1) Strategy, (2) Performance, (3) Governance, (4) Environment and Climate Change, (5) Gender, Diversity, and Inclusion, (6) Finance and Investment, (7) Operations, (8) Programs, and (9) External Affairs. Reputational risks are identified as cross-cutting risks whereby risks occurring in any category could potentially have a negative impact on the Crop Trust's reputation.

3.2 Risks identified under each category are outlined as follows;

- 3.2.1 “Strategy” refers to those that can create a negative impact on the Crop Trust’s ability to achieve its strategic goals;
- 3.2.2 “Performance” refers to situations that can potentially limit or hinder the Crop Trust’s ability to perform its mandate at its full potential;
- 3.2.3 “Governance” refers to the impediments in the Crop Trust’s ability to operate ethically, with full integrity and overall, in line with governance standards;
- 3.2.4 “Environment and Climate Change” refers to the Crop Trust’s negative environmental impact as well as the effects of climate change on the performance of the Crop Trust’s activities and investments;
- 3.2.5 “Gender, Diversity, and Inclusion” refers to those that can hinder or create setbacks in mainstreaming gender, diversity, and inclusion into all operations and structures of the Crop Trust;
- 3.2.6 “Finance and Investment” refers to concerns related to the management of the endowment fund, financial irregularities, inefficient use of financial and other assets;
- 3.2.7 “Operations” refers to concerns related to human resources, health and safety, travel, and ICT security;
- 3.2.8 “Programs” refer to those that could negatively affect the Crop Trust’s ability to successfully manage and deliver its programs and projects;
- 3.2.9 “External Affairs” refer to setbacks that might occur in donor engagement and communication management.

4. ROLES AND RESPONSIBILITIES

- 4.1 The Executive Board is responsible for ensuring that an appropriate risk management process is in place to identify and manage high and significant risks of the Crop Trust.
- 4.2 The Finance and Audit Committee is responsible for reviewing the institutional risk management strategy and reporting on the risk management to the Executive Board.

4.3 The Investment Committee is responsible for overseeing the Crop Trust's financial and investment risks and ensuring that an appropriate contract environment is in place to govern the management of investment risks.

4.4 The Executive Secretary is responsible and accountable for implementing the risk management effectively in all functions and operations of the Crop Trust and to report to the Executive Board on the progress made in mitigating risks.

4.5 The Secretariat is responsible for identifying the risks and developing risk mitigation strategies for each risk annually which are then submitted to the review of the Finance and Audit Committee and approval of the Executive Board as set forth in Clauses 5.1 and 5.2 above. The Secretariat is further responsible for implementing the risk management and integrating the risk management activities into the operational activities of the Crop Trust.

5. RISK MANAGEMENT PRINCIPLES

5.1 With a view to conducting effective and efficient risk management, the governing principles of the Crop Trust's risk management framework and processes consist of:

- 5.1.1 Risk management is an **integral** part of all organizational activities;
- 5.1.2 A **structured and comprehensive** approach to risk management for consistent and comparable results;
- 5.1.3 The risk management framework and processes are **customized and proportionated** to the Crop Trust's external and internal context;
- 5.1.4 The risk management process is **inclusive**;
- 5.1.5 The risk management process is **ongoing and dynamic** and anticipates, detects, acknowledges and responds to changes and events in an appropriate and timely manner;
- 5.1.6 The inputs to the risk management are based on the **best available information**;
- 5.1.7 **Human and cultural factors** have significant influence over all aspects of risk management;
- 5.1.8 Risk management is **continuously improved** through learning and experience.

6. RISK ASSESSMENT

6.1 The risk assessment process consists of 3 phases: risk identification, risk analysis and risk evaluation.

6.2 The purpose of the **risk identification** process is to find, recognize and describe risks that might preclude the Crop Trust from achieving its mission, whether directly or indirectly. The risk identification shall be done by processing relevant, appropriate and up-to-date information. The following factors can be considered while identifying risks:

- 6.2.1 tangible and intangible sources of risk, regardless of whether they are within the Crop Trust's control;
- 6.2.2 causes and events;
- 6.2.3 threats and opportunities;
- 6.2.4 vulnerabilities and capabilities;
- 6.2.5 changes in the external and internal context;
- 6.2.6 indicators of emerging risks;
- 6.2.7 the nature and value of assets and resources;
- 6.2.8 consequences and their impact on objectives;
- 6.2.9 limitations of knowledge and reliability of information;
- 6.2.10 time-related factors;
- 6.2.11 biases, assumptions and beliefs of those involved.

6.3 The purpose of **risk analysis** is to identify the inherent risk by understanding the nature of the risk and its characteristics. It shall be conducted through utilization of qualitative and quantitative techniques and shall consider the following factors:

- 6.3.1 the likelihood of events and consequences;
- 6.3.2 the nature and magnitude of consequences;
- 6.3.3 complexity and connectivity;
- 6.3.4 time-related factors and volatility;
- 6.3.5 the effectiveness of existing controls;
- 6.3.6 sensitivity and confidence levels.

6.4 As a result of the analysis, the inherent risk of each risk is ranked from lowest to highest as low, moderate, significant, and high using the Risk Level Scoring Table in Annex A.

6.5 The purpose of **risk evaluation** is to support the decisions to be taken to address risks. The decisions that could be taken as a result of risk evaluation are:

- 6.5.1 taking no further action;
- 6.5.2 considering risk treatment options, as regulated in Article 7 hereunder;
- 6.5.3 undertaking further analysis to better understand the risk;

- 6.5.4 maintaining existing controls;
- 6.5.5 reconsidering the Crop Trust's objectives.

6.6 Following the risk evaluation, the target risk of each risk is decided upon by the Crop Trust management.

6.7 The risk assessment process is conducted under the coordination of the Legal and Compliance Officer and through input from all teams and the management of the Crop Trust.

7. RISK TREATMENT

7.1 The purpose of risk treatment, a process under risk evaluation phase, is to select and implement decisions and respective methods for addressing risks. Risk treatment process consists of three phases: (1) determining the risk treatment options; (2) planning and implementing risk treatment; (3) reporting on effectiveness.

7.2 Upon considering the institutional capacity and in compliance with the organizational Risk Appetite, the risk treatment options for each risk will be identified. The risk treatment options may include one or more of the following:

- 7.2.1 Avoid: Avoiding the risk by avoiding the risks that cause the risk or by removing the risk source;
- 7.2.2 Transfer: Transferring all or part of the risk to and/or sharing it with third parties;
- 7.2.3 Mitigate: Taking actions to reduce the risk;
- 7.2.4 Accept: Taking or increasing the risk in order to pursue an opportunity.

7.3 As part of the planning and implementation of the risk treatment, the chosen risk treatment options will be put into action. Accordingly, the respective actions will be identified for each risk. These actions could be existing actions or actions planned in the same calendar year or a combination of both. Every action identified shall include a timeline with a pre-set date of completion. The risk treatment plans shall be integrated into the management plans and processes of the Crop Trust.

7.4 The implementation of each action identified as part of the risk treatment plan shall be ensured by making the relevant Crop Trust teams or bodies responsible for the action and by assigning a senior staff member to report on the progress of the action.

7.5 Once the actions are identified, the risk shall be subject to a second level of analysis using the Risk Level Scoring Table in Annex A to determine the:

7.5.1 Residual risk to be calculated after considering the existing actions in place;

7.5.2 Expected risk to be calculated after considering the planned actions; and

7.6 The purpose of the reporting of effectiveness phase of the risk treatment process is to ensure that the risks are monitored, reviewed and up to date. The staff member assigned to an action as per Clause 8.4 above has the responsibility of reporting on the progress of the respective action at least once a year and latest by the end of the calendar year.

7.7 All phases of the risk treatment process shall be recorded in the Crop Trust ERP system and shall be accessible only to the Crop Trust staff members.

Annex A – Risk Level Scoring Table

	Consequence				
<i>Likelihood</i>	Severe	Major	Moderate	Minor	Insignificant
Almost certain	High	High	High	Significant	Significant
Likely	High	High	Significant	Significant	Moderate
Possible	High	Significant	Significant	Moderate	Low
Unlikely	High	Significant	Moderate	Low	Low
Rare	Significant	Significant	Moderate	Low	Low
Risk Level Legend:	High: immediate action required Significant: attention needed Moderate: management responsibility must be specified Low: manage by routine procedures				

Annex B – Statement of Risk Appetite

Introduction

The purpose of this Statement of Risk Appetite (Statement) is to provide an institutional framework to enable the Crop Trust management to make informed decisions in relation to its mission and strategic objectives by reducing uncertainty and improving consistency across the governance mechanisms and decision-making.

Risk Appetite Levels

The Crop Trust has identified four risk appetites to define the degree of risks it is willing to accept in pursuit of its mission and objectives.

Degree	Risk Appetite	Tolerance	Consideration
3	Open	Areas where potential upside benefits outweigh the risks	All potential options are considered and informed risk-taking is appropriate
2	Exploratory	Areas where there is balance between potential upside benefits and downside effects	New solutions and options for delivery are considered
1	Cautious	Areas where low-risk delivery options are sought	Innovation is piloted only in controlled environment
0	Averse	Areas subject to strong control environment to avoid the risk and uncertainty	Activities with only no inherent risk are undertaken

Risk Pillars

Risk Pillars	Risk Appetite Level	Statement
Science	Open	The Crop Trust is open to pursuing opportunities to maximize contribution to genebank operations and research, provided that the ethical and high-quality science standards are complied with.
Reputation	Cautious	The Crop Trust cannot compromise its values, ethical stance, and credibility among its stakeholders and explores new opportunities through implementation of its controls system.
Compliance	Averse	The Crop Trust has zero tolerance against financial irregularities, misuse of funds, and human rights violations.
Financial Resources and Endowment Fund	Exploratory	The Crop Trust seeks to manage its financial resources and the endowment fund effectively with a view to delivering its objectives in a timely fashion and maintaining organizational sustainability while supporting its program of work.
Strategic Approach	Open	The Crop Trust is open to developing and implementing its strategy to adapt to global developments and needs, provided that it is in line with its mission and values.
Environmental and Social Impact	Cautious	The Crop Trust seeks to plan all of its projects to safeguard those who are affected by them and operates in an ethical fashion by doing no harm or in the cases where it is unavoidable, offsetting its impact.