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# Sustainable Rice Platform Risk Management Policy

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### About the Sustainable Rice Platform (SRP)

The Sustainable Rice Platform e.V. (SRP) is a global multi-stakeholder alliance comprising over 100 institutional members from public, private, research, civil society and the financial sector. Originally co-convened by the International Rice Research Institute (IRRI), the United Nations Environment Programme (UNEP) and private partners, SRP is an independent member association, working together with its partners to transform the global rice sector by improving smallholder livelihoods, reducing the social, environmental and climate footprint of rice production, and by offering the global rice market an assured supply of sustainably produced rice.

### Contact details

E-mail: [info@sustainablerice.org](mailto:info@sustainablerice.org)

Web: [www.sustainablerice.org](http://www.sustainablerice.org)

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## Objectives

The objective of the **Sustainable Rice Platform Risk Management Policy** is to provide a framework for managing threats to SRP's mission, organization, objectives, action plans, and brand, while also facilitating a common understanding and awareness of risk-related concepts and applications at all levels of SRP.

This framework outlines the (a) scope and application of risk management, (b) definitions of key terms, (c) methods and tools to be used for conducting risk management, (d) roles and responsibilities assigned to implement this Policy, and (e) review schedule.

## Overview and Scope

### Background

The Sustainable Rice Platform faces a diverse array of internal and external threats. This Policy provides an integrated framework for managing such threats and attendant risks.

In doing so, our approach to risk management is about finding balance, or an optimal level of risk based on a clear assessment of trade-offs. Just as there are trade-offs between cost and rigor of verification, trade-offs also emerge between reducing risk and accelerating impact. Therefore, eliminating risk is not necessarily SRP's goal, even if it were theoretically possible for some threats.

Risk management is integral to all SRP tools and approaches in addressing the social, economic, and environmental threats associated with global rice production and consumption. Our multi-stakeholder membership, staff, Assurance Scheme, Chain of Custody Policy and Standard, Internal Management System Standard and Guidelines, training programs, and ISEAL membership are all geared toward this purpose.

By the same token, SRP is connected, formally and informally, to myriad stakeholders around the world. Because our work affects them—and their engagement affects us—we consider and incorporate their interests within this Policy's framework.

### Scope and application

Our risk management approach shall account for threats and risks to the SRP ecosystem, broadly defined, encompassing the organization, activities, and stakeholders, including:

Organization	Activities	Stakeholders
<ul style="list-style-type: none"> <li>▪ SRP e.V.</li> <li>- General Assembly</li> <li>- Board</li> <li>- Committees</li> <li>▪ SRP Services Co., Ltd. (Secretariat)</li> <li>▪ National chapters</li> </ul>	<ul style="list-style-type: none"> <li>▪ Scheme development</li> <li>▪ Assurance and oversight</li> <li>▪ Training oversight</li> <li>▪ Project partnerships</li> <li>▪ Data development</li> </ul>	<ul style="list-style-type: none"> <li>▪ Members of the e.V and national chapters</li> <li>▪ Donors</li> <li>▪ Project partners</li> <li>▪ Development partners</li> <li>▪ Supply chain actors</li> <li>▪ Assurance and training participants</li> </ul>

**This policy shall apply to the SRP Board, members, staff, consultants, and interns.**

## Definitions

### In this Policy and the SRP Risk Management Plan:

- **Common root cause analysis** is an analytical method for identifying the underlying factors giving rise to threats and determining the degree to which these factors are the same or have characteristics in common.
- **Risk** is a combination of the likelihood of a particular threat actually happening and the impact if it does happen. A risk can range from low to high.
- **Risk appetite** is the amount of risk (across all threats) that SRP is willing to take on to pursue its mission and objectives.
- **Risk gap analysis** is a method for prioritizing risks for mitigation by identifying the numerical difference between a risk rating and a risk target.
- **Risk Management Plan** is an internal SRP document that applies this Risk Management Policy and risk management methodologies to categorize identified threats from the Threat Register; assess threats and assign each a risk rating and risk target rating; set out mitigation/treatment measures; and establish monitoring responsibilities and schedules.
- **Risk target** is the target or optimal level of risk for an individual threat.
- **Threat** is any event, action, potential action, or inaction that could impede SRP achieving its mission or objectives. Threats may be reputational (e.g. supply chain fraud), operational (e.g. unclear requirements), financial (e.g. revenue loss), compliance-related (e.g. failing to meet requirements), strategic (e.g. competition in the standards sector), or external (e.g. climate change).
- **Threat Register** is an internal SRP document that records and categorizes identified threats to the organization.
- **Vulnerability** exists where risk management does not reduce a threat to an acceptable risk level.

This list of definitions is replicated in the SRP Risk Management Plan. Any change to the definitions in this Policy results in corresponding changes in the Risk Management Plan.

## Framework Components

SRP shall apply a coordinated and integrated approach to risk management, including threat identification and risk assessment, mitigation/treatment, monitoring, and reporting. SRP shall reinforce this approach with appropriate risk training and awareness initiatives. This section provides an overview of methods, tools, and personnel involved.

### RISK MANAGEMENT PROCESS

Under the oversight of the Governance and Risk Committee (GRC), the Executive Director (ED) shall be responsible for developing and maintaining a Threat Register and Risk Management Plan, enlisting support as necessary to ensure delivery.

Unless otherwise stated, the ED shall use the following process as a foundation for producing these risk management materials.

#### Step 1—Threat identification

- Maintain a Threat Register, comprising a comprehensive list of threats to SRP's objectives, including those outside as well as within SRP's direct control.
- Categorize threats by type, including financial, operational, reputational, strategic, and compliance-related, as well as whether they are internal or external.
- The Threat Register shall be reviewed and updated at least annually, in consultation with internal and external stakeholders.

#### Step 2—Risk assessment

- Determine a time horizon for the likelihood of a threat transpiring. The same horizon should be used for all threats to facilitate prioritization (e.g. five years).
- Assess the risk for identified threats using a five-point scale, determining the threat's *Likelihood* (L), *Impact* (I), and assigning a risk rating where the rating = (LxI).
- Map the risk ratings using a risk matrix such as a traffic light system:

Impact					
	Likelihood				

- Assign a risk target for each assessed risk, remaining aware that risks will naturally vary across SRP. Knowing that reducing risk to zero is often unlikely or inappropriate, risk targets should be reasonable in light of anticipated mitigation.

- Conduct risk gap analysis and/or common root cause analysis to prioritize risks for mitigation.

### **Step 3—Risk mitigation**

- Apply a risk mitigation option to each prioritized risk. Options may include:
  - Avoiding the risk by eliminating any adverse impact (e.g. project termination)
  - Reducing the risk by limiting its likelihood or impact (e.g. internal controls)
  - Transferring the risk by shifting it to another party (e.g. through contracts)
  - Accepting the risk (i.e. at the current rating)
- For each mitigation action, assign responsibilities and deadlines across the organization for administering the action.
- Ensure coherence and efficiency across risk mitigation duties and schedules.

### **Step 4—Risk monitoring, evaluation, and learning (MEL)**

- Maintain appropriate performance indicators to monitor whether mitigation measures are effective, and adjust or refine performance indicators to ensure reliability and validity of data collection processes.
- Assign individual responsibilities for, and frequency of, monitoring risk(s) within their respective purview.
- Maintain an Early Warning System for high risks that allow for immediate escalation to the Board for review and action.
- Assign evaluation and learning responsibilities and cross-pollinate knowledge generated from MEL activities to foster best practice.
- Evaluate the effectiveness of SRP's risk management framework.

### **Step 5—Risk reporting**

- Maintain communication channels vertically and horizontally across the organization to share risk-based information, facilitate reporting, and enable any staff member, contracted worker, or stakeholder to bring potential threats to the attention of the Secretariat or Board as appropriate.

## **RISK MANAGEMENT TRAINING AND AWARENESS**

Effective risk management requires that relevant personnel and stakeholders understand the threats and risks facing all elements of the SRP ecosystem, i.e. organization, activities, and stakeholders.

To promote a risk-aware culture, the Secretariat, at the ED's direction, shall develop a risk management training module for current and future staff, Board members and Technical Committee members.

The Secretariat shall incorporate risk awareness training into employee onboarding and ensure that contractual requirements for key personnel and entities include an appropriate emphasis on risk management responsibilities.

The Secretariat shall evaluate the effectiveness of SRP's risk training and awareness efforts at regular intervals and make improvements based on the findings.

## Responsibilities

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**The Board shall be accountable for all elements of this Policy and responsible for the following:**

- Ensuring that SRP takes an integrated approach to risk management by approving a Risk Management Policy, Threat Register and Risk Management Plan
- Reviewing the Threat Register and Risk Management Plan annually and approving updates as necessary.

**The Governance and Risk Committee shall be responsible for the following:**

- Ensuring the stewardship and observance of this Policy
- Overseeing the Executive Director's management of threat/risk identification, assessment, mitigation, monitoring and evaluation and reporting, consistent with the requirements of this Policy, Threat Register, and Risk Management Plan
- Coordinating the Board's annual reviews of the Threat Register and Risk Management Plan
- Providing guidance to the Executive Director on the continuous improvement of SRP's risk management practices
- Approving a risk management training module for staff, Board members and Technical Committee members.

**The Executive Director is responsible for the following:**

- Coordinating and administering overall implementation of the Risk Management Policy, including development and maintenance of the Threat Register and Risk Management Plan
- Developing a risk management training module for staff and members of the Board and Technical Committee to elevate risk awareness across the organization
- Educating the Board, staff, and stakeholders on this Policy, its relationship to other internal risk documents, and their respective responsibilities with regard to reporting on progress, challenges, and opportunities
- Monitoring and evaluating risk mitigation performance as a basis for continuous improvement
- Supporting the GRC in its coordination of the Board's annual reviews of the Threat Register and Risk Management Plan
- Reporting to the GRC on implementation of this Policy, the Threat Register, and Risk Management Plan.



Responsibility for implementing the Risk Management Policy and Risk Management Plan is shared across all parts of SRP's organization and programs, including all organs and units of SRP e.V. and SRP Services Co. Ltd.

## **Review Schedule**

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The GRC shall review this Policy annually to ensure clarity, accuracy, and cohesion as a framework document for organizational risk management, elevating recommendations for amendments to the SRP Board as necessary.

## **Related Documents**

SRP Threat Register

SRP Risk Management Plan