

IFSC RISK MANAGEMENT GUIDELINE

- Finance -



INTERNATIONAL FEDERATION OF SPORT CLIMBING

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I – PREAMBLE

As the international sport organisation, the IFSC recognizes that there are risks inherent in all facets of our governance, programme delivery, and business operations. IFSC is committed to managing risks to the organisation. We take the safety, well-being, and satisfaction of our members and participants seriously. While we are not averse to taking organisational risks and pursuing opportunities, we will do so thoughtfully and in an informed manner. Financial risks are related to the financial monitoring and reporting, flexibility to control and direct funds, sponsorship attraction and retention, currency exchange rates, investment and management of reserve funds, protection of revenue streams, and long-term financial sustainability. As well, all risks are interrelated. A weakness in operational, communication, health and safety, or other risks can have detrimental effects on financial risk.

This Guideline will continue to be a work in progress and will change over time as risks evolve.

II – PURPOSE

The purpose of this document is to provide a guide on how risk management is to be performed within the IFSC. In general, we view risk management as a comprehensive approach to improving organisational performance. The Risk Management Guideline links directly with IFSC Risk Registry. Other purposes include:

- Reinforcing an understanding of risk management as having a broad focus, beyond merely preventing lawsuits and financial losses;
- Performing an educational function for staff and the Board;
- Over the longer term, contributing to enhancing a 'risk management culture' within the IFSC and its Members (as applicable);
- Promoting good decision-making.

Ultimately, successful risk management has the following benefits for the IFSC:

- Supports a safe environment for athletes, members, volunteers and employees;
- Improves the quality and relevance of the programmes and services that IFSC provides to its members, partners and sponsors;
- Promotes improved business management and human resource management practices;
- Enhances IFSC's brand, reputation and image in the community;
- Enhances IFSC's ability to achieve its strategic objectives;
- Helps to protect the IFSC against unnecessary financial loss or litigation.

III – SCOPE AND AUTHORITY

The General Director is the designated Risk Manager for the IFSC and is responsible for the implementation, maintenance and communication of this guideline. It is understood that the General Director works with the required staff and volunteers to ensure that risks are managed according to this document, which applies to all decisions and activities undertaken on behalf of the IFSC.

This Guideline applies to all activities undertaken by the IFSC at the international and continental level. Risk management measures may also be recommended by the IFSC for implementation by National Federations. Members are encouraged to prepare guidelines similar to this guideline, to govern the management of financial risk within their jurisdictions.



IV – DEFINITIONS

Risk: The effect of uncertainty on achieving desired outcomes.

Risk management: An integrated, documented and system-wide process used to identify, assess and treat risks so as to better achieve desired outcomes and reflect the organisation's values.

Risk management Guideline: A statement of the IFSC's commitment to risk management.

Risk management Programme: What the IFSC will do to analyse risk and to implement, monitor, and evaluate risk strategies.

Risk Registry: A document that outlines identified and assessed risks, current risk treatment measures, possible additional risk treatment measures, and communication efforts. The registry is updated regularly by the IFSC.

V – RISK MANAGEMENT PRINCIPLES

The International Standard Organisation (ISO 31000:2009E) principles are:

- Risk management creates and protects value.
- Risk management is an integral part of all organisational processes.
- Risk management is part of decision making.
- Risk management explicitly addresses uncertainty.
- Risk management is systematic, structured and timely.
- Risk management is based on the best available information.
- Risk management is tailored.
- Risk management considers human and cultural factors into account.
- Risk management is transparent and inclusive.
- Risk management is dynamic, iterative and responsive to change.
- Risk management facilitates continual improvement of the organisation.

VI – RISK MANAGEMENT PROGRAMME

The IFSC makes the following commitments:

- Activities and events undertaken by the IFSC will incorporate the principles of risk management;
- Systematic and explicit steps will be taken to identify, assess, manage and communicate risks facing the IFSC in a timely fashion;
- Risk mitigation strategies will be reasonable and will reflect the reasonable standard of care in any circumstance (where standard of care is determined by written/published standards, industry practices, established case law precedent, and common sense).

The IFSC acknowledges that risk management is a broad activity and a shared responsibility. All officers, employees and volunteers have an ongoing responsibility to take appropriate measures within their scope of authority and responsibility to identify, assess, manage and escalate, if necessary.

VII – RISK TOLERANCE PROFILE

The significance of a risk refers to the combined ranking of the likelihood of a risk occurring and the consequence if it occurs (severity).

Likelihood:

Almost certain – Very likely to occur in the foreseeable future, expect it to happen in the next 12 months.

Probably – Likely to occur in the foreseeable future, expect it to happen in the next 4 years.

Possible – Not likely to occur in the foreseeable future, could happen in 5 to 25 years.

Unlikely – Will only occur in exceptional circumstances, 25-to-100-year events.

Severity:

Catastrophic – Debilitating impact on key objectives. Estimated financial impact: 3 million Euros or greater. Example: loss of IOC/Member recognition.

Serious – Significant impact on key objectives. Estimated financial impact: loss of 1 to 3 million Euros. Example: exclusion from Olympic Games.

Moderate – Minor impact on key objectives. Estimated financial impact: loss of 100,000 to 1 million Euros. Example: loss of an entire season of events.

Minor – Negligible impact on key objectives. Estimated financial impact: less than 100,000 Euros. Example: loss of a single event.

The following figure combines the likelihood and severity of events to express their significance:

Significance:	Minor	Moderate	Serious	Catastrophic
Almost Certain	Medium	High	Extreme	Extreme
Probable	Medium	Medium	High	Extreme
Possible	Low	Medium	High	High
Unlikely	Low	Low	Medium	High

VIII – PROCEDURES

Managing risks involves three steps:

1. Identifying existing and emerging risks using an informed, environmental scan approach. This occurs on an ongoing basis by senior staff, and at least quarterly by the IFSC Board;
2. Assessing the significance of a risk by considering its likelihood and consequences;
3. Developing and implementing measures to address those risks deemed significant by reducing likelihood, consequences, or both.

All low to medium risks are managed by the General Director and captured as part of regular reporting.

Risks that arise and are considered to be high to very high are treated as follows:

- a. If a **High risk** is identified, the General Director will communicate to the IFSC President (or Vice-President if President is not available) within 48 hours of the risk being identified. The General Director will take all reasonable measures to manage the risk including, but not limited to, seeking the advice of the President,



the Treasurer, or other Board members, consulting external experts. Once the President and the General Director feel that the risk has been managed or is in the process of being resolved, the Board will be advised using the most appropriate communications, which depending on the nature of the risk, may include an issue document, sharing at the next meeting, or calling a separate Board meeting to keep the Board informed.

- b. If an **Extreme** risk has been identified, the General Director will make all reasonable efforts to immediately contact the IFSC President (or Vice-President if President is not available) and Treasurer. The President, the Treasurer, and the General Director will determine the most appropriate action and if appropriate, may organize a Board meeting within 48 hours of the risk arising. It is understood that factors may arise that prevent this from happening including time zone, availability of Directors, the nature of the risk, etc. The General Director will make all reasonable efforts to manage the risk as it occurs, taking the necessary measures including, but not limited to, seeking the advice from the President, the Treasurer, internal partners, other Board members or external experts.

In case the General Director is not available for any reason, risk shall be escalated to the President.

The IFSC recognizes that communication is an essential part of risk management. This guideline and our Risk Management Programme will be communicated frequently to staff, Board of Directors, committees and members, and we will encourage all members to communicate to the IFSC their risk management issues and concerns. Specifically, the following steps will be taken to ensure a risk-aware culture is being fostered:

- Staff, including the General Director, reviews IFSC's risk registry on a monthly basis or as risks arise, and report this to the Executive Board, as part of the monthly regular reporting.
- Staff provide updates on matters of risk to the Board at every meeting as a standing item on the agenda. If changes or additional updates to the Risk Management Guideline or to the Risk registry are needed, they will be brought forward for discussion and approval.
- The Board Annually reviews and updates the Risk Registry and the Risk Management Guideline to determine if any additional high to extreme risks need to be added and to confirm the organisation's risk tolerance profile.

VIII – ANNEXES

The following documents are annexes to the Guideline:

- IFSC Risk Registry