

ECPAT International

Risk Management Appetite Statement

Update: March 2024

Introduction

This Risk Management Appetite Statement considers the significant risks to which ECPAT International (EI) is exposed in pursuing its objective to end all forms of child sexual exploitation.

The ECPAT Network comprises of 125 network members in 104 countries. The Executive Director is responsible for the development of strategies and policies, as well as the execution thereof. The Supervisory Board monitors and evaluates the execution.

In this Statement, consideration is given to the fact that actions from EI as the Secretariat may cause a risk to the target group (children and professionals), individual network members, the Network as a whole, or the liability of the Supervisory Board, and that actions from network members or the Supervisory Board may cause a risk to the Secretariat and to the Network as a whole. While the purpose of this statement is primarily to state the risk appetite and mitigation plans of the Secretariat, the linkages with the network, its members, and the Supervisory Board cannot be neglected.

EI recognises that as a child rights organisation, it has a moral and legal responsibility to ensure that children are safe when they are in the organisation's care – directly or indirectly.

EI provides resources and support to member organisations and partners who may be working directly with children and young people, many of whom are from vulnerable or marginalised groups, live or have lived in difficult circumstances, and/or are at risk of exploitation.

EI is committed to ensuring that all of its activities are conducted legally, ethically and with integrity.

Risk Management Framework

EI has developed a risk management framework which identifies and manages risk with the first step being this Risk Appetite Statement.

Risk is consistently examined on an ongoing basis in ECPAT's work, including in proposals for funding and management planning and reporting. In the design of programmes, risk is assessed in terms of factors that could impede achievement of programme/project objectives.

Reputational risk is considered in relation to all decision making. Due to the sensitive, clandestine and criminal nature of child sexual exploitation, risks related to the staff and

organizational security are given particular attention and taken into account. Financial risks are addressed in the context of financial planning and existing procedures.

Risk Appetite Statement

EI's risk appetite statement sets out a vision on how risks are to be viewed and provides the basis for setting acceptable levels of risk tolerance.

The EI Executive Director has responsibility for the security and safety of EI staff, for the setting and implementation of strategic goals and for the management of risk associated with its activities. To effectively implement the strategic framework EI supports Network members in capacity development so that they can be effective in their own country and region. To implement joint actions, the Secretariat at certain times may provide financial resources to Network members.

In global advocacy to ensure protection of the rights of the child from sexual exploitation, EI collaborates with governments and intergovernmental agencies, United Nations agencies, (international) non- governmental organisations and the private sector.

Coverage

Strategic Risks

EI recognises that the actual or perceived inability to deliver strategic initiatives could have a significant impact on its ability to achieve its objectives as well as reputation. Every three years at the International Assembly a strategic framework is endorsed to ensure initiatives are prioritised appropriately and are managed and reported on a consistent basis.

EI relies on Network members to deliver the objectives of the strategic framework and acknowledges that it does not have direct control of Network member's actions.

EI has a **high risk appetite** for those strategic risks that will realise its strategic goals and objectives.

Financial Risks

EI assesses its financial risks both from a strategic and operational perspective. EI requires at all times a balance between adequate reserves and liquidity, and understands that it is not always possible to eliminate all risks.

EI has a **low risk appetite** for financial risk.

Fundraising Risks

EI needs to achieve sustainable growth in fundraising for the organisation to achieve its goals. EI recognises that many funders are interested in programmatic funding rather than operational funding. To mitigate this risk EI must develop relationships with funders who understand the way the Secretariat operates.

EI has a **high risk appetite** in identifying and exploring new ways of unlocking fundraising opportunities within the broader markets it operates in.

Advocacy Risks

EI approaches the delivery of its advocacy program both from strategic (impact and reach) and operational (structure and delivery) perspectives. Advocacy for change is based on research and evidence.

The elimination of sexual exploitation of children requires significant power shifts both politically and economically as well changes in community attitudes and understanding of the current situation. Advocacy for such change is one of EI's core strengths and it approaches its advocacy activities in accordance with its policies and controls in place to manage the risks inherent in this activity.

Public scrutiny is an inherent component of EI's advocacy. Some of ECPAT's work may generate controversial or negative perceptions and media coverage which will affect its reputation. It may also generate risks for member organisations in countries where public scrutiny is not welcomed or legally restricted. EI will seek to ensure transparent and clear communication in order to mitigate this risk and that key stakeholders are informed and consulted as needed.

EI has a **high risk appetite** in advocating for the elimination of sexual exploitation of children.

Programme Risks

EI delivers programming through a range of thematic areas and across different regions and globally. Research, campaigns and communications are core elements across our programming.

The risks of failing to act often outweigh the risks of engagement and therefore, program decisions are based on analysis and assessment of risks.

EI has a **high risk appetite** when it comes to engagement of/with stakeholders, partner agencies, staff and resources. However, EI has a **low appetite** for failure to deliver project objectives as a result of factors within our control, including lack of management supervision, planning and provision of adequate tools.

Safeguarding Risks

EI's programming sometimes involves direct contact with victims and survivors, children and young people. Such involvement requires always the highest standard of ethical and safeguarding measures, including for implementing partners and agencies, and to the extent possible, for external suppliers.

EI has a **low risk appetite** when it comes to safeguarding issues. EI has **zero tolerance** for sexual exploitation, abuse or harassment by any staff, partner or other related person or entity, regardless the legality of the act, or the relation with ECPAT's programmatic actions.

Fraud & Corruption Risks

EI accepts that the world it operates in could have an exposure to the risk of fraud and corruption. These practices, as well as the misappropriation of resources, are in direct contravention to EI's values. EI's reputation for integrity and competence should not be compromised including in relation to key stakeholders, supporters and governments.

EI has **zero tolerance for fraud and corruption**.

Compliance Risks

EI is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles. Commitment includes compliance to regulations in the host-country of the Secretariat, both for the organisation and for individual staff members and visitors.

While misalignment may occur from time to time due to the complexity of EI's operations, substantive breaches will not be tolerated and such breaches will be remedied as soon as practicable.

EI overall has a **low risk appetite** for non-compliance.

Information Technology Risks

ECPAT International requires its information management systems and procedures to be adequate and relevant for its intended purpose. EI's internal control processes need to ensure the development and implementation of robust technology systems to potentially mitigate significant and malicious threats to ECPAT assets and information.

EI has a **low risk appetite** to the non-availability of systems and **zero appetite** for misuse of information.

Safety Risks

EI aims to create a safe working environment for staff where people are protected from any form of harm, including physical, psychological or sexual.

EI recognises that due to the sensitive, clandestine and criminal nature of child sexual exploitation, risks related to the staff and organizational security can be high.

EI will do all in its power to mitigate safety risk but in particular has **zero tolerance** for non-compliance with accepted work place health and safety practices and for practices or behaviours that may lead to staff being harmed while at work, including psychological harm from continuous exposure to the thematic areas the organisations work on.

EI has a **low risk appetite** for lack of staff wellbeing.

Risk Appetite Implementation

The Executive Director and the Senior Management Team will be responsible for the implementation and compliance with this Statement.

Communication

The Risk Appetite Statement is published on EI's website.

Reporting & Monitoring

The Executive Director and the Senior Management Team monitor this Risk Appetite Statement via the Risk Register which has a number of risk metrics which assists Management in assessing whether outcomes are consistent with the overall risk appetite.

Review

The EI Supervisory Board will determine a formal review the risk appetite statement and risk management policy framework on an annual basis. This review will be coordinated by the Operations Department and proposed changes to the Risk Appetite Statement would be endorsed by the Supervisory Board.

EI Senior Management Team, March 2024