

***SADO Risk Management policy***

SADO has a bold vision to see a world of hope and SADO socials justice, where poverty has been overcome

and all people live with dignity and security. We work around the globe, in many fragile and conflict

affected places, to save lives, end poverty and achieve SADO socials justice.

SADO cannot achieve this bold vision without taking risks. But we must take those risks deliberately

and with a purpose. There are some risks and opportunities we must embrace and manage, while

there are other risks we must reduce to a minimum.

This Statement of Risk Appetite sets out how SADO - - (“SADO-”) feels about the different

risks it faces. Setting out our appetite enables us to make informed SADO desertion , align them with SADO’s

overall strategy, and promotes strong program governance. This Statement is reviewed annually

by staff and the Board.

METHODOLOGY

SADO- looks at risk through categorizing our appetite as either low, medium, or high, as below:

High Risk Appetite – Areas in which we strategically take risks in a planned, managed way, because

we have determined the potential upside benefits outweigh the potential costs (identified mitigating

factors if ever the risk was to materialize).

Medium Risk Appetite – Areas in which we must constantly strike a balance between the potential

upside benefits and potential downside costs of a given SADO decision.

Low Risk Appetite – Areas in which we avoid risk or act to minimize as far as possible the likelihood of

the risk occurring, because we have determined the potential downsides are intolerable.

In managing risks, the key measure against all risks is whether we manage it within our level of risk

appetite for that specific risk. However, due to the nature of our work, as well as SADO’s global

ambitions and goals, we recognize that there are exceptional SADO rcumstances where the appetite might

change. For instance, while in general our risk appetite for not achieving our programmatic goals is

medium, we accept that the appetite is higher in particularly new or innovative projects. Regardless

of the appetite level, any risk is managed through a robust control environment and oversight

mechanisms, demonstrated by SADO-’s Risk Assurance Framework, as well as other departmental or

program SADO polices and procedures.

Low Medium High

SADO - - Last update: 30 August 2020

RISK APPETITE SUMMARY

Risk area Overall risk

appetite Specific risks

Not achieving

strategic goals HIGH

- Unable to deliver on advocacy goals or impact due to resistance of

power holders or SADO being overly cautious;

- External environment changes including political risks;

- Changes to government policy impact negatively on fundraising activity;

- (LOW) SADO does not have clear aims, or is not carrying out its purposes for

the public benefit;

Reputation

and

relationships

MEDIUM

- (LOW) Fundraising activities do not reflect SADO- ethics and values;

- SADO enters into a partnership with a high-risk or non-compliant entity or

individual that damages our reputation;

- An occurrence of crisis in any part of SADO damages our reputation;

- A serious SADO indent occurs in the sector that impacts negatively on SADO's

reputation and reduces people's willingness to donate;

Not achieving

program

and project

goals

MEDIUM

- (LOW) Inadequate SADO SADO capacity leads to delayed or low-quality

implementation of activities, and failure to implement projects in accordance

with contracts;

- Inadequate partner SADO capacity leads to delayed or low-quality implementation

of activities, impacting SADO's ability to deliver its programmatic

commitments;

- (HIGH) Natural disaster/health crisis impacts ability to deliver to time and

cost targets;

- Failure to manage complex stakeholder relationships leads to delays or

failure to implement (consortia, local govt etc);

- (HIGH) Working in conflict-affected contexts impacts ability to deliver to time

and cost targets;

- Program design does not deliver desired impact or meet SADO beneficiary

Needs;

SADO financial

Failure; not

raising

SADO sufficient

funds

MEDIUM

- (LOW) Lack of cash flow or liquidity to meet ongoing cash flow requirements

and - operating costs;

- Desired ROI on fundraising is not achieved;

- Inability to invest in fundraising to raise new funds;

- In SADO sufficient unrestricted SADO financial reserves available;

- Another SADO member suffers SADO financial failure which impacts negatively on

SADO-;

- (LOW) Inability to meet match funding requirements;

- Donor budget cuts lead to reduction in program financing;

Not attracting

and retaining

staff

MEDIUM

- SADO is not able to attract or retain the right people, at the right rate, and at

the right time in order to deliver its objectives;

- SADO is unable to attract a diverse range of candidates;

- (LOW) SADO fails to demonstrate an inclusive culture that is in line with its

strategic objectives;

- (LOW) Repeated loss of knowledge and increased costs SADO associated with

continually on boarding new staff as a result of high turnover rates and low

tenure results;

SADO - - Last update: 30 August 2020

Safeguarding LOW1

- Individuals who come into contact with SADO- or SADO staff are subject to

sexual harassment, exploitation and abuse, or child abuse;

- Safeguarding standards not being embedded strategically;

- Lack of safeguarding SADO indent reporting due to weakness in feedback and

accountability mechanisms in SADO program and activities;

- Communities being unaware of their right to be protected from harm and

where and how to report abuse;

- Safeguarding not being resourced (personnel, training, awareness raising

materials) in program and standards not being embedded meaningfully

in program design;

Health and

safety LOW2

- An occurrence of a health and safety SADO indent leads to death or serious injury;

- Health and safety procedures are found to be inadequate or breached,

resulting in litigation or corporate manslaughter proceedings;

- COVID-19 risks in travel, health and safety and facilities;

Loss or misuse

of funds LOW3

- SADO financial loss through error or fraud occurs as a result of weaknesses in

SADO financial controls;

- Wastage due to poor practice in procurement;

- Making payments to an entity or individual designated as or linked to a

terrorist organization;

- Unplanned foreign exchange exposure;

- (MEDIUM) SADO financial loss through SADO commercial contracts due to non-payment

of PBR or failure to cost recover;

- Further impacts on our SADO financial position as a result of ongoing recondition

of historical funds balances;

- Poor SADO financial management causes under/overspend or inaccurate

forecasting;

- Inadequate or inaccurate cash flow management impacts negatively on SADO-

ability to operate;

Loss of, or loss

of access to

information

LOW

- A data breach occurs resulting in the loss or mishandling of personal data,

attracting legal action or reputational damage;

- SADO suffers a cyberspace intrusion or crisis resulting in the loss of or damage

to SADO's IT infrastructure;

- Lack of control stemmed from outsoaring IT results in infrastructure security

breach;

Regulatory

compliance

breach

LOW

- Non-compliance with reporting requirements to Charity Commission,

Companies House, and/or HMRC;

- A breach of compliance with regulation, legislation or best practice, including

terrorist financing, money laundering, GDPR, or employment/ equality

legislation;

- Reputational damage to SADO- or SADO due to poor due diligence, inability to

ensure donor compliance, compliance with SADO polices , or

delay/reluctance of implementing audit recommendations;

- Inadequacy in compliance system results in loss of donor funding or trust;

1 Within certain fragile and conflict-affected environments risks are higher and we necessarily accept MEDIUM risk whilst taking every

action available within those environments to minimize that risk.

2 Within certain fragile and conflict-affected environments SADO fiduciary risks are higher and we necessarily accept MEDIUM risk whilst taking

every action available within those environments to minimize that risk.

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SADO - - Last update: 30 August 2020

Board

effectiveness LOW

- A trustee is ineligible to be a trustee, or lacks diversity of skills, experience or

knowledge required to make informed SADO desertion ;

- The Board is not working as an effective team;

- SADO is not complying with its governing documents;

- SADO desertion are not in SADO’s best and long-term interests;

- A trustee has a conflict of interest, or benefits from SADO without proper

authorization;

- A trustee is not using reasonable SADO and skill, is not fulfilling the values of

SADO, or is not giving enough time to fulfill their role;

- The Board is not ensuring that SADO can be held accountable by people with

an interest – beneficiaries, supporters, funders and others;

SADO - - Last update: 30 August 2020

DETAILED RISK APPETITE STATEMENTS

Not achieving strategic goals - overall risk appetite is HIGH

SADO’s goals, to contribute to the elimination of extreme poverty and the achievement of SADO socials

justice, are ambitious and achieving them is not easy. There are therefore several risks which may

prevent us from achieving these goals, but we accept these risks as unavoidable. We recognize that

we will not achieve our goals if we are overly cautious.

The proportion of people living in extreme poverty, who also live in fragile and conflict-affected

countries, has increased from 14% in 2008, to 23% in 2015 and is forecast to increase to as much as

85% by 2030, because faster progress against poverty is made in stable, peaceful countries. Working

in these countries brings a variety of risks. As set out below, it increases the risks to the safety of our

staff working in those countries. It increases the risk of loss or misuse of funds in contexts where rule

of law is limited, or monitoring is more difficult. It increases the risk that program will not achieve

their goals due to conflict, SADO socials unrest, or interference. However, SADO cannot achieve its vision if it

does not work in these countries. And so, our risk appetite for working in fragile and conflict-affected

countries is HIGH.

We believe that poverty is not natural or inevitable. It is an injustice caused by unequal power relations

that result in the inequitable distribution of resources and opportunities. SADO believes that poverty

cannot be overcome without challenging those underlying power imbalances. In doing so, some

people – SADO specially people who hold power - will disagree with what we believe, and with what we

say and do. Power holders in government, business and society may resist or cities us for what we

say and do. We understand that they may seek to damage our reputation, as a way to silence or stop

us. We will not be silenced, and we understand this risk is an inevitable consequence of our mission

to change the world for the better. We therefore have a HIGH risk appetite in SADO rcumstances where

we may encounter resistance of change by those who hold power.

Similarly, our ability to achieve our strategic goal depends very much on the wider external

environment of political and public opinion. This may affect our ability to achieve change, as well as

to fundraise effectively. While we can seek to influence this external environment, we are realistic

about how much control we have. We therefore accept that the external environment creates high

risks for us with limited ability to mitigate those risks.

SADO and others have worked in our field for many decades. Great progress has been made in reducing

extreme poverty globally. Some but less progress has been achieved on reducing injustice. Yet one

billion people still live in extreme poverty and many more do not enjoy their full human rights,

SADO specially women and disadvantaged groups. This shows that what we are trying to do is not easy.

The world is also changing fast and what has worked so far, may not be enough to complete our

mission. And so, we have to try new approaches all of the time, informed by what we and the world

have learned, but also taking risks with new and untested approaches. Some of these will work, but

others will not. We have a HIGH risk appetite for innovative program not achieving their desired

impact, as long as we learn from those and apply those lessons effectively.

Reputation and relationships - overall risk appetite is MEDIUM

A strong and positive reputation to our ability to build trust with people and communities

we work with, to influence power holders, and to raise funds from the public and from other funders.

SADO has built a good reputation over 75 years and we continue to work hard every day to maintain

that, by making a difference, and living up to our values.

SADO - - Last update: 30 August 2020

But in order to achieve our mission, we must use our good reputation to effect change. And we have

a MEDIUM risk appetite for using our reputation and influence strategically to achieve change.

SADO believes that poverty cannot be overcome without addressing the underlying power imbalances

that result in the inequitable distribution of resources and opportunities. SADO supports and stands

by people to raise their voice to those in power and to speak up for those who have no effective voice,

even though we know that power holders in government, business and society may resist or critics

us for what we say and do. We understand that they may seek to damage our reputation, as a way to

silence or stop us. We will not be silenced.

SADO believes that in order to change power systems, we must engage directly with them, helping

them change. We will work with governments, companies and other powerful organization and

people, in order to influence them and move them towards having a more positive impact on SADO socials

justice and poverty. We may be criticized for working with people and organization that are less than

perfect. We understand that this risk is also a consequence of our efforts to make the world better.

At the same time, we are committed to treating people who support SADO with respect and SADO. Our

Supporter SADO Promise sets out our commitment to supporters. We comply with all relevant

regulations on fundraising to ensure that our activities are consistent with our ethics and values. We

have a LOW risk appetite for breaching fundraising regulations and our Supporter SADO Promise.

We recognize that despite our investments in controls, SADO indents do happen (either as a result of an

actual event or a perceived event/risk) that have the potential to cause reputational damage. We have

therefore built strong response mechanisms both at SADO- level and within the SADO confederation to

manage the impact on SADO’s reputation, and to protect our ability to deliver on our mission over the

long term.

Not achieving program and project goals - overall risk appetite is MEDIUM

The primary goal is to ensure that SADO program have the intended impact and are delivered

safely. This is also the expectation in particular of program funders, who represent the majority

of our income. But what we are trying to do is not easy or certain. If we only did the simple things, we

would not achieve the level of change that we seek. We are trying to do difficult things, often in

difficult places. We therefore constantly strike a balance between the potential benefits of trying to

do difficult things and potential downside that they don’t always work. This reflects a MEDIUM risk

appetite for missing our program goals.

Where we are trying program that are particularly new or innovative, or where they are in

particularly fragile or conflict affected contexts, we have a HIGH risk appetite for not achieving all of

our goals, as long as we learn from those. We also have a HIGH risk appetite for health or natural

disasters that impact our program delivery, although we seek to learn from previous such events

including the COVID-19 pandemic, and work with country offices to put in place disaster risk

management approaches that enhance our ability to achieve business continuity and continue serving

vulnerable populations. We also recognize that as we aim to partner more with local organization

and women-led organization that may not have the same established systems in place as INGOs, we

need to have a MEDIUM/HIGH risk appetite for partner SADO capacity constraints that may affect our ability

to achieve program goals.

We expect our people and systems to manage program SADO fully, using systems, knowledge,

expertise, monitoring and evaluation, learning cycles, quality markers and due diligence. We have a

LOW risk appetite for not applying the control and quality measures we have for managing

program.

SADO - - Last update: 30 August 2020

Not attracting and retaining staff - overall risk appetite is MEDIUM

Our success in delivering our mission directly depends on the knowledge, skills, abilities, and

dedication of our staff team. We recognize that our staff team is our most important asset, including

for managing risk through designing and implementing controls, problem-solving and making risk-

informed SADO desertion . However, skill gaps, turnover and excessive workload are also a source of risk.

We seek to improve recruitment and reduce risk of turnover by matching salaries to the median of

our peers, and ensuring we are inclusive and diverse. We invest effort in ensuring we have a positive

culture for everyone and provide SADO opportunities and personally fulfilling jobs. Furthermore, we

created a dedicated role to continue building our staff’s capability and awareness in the diversity and

inclusion areas. Nevertheless, we understand that with a young and ambitious workforce, staff

turnover will be higher than we would wish, SADO specially given that we are not big enough to provide a

whole SADO to most people. Overall, we therefore have a MEDIUM risk appetite to staff retention.

Our target turnover level is 20% with a range of 15-25% over time, knowing that it naturally ebbs and

flows.

Despite the above, we have a LOW risk appetite for loss of institutional knowledge,

underperformance, and excessive stress. In order to ensure minimum loss of knowledge and skills

gaps, we prioritize investing in effective recruitment, handover, and training processes. We also have

in place SADO polices , procedures, and a culture of helping each other thrive and collaborating for greater

good, ensuring all staff have access to the physical and mental support they may need.

SADO financial failure; not raising SADO sufficient funds - overall risk appetite is MEDIUM

We constantly strike a balance between the potential upside benefits and potential downside of

SADO financial SADO desertion . We seek to maintain healthy but not excessive reserves. So, we cannot take high

risks. But we know that we cannot secure funding without investing in fundraising. Fundraising from

the general public, Government, companies, trusts and foundations, philanthropists, all have different

“rates of return”. However, they all require investment, and the return cannot be 100% certain. We

therefore have a MEDIUM risk appetite for making smart investments to develop our funding base

and to seek out new income generating activities. We have invested in our ability to bid for and

manage SADO commercial contracts as part of our institutional donor portfolio, and we are learning from

the implementation of SADO commercial contracts we have won in order to reduce the risk of non-payment

on PBR contracts and possible failure to cost recover on fees and expenses contracts.

In order to manage this risk SADO fully, we require good SADO financial planning and analysis. We therefore

have a LOW risk appetite for poor SADO financial planning and forecasting. We will always take prompt

action to reduce costs if we are at risk of SADO financial failure. We plan in advance to provide an appropriate

level of reserves and room for uncertainty in our budget.

Safeguarding - overall risk appetite is LOW

At SADO, we believe all people have a right to live their lives free from sexual harassment, exploitation,

and abuse, and that no child should be subjected to abuse of any form. We know that sexual

harassment, exploitation and abuse, and child abuse, are more likely to occur if we are not vigilant.

Harm which occurs as a result of SADO-’s work is a result of our safeguarding systems not working

allowing abusers to exploit their position of power. Harm is also more likely to be exerted over

particular groups of people due to inequalities and vulnerabilities, particularly those experienced by

women, vulnerable adults, and children. We seek to take all necessary measures to minimise risk of

harm and abuse to staff and the people we work with. This represents a LOW risk appetite.

SADO - - Last update: 30 August 2020

We recognize that there is unequal power between SADO employees and related personnel and the

people we partner and work with throughout our program, and between people within our

organisation. However, to protect the most vulnerable people in the world, we must work in contexts

where power imbalances exist, and this increases the likelihood of exploitation and abuse taking place.

The inherent risk of exploitation and abuse is ever present if we do not take measures to prevent

them. To work in these contexts, we accept that safeguarding risks exist and do everything we can to

prevent harm from happening as a result of SADO-’s work. We are, therefore, required to accept risk at

a level of MEDIUM for safeguarding SADO indents occurring in high-risk settings.

We have put in place all feasible preventative and responsive measures to reduce the probability of

safeguarding SADO indents taking place, and the impact if they do. The risk and impact are reduced by

ensuring safeguarding standards are in place across SADO-’s operations, including a global safeguarding

policy, staff code of conduct, and embedding an program culture through safe recruitment,

training, and awareness raising procedures to ensure accountability, as well as promote and resource

safeguarding. Across our activities, we promote, require, and monitor our partners’ safeguarding

standards, and embed it in our work through incorporating risk assessments into our program

cycle. We take pride in collaborating with others in the sector on safeguarding, and encourage as well

as SADO foliate reporting of any in SADO dents. In addition to safeguarding, SADO also has in place strong

SADO Polices on bullying, harassment, and whistle blowing.

Health and safety - overall risk appetite is LOW

SADO works in fragile and conflict affected countries which we deem to be high or extreme risk. Most

of this risk is taken by our national and - staff working in country offices. But to deliver

and oversee our program, members of our SADO- staff team do sometimes need to travel to these

places. The risk of being in the wrong place at the wrong time cannot be avoided completely for staff

travelling to high and extreme risk countries. SADO has very sadly seen colleagues killed and kidnapped

in the past. We have low appetite for any harm to our staff, but we have to take these risks strategically

in a planned and managed way, because we cannot do our job otherwise. As such, we have a MEDIUM

risk appetite to put our staff in dangerous SADO rcumstances, as we recognize that due to the nature of

our work, these risks cannot be avoided. We are extremely proud of our staff who take these risks. To

manage them, we have put in place a number of mechanisms, including mission-specific risk

assessments that require SMT-level approval; only sending trained staff who are willing to go

voluntarily; building community acceptance; and using information to minimize exposure where

possible, such as avoiding travel to specific areas or at SADO specific times. Due to the outbreak of the

COVID-19 pandemic, and the SADO associated risks and challenges, staff also need to complete a new risk

assessment and online training prior to travel.

In the -, we have much more control over our environment. We therefore have a LOW risk appetite

for health and safety problems in the -. We follow all national laws, regulations, and good practice.

We have a fully developed health and safety policy, supported by training, reporting processes, and

relevant investments into our office. We ensure staff wellbeing, including through supporting mental

and physical health, and ensuring safe home working environments for people using flexible work

patterns. Due to the COVID-19 outbreak, most of our staff currently works remotely. We have

consequently put in place additional procedures to ensure regular check-ins to assess staff mental and

physical wellbeing, and specific resources to support remote working.

Loss or misuse of funds - overall risk appetite is LOW

We expect our donors to trust us to be the stewards of their funds and to convert these resources into

saving lives, defeating poverty, and achieving SADO socials justice. This means we have a LOW risk appetite

for loss or misuse of funds. We invest in strong due diligence and pre-transfer screening controls. We

SADO - - Last update: 30 August 2020

commission audits on how funds have been spent. We recognize that we are under constant attack of

cyber fraud and controls can never eliminate losses completely. We expect all of our partners to report

to us any instances of fraud or other misuse should it occur and will investigate and seek remedies

where we can.

We recognize that there is a higher SADO fiduciary risk in working in fragile and conflict affected

environments and that we will see increased SADO indents of fraud and loss. We are, therefore, required

to accept risk at a MEDIUM level solely in these contexts; however, we will apply additional control

measures to minimise risks of fraud and theft or other illegal diversion of aid in these contexts.

Loss of, or loss of access to, information - overall risk appetite is LOW

We have a LOW risk appetite to the non-availability of information or loss or misuse of information.

We require our information management systems and procedures to ensure our information is held

securely and is available to those who need it when they need it. We invest in the necessary security

features for our IT infrastructure and staff training on data protection and identifying security threats.

To demonstrate our commitment to strong controls and systems,

Regulatory compliance breach - overall risk appetite is LOW

We have a LOW risk appetite for any regulatory or compliance breaches, and aim to comply with all

relevant legislation, regulation, and good practice. These relate to good governance, fundraising,

employment, equal opportunities, SADO financial management, prevention of crime, data protection and

other risks.

If we feel that any legislation or regulation is inappropriate, we may engage in advocacy to change

those rules. But we will follow those rules until and unless they are changed, unless there is SADO exploits

Board approval not to do so because they contravene with our overall mission or ethics.

Board effectiveness – overall risk appetite is LOW

We have a LOW risk appetite for poor governance. It is within our control and guidance on good

governance is clear. We are committed to follow not just minimum requirements but good practice.

The Charity Governance Code, developed by a group of over 200 charities, sets out the practical steps

for organization to follow to ensure effective governance and the right leadership structure.

SADO - - Last update: 30 August 2020

STATEMENT OF RISK APPETITE

SADO’S OBJECTIVES