Punainen Risti

22 Nov 2025

RISK MANAGEMENT POLICY

Risk management in the Finnish Red Cross

Risk management is a consistent procedure designed to ensure that risks are properly identified, assessed, managed and monitored throughout the operations of the Finnish Red Cross. Risk management applies to all of the organisation's operations and all of its actors.

Risk management is part of the Finnish Red Cross's internal monitoring and included in the management process: policy formulation, operational and financial planning, decision-making, day-to-day management and activities, and monitoring and reporting procedures. The risk management process provides information on risks and the effectiveness of risk management measures.

Risk management is strongly linked to various aspects of the organisation's management, such as safety management, ensuring good governance and compliance, and preparedness and contingency activities.

In a changing operating environment, risk management appears as an organisational capability that can be purposefully developed and that supports the organisation's operations in the face of new and unforeseen threats and opportunities.

Risk management is implemented consistently in different organisational units based on this policy. Risk management work relies on the ISO 31000 standard, also utilising the COSO ERM framework. More detailed risk management guidelines complement this policy. More detailed policies or instructions have been drawn up for certain areas of the organisation's operations, which take a position on the risk management of the area in question.

Key concepts

Risk refers to the impact of uncertainty on objectives. **Risk** is a deviation from what is expected and can be a threat or an opportunity. As a result of risk, achieving goals may be prevented or hindered, operational opportunities may not be utilised, or other harmful consequences may occur. On the other hand, risk can also involve new types of operational opportunities. **Residual risk** refers to the risk that remains after risk management actions have been taken.

Risk classification supports the structuring and processing of risks and the consistency of risk assessment. Risks related to the organisation's operations and operating environment are divided into the following risk categories according to the nature of the risk:

- Strategic risks: longer-term risks related to the organisation's strategic goals and choices
- Operational risks: risks related to daily operations, personnel, management, processes and systems
- Economic risks: economic and financial risks
- Damage risks: event risks related to people and property

The sources of risks in all risk categories can be both external and internal. Risk categories include risks related to different topics.

The management of reputational risk, which is important for the organisation's operating conditions, is reflected in all risk categories and is also examined separately.

Risk appetite and tolerance refer to the extent and types of risks an organisation is willing to take to achieve its goals and what types of residual risks it is willing to bear. Risk-taking is examined as part of decision-making. Effective risk management enables the taking of deliberate risks to advance the organisation's goals. However, our risk-taking is limited by the need to protect people, property and our operating conditions, including our reputation, from threats to them and to ensure that our operations comply with the law and requirements.

Objectives and principles of risk management

The goal of risk management is to produce information about risks to support decision-making and management, both in connection with policy and strategic choices and in daily operations. Risk management supports the achievement of the objectives of the policy approved by the General Assembly of the Finnish Red Cross and the action plans drawn up on its basis by identifying and managing the related uncertainties.

Risk management also plays an important role in securing an organisation's operating conditions, ability to change, and continuity of operations in a changing operating environment. It also helps ensure the responsibility and legality of operations and maintains reliability and reputation.

The Finnish Red Cross's risk management is guided by the following principles:

- The organisation's risk management is goal-oriented, regular and proactive.
- Risk management is incorporated into the management model and practices.
- The risk management knowledge base is being actively developed.
- A risk management culture is built on collaboration and open communication.
- The costs of risk management measures are kept in proportion to the benefits.
- Continuity of operations is ensured by preparing for the realisation of risks with appropriate plans.
- Risk management is developed to reflect changes in the operating environment and lessons learned.

Risk management responsibilities

The Board of the Finnish Red Cross ensures that risk management is appropriately organised throughout the organisation. The Audit Committee assists the organisation's Board by assessing the effectiveness of risk management.

At the organisational level, risk management is the responsibility of the Secretary General.

Risk management responsibilities are determined in accordance with the responsibilities of the normal management system.

- Risk management at the central administration is the responsibility of the Secretary General, who
    - is assisted by the management group at the headquarters; each director is responsible for the implementation within their area of responsibility
    - is assisted in the Kontti chain and Youth Shelters by their respective boards of directors, based on the institution's rules and regulations and any delegation decisions made by the board of the organisation; the directors of the Kontti chain and Youth Shelters are responsible for the implementation at their respective institutions

- The Blood Service's risk management is the responsibility of the Directorate of the Blood Service; the Chief Executive of the Blood Service is responsible for the implementation and reporting to the Directorate of the Blood Service and the board of the organisation.
- The districts' risk management is the responsibility of each district board based on the district's rules and regulations; the executive director is responsible for the implementation.
- The branches' risk management is the responsibility of each branch board; the auditor / operations inspector and the branch sponsor / district staff support the branch board in the implementation of risk management.
- The risk management of Punainen Risti Ensiapu Oy is the responsibility of the company's board; the CEO is responsible for the implementation.

In practice, the implementation of the organisation's risk management is supported by the work of the extended management group, which includes the headquarters management group, districts' executive directors and institutions' directors.

All supervisors and employees of the Finnish Red Cross are responsible for risk management in their own area of responsibility. Volunteers and trustees also have a duty to ensure risk management in their own roles.

The practical implementation and development of risk management is supported by the Risk Manager, who reports to the Secretary General.

Organising risk management

Risk management is carried out both at the level of the entire organisation (organisation-level risk management) and in its various units, functions, projects and operations. The key steps in the risk management process are common to different levels of operations. Risks are identified, assessed and managed as part of the management practices of the above-mentioned entities.

Organisation-level risk management is guided by the General Assembly season and the annual schedule. When preparing the policy, longer-term strategic risks are identified to support decision-making and a management plan is drawn up. Strategic risks are monitored at least annually during the General Assembly season as part of monitoring the implementation of the policy.

Risk management is implemented at the headquarters and in the districts, branches and institutions according to the annual schedule. When preparing operational and financial plans, a risk management plan related to the following year's objectives is produced. The headquarters, districts and institutions review risks arising from operational activities, the most significant of which are taken into account in organisational-level risk management. Risks and risk management measures are monitored regularly as part of the monitoring of operations and action plans.

Organisation-level risks and their management measures are reviewed by the organisation's management group and extended management group according to the annual schedule in connection with the planning and monitoring of operations. The risk management review is discussed by the Audit Committee and the Board.

Risk management is also ensured in the organisation's projects and operations. The organisation of risk management in these is guided by the control model and schedule of the entity in question. Risks are also reviewed in the units at the level of the most significant processes. The units monitor the above-mentioned

risks as part of their management practices and consolidate the most significant risks into unit-level and, if necessary, organisational-level risk management.

Risk management is also ensured in volunteer activities within the framework of the branches' activities.

Risk management process

The key steps in the risk management process are risk identification, assessment, processing, monitoring and reporting. The entity and objectives at which the risk management process is targeted are determined before identifying risks.

Risks are identified by mapping out the kinds of uncertainties that may affect the achievement of the objectives of the entity being assessed. Identified risks are analysed to understand their root causes and their consequences. The probability and impact of the risk are also assessed based on a common scale. The risk magnitude assessment guides risk management activities to focus on the most significant risks.

For each risk, existing management measures and necessary additional actions are identified so that the residual risk is at an acceptable level as a result of the management actions. When selecting risk management activities, the costs of the management activities in relation to the benefits are also taken into account.

When determining risk management measures, appropriate measure options are selected, which include:

- eliminating the risk (for example by giving up activities that are too risky),
- reducing the risk (by reducing the effects of the harm and/or the likelihood of the harm occurring),
- sharing or transferring the risk (for example by insurance or contract),
- accepting the risk and preparing for its realisation.

Risks and their management measures are documented in accordance with the risk management guidelines. A common risk register is used for organisational-level risk management.

Changes in risks and the effectiveness of risk management are monitored regularly as part of operational management practices. If necessary, additional risk management measures are identified and risks can be escalated to the unit or organisational level.

Risks and their management measures are reported regularly. Organisational units report on risks and the progress of risk management measures according to the annual schedule. Projects and operations report in the manner agreed upon in their control model.

Monitoring the realisation of risk management and assessing its effectiveness

External and internal auditing shall assess the effectiveness of overall risk management in accordance with the audit plans approved by the Audit Committee.

The Audit Committee shall report the results of the audits, possible development needs and proposals for measures to support the decision-making of the Board of the Finnish Red Cross.

Continuous development of risk management

Risk management procedures are continuously developed based on audit findings, changes in the operating environment, operational development and learning.

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