

# Risk Management Statement

Updated October 2022

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The Trustees have considered the main risks that might prevent BEARR from fulfilling its charitable objectives. Our approach has been reviewed and updated in the light of the increase in BEARR's activities since the Russian invasion of Ukraine in February 2022.

## Governance and operational risks

In general terms, BEARR's operations are not large or complex (despite the recent increase in activity). Governance and operational risks are managed by appointing Trustees who contribute a wide range of appropriate knowledge and experience, and by recruiting skilled part-time administrative officers. The Trustees are therefore confident that they can both identify risks and make an informed assessment of new opportunities that might arise.

The Trustees also regularly review guidance published by the Charity Commission and approaches taken by other relevant charities, to ensure that The BEARR Trust follows best practice.

## Financial resource risks

The Trustees have concluded that the main risk facing BEARR is financial resource risk, primarily the dependence on one funder for a significant part of BEARR's core income. However, a five-year grant worth up to \$75,000 each year from 2021 to 2025 and covering all BEARR's activities has renewed BEARR's financial stability and should ensure that the Small Grants Scheme will continue at least until 2025. The annual grant is partly conditional on other fundraising by BEARR, so the amount received each year could vary.

The Trustees will continue to manage financial risk by planning an affordable programme of charitable expenditure, and by committing only to expenditure that can be amended in the light of future income flows. Since our most important source of funding is a US dollar-denominated grant, this includes considering changes in the US dollar exchange rate. We aim to mitigate this exposure by continuing to seek diverse sources of funding, ideally on a multi-year basis. We forecast cash flows bi-monthly, and we observe a policy of maintaining a level of free reserves sufficient to fund at least one year's core expenditure.

In the case of the Ukraine Appeal, the main financial risk is the volume of potential need for support from the Appeal, relative to the funds that BEARR has available. We continually seek new sources of funding during the current crisis. We also maintain an awareness of other funding sources, so that beneficiary organisations may be signposted appropriately where their needs are greater than BEARR's capacity or where they are better suited to other sources of funding.

## Third party risks

The BEARR Trust's activities include the transfer of small grants to civil society organisations to support vulnerable people in Eastern Europe, Central Asia and the Caucasus. These are awarded through two schemes: the annual BEARR Trust Small Grants Scheme, and the Ukraine Appeal established in 2022.

The risks associated with these schemes are that: i) funds may be used inappropriately; ii) projects may not be delivered as planned; and iii) vulnerable people may be at risk through inadequate safeguarding measures in project delivery and governance.

These risks are mitigated through:

- Proportionate due diligence, the approach to which is set out in process notes for the Small Grants Scheme and the Ukraine Appeal
- Regular monitoring and evaluation
- The application and active promotion of The BEARR Trust's Safeguarding Policy.

## External and regulatory risks

The Trustees have further identified external and regulatory risks through:

- The spread of repressive legislation that could prevent us working with civil society organisations in certain countries of our region. This in turn could eventually impact the willingness of funders to support BEARR. The Trustees routinely monitor developments affecting civil society in the region and ensure that relevant news reports are featured in BEARR's bi-monthly newsletters.
- The application of increased sanctions relating to Russia and Belarus. We have adopted a Sanctions Policy which follows the current guidance from the Charity Commission and HM Treasury. We have also suspended the operation of grant-giving activities in Russia and Belarus until further notice.
- Compliance with banking requirements, linked with the practical applications of sanctions policies and with the need for financial institutions to carry out increased due diligence. We comply with all the regulations set out by our banks and we respond swiftly to requests for information.

## Implementation and review

The Trustees consider key risks relevant to the Charity at every meeting. Risks are recorded in a risk register, along with an indication of their likelihood and potential severity and details of the strategy for mitigation. This is reviewed at least twice a year, and whenever a proposal with significant risk implications is considered.