



# **ENTERPRISE RISK MANAGEMENT POLICY**

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## 1 – INTRODUCTION

Wrestling Canada Lutte (“WCL”) recognizes that Risk Management is integral to achieving its vision, mission and goals. WCL is committed to creating and protecting value by explicitly addressing uncertainty in pursuit of its strategic objectives. Enterprise Risk Management (“ERM”) will be part of a conscious approach to recognizing, recording, and responding to changes and conditions at WCL.

The purpose of ERM is to articulate WCL’s approach to risk management as part of its strategic and operational processes, and define governance and accountability for Risk Management at WCL. ERM is a shared responsibility extending from the WCL’s BOD to WCL Management, Staff, Members, Clubs and Participants.

As the national sport organization that governs wrestling throughout Canada, WCL recognizes that there are risks inherent in all facets of our governance, program delivery and business operations. WCL is committed to managing such risks to the organization by ensuring their decisions and actions reflect established standards and organizational values. WCL takes the safety, well-being and satisfaction of our Members, Clubs, Participants and Staff seriously. While WCL is not averse to taking organizational risks and pursuing opportunities, we will strive to do so thoughtfully and in an informed manner, at all times.

Ultimately, successful risk management has the following benefits:

- Prevents or limits injury or losses to participants, volunteers and staff;
- Helps to protect the organization and its members against unnecessary litigation;
- Ensures that the organization is compliant with all applicable laws, regulations and standards;
- Improves the quality and relevance of the programs and services that the organization provides to its members, partners and sponsors;
- Promotes improved business management and human resource management practices;
- Enhances the organization’s brand, reputation and image in the community; and
- Overall, enhances the organization’s ability to achieve its strategic objectives.

## 2 – DEFINITIONS

**Board of Directors (“BOD”)** – refers to WCL’s Board of Directors including the President/Chair of the Board, and Officers.

**Clubs** – refers to any team, group or association that is affiliated with wrestling as a member of affiliates of a WCL Member.

**Enterprise Risk Management (“ERM”)** – refers to an explicit and organized process (identify - analyze – treatment – monitor) to understand and manage risk through planned and coordinated activities within an organization.

**Financial Risk** – related to financial monitoring and reporting, ability to control and direct funds, budgeting, investment and management of reserve funds & other assets, protection of revenue streams, long-term financial sustainability & market factors (FX, interest rates).

**Governance Risk** – risks related to the level of compliance with legal, regulatory, ethical or business operations or practices including the standards and accountability with United World Wrestling (UWW), Sport Canada and other agencies and the fulfillment of contractual obligations.

**Members** – refers to any and all of the Provincial / Territorial Sports Organizations affiliated with wrestling as well as the Canadian Association of Wrestling Officials (CAWO) and U SPORTS Coaches.

**Operational Risk** - risks related to internal processes that prevent the implementation, sanctioning, delivery and monitoring of strategic or business plan initiatives including policies, programs, processes, people (staff and others), systems, controls, use of technology, intellectual property and protection of personal information.

**Participants** – any Athlete, Coach, Official, Volunteers or other personal involved with WCL activities.

**Reputational Risk** – risks related the external public perception of WCL, including its value, purpose and existence to be the NSO for wrestling in Canada and deliver successful outcomes that meet or exceed expectations in Canada’s Sport System, including the wrestling community.

**Risk** – refers to the chance of something (uncertainty) happening that will have an impact (positive or negative) on WCL achieving its objectives. Positive risk is often called “opportunity”.

**Risk Management** – refers to the culture, process and structures that are directed towards the effective management of potential opportunities and adverse effects.

**Risk Management Officer (“RMO”)** – refers to the individual, designated by the BOD, within WCL that oversees WCL’s ERM process within WCL.

**Risk Management Policy** – is the statement of commitment to risk management by WCL.

**Risk Owner** – refers to the individual or Committee, designated by the BOD, to oversee a specific risk (or risks) including development and completion of an action plan to avoid, reduce or transfer risk.

**Risk Registry** – refers to a database to record and document identified risks and their current status within WCL.

**Safety Risk** – risks related to the health, safety and well-being of Participants, Members & Staff, including any risks associated with injury, maltreatment (physical, sexual and psychological) or death within the activities of our sport.

**Staff** – refers to the management, employees and contractors of WCL.

**Strategic Risk** – risks related to organizational structure, strategies, goals, policy development and Member engagement, external stakeholders and forces including relationships with government and other international and domestic agencies or federations.

### **3 – ERM OBJECTIVES**

- To provide a guiding statement on how risks will be managed within WCL and by reinforcing an understanding of risk management as having a broad focus, beyond merely preventing lawsuits and financial losses, including, but not limited to creating value by enabling WCL to ascertain its goals and objectives. In general, WCL views risk management as a comprehensive approach to improving organizational performance.
- To ensure WCL has consistent and an effective and efficient organization-wide risk management practices integrated into the planning and execution of WCL’s strategic plan and business plan, and in the analysis and decision-making processes essential to achieving WCL’s strategic and organizational objectives.
- To create and maintain an ERM framework by providing direction on the requirements and responsibilities that direct WCL’s ERM process that drive both the risk assessment and risk management processes, including specific roles, responsibilities and structures to identify, assess, and treat risks so as to better achieve desired outcomes, in a way that is reflective of our values.
- To formalize the methodology of developing an action plan to firstly prevent and mitigate risks within WCL’s risk appetite in support of achieving WCL’s goals and objectives and secondly to deal with the aftermath when something does happen.
- Performing an educational function for the BOD, Members, Staff, Clubs and Participants.
- To establish a culture within WCL, and its Members that acknowledges that risk management is a broad activity and a shared responsibility of everybody.

### **4 – ERM PRINCIPLES**

- WCL will not accept unnecessary risk, but will accept risks when benefits outweigh costs.
- All activities and events undertaken by WCL must incorporate the principles of risk management, including taking systematic and explicit steps to identify, assess, manage and communicate risks facing the organization in a timely fashion; and ensuring 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).
- WCL will strive to anticipate and manage risk through effective ERM planning, by embracing the International Standard Organization (ISO 31000:2009E) risk management principles including:
  - a) ERM creates and protects value;
  - b) ERM is an integral part of all organizational processes;
  - c) ERM is part of decision-making;
  - d) ERM explicitly addresses uncertainty;
  - e) ERM is systematic, structured and timely;

- f) ERM is based on the best available information;
- g) ERM is tailored;
- h) ERM considers human and cultural factors into account;
- i) ERM is transparent and inclusive;
- j) ERM is dynamic, iterative and responsive to change; and
- k) ERM facilitates continual improvement of the organization.

## **5 – SCOPE & AUTHORITY**

WCL BOD appoints one Director, annually, to serve as WCL’s Risk Manager Officer (RMO), who is responsible for the implementation, maintenance and communication of this policy.

This policy applies to all activities undertaken by WCL. Where WCL exercises authority over joint activities with WCL Members, risk management measures may also be prescribed by WCL for implementation by its Members, Clubs and Participants. This document cannot be modified without consultation and approval from WCL.

## **6 – ENTERPRISE RISK MANAGEMENT POLICY**

WCL makes the following commitments to its members:

- The BOD, Officers, Staff, Members, Clubs and Participants all have an ongoing responsibility to take appropriate measures within their scope of authority and responsibility to identify, assess, manage and communicate risks;
- All activities and events undertaken by WCL will be analyzed from a risk management perspective;
- WCL will consider risk both in terms of its ERM process and its decision-making activities;
- WCL will utilize a systematic approach using explicit steps to identify, assess, manage and communicate risks;
- WCL’s ERM process will manage risks utilizing the following steps:
  1. Regularly and continuously identify potential risks using an informed environmental scan approach.
  2. Assess the significance of any and all risks by considering both its likelihood and consequences.
  3. Develop and implement measures to address those risks deemed significant by reducing possibility, consequences or both. Risk management strategies are expected to be reasonable and reflect the given standard of care in any circumstance (where standard of care is determined by written/published standards, industry practices, established case law precedent, or common sense). Such strategies include:
    - a) Development of policies, procedures, standards and rules;
    - b) Use of robust and legally sound contracts (codes of conduct, athlete and coach agreements, employment agreements, event hosting agreements, payment agreements; contractor agreements, partnership agreements);

- c) Use of warnings, signage, participation agreements or and liability waiver agreements;
  - d) Stopping or prohibiting certain activities, actions or events;
  - e) Purchasing appropriate insurance coverage for all or specific activities
  - f) Create and facilitate education, instruction, professional development and specialized training;
  - g) Improvements to function and role clarity through use of written position descriptions and committee terms of reference;
  - h) Adherence to minimum, mandatory qualifications and/or certifications for Staff and Participants;
  - i) Necessitating oversight and monitoring of activities by and for Staff and Participants;
  - j) Enhancing procedures to handle concerns, complaints and disputes;
  - k) Implementing requirement for regular reviews of Policy, Processes and Procedures;
  - l) Formulating and determining standards for events and equipment;
  - m) Preparing procedures and protocols for emergency response and crisis management; and
  - n) Effectively communicating the above to the wrestling community.
4. Monitor & report on risks to the BOD on a regular basis.
5. Not every risk is insurable, however, as part of its commitment to risk management, WCL will seek insurance coverage for those activities essential to the mission of WCL and that pose significant risks, where such coverage is reasonably available and provides a net cost-benefit to WCL. WCL will maintain (and upon each annual renewal of its policies, WCL will consult with their insurance provider and brokers to determine if there are any emerging gaps, issues or deficiencies to be addressed through a broader comprehensive insurance program) the following minimum, but not limited to, coverage:
- a) General liability;
  - b) Director and officer liability;
  - c) Cyber & data coverage;
  - d) Abuse coverage;
  - e) Out of country medical and travel insurance;
  - f) Event Hosting Liability coverage by requiring third party Host Organizing Committees to provide coverage as an *“Additional Insured”* for WCL.

## 7 – ERM PLAN, MONITORING & REPORTING

ERM is an ongoing and iterative process, that needs to be repeated, as necessary (if circumstances change), but at least annually with the ERM plan being a rolling evergreen process, as the items and actions within the plan may take one or more cycles to resolve. Ideally, the entire identification and assessment process should occur in the spring, in order to have a revised/updated ERM plan approved by the BOD prior to the AGM.

The ERM plan, along with the regular quarterly updates provides the BOD with the information and tools to capture and measure the overall level of risk (number, cumulative and average) facing WCL, but also a mechanism for the BOD to direct actions and ensure progress.

To ensure that risk management remains a high priority within WCL and to promote an organizational culture that embraces a risk management perspective, ERM and review of the ERM plan will be a standing item, at least once per quarter or as an ad hoc item at anytime on the BOD's meeting agenda, so that the RMO can provide updates as required.

WCL recognizes that communication is an essential part of risk management. This Policy and our Risk Management Process will be communicated frequently to our BOD, management, staff, committees, PTSOs, clubs and participants, and we will encourage each of them to communicate to WCL their risk management issues and concerns.



## APPENDIX A – ERM PROCESS



### Risk Identification

1. BOD identifies potential list of risks with input from Staff, Participants, Members and others. The goal should be to gather as many potential risks as possible. Risks can be both short term & long-term risks, as well as likely and “Black Swans”.
2. WCL will determine any existing approaches to dealing with the risk.
3. WCL will determine and classify each risk by the following risk categories:
  - Strategic Risk
  - Operational Risk
  - Financial Risk
  - Governance Risk
  - Reputational Risk
  - Safety Risk

### Risk Assessment

4. For each risk, the BOD then assesses the likelihood (using a scale of 1-5) a risk event will occur and consequences (using a scale of 1-5) of its impact on WCL.

5. The Risk Score for each risk is calculated based on the above “likelihood” (or probability) of the risk occurring and the “consequence” (impact) for each risk using a scale of 1-25. For WCL purposes, we measure and classify the potential risk for each such risk into the following 5 risk levels

- **Extreme** (risk score 20-25) – risks classified at this level require immediate and urgent action (typically within 3 months). It would be extremely rare that WCL would have a tolerance for risk at this level. If an event has occurred, the Management Team will convene within 24 hours to consider all reasonable efforts and measures to manage and minimize the impact. The BOD will be advised within 24 hours, using the most appropriate communications, which may result in the President calling a separate BOD meeting to keep the BOD informed.
- **High** (risk score 15-19) – risks classified at this level require quick and pressing action (typically within 6 months). It would be rare that WCL would have a tolerance for risk at this level. If an event has occurred, the Management Team will convene within 72 hours to consider all reasonable efforts and measures to manage and minimize the impact. The BOD will be advised within 7 days, using the most appropriate communications, which may result in the President calling a separate BOD meeting to keep the BOD informed.
- **Moderate** (risk score 10-14) – risks classified at this level usually require some action (typically within 18 months). WCL should be cautious and selective tolerating risks at this level. If an event has occurred, the Executive Director will be informed within 72 hours, who together with the responsible staff will consider all reasonable efforts and measures to manage and minimize the impact. The RMO will be advised within 7 days, and the BOD will be provided with a briefing note at the next scheduled BOD meeting.
- **Minor** (risk score 5-9) – risks classified at this may or may not require (within 24 months). Tolerance of risks at this level would be very common. If an event has occurred, the Executive Director will be informed within 72 hours, who together with the responsible staff will consider all reasonable efforts and measures to manage and minimize the impact. The RMO will be provided with a briefing note within a reasonable and appropriate timeframe.
- **Trivial** (risk score 1-4) – risks classified at this level rarely require any action other than notification of the supervisor of the staff member responsible for the specific matter if an event were to occur, who will confirm that the overall level of the risk remains the same. If the risk is higher than was expected, they will escalate this to the attention of the Executive Director for direction.

### **Risk Analysis**

6. BOD establishes their Risk Tolerance for each risk, using the same scale as the risk levels above. Generally, “expected” tolerances will be limited to below the Moderate level (14 or below).

### **ERM Action Plan**

7. All risks faced by WCL must be addressed by one or more of the following four strategies:

- **Accept the Risk** – no action is taken because the risk level (determined by the likelihood and consequence) is acceptable (below WCL’s risk tolerance). It may also be that the risk is inherent in the sporting activity itself and thus can be accepted in its present form.
  - **Avoid the Risk** – stopping or eliminate the risk by avoiding the activity, program, process or initiative that is giving rise to the risk.
  - **Reduce the Risk** – steps are taken to reduce the likelihood of the risk, and/or its potential consequences, through efforts such as improved planning, policies, delivery, supervision, monitoring or education.
  - **Transfer the Risk** – accept the level of risk but transfer some or all of it to others through the use of insurance, waiver of liability agreements or other business contracts.
8. The above general strategies translate into a variety of control actions or measures, which for WCL may include (but are not limited to):
- Development of policies, procedures, standards and rules;
  - Use of robust and legally sound contracts (codes of conduct, athlete and coach agreements, employment agreements, event hosting agreements, payment agreements; contractor agreements, partnership agreements);
  - Use of warnings, signage, participation agreements and liability waivers where warranted;
  - Purchasing appropriate insurance coverage for all activities and reviewing regularly.
  - Ensuring WCL’s core set of values are considered and communicated to the wrestling community;
  - Creating and delivering education, instruction, professional development and specialized training;
  - Improving role clarity using written position descriptions and committee terms of reference;
  - Adherence to minimum, mandatory qualifications and/or certifications for key staff and leaders;
  - Supervision and monitoring of staff, volunteers, participants and activities;
  - Establishing and communicating procedures to handle concerns, complaints and disputes;
  - Implement schedules for regular review, maintenance, repair and replacement of equipment;
  - Preparing procedures and protocols for emergency response and crisis management; and
  - Effectively communicating the above to the wrestling community.
9. For risks where the risk level is equal to or below our risk tolerance, WCL can “accept” the risk.
10. For each risk, with a risk level above our risk tolerance, an action (to eliminate, reduce or transfer the risk) is required, which forms the basis of the action plan.
11. For each action plan risk, WCL will assign a risk owner (a single person or group) who is responsible to formulate a solution (for the BOD to approve) to reduce it or transfer it so that the residual risk is at or below the accepted risk tolerance.
12. The cumulative action plans (including the preliminary plan and timeframe for resolving the issue), once agreed to by the BOD, will form WCL’s Enterprise Risk Management Plan (ERM Plan), and be

overseen by WCL's RMO. The BOD is to establish and control the pace of actions (and the effect on WCL's operations).

**Reporting & Monitoring**

13. WCL's RMO will provide a quarterly update on status and progress of the action plan to the BOD.

14. The ERM process is repeated on an annual basis, typically in the spring, or as directed by the RMO.

## APPENDIX B – ERM TOOLKIT

<b>Types of Risk</b>	<b>Strategic</b>	<b>Safety</b>	<b>Reputation</b>	<b>Operation</b>	<b>Financial</b>	<b>Governance</b>
	Leadership	Injury	Media	Programs	Revenues	Regulatory
	Stakeholders	Maltreatment	Crisis / Scandal	Staff	Expenses	Agreements
	Strategic Planning	Death	Issue Management	Ability to operate	Assets	Conflict of Interest
	Policy Development	Disasters	Complaints	Business Planning	Liabilities	Personal Information
	Org Structure	Grievances	Brands & Logos	Events	Budgeting	Bylaws
	Membership	Criminal or Civil Acts	Customer/Vendor	Procedures	Payment	Compliance
	Engagement	Safe Sport	Social Justice	Processes	Procurement	

<b>HEAT MAP MATRIX</b>				<b>CONSEQUENCE</b>				
				Insignificant	Minor	Medium	High	Extreme
				1	2	3	4	5
<b>LIKELIHOOD</b>	Certain	Will occur one or more times in next 12 months	5	5	10	15	20	25
	Likely	Expect to occur at least once in next 24 months	4	4	8	12	16	20
	Possible	Could occur in next 36 months	3	3	6	9	12	15
	Unlikely	Not likely to occur in next 36 months	2	2	4	6	8	10
	Rare	Not impossible but highly unlikely to occur in next 5 years	1	1	2	3	4	5

<b>RISK LEVEL</b>	<b>REQUIRED ACTIONS</b>
Accept	No action is required. Maintain existing controls and monitoring.
Avoid	Eliminate the risk by stopping or altering the activity or initiative that creates the risk.
Reduce	Need to reduce probability or Impact (or a combination of both) to achieve a risk level of “As-Low-As-Reasonable-Practicable” (ALARP) by increasing controls (Policy & Processes) and enhanced monitoring.
Transfer	This is usually achieved through third party insurance or terminating the risk by transferring responsibility.

				Strategic	Safety	Reputation	Operation	Financial	Governance
<b>CONSEQUENCE</b>	5	<b>Extreme</b>	Risk will have fatal impact on WCL	Collapse of WCL	Incident has a major or life-altering impact on WCL, Staff, Member, Participant, or the public	WCL loses support of Sport Canada, COC, UWW / Adverse media coverage has negative long term (> 6 month) impact	Unable to deliver services / programs, or organize / attend any events	> \$100,000	Criminal prosecution against WCL or BOD
	4	<b>High</b>	Risk will have critical impact on WCL	WCL will fail to meet goals & objectives outlined in strategic plan	Incident has a significant or lasting impact on WCL, Staff, Member, Participant, or the public	WCL has lost support of wrestling community / Adverse media coverage has negative medium (> 1 month) term impact	Some services / programs, events are delayed for medium term (>1 month)	> \$25,000	Civil prosecution against WCL / notices / penalties / fines / fees occur persistently
	3	<b>Medium</b>	Risk will major impact, but not critical on WCL	WCL will be ineffective or struggle in achieving outcomes	Incident impacts WCL, Staff, Member, Participant, or the public	Wrestling community begins to question WCL / Adverse media coverage has negative short (< 1 month) term impact	Unable to operate for short term (< 1 month)	> \$10,000	Breaches occur occasionally impacting our status & have consequences resulting in penalties / fines / fees
	2	<b>Minor</b>	Risk will have mild impact on WCL	Will have small or short-term effect in achieving outcomes	Incident is minor and has only short term impact on WCL, Staff, Member, Participant, or the public	Minor impact on WCL's brand / Adverse media coverage occurs but no lasting impact.	Delivery of services / programs are delayed for less than a week	> \$2,500	Breaches occur rarely impacting our status & have consequences resulting in penalties / fines / fees
	1	<b>Insignificant</b>	Risk will have only a minimal impact on WCL	Will have minimal effect on WCL in achieving outcomes	Incident does not impact WCL, Staff, Member, Participant, or the public	Has no long-term impact on WCL / Adverse Media Coverage does not occur	Normal operations are delayed for less than 2 days	> \$1,000	Breaches occur rarely but do not impact our status or have consequences