

# REEL Programme

## Risk Assessment & Risk Management Plan

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# REEL Programme

## Risk Assessment & Risk Management Plan

### 1. Purpose

The REEL Programme (REEL and REEL Regenerative) operates in complex agricultural, social, and market environments where multiple factors—ranging from climate variability and regulatory shifts to operational and reputational risks—can influence outcomes. As the programme expands its reach and deepens engagement with farmers, supply chain actors, and brand partners, it becomes essential to systematically identify, assess, and manage risks that could affect its objectives.

This Risk Management Plan provides a structured framework to anticipate potential risks, evaluate their likelihood and severity, and implement mitigation measures to safeguard the programme's integrity, effectiveness, and long-term impact. It also ensures that the REEL Programme aligns with global sustainability expectations, complies with evolving legislation, and builds resilience across the supply chain. This document outlines the key risks perceived with the REEL Programme and the measures to identify, assess, mitigate, and monitor them. It covers operational, financial, reputational, compliance, and external risks, with clear ratings of likelihood and severity, along with a review and revision schedule.

### 2. Risk Assessment Framework

- **Likelihood Scale:** 1 = Rare, 2 = Unlikely, 3 = Possible, 4 = Likely, 5 = Almost Certain
- **Severity Scale:** 1 = Minor (negligible impact), 2 = Moderate (limited impact on outcomes), 3 = Significant (programme disruption), 4 = Major (serious disruption or reputational damage), 5 = Critical (programme failure or non-compliance with external obligations)

### 3. Key Risks and Mitigation Measures

Risk Category	Risk Description	Likelihood	Severity	Overall Risk	Mitigation Measures
Operational	Inaccurate or incomplete farmer data collection and verification	2	2	Medium	<ul style="list-style-type: none"> <li>- Strengthen data validation via M&amp;E app and TraceBale</li> <li>- Regular second/third-party verification</li> <li>- Farmer training on documentation</li> </ul>
	Weak adoption of sustainable practices by farmers	2	2	Medium	<ul style="list-style-type: none"> <li>- Incentives for compliance (market access)</li> <li>- Continuous agronomic support</li> </ul>
	Dependence on field partners with varying capacities	2	2	Medium	<ul style="list-style-type: none"> <li>- Partner capacity-building</li> <li>- Periodic audits</li> <li>- Diversify implementing partners</li> </ul>
Compliance & Governance	Misalignment with evolving sustainability legislation (EU DPP, Green Claims Directive, ISO/ISEAL)	3	5	High	<ul style="list-style-type: none"> <li>- Ongoing legal review</li> <li>- Regular benchmarking of Standard system against legislation</li> <li>- Proactive stakeholder engagement</li> </ul>
	Failure in certification/assurance audits	2	4	Medium	<ul style="list-style-type: none"> <li>- Pre-audit internal checks and on-boarding audits</li> <li>- Multiple certification bodies engaged</li> <li>- Corrective Action Plan mechanism</li> </ul>
Reputational	Social issues	3	4	High	<ul style="list-style-type: none"> <li>- Internal Assurance Systems</li> <li>- External verifications</li> <li>- Grievance mechanism for farmers &amp; workers</li> <li>- Rapid response for reputational risks</li> <li>- Applying the HRDD response framework and mitigation measures</li> </ul>
External	Climate-related risks (drought, flood, pest outbreak) affecting yields	4	4	Very High	<ul style="list-style-type: none"> <li>- Promote climate-resilient practices</li> <li>- Insurance pilots for farmers</li> <li>- Diversification into regenerative practices and crops</li> </ul>
	Political/regulatory instability	2	4	Medium	<ul style="list-style-type: none"> <li>- Country risk monitoring</li> </ul>

Risk Category	Risk Description	Likelihood	Severity	Overall Risk	Mitigation Measures
	in sourcing geographies				- Flexibility in programme geography
					- Advocacy with local authorities

#### 4. Risk Management Plan

- **Monitoring:**
  - Quarterly review by the internal REEL Secretariat
  - Annual review by Standards Governance Body
  - Immediate escalation for High/Critical risks

#### 5. Review and Revision Schedule

- **Bi-annually:** Management review with CottonConnect leadership
- **Annually:** Review by Standard Governance Body
- **Ad-hoc:** Upon occurrence of major incident, regulatory change, or external trigger