

# ETH Zurich Annual Report 2022

**Report****Author(s):**

ETH Zurich

**Publication date:**

2023-04

**Permanent link:**

<https://doi.org/10.3929/ethz-b-000616093>

**Rights / license:**

In Copyright - Non-Commercial Use Permitted

**Originally published in:**

ETH Zurich Annual Report

# Risk management

## A systematic process

ETH Zurich's university-wide risk management system takes a holistic approach that considers both potential internal and external risks. The systematic process is based on the internationally established risk management standard ISO 31000. The purpose of risk management is to protect the tangible and intangible assets on which the success of ETH Zurich depends, in particular human capital, infrastructure and reputation.

## Legal basis and governance

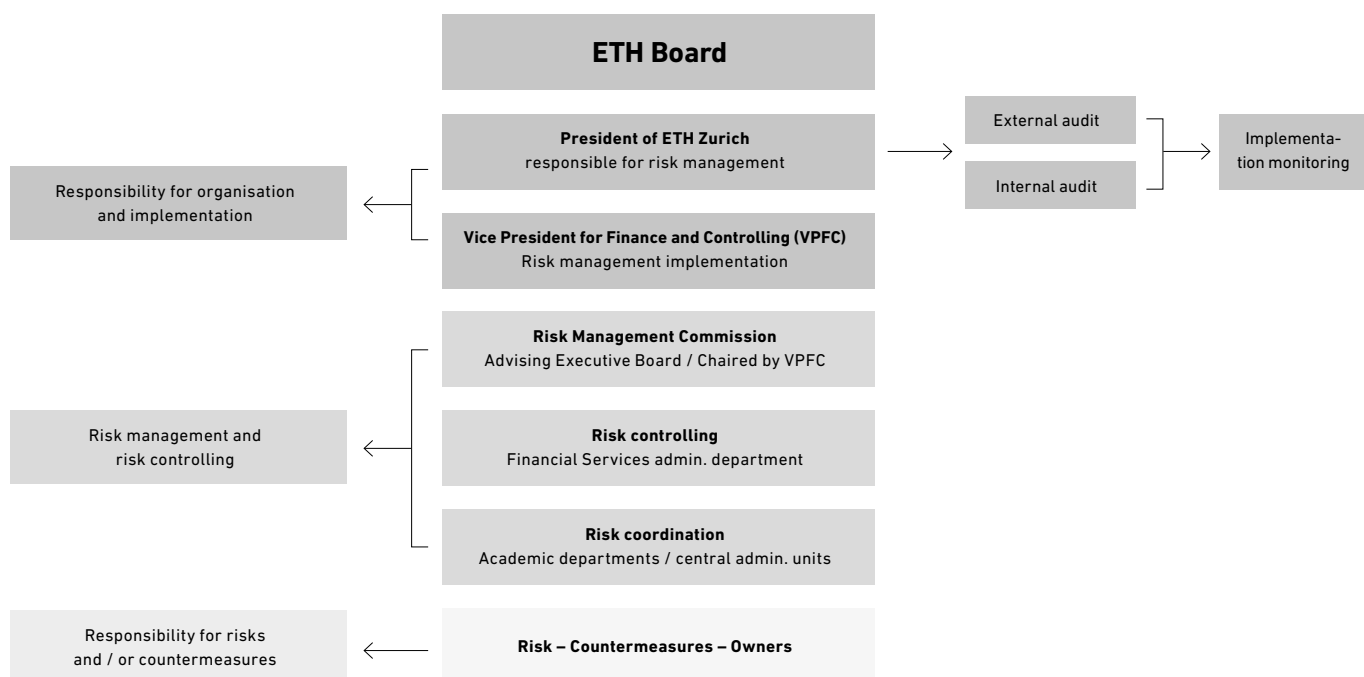
Based on the autonomy granted to each of the ETH Domain's six institutions by the ETH Act and the mandate for education, research and service provision, each institution is individually responsible for managing risks and periodically reports the current risk situation to the ETH Board in its role as the university's supervisory body. The essential parameters of risk management and risk financing are laid down in the ETH Board's directive on risk management at ETH and the research institutions. As the officeholder with overall responsibility for risk management at ETH Zurich, the ETH President informs the ETH Board on an annual basis about the core risks. The President also informs the ETH Board without delay of any exceptional changes to the risk profile or any instances of loss or damage.

## Organisation and process

Whereas the President has overall accountability for risk management, responsibility for implementation lies with the Vice President for Finance and Controlling. The latter chairs the Risk Management Commission, which advises the President and the Executive Board on matters concerning risk management, risk financing and insurance. The Commission decides what action to take in relation to reporting, assessing, minimising and controlling risk, while overseeing the process as a whole. The Executive Board is informed regularly about any substantive risks. ETH Zurich has nominated one or more officers responsible for each core risk and the relevant control measures.

### Internal control system

An important risk management instrument is the internal control system (ICS), which evaluates relevant financial processes and corresponding risks, assures adherence to internal and external rules, and minimises risks through appropriate control measures. The ICS encompasses those procedures and measures that ensure accurate bookkeeping and accounting, which in turn form the basis of sound financial reporting. As an independent external auditor, the Swiss Federal Audit Office verifies the existence of the ICS implemented at ETH Zurich as part of the statutory audit of the annual financial statements.



## Core risks

**Risks with potentially damaging impacts on the finances or reputation of ETH as a whole are designated as core risks.**

ETH's highly educated lecturers, researchers, students and support staff are a key factor for its success. The risk that persistent and structural factors could have a lasting **negative impact on academic performance in research and teaching** is therefore weighted correspondingly high.

The **loss of financial resources** due to a significant reduction in allocated federal funding or a sustained drop in third-party contributions would have immediate consequences for the quality and quantity of ETH's teaching and research, and therefore represents a correspondingly high level of risk.

ETH Zurich is tasked with providing innovative, research-based and skills-oriented education, training and development at the recognised international level.

A shift in priorities in the government's education budget, followed by declining financial resources and rising student numbers, would increase the risk of a deterioration in the quality of teaching. This would lower the level of education that ETH Zurich is able to provide, with a detrimental effect on academic standards and on Switzerland as a place to work. The university's reputation would suffer over the long term, as it would no longer be able to fulfil its mandate.

**Research integrity** is a key prerequisite for robust and subsequently sustainable scientific success. Lack of integrity can lead to data manipulation, plagiarism, non-disclosure of conflicts of interest and dereliction of duties of care towards junior scientists. The broad embedding of integrity in teaching, support from confidants, a rigorous approach to professional misconduct, and the work of ETH's delegates for good scientific practice actively promote integrity in research and its implementation in everyday practice.

All of ETH Zurich's business processes are reliant on a fully functioning data network and secure data storage media. **Data losses, network failures, cyber attacks or unauthorised data access** present considerable risks to ETH's business processes. Specialist teams and the Chief Information Security Officer continuously review the measures implemented to achieve the protection targets defined as part of IT security, and adapt them to the ever more challenging threat situation.

**Rapid and open communication** about the core tasks of research, teaching and technology transfer, as well as institutional matters, strengthens trust among stakeholders, ensures social acceptance and enhances the reputation of ETH Zurich. Failures of communication can erode credibility and trust among key stakeholders in politics and society.

**Violence or threats against the person** are not limited to actual physical aggression, but are also manifested in threats of violence, abuse of power and any forms of sexual harassment. Through preventive measures and constant reassessment of the current level of threat using standardised instruments, the ETH Threat Management Team defuses problems and conflicts at an early stage before they escalate into violence. Also, the Respect advice and conciliation service is on hand to address tensions and situations involving sexual harassment.

**Large-scale damage to the real estate used by ETH Zurich but owned by the federal government** entails the risk that the infrastructure necessary for research, teaching, transfer and the management of the university may be unavailable for an extended period or that important research and teaching activities are wholly or partially cancelled. Measures to safeguard and increase the safety of buildings are an integral part of every new-build or modernisation project, with the aim of averting major incidents.

**Significant impairments of ETH operations due to a major event** (e.g. pandemic) entail the risk that the core business of ETH is completely or partially impaired (e.g. general obligation to work from home; teaching, research, knowledge transfer and/or management moved online or suspended).

**Adequate premises, in terms of both quantity and quality**, are crucial for teaching, research and transfer and allow growth targets to be implemented. Partial or total loss of infrastructure within a room or an entire building can impair ETH Zurich's teaching and research activities or render them impossible. Lack of space, viable building plots and financial and human resources jeopardises change, the achievement of growth targets and the recruitment of highly qualified staff.

A new system to survey the views of scientific staff is among the new measures to ensure the **early detection of conflicts** arising from incorrect management and supervisory behaviour. This allows continuous monitoring of the satisfaction, supervision and development of doctoral students, postdoctoral researchers and senior assistants. In the area of prevention, the main focus is on the training and support of staff in management functions, as well as on the structured onboarding and supervision of doctoral students, postdoctoral researchers and other staff. Worth special mention here is the recently launched e-learning course on dealing with sexual harassment in everyday studies and work.

**Non-association with European research framework programmes** has far-reaching implications for ETH Zurich and Switzerland as a whole, such as greater difficulty recruiting high-calibre scientists in the future, the risk of losing current talent and – given the lack of access to internationally important strategic research areas – potentially more difficult cooperation with European companies, as well as potential reputational damage. Separate bilateral agreements need to be signed, which take up time and resources, and, while perhaps mitigating the negative effects, cannot eliminate them altogether.

### **Multiple crisis situation**

In the reporting period the overall economic, political and social conditions have deteriorated significantly, creating a multiple crisis situation. The impact is being felt at ETH Zurich as well.

The highest rate of inflation for 30 years not only has consequences for procurement: the cost of building projects is also rocketing. Shortfalls in the federal budget caused by the pandemic and dependency on the total federal contribution from the federal government create a certain degree of financial uncertainty.

ETH Zurich has set up a task force to monitor developments in gas and energy supply and to take any measures necessary to ensure that research and campus services can continue to run as smoothly as possible. The task force commenced its work on 1 October 2022.