Risk Management Policy

Compliance with this policy is mandatory.

This policy outlines the risk management approach of Save the Children Australia and its Subsidiaries (SCAus). It is relevant to all teams within SCAus and is mandatory for all SCAus Representatives (as defined in the Definitions section of this policy) in all locations. This policy must be read in conjunction with the Risk Management Guidelines that have been developed to assist in adhering to the policy statements.

Purpose and Scope

SCAus exists to help the most vulnerable children with our mission and operating environment exposing us to a range of risks. The purpose of this policy is to define the SCAus risk management approach which will support SCAus personnel to:

- Identify, assess, mitigate and monitor risk which could prevent us achieving our objective, or could harm the children, people and partners we work with.

- Be ready to take well-managed risks within an agreed risk appetite where this enables us to help children better.

- Ensure an appropriate assessment of risk is central to all our strategic planning and our operational decision making.

- Embed a culture of understanding and managing risk in all our operations and activities.

SCAus defines the scope of risk management activities by categorising and associating risks to owners within the following levels:

- **SCAus Board** – The SCAus Board is responsible for setting the risk appetites and ensuring a risk management framework is defined to identify and manage risk on an ongoing basis.

- **Enterprise** – Executive owners are responsible for key strategic and operating principle risks including consideration of emerging and global shared risks. Enterprise Risk, through the endorsement of the Executive, is responsible for the design and implementation of the risk management framework.

- **Business Units, Country/State Office or Subsidiaries** – Department Head, Country Director/State Manager, Managing Directors or Senior Manager owners for risks associated with achieving business plans.

- **Programs, Projects or Activities** – Program Manager, Project/Event Sponsor owners for processes in place at design, implementation and management phases to identify and monitor risks.

Previous Version	Current Version	Comments	Author	Approved by Executive Committee	Approved by BPRC	Review Date
4.2	4.3	Scheduled review.	Head of Risk Support	Jun 2019	24/7/19	Q3 2021
4.3	4.4	Scheduled review.	Head of Enterprise Risk	June 2021	29/07/21	Q3 2023

The policy statements, guidelines, and Enterprise Risk Management Framework are aligned with the AUS/NZS Risk Management Standard ISO 31000:2018 and the generally accepted Three-Lines-of-Defence Risk Management Model.

Policy Statements

1. SCAus will be guided by an Enterprise Risk Management framework. The framework will guide the Enterprise Risk Management function and form the basis of risk management practices across the SCAus Group. SCAus will revisit the framework every two years, or by exception, to ensure it remains relevant and in accordance with the AUS/NZ ISO 31000 risk management standards.

2. SCAus will be guided by a defined risk appetite (set by the Board), in the context of its operating environments. SCAus will revisit its risk appetite every two years, or by exception, to ensure it remains relevant. Any changes to our risk appetites must be approved by the SCAus Board.

3. SCAus will maintain an enterprise level risk register (key principle risks) which clearly defines the risk description, ownership, mitigation and risk rating for each risk. The register will be updated on a quarterly basis; new and emerging risks will be considered. The CEO and or Executive individually or collectively will review and approve the register each quarter.

4. On a quarterly basis, principle risks will be reported to the Board and any Board risk subcommittee. We will report on the top risks (i.e., risks where the impact is major or catastrophic and the likelihood is high or critical), and other significant movements in the risk register. SCAus will revisit its principle risks every two years, or by exception, to ensure they remain relevant. Any changes to our principle risks must be approved by the SCAus Board and any Board risk subcommittee.

5. Every quarter, the Senior Management Team for each division, including our Subsidiaries, or operational teams will actively assess risk to identify, assess, mitigate and monitor their risks through review and discussion of their divisional risks.

6. A clear risk governance structure will ensure oversight of risks across SCAus with roles, responsibilities and key governance meetings identified to ensure adequate reporting on risk based on the "Three-Lines-of-Defence" model.

7. The Board, through the CEO and Executive, is responsible for setting SCAus' risk culture. All SCAus Representatives are responsible for understanding and adhering to the SCAus Risk Management Policy and Guidelines and ensuring they report any incidents or breaches to policy or guidelines as set out in the relevant policies.

8. SCAus through the Executive and Enterprise Risk function will drive increased engagement and alignment with SCI to collaborate on significant, shared, end-to-end risks and ensure adequate oversight across the SCAus and SCI risk environment.

9. The Risk Management Policy and Guidelines will be reviewed every two years in accordance with SCAus document management protocols.

If you have any questions or concerns relating to adherence to the Risk Management Policy and Guidelines please refer to the Enterprise Risk Management page on the SCAus intranet for team member contacts https://stc365.sharepoint.com/department/risk

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Definitions:

Word / Term	Definition
Risk Management	Risk Management is the identification and assessment of risk, and the actions we take to manage those risks by reducing the likelihood or impact to levels we are prepared to accept, and the review of this arrangements over time.
SCAus Group	Save the Children and its Subsidiaries.
SCAus Representatives	SCAus Group permanent, maximum term and causal staff, trustees and board members, volunteers, interns, work experience/placement students and individual contractors and consultants (referred to as representatives).
Subsidiaries	A subsidiary is any entity that is controlled or majority controlled by Save the Children Australia Ltd.
Business Units	All departments within the SCAus Group.
Impact	This the outcome of a risk occurring and can take the form of direct impact and / or lead to a range of consequences. Please refer to the Risk Management guidelines for further definitions on risk ratings.
Likelihood	Likelihood is the change of something happening and should be based on frequency (how often) or probability over a given time period. Please refer to the Risk Management guidelines for further definitions on risk ratings.
Risk Rating	Risk assessment involves the assignment of a risk rating to each risk by assessing the impact and likelihood if the risk event were to occur within the current control environment. Also referred to as the residual risk. SCAus assigns the risk rating post risk mitigation / after controls have been defined. Please refer to the Risk Management guidelines for the risk rating matrix definitions.
Risk Assessment	A systematic process of assessing the potential risks that may be involved in an activity or undertaking. A risk assessment may inform a risk register, risk log, or other document (e.g., business case) that can be maintained and reviewed over time as appropriate to the activity.
Risk Register	A risk register is a tool for documenting risks and the assessment of the impact / likelihood, mitigation strategy and ownership with each risk along with a timeline for implementation.

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Risk Mitigation	Mitigation is the means to lessen a risk through risk management strategies. We use a mixture of controls and other risk treatments. The cost of mitigation should be balanced against the level of risk and the value of the reward.
Control	A control is a measure that modifies a risk and can include policies, processes, procedures, review and monitoring activities or other tangible actions. The likelihood and potential impacts of a risk can be controlled, but it is rare that a risk be completely removed except by terminating the activity.
Risk Appetite	Our risk appetite is set by the Board with input from our Executive. It is the maximum amount of net risk (after mitigation) that SCAus is generally prepared to take or be exposed to at any point in time in order to achieve our strategic objectives. Our risk appetites should also inform of our strategic and operational decision-making activities.
Review	Risk assessment should be reviewed regularly over the course of a program, project or activity to ensure the risks remain relevant and are accurately assessed. A review should also take place if a significant event occurs which changes the operating context of the activity.
Principle Risk	SCAus has identified the principle risk which, without effective mitigation, would have a severe impact on our work, our reputation or our ability to achieve our ambitions. The principle risks are reviewed by the CEO and / or the Executive on a quarterly basis and reported to the Board and BPRC quarterly.
Three-Lines-of-Defence	SCAus manages risk through a Three-Lines-of-Defence approach which sets out the roles and responsibilities for managing risk and providing assurance. We have incorporated this into our risk and assurance frameworks consisting of suitable systems and processes delivered through a defined governance structure and reporting process (e.g., reporting to the BPRC and BAC).

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