Design4Growth's Risk Management Framework

1 INTRODUCTION

Effective risk management is integral to achieving Design 4 Growth Pty Ltd's (Design4Growth) business objectives. Key to this objective is promoting a positive risk culture.

The International Standard on Risk Management, AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines, defines risk as "… the effect of uncertainty on objectives', and risk management as the '… coordinated activities to direct and control an organization with regard to risk".

1.1 Design4Growth Approach

Design4Growth has adopted an enterprise-wide risk management approach, which is designed to ensure that risk is managed in an integrated and purposeful way, and is well understood and operationalized.

Risk assessment in the company is iterative in nature (repeated regularly from the previously formed base and in response to changing conditions in order to improve). In line with this approach, Design4Growth conducts risk reviews on a regular basis.

2 POLICY OBJECTIVES

Design4Growth is committed to good governance and understands the valuable contribution that effective risk management makes to this process. Design4Growth's Risk Management policy is designed to:

- Support an environment in which all staff assume responsibility for managing risk; and
- Demonstrate transparent and responsible risk management processes which align with accepted best practice.

In addition, by assisting the organization to recognize risks and develop appropriate mitigation strategies, the Guidelines play an important role in:

- Preserving Design4Growth's ability to delivery our services in a timely manner
- Ensuring resources and operational capabilities are identified and deployed responsibly and efficiently
- Maintaining the highest possible integrity for the services provided, and
- Safeguarding company assets (people, financial and property).

This policy also proposes a system for managing risk across the company, which includes a shared vocabulary, consistent assessment methods and a reporting structure.

3 WHY MANAGE RISK?

Accurately identifying, treating and monitoring risks at all level enhances the company's resilience and capacity to positively respond to a changing environment. Ignoring risks has the potential to impact on our:

- Reputation, credibility and status;

- Financial position;
- Capacity and capability; and
- The company's outputs and services.

4 WHOSE RESPONSIBILITY

The Board of Directors	Is responsible for the Company's risk management policy and also has key responsibility for: • Reviewing the company's risk profile on an annual basis; • Managing long term strategic risks; and • Championing a risk management culture that is embedded at all levels of company operations.
Risk and Audit Committee	Is responsible for overseeing the Company's risk management framework and advising the Board on its effectiveness.
Executive	In addition to managing the organizational risks, all Executive are responsible for supporting their staff and managers to treat risk management as an active and on-going activity.
Staff	Have the responsibility to: • Ensure that appropriate risk management tools are available and used at the appropriate junctures; • Assure their managers that mandatory actions are being followed; • Assist their managers and team by modelling best practice in risk management within their area of responsibility.

5 REPORTING REQUIREMENTS

Design4Growth's initial risk assessment is formulated concurrently with the Business Planning framework. This initial assessment is reviewed, updated and reported to the Risk and Audit Committee by the Executive. The Risk and Audit Committee Chair will report back to the Board.

5.1 Quarterly Reporting and Risk

The Quarterly Reporting process monitors the performance of the company in meeting priorities, key activities (including capital projects), hot issues, key risks and certain ASIC issuesWhether the target of the act of bribery works in the public or private sector is irrelevant. The relevant laws apply to bribery of public officials as well as bribery in respect of any proposed or commercial transaction in the private sector.

6 IMPACT of RISKS

In general terms Design4Growth recognizes six categories of risk which allow reporting of similar risk types and can also be used to ensure that risks are not missed when undertaking risk assessments. These categories are:

6.1 Governance and Accountability –

- Financial management
- Assurance and governance
- Recognition and adherence to legislative and regulatory frameworks and mandatory reporting

6.2 Delivery -

- Delivery of all services to customers and stakeholders
- Development and implementation of robust policies, programs and services

6.3 Relationship Management –

- Customer management
- Stakeholder management
- Contract management
- Customer and stakeholder perception
- Relationships with regulators and Government

6.4 Capability –

- Strategic planning
- Assets and resources
- Training, staffing requirements, human resources, change management
- Ability to develop and produce internally
- Workplace Health and Safety
- Our Culture
- Our Leadership

6.5 Knowledge and Information –

- ICT
- Information Management
- Data Integrity

6.6 External Environment –

- Business interruption and continuity
- Epidemics, global crises, and responses

7 RISK ASSESSMENT

The process of managing risks involves a series of steps:

Step 1: Establish the Context – Map the environment in the company related to goals, objectives, strategies, scope and boundaries.

Step 2: Identify Risks – Find, recognize and describe the risks that may arise from the business environment you established in Step 1 that are most likely to impact on the company's business objectives.

Step 3: Analyse Risks – comprehend the nature of the risk and to determine the level or size of the risk. The process separates the minor acceptable risks from the major risks and provides data to assist in the evaluation and treatment of risks.

Step 4: Evaluate Risks – Compare the results of the risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable.

Step 5: Treat Risks – Modify the risk by developing more effective options for risk control; these additional treatments will aim to reduce the likelihood and consequence should the risk occur.

Step 6: Monitor and Review – Continually and critically check or determine the status of the risk in order to identify change from the risk rating required or expected.

Step 7: Communicate and consult – Applies to all stages or the risk management process.

Further detail about each step (its objective, suggested process for achieving the objective, key considerations and advice for documentation) is set out in the **Risk Assessment Process.**

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