



G8 Education Limited

Risk Management Framework





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1. Introduction

1.1 Purpose

This Framework provides practical advice on the management of risks, links to all relevant tools and templates within G8 Education (G8) that may assist staff to understand their responsibilities, access the resources necessary to manage risk and continually improve the management and communication of risk across the organisation.

The Framework is intended to be a useable document that provides a summary of the risk management activities that occur within G8. It is designed to build the understanding among staff of the importance of risk management and provide practical direction on how to comply with the intent of the Company's Risk Management Policy.

G8 staff should feel enabled, not constrained, by the Framework; it is not intended to comprehensively capture all the risk management activities across the organisation but to provide guidance and support to enhance, embed and further integrate sound risk management practices and culture across G8.

1.2 Intended use of the framework

In order for G8 to appropriately manage risk across all areas of operations, it is necessary for the Framework to outline four distinct levels of risk management activities; strategic, functional area, operational and project. This brings together each element of risk management relevant to G8 Education's strategic context. A multi-layered approach to managing risk and effective control environments is dependent on a process that recognises specific 'objectives' at each level.

This Framework therefore incorporates:

- At the Board and Executive levels, a focus on risks related to achieving G8's strategic objectives;
- At the Executive Leadership level, a focus on risks related to functional areas and the delivery of business wide functional requirements;
- At the operational level, a focus on operational risks related to the day-to-day operation of G8 Early Education and Childcare Centres; and
- As part of project delivery, a focus on risks related to the delivery of project outputs within scope, time, budget and quality requirements.

1.3 What is risk?

'AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines' defines risk as: "the effect of uncertainty on business objectives". This definition addresses both the upside and downside of risk (i.e. preventing bad things from happening or failing to ensure good things happen). For G8's purposes, for an event to be considered a risk, it must meet certain criteria, including the following:

- the event has the potential to negatively impact objectives, be they strategic, operational or otherwise;
- there is the potential for loss due to the event;
- there is uncertainty as to the outcome, i.e. it is an event in the future that may or may not occur;
- a decision is required i.e. to accept or reject the risk or identify a course of action to influence either the likelihood of the event occurring or the consequence if it were to occur;
- present an opportunity to achieve objectives, and if not assessed appropriately would be considered to be a lost opportunity.

Note the greatest risk to G8 Education, is to take no risk at all.

Risk Management therefore, is the systematic application of policies, procedures and practices that identifies the likelihood or consequence of risk events to enable informed decision making.

1.4 Risk appetite

G8's risk appetite supports the achievement of its business objectives by establishing the highest level expectations and tolerances for the management of business risks as developed and approved by the G8 Board. It ensures there is alignment of strategy and decision making in the context of risk and compliance obligation management, enabling the achievement of strategic objectives while operating within agreed parameters.

G8's Risk Appetite Statement is attached as Annexure 1 and is to be reviewed by the Board at least annually.

1.5 Risk Management Framework

This Risk Management Framework is one part of the policy and procedural guidance that supports risk management activity at G8. Enabling this framework is a suite of other risk management materials, designed to guide and/or operationalise its various components.

These include:

- **Risk Management Policy** – Introduces G8's vision and objectives for the management of business risks. It sets the tone from the top and is a reflection of the Board's intent.
- **Strategic Risk Register and Dashboard** – A tool for collecting, reporting and monitoring the organisations strategic risks.
- **Functional Risk Register and Dashboard** – A tool for collecting, reporting and monitoring on the risks of the functional areas within G8 (HR, Finance, Marketing etc.)
- **Operational Risk Tool** – A tool that describes the risks that all Centre's face and the standardised practices that G8 Support Office expects to be undertaken in order to control these risks. Centre Manager's will adapt the tool to cover additional risks (specific to their operations), or add further controls (that are performed in addition to, or instead of, expected control activity).
- **Risk Management Roadmap** – Provides guidance on the steps G8 needs to take to embed risk management processes and mature the function into the future.
- **Risk Management Factsheets** – Explanatory factsheets that supports G8 in communicating risk management change at the operational level.
- **Risk Management Training**
- **Governance Committee, escalation and meeting forums**
- **Quality, Compliance and Risk reporting processes and internal audit activities**

2. Risk management at G8

It is important for G8 to apply rigorous risk management processes at all levels of the business. G8 is firmly dedicated to the duty of care it holds to its people, children attending its centres or other stakeholders in the conduct of its business; and its commitment to robust risk management is part of this dedication. The sector within which G8 operates is, and will continue to be, in the public spotlight, as operators continue to strive towards making Early Childhood Education and Care safe and secure environments for children, educators, visitors and volunteers that supports children to be the best they can be.

Additionally, robust risk management processes are key to successfully managing our operations and understanding the threats that our business faces. The dynamic, geographically dispersed way in which we operate, further adds to the importance of this mechanism. Our operating model requires a strong culture of risk awareness and fit-for-purpose risk monitoring mechanisms, to keep the business abreast of potential risk exposures.

2.1 Risk culture

Risk culture is the glue that binds all elements of risk management together. Risk culture is the reflection of the organisations values, goals, practices and mechanisms that embed risk into decision making and operating processes. Risk culture is everyone's responsibility, starting with a constant and consistent tone from the top.

A positive risk culture is one where staff at every level appropriately manage risk as an intrinsic part of their day-to-day work. Such a culture supports an open discussion about uncertainties and opportunities, encourages staff to express concerns, and maintains processes to elevate concerns to appropriate levels.

Through the application of quality principles and risk management processes, G8 Education aims to have "no surprises" at strategic, operational, functional area or project level.

Operationally, critical to the success of landing any centre level change is the G8 network of Regional and Area Managers. As both the conduit for information flow from support office and Centre Manager mentors for how practical risk management might occur, this operational Regional/Area Manager network is crucial in enabling and guiding cultural change.

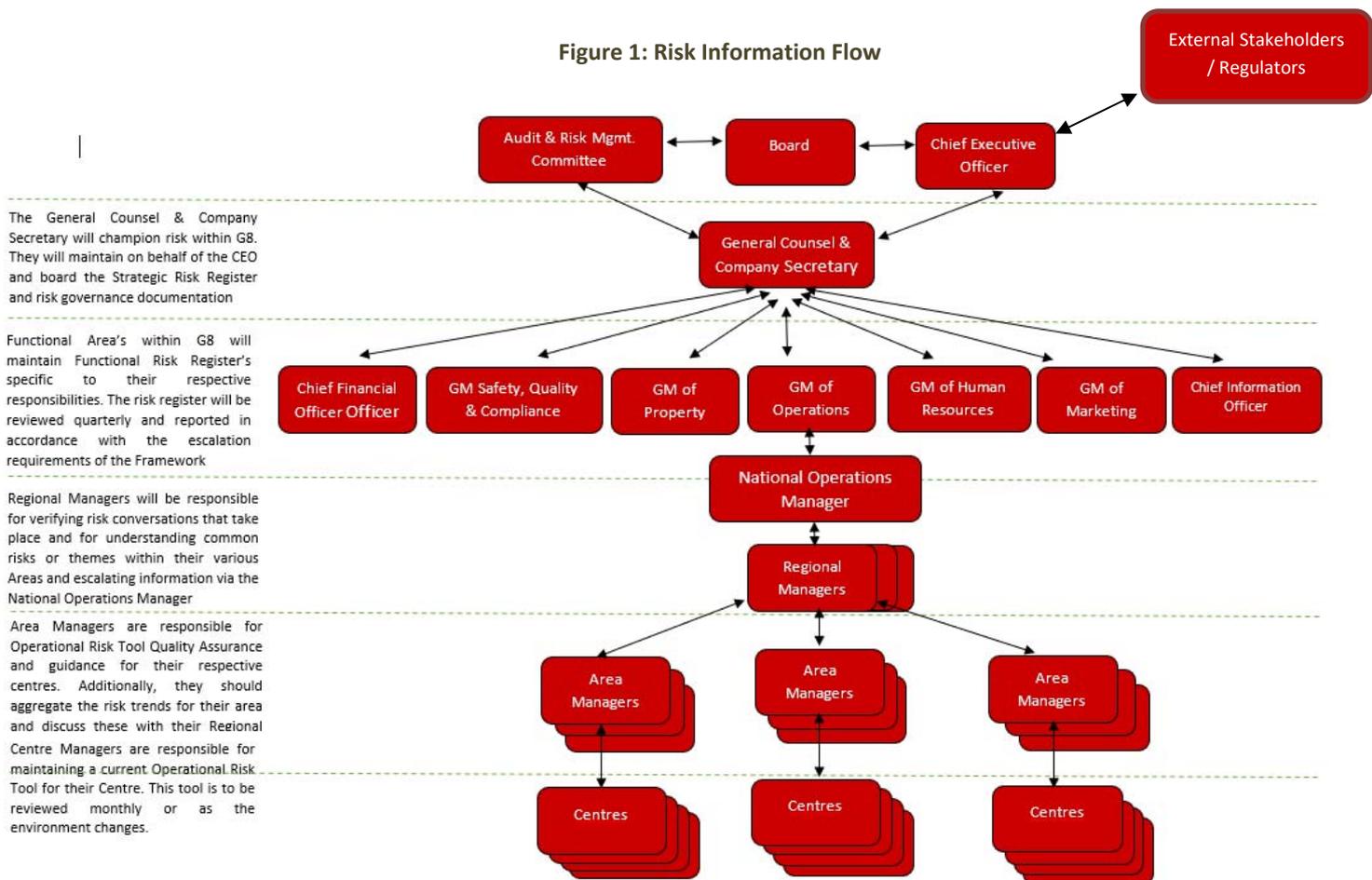
Given G8's current risk management maturity, practical steps for building a positive risk management culture focus' effort on:

- Adoption of expected risk management practices. Operationally, this includes use of the Risk Management Tool. For support office, this includes use of the Functional Area Risk Register and Strategic Risk Register;
- Establishing regular forums (at all levels of the organisation) for the discussion of risks, controls and treatment actions;
- Reviewing data and reports at defined forum to ensure decision making, action and evaluation within a continuous improvement program that includes escalation of communication protocols;
- Continuous monitoring of what is or isn't working, with gradual improvement in the way in which G8 manages and reports on risk.

Further steps to help embed risk management practices are noted in the G8 Risk Management Roadmap.

2.2 G8 Education risk management hierarchy

The G8 risk management framework is comprised of a top down and bottom up process that links strategic, functional areas and operational risk assessments. The flow of risk information in both directions ensures that risk is appropriately recognised and treated at all levels across G8. This effective information flow allows all levels of G8 operations from Centres to the Board to make informed decisions that support G8's strategic and operational objectives. Figure 1 (below) illustrates the risk reporting and monitoring requirements across the operational, functional and strategic risk environments.



2.3 Risk Management accountabilities

The following section outlines the baseline expectations and accountabilities of roles across G8 that incorporate new risk management accountabilities.

Centre Managers - Each centre will maintain a completed and current Operational Risk Tool. The Operational Risk Tool will be reviewed every six months or whenever the centre environment changes. Environmental changes can stem from a number of events, such as regulatory or staff changes, and should not be thought of as only changes to the physical environment of the centre. Centre Managers will provide copies of their completed Operational Risk Tools to Area Managers who will deliver feedback and guidance. Area Managers should facilitate discussion and encourage Centre Managers to share reflections on their risk and control environment to encourage risk aware thinking and drive operational improvements sharing.

Further guidance for Centre Managers on how to effectively use the Operational Risk Tool can be found within Risk Factsheet 1.

Area Managers - Area Managers have two primary roles within the risk management process:

- quality assurance over adequate completion of the Operational Risk Tool; and
 - providing training, development and risk management cultural guidance to Centre Managers.
- Area Managers will review all completed Operational Risk Tools, providing guidance and feedback in order to ensure the risk assessment completed by Centre Managers meets the quality standards of G8. Additionally, Area Managers are to conduct training and development for Centre Managers, to ensure they are continually learning and developing their risk assessment capability. Area Managers should regularly discuss risk management activity with their network of Centre Managers, forming a view of 'risk trends' that can be shared with their respective Regional Managers. Area Managers will provide an update to Regional Managers at their monthly meeting on any changes to the Operational Risk Tool in that month to continue the knowledge sharing process.

Regional Managers - The role of Regional Managers is to coordinate regular meetings with their respective networks of Area Managers and, through risk-based discussion, form a view of:

- new risks identified within the Region;
- new or existing risks that are rated high or extreme across the Areas within the Region; and
- allow Area Managers to share better practice on additional controls utilised, to contribute to knowledge sharing across the network.

Regional Managers should provide high level feedback to the National Operations Manager regarding the effectiveness of the operational risk management process and inform them of the new extreme and high risks within their respective regions which are to be escalated to the General Manager of Operations.

Executive Leadership Team Members - Each functional area of the business will maintain a risk register for their area, specific to their functional objectives and accountabilities. The purpose of the Functional Risk Register's is to allow each Functional Area Lead to effectively communicate the risks, controls and additional treatments that effect their specific objectives. This in turn informs organisational decision



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making and allows for the appropriate allocation of resources in accordance with G8's risk appetite. The contents of Functional Area Risk Registers will assist the General Counsel and Company Secretary in maintaining the Strategic Risk Register, with significant risks identified within the functions to be included in the Strategic Risk Register. Functional Risk Registers are to be reviewed and reported to the General Counsel & Company Secretary a minimum of quarterly.

General Counsel and Company Secretary – The General Counsel and Company Secretary is responsible for championing risk management within the organisation and guiding the rest of the Executive in following the requirements of the G8 Risk Management Framework. At the strategic level, this activity includes following up members of the Executive on updates to risks within the strategic risk register, eliciting information on status, control effectiveness and progress in implementing further treatments. The General Counsel and Company Secretary is also responsible for compiling the risk management dashboard, summarising the strategic risk environment of G8 for the CEO, ARMC and Board, as appropriate.

2.4 Three Lines of Defence

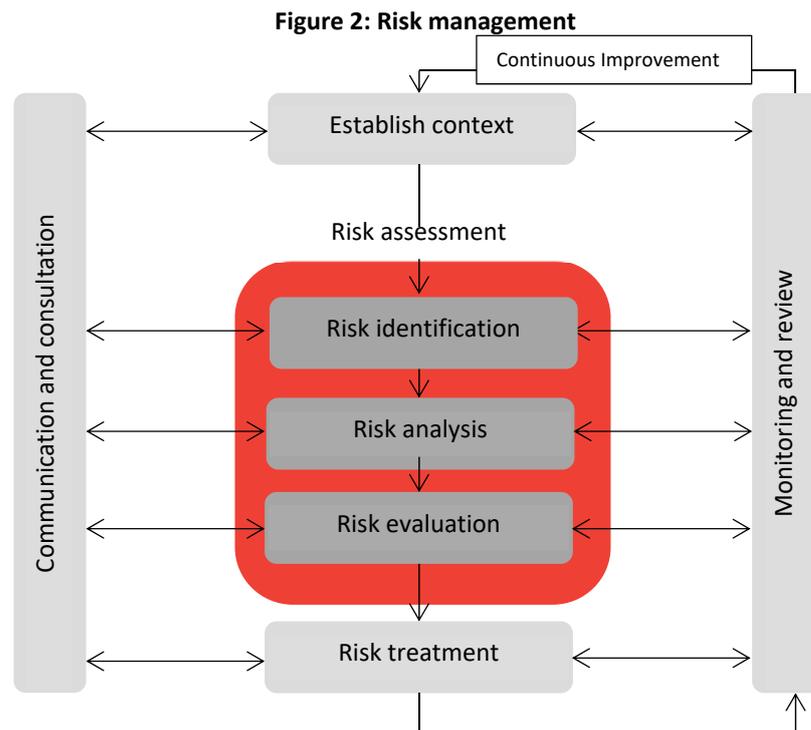
The Risk landscape of any organisation constantly changes. It is important for any mature risk management function therefore to assign appropriate accountabilities for monitoring the effectiveness of its risk management practices. G8 has adopted the following three lines of defence model, which outlines accountabilities for the governance and improvement of risk management.

LINE	WHO IS RESPONSIBLE	RESPONSIBILITIES
First Line	All levels of Management	<ul style="list-style-type: none"> Accountable for managing the risk monitoring and reporting obligations associated with their activities within the approved risk process.
Second Line	ARMC and General Counsel and Company Secretary - with Reporting to the Board	<ul style="list-style-type: none"> Establishment and maintenance of the risk management framework. Provide advice to management regarding the management and reporting of risk. Verification and oversight of the first line, that risks are being managed against agreed processes and controls. Provide transparent reporting on the management of risk to the Board. Provide assurance that compliance mechanisms are in place. Monitor risk registers for alignment within the approved risk appetite and strategy. Lead the development and refinement of risk appetite statements, risk framework and policy.
Third Line	External audit	<ul style="list-style-type: none"> Provide independent review, monitoring and testing that business units and operational functions comply with risk policies and procedures. Independent evaluation of the design, adequacy and effectiveness of the risk management framework and internal control framework. External Auditor to report directly to the Chair of the Audit & Risk Management Committee.

3 Risk management Process

3.1 Methodology

Risk management processes at G8 are based on an internationally accepted process: the Standard for risk management (AS/NZS ISO 31000:2009 Risk management - Principles and guidelines) shown in Figure 2 below:



The activities which must be undertaken within each of these steps are detailed below:

3.2 Communication and consultation

Communication and consultation is a continual activity across all stages of the risk management process to provide, share or obtain information, and to engage in dialogue with internal and external stakeholders regarding the management of risk.

Consultation with relevant stakeholders should take place during all stages of the risk management process to ensure those accountable for implementing the risk management process understand the basis on which decisions are made and the reasons why particular actions are required. This will also ensure:

- the interests of stakeholders are understood and considered;
- risks are adequately identified; and
- endorsement and support for risk control/treatment plans.



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G8 Education values the view and opinions of team members and has established both formal and informal consultation and communication structures, with informal processes empowering and encouraging the team to report risk issues or ideas directly to their Team Leader.

The following communication and consultation forums include the following which incorporates natural escalation hierarchies:

- **Team forums**
 - Centre Based Team meetings
 - Area Managers Meetings
 - Regional Manager Meetings
 - National Operations Meetings
 - Support Office Team meetings
- **Operational Governance Committees**
 - Child Protection and Safety Committee
 - Quality and Compliance Committee
 - ELT Risk Committee (Quarterly)
- **Strategic Forums**
 - Executive Leadership Team Meetings (Monthly)
 - Project Steering Committees
- **Governance Forums/Committees**
 - Board
 - Audit & Risk Management Committee
 - People & Culture Committee
 - Nominations Committee

The G8 Education's risk reporting and communication framework provides for formal consultation and communication and ensures Team members at all levels and locations have a forum in which to raise issues, receive and to share information and express their views and opinions to assist management in making informed and justifiable decisions.

The Governance Committees are in place to ensure compliance to G8 Education systems through the analysis of data including quality, risk, compliance and audit outcomes to identify opportunities for improvement.

Furthermore, the communications framework ensures consistent messaging and prioritisation of communications that also provides a formal record of communication and action that is required to be undertaken as a result of the communications. Any safety alert to be addressed is filtered through the communications framework.

3.3 Establish context

Risk management is integrated in management processes to ensure the goals and objectives of G8 are met. Therefore, risk management must be placed into both a strategic and operational context and consider both internal and external factors.

Strategic context

Strategic risk identification involves the relationship between G8 and the broader internal and external environment. A range of issues should be considered in examining the strategic content, including:

- Opportunities and threats associated with the local, regional, state and global economic, social, political, cultural, financial, technological, regulatory and competitive environments;
- Relationships with and values of external stakeholders;
- Key drivers and trends having impact on the objectives of the organisation; and
- Strengths and weaknesses of the organisation in attaining corporate objectives and exercising a state of influence in the industry environment.

Operational context

Operational risk identification involves gaining an understanding of the organisation's capabilities, goals, objectives, strengths and weaknesses by considering:

- Governance, organisational structure and culture;
- Geographic/demographics;
- The identity and nature of interaction with key stakeholders;
- The existence of any operational constraints;
- Objectives and key performance indicators;
- Relevant issues relating to recent change management, performance or audit reviews;
- Relevant stakeholder community concerns or requirements;
- Organisational roles, responsibilities and accountabilities;
- Resource and knowledge capabilities;
- Standards, guidelines and models adopted by the organisation;
- Regulatory and contractual requirements and constraints;
- Business management systems; and
- Annual budgeting, capital expenditure business cases and operational performance margins.

Project context

All strategic projects are managed through the G8 Education Project Management Office (**PMO**) to provide project governance and the consistent application of a G8 Education's project management methodology, based on the PRINCE2 method, to support the achievement of project objectives and ensure any risk of achievement is minimised.

This is undertaken through a number of processes, including project concept planning and Executive Leadership Approval that leads to detailed project scoping and objective specification to ensure we know what success looks like.

Project documentation and process ensure:

- adequate resource planning;
- scheduling and project alignment;

- risk identification and mitigation; and
- decision approvals through 'stage gates' of project development and execution.

Regular working group (as well as the use of consultation and pilots with Centres where appropriate), steering committee meetings and Executive Leadership reporting provides oversight and ensures a focus on alignment and delivery of strategic projects.

A Project Risk Register is maintained for each project with each register being managed by the relevant program manager for that stream of work. Risk ratings aligning with the organisational Risk Matrix which rates risks based on consequence and likelihood from low to extreme. A project-specific Risk Matrix has been developed which covers the key project-related categories of time, budget and scope.

For each risk identified, ratings are given across both the project and strategic risk areas, which provides oversight for management action across both project and enterprise risk management processes.

Visibility and escalation:

Each project will escalate risks internally as appropriate based on the ratings as followed:

- Project moderate risk rating – raised with program manager, discussed at project team meetings.
- Project high or extreme risk rating – included on regular (fortnightly) steering committee pack for ELT oversight.
- Project high or extreme risk rating with no mitigation/controls noted – mandatory inclusion as discussion point at steerco for ELT oversight.

Context and Categories of risk

The following broad categories of risk are used to enable appropriate summarising and consideration of the context in which the particular risk is being identified and assessed:

- Service Quality (National Quality Framework Compliance);
- Health, Safety and Environment
 - Child Safety;
 - Team Safety
 - Environmental protection
- Performance / operational;
- Financial;
- Legal, regulatory and compliance;
- People; and
- Reputation.

3.4 Risk Assessment

Risk assessment is a structured process that includes the following three steps:

- **Identification of Risk** and Opportunities: Enabling an understanding of how particular objectives may be impacted by risk.
- **Risk Analysis:** Assessment of risk in terms of the likelihood and consequences or a particular impact.



- **Risk Evaluation:** Assessing the results of risk analysis against acceptance or risk tolerance criteria.

When assessing risk it is necessary to ensure:

- there is an adequate understanding of the risk and its potential impact on objectives;
- adequate information is being provided to decision makers;
- the issues that contribute to risk is clearly identified, therefore assisting to identify system deficiencies or weakness;
- information is provided that will help evaluate whether risk should be accepted when compared to risk tolerance or acceptance criteria; and
- risk control, treatment of improvement action contributed toward adverse incident prevention based upon incident investigation results.

Risk assessment seeks to answer the following fundamental questions:

- What can happen and why?
- What are the consequences?
- What is the likelihood, or probability of any future occurrence, or recurrence in the event of an incident?
- Are there factors or control measures in place that mitigate the consequence of the risk, or that can reduce the likelihood of the event occurring?
- What is our risk appetite, particularly for taking opportunities?
- Is the risk tolerable or acceptable, within predefined limits?
- Do further control measures need to be implemented?
- Have previously planned control measures or actions been completed?
- Are the current control measures effective? This may be determined from monitoring of trend data, internal audit results, key performance indicators, targets and tolerances.
- Has industry best practice principles been applied?

The outcomes of the risk assessment process provides an input to various decisions including:

- Whether an activity should be undertaken.
- How to maximise opportunities.
- Whether risks need risk control and choosing between and prioritising risk control options.
- System monitoring, outcome reporting and internal audit processes requirements.
- Resource requirements.
- Further strategies or projects.

3.4.1 Risk identification

A risk that has not been identified cannot be managed. Risk identification is a critical activity at both a strategic, functional, project and operational level. It needs to be comprehensive and include the significant sources of risk, including those beyond G8's control. The aim of the risk identification step is not to create an onerous and lengthy list of all possible risks, but to identify all significant risks that might



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create, enhance, prevent, degrade, accelerate or delay the achievement of G8's objectives and to document these risks in a register. If a risk is not identified, there can be no strategy to defend against it. The descriptions need to include detailed causes and impacts of each identified risk.

How to identify risks

Risk can be identified through:

- Formal workshops;
- Focus groups (using brainstorming approaches, SWOT, PESTLE analysis techniques or What If Analysis, service offering categories or broad business categories);
- Process mapping, flowcharts, critical path analysis, cause and effect analysis, past experience and industry knowledge;
- Discussions with stakeholders (e.g. internal and external, including legal advisors, consultants and technical advisors);
- Industry trends;
- Media coverage;
- Economic and social factors;
- Incident reporting;
- Receipt of customer feedback, including complaints and opportunities from compliments
- Hazard reports;
- Non- compliance to Standards;
- Internal and External Audit;
- Workplace and environmental inspections;
- Monitoring activities including analysis of attainment of key performance indicators or metrics;
- Reporting, trend and Business Intelligence insights;
- Innovation ideas and continuous improvement actions;
- Technical and topical risk assessments;
- Demographic analysis;
- Competitor analysis;
- Consideration of Change Management processes;
- Monitoring changes to legislation and measuring compliance;
- Project planning, monitoring and outcome analysis; and
- Procurement and external contracting processes.

Enterprise wide strategic risks are identified and reviewed annually by the Board. The Executive Leadership team should review these risks at least quarterly to verify they still accurately reflect the organisational risk environment.

The General Counsel and Company Secretary will hold the Executive Leadership Team accountable for ongoing Functional Area risk reviews to assist in the development and maintenance of their respective Functional Area Risk Registers (and associated treatment plans).

Additionally, a formal risk assessment is required whenever material decisions are made. For example:

- The decision to undertake a new business activity or strategy;
- Project management activity;
- Legal contracts/agreements/licenses;
- Upgrading or the acquisition or development of new facilities;

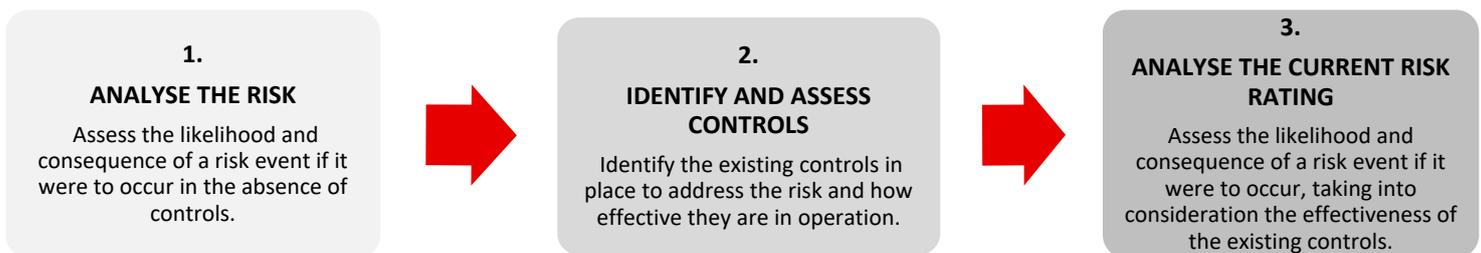


- Design changes or modifications that could in any way impede the safety, reliability or operating performance of a business system; and
- Changes in an operating method or process.

3.4.2 Risk analysis and evaluation

As a component of risk assessment, risk analysis is about developing an understanding of the risk. It provides an input to the decision-making process about whether risks need to be controlled and the most appropriate control strategies or risk treatments methods.

Risk analysis involves the consideration of the causes and sources of risk, their positive and negative consequences, and the likelihood that the risk event may occur. Controls represent any process, policy, device, practice or other actions taken by management which reduce the likelihood of a risk occurring and/or the potential damage arising from the risk. The risk analysis process follows these steps:



Measuring likelihood

The table below is used to determine the likelihood of a risk event occurring.

RATING	DESCRIPTION (QUALITATIVE ESTIMATE)	LIKELIHOOD
5 Almost Certain	Is expected to occur in most circumstances	<yearly
4 Likely	Will occur in most circumstances; not surprised if it happens	1-2 years
3 Possible	Might occur in some circumstances	2-5 years
2 Unlikely	Could occur in some circumstances; surprised if it happens	5-10 years
1 Rare	May occur in exceptional circumstances; may happen but it would be highly unexpected	>10 years

Measuring consequence

Consequence analysis determines the nature and type of impact which could occur and provides a simple description of the outcomes. The consequence criteria is set out in the consequence table (Part of the G8 Risk Matrix - Appendix 2). The descriptors are applied across a number of 'consequence categories' that



reflect the different ways in which risks could impact G8's operations. These are listed in the 'categories of risk' part of this document, in section 3.1.3.

3.5 Risk treatment

Risk treatment involves identifying the options for treating each risk (to reduce the risk rating to the 'target risk rating', evaluating those options, assigning accountability, preparing risk treatment plans, implementing and monitoring them. Assumptions, methods, data sources and reasons for decisions should all be recorded. The records of such processes are an important part of good corporate governance. Risk treatment plans must be recorded in the Risk Register and assigned a person responsible for completing the action and a due date.

The following options are available for treating risks and may be applied individually or in combination, with due consideration of risk appetite:

TREATMENT OPTION	ACTION/OUTCOME
Avoid the risk	<ul style="list-style-type: none">Not to proceed with the activity or choosing an alternative approach to achieve the same outcome.Note: Aim is risk management, not aversion.
Reduce/Mitigate	<ul style="list-style-type: none">Reduce the likelihood - Improving management controls and procedures.Reduce the consequence - Putting in place strategies to minimise adverse consequences, e.g. contingency planning, Business Continuity Plan, liability cover in contracts.
Share/ Transfer the risk	<ul style="list-style-type: none">Shifting responsibility for a risk to another party by contract or insurance. Can be transferred as a whole or shared.Note: contractual transference of risk is rarely absolute - there will commonly be some impact to G8.
Retain/ Accept the risk	<ul style="list-style-type: none">Controls are deemed appropriate.These must be monitored, and contingency plans developed where appropriate.

The risk of an undesirable outcome (consequence) should be reduced wherever practicable, irrespective of the overall risk rating. In all cases, if the consequences of an incident or event are significant to people (i.e. safety) then all feasible measures should be adopted so that the likelihood of such an event or incident occurring is made low. This necessitates the identification of all contributors to the resultant risk and the consequences of each potentially undesirable outcome. The assessment process should address the adequacy and relevancy of controls as they relate to each risk contributor.

Risk owners should seek endorsement and support for their treatment plans, particularly where those plans impact or require involvement from stakeholders. Combinations of treatment plans should be considered and a mechanism to evaluate the success of risk treatments should be included in each plan. Selecting the most appropriate option involves balancing the costs of implementation of each option against the benefits derived.



Specific controls required for Work Health and Safety risk

When considering options to control health and safety hazards and risk the "Hierarchy of Control", as outlined below is required to be followed as a legal obligation to ensure risk has been controlled so far as is reasonably practicable. It aims to ensure the hazards are removed in the first instance therefore removing both the risk likelihood and consequence. Lower order controls are less effective on actually reducing the risk level, with often a number of different measures being required to effectively reduce the risk, where the hazard cannot be eliminated.

Hierarchy of Control	ACTION/OUTCOME
Elimination	<ul style="list-style-type: none"> Eliminate the hazard preventing the risk. If eliminating the hazard or preventing the risk is not possible, minimising the risk must be considered in the following order.
Substitute	<ul style="list-style-type: none"> Substitute the hazard with equipment, processes or substances that presents lower and more manageable risk.
Isolate	<ul style="list-style-type: none"> Isolate or separate the hazard from the person or the person from the hazard.
Engineer or Redesign	<ul style="list-style-type: none"> Engineer or Redesign the area which involves changing the design of the workplace, equipment of work processes. <ul style="list-style-type: none"> > Altering the design and layout of the workplace > Altering the nature of the load > Altering the nature of the items used > Altering the working environment > Altering work practices and work organisation
Administrative Controls	<ul style="list-style-type: none"> Administrative controls may minimise exposure through the use of Policies, procedures, training, supervision and instruction. Does the work procedure or practice need to be altered? Do people need more or better training? Is a better maintenance program required? Can the work be rotated amongst other team members?
Personal Protective Equipment	<ul style="list-style-type: none"> Personal Protective Equipment What PPE is required? What training and maintenance is required?

Prioritising Risks and Action Required

The purpose of risk evaluation is to assist in making decisions based on the outcomes of risk analysis, as to the risks that need treatment, and the implementation priority for these treatments. The following matrix guides the communication escalation and risk management actions required for risks based on their overall risk rating.

The G8 Education risk tolerance, or risk appetite has been outlined in the Risk Appetite Statement in Appendix 1.

In summary:

1. **Extreme Risk** is intolerable whatever the benefits of the activity may be and risk control is necessary to reduce the risk to a more tolerable level.
2. **High risk** will require risk control strategies, as with **medium** level risk, however the extent of which may depend on the cost benefit analysis of both the activity and the control measures.
3. Risk that has been determined **low** may be regarded as negligible and managed at an operational level and may not warrant further risk control strategies, however for WHS risk there is requirement to reduce the risk so far as is practicable.

Risk Action Response and Escalation Table

RISK RATING	NEWLY IDENTIFIED RISK OR EXISTING RISK RATING CHANGES	
	NOTIFICATION	ACTION
Extreme	Reported immediately to the CEO who will then notify the Board within 24 hours (as appropriate)	<ul style="list-style-type: none"> Immediate and urgent Executive management action required. Monitor daily. Cease activity until risk can be reduced to an acceptable level. Activity shall not be undertaken without the express approval from CEO, ratified by the Chair of the Board within a reasonable time.
High	Reported to relevant Executive within 48 hours who will notify the CEO (as appropriate)	<ul style="list-style-type: none"> Executive Leadership attention required immediately. Weekly monitoring. The activity shall not be undertaken without the express approval of Executive Leadership.
Moderate	Reported to the responsible manager then Reported to the General Counsel and Company Secretary at the next risk meeting	<ul style="list-style-type: none"> Executive Management attention required. Action plans developed and implemented, and accountability specified. Manage by routine procedures and business-as-usual processes.
Low	Reported to the responsible manager	<ul style="list-style-type: none"> Manage by routine procedures and business-as-usual processes. Unlikely to need specific application of resources. Monitor as appropriate

3.6 Monitoring and Review

Monitoring, measuring, reviewing and evaluating risk is a component of good management and ensures G8 Education maintains an understanding of risk and changing risk profile to enable adequate and informed responses to a changing and dynamic operating environment. The intervals in which risk is reviewed and evaluated is determined when undertaking the initial assessment and is adjusted when new information becomes available from various monitoring activities. The parameters in which risk is managed including the risk consequences and risk tolerance levels may also change in response to various factors including strategic planning obligations, opportunities that may present, incidents or events that have eventuated.

Monitoring and Review Schedule

Risk Category	MONITORING SCHEDULE
Strategic Risks	<ul style="list-style-type: none"> • Monthly review by ELT of Strategic Risk Register for material changes • Monthly reporting to Board of material changes to Strategic Risk Register (Extreme/High) • Quarterly review by ELT of Risk Register and Action Plan • Quarterly report to ARMC of proposed changes to Strategic Risk Register & Action Plan • Annual review by ARMC with recommendation to the Board
Project Risks	<ul style="list-style-type: none"> • Reviewed at monthly Steerco Meeting for each project • Quarterly deep dive of each Project Risk Register with General Counsel and Company Secretary
Functional Areas Risks	<ul style="list-style-type: none"> • Quarterly review with General Counsel / Company Secretary
Operational Risks	<ul style="list-style-type: none"> • Quarterly review by National Operations Manager with reporting to GM of Operations and General Counsel/Company Secretary

Appendix 1 – Risk Appetite Statement

G8 RISK APPETITE STATEMENT

G8 Education actively manages risk with a view to optimising the balance between risk and reward.

The Board has set out below the level of risk that the Board considers tolerable taking into account the strategic objectives of G8 Education and the current economic environment. This level of risk set out below is the risk acceptable prior to the mitigation and treatment of that risk, and therefore the level of applicable risk should be reduced following implementation of those controls.

G8 Education has **no appetite** for **safety risk** exposure that could result in major injury or loss of life to its people, children attending its centres or other stakeholders in the conduct of its business. Safety drives all major decisions in the organisation. All safety targets are set with a view to achieving improvement year-on-year.

In **establishing and setting the strategic objectives** where the cost benefit analysis warrants, G8 Education is willing to accept a **moderate** degree of operational, financial and change management risk. In **executing its strategic objectives**, G8 Education is willing to accept a **moderate** degree of operational, financial and change management risk.

G8 Education will pursue **additional income** generating initiatives provided there is **limited** risk to existing operational performance in doing so.

The company will tolerate **moderate** exposure to delivery of **operational performance** targets including disaster recovery, talent retention and capability sourcing, breakdown in information systems or information integrity.

G8 Education's vision is to be a world leader in early childhood education and family's first choice to care for their children. It will only accept **low to moderate** negative impact on its **reputation** with key stakeholders.

Extreme Risk is intolerable whatever the benefits of the activity may be and risk control is necessary to reduce the risk to a more tolerable level.

February 2019

Appendix 2 – Risk matrix

Risk Consequences							Consequence	Level of Risk Calculator Likelihood				
Service Quality	Health, Safety & Environment	Performance/ Operations	Reputation	Financial	Legal, Regulatory & Compliance	People		(1) Rare	(2) Unlikely	(3) Possible	(4) Likely	(5) Almost Certain
National systemic non-compliance identified by regulators resulting in >20% of Centres sanctioned or closed	One or more of the following occurs: - fatality of any person in conduct of GB operations - child leaves Centre unescorted, or missing from excursion that requires Police assistance - Interpersonal harm (including psychological harm) of child at centre - Irreversible adverse environmental impact or significant national environmental impact	One or more of the following occurs: - Organisation wide occupancy drops by >10% - Business interruption to >20% of Centres for a period of 2 weeks or more - Market capitalisation drops below debt levels	One or more of the following occurs: - National / permanent impact concerns expressed at a national level by public/ media. - Total loss of stakeholder and shareholder trust and confidence. - Permanent loss of reputation as an early education and child care provider.	One or more of the following occurs: - Financial loss or profit impact of >\$20M - Insolvency or liquidation event	One or more of the following occurs: - Long term legal action. - Government body inquiry (e.g. ACCC, ASIC, etc). - Significant penalties of \$1 million or more. - Prosecutions with potential jail terms. - Inforceable undertaking that impacts >20% of Centres	One or more of the following occurs: - Large scale loss of critical team members within a condensed period of time - Significant number of complaints from all areas of the business	(5) Catastrophic	High (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Systemic non-compliance identified by regulators resulting in >12% and less than 20% of Centres sanctioned or closed	One or more of the following occurs: - Serious illness or injury (including from psychological harm) resulting in a permanent disability or illness of any person in the conduct of GB operations - Child leaves Centre unescorted or missing from excursion that does not require Police assistance - Significant national offsite environmental impact	One or more of the following occurs: - Organisation wide occupancy drops by >5% and <10% - Business interruption to >10% of Centres for a period of 2 weeks or more - Market capitalisation is less than 20% above debt level	One or more of the following occurs: - State level impact, concerns expressed at a national level by public/ media. - Loss of stakeholder and shareholder trust and confidence for a prolonged period of time >3 years. - Loss of reputation as an early education and child care provider lasting >1 year	One or more of the following occurs: - Financial loss or profit impact of <\$20M and >\$3M - Covenant breach or review event which is not resolved	One or more of the following occurs: - Regulatory body imposing maximum statutory penalty - Considerable prosecution and penalties. - Major breach of the law. - Inforceable undertaking that impacts >10% of Centres	One or more of the following occurs: - Concurrent loss of at least 3 members of the Board. - Loss of 4 or more Executive Leadership Team members within a 6 month period - Substantially above average turnover of team members - Dissatisfaction in majority of workforce - Sustained complaints within a particular business area.	(4) Major	Moderate (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Systemic non-compliance identified by regulators resulting in >5% and less than 10% of Centres sanctioned or closed, or subject to consistent breach Notices or fines - Non-compliance identified internally that affects > 5% of Centres that requires remedial action	One or more of the following occurs: - Notifiable Serious Incident (including psychological harm) - Child illnesses or injuries (including from psychological harm) resulting in hospitalisation and/or > 5 days where the child is unable to return to the centre - Team member serious injury or illness resulting in hospitalisation and > 5 days loss of work - External disaster resulting in activation of Regional Emergency Plans for >5 % of Centres - Environmental impact breaches legislation	One or more of the following occurs: - Organisation wide occupancy drops by >2% and <5% - Business interruption to >5% of Centres for a period of 2 weeks or more - Market capital is less than 40% above debt level	One or more of the following occurs: - Regional level impact, concerns expressed by public/ media. - Loss of stakeholder trust and confidence for moderate period of time >1 year and less than 3 years. - Loss of reputation as an early education and child care provider for moderate period of time >3 months. - Parent alleges Serious Harm of Child at Centre	Financial loss or profit impact of <\$3M and >\$2M	One or more of the following occurs: - Regulatory body requires investigation/ report. - Serious breach of law. - Prosecution and/or possible moderate penalty. - Inforceable undertaking that impacts >5% of Centres	One or more of the following occurs: - Concurrent loss of 2-3 members of the Executive Leadership Team - Above average turnover of team members - Moderate dissatisfaction in specific business area, infrequent complaints	(3) Moderate	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Individual non-correlated centres having non-compliance identified by regulators resulting in centre fines and/or closures	One or more of the following occurs: - Medical treatment required resulting in <5 days where a child is unable to return to the centre with no ongoing complications - Team member receiving injury or illness (including from psychological harm) resulting in <5 loss of work with no ongoing complications - Local Emergency Plan activated - Reversible onsite environmental impact	One or more of the following occurs: - Organisation wide occupancy drops by <2% - Business interruption to >5% of Centres for a period of at least 1 week but less than 2 weeks	One or more of the following occurs: - Regional level adverse public/media concern. - Loss of stakeholder trust and confidence for short period of time < 3 months but less than a year. - Loss of reputation as an early education and child care provider for moderate period of time <3 months.	Financial loss or profit impact of <\$2M and >\$500,000	One or more of the following occurs: - Regulatory body imposing a low statutory penalty. - Low cost implications. - Moderate, non-deliberate, breach of procedural operating licence or regulatory obligations.	One or more of the following occurs: - Loss of staff causing a functional line to become ineffective. - Specific localised morale issues, some key staff turnover.	(2) Minor	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Individual non-correlated non-compliance resulting in remedial action plans	One or more of the following occurs: - Minor injury or illness resulting in first aid treatment with no loss of work or ongoing treatment. - Hazard Reported, or Incident reported requiring investigation and corrective action	Occupancy of localised centres drops below the expected level but is not notifiable at a company level.	One or more of the following occurs: - Local public awareness may exist but no public concern. - No measurable impact politically. - Minor loss of reputation <1 month.	Financial loss or profit impact of <\$500,000	One or more of the following occurs: - Minor, non-deliberate, breach of procedural operating licence or regulator obligations. - Little or no cost implications.	Increased perceived staff desire to seek alternative employment	(1) Insignificant	Low (1)	Low (2)	Low (3)	Moderate (4)	Moderate (5)
Risks will usually have more than one level of risk; however for the purposes of scoring the risk, the highest level of risk number should be used. Where there are multiple occurrences of Levels of Risk with the same numerical value use the combination with the highest Consequence.												
EXAMPLE: Consider a work practice that causes injury to workers and children and causes community concern. This risk has multiple dimensions across people, child safety and reputation areas of impact. The levels of risk scores take the following form:												
People: A single serious injury (3) is likely (4) = 12 A single minor injury (2) is almost certain (5) = 10												
Child safety: Child injury resulting in hospitalisation (3) is unlikely (2) = 6 Child injury resulting in permanent disability (4) is rare (1) = 4												
Reputation: Regional level community concern (2) is almost certain (5) = 10												
In this example, after considering the consequences of the risk from different angles we have arrived at five different levels of risk scores; however it is appropriate to use the highest of the risk scores, so we would use High (12) as the overall level of risk.												
							Definition (qualitative estimate of probability) Frequency					
							exceptional circumstances; may happen but it would be < 10 years					
							Could occur in some circumstances; surprised if it happens 5-10 years					
							Might occur in some circumstances 2-5 years					
							Will occur in most circumstances; not surprised if it happens 1-2 years					
							Is expected to occur in most circumstances. < yearly					
							Escalation Required					
							<ul style="list-style-type: none"> Manage by routine procedures and business-as-usual processes. Unlikely to need specific application of resources. Monitor as appropriate. 					
							<ul style="list-style-type: none"> Executive Leadership Team attention required. Action plans developed and implemented and accountability specified. Manage by routine procedures and business-as-usual processes. 					
							<ul style="list-style-type: none"> Executive Leadership Team attention required immediately. Weekly monitoring. The activity shall not be undertaken without the express approval by member of Executive Leadership Team. 					
							<ul style="list-style-type: none"> Immediate and urgent Executive Leadership Team action required. Monitor daily. Cease activity until risk can be reduced to an acceptable level. Activity shall not be undertaken without the express approval from CEO, ratified by the Chair of the Board within a reasonable time. 					

Appendix 3 - Glossary of terms

Consequence	G8's assessment of the impact or outcome of an event. There can be more than one consequence from one event. Consequences can range from positive to negative. Consequences can be expressed qualitatively or quantitatively. Consequences are considered in relation to the achievement of objectives.
Control	Any process, policy, device, practice or action taken by management, the Board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.
Cost	Of activities both direct and indirect, involving any negative impact, including money, time, labour, disruption, and goodwill, political and intangible losses.
Contingency	Budget (cost benefit) or time (duration) that may be used in the event of a risk occurrence.
Strategic risk	Risks which have the ability to impact the achievement of the organisation's strategic objectives.
Event	An incident or situation, which occurs in a particular place during a particular interval of time. The event can be certain or uncertain. The event can be a single occurrence or a series of occurrences.
Frequency	A measure of the rate of occurrence of an event expressed as the number of occurrences of the event in a given time. See also Likelihood and Probability.
Hazard	A source of potential harm or a situation with a potential to cause loss.
Incident Management	Systems and processes that provide for an organisational structure capable of responding to all levels of emergency from simple to complex.
Likelihood	Used as a qualitative description of probability or frequency of a risk occurring.
Loss	Any negative consequence financial or otherwise. Can be differentiated as follows: <ul style="list-style-type: none"> • Maximum foreseeable loss- highest possible loss after considering controls • Maximum possible loss – highest possible loss without considering controls
Monitor	To check, supervise, observe critically, or record the progress of an activity, action or system on a regular basis in order to identify change.
Organisation	Group of people and facilities with an arrangement of responsibilities, authorities and relationships. In this document, 'organisation' refers to G8 Education.
Policy	G8 documented policy including overarching governance principles and approach.
Probability	The likelihood of a specific event or outcome, measured by the ratio of specific events or outcomes, to the total number of possible events or outcomes.



Procedure	G8's documented procedures including flowchart of steps/tasks, timing of steps/tasks, who is responsible for steps/tasks. All G8's procedures are linked to and reference a G8 Policy.
Reasonable Assurance	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity's objectives will be met. This is because of inherent limitations in all risk management systems.
Risk	The effect of uncertainty on objectives. Risk may have a positive or negative impact. Risk is measured in terms of impact and likelihood.
Risk acceptance	An informed decision to accept the consequences, and the likelihood of, a particular risk.
Risk acceptance criteria	Management's formal establishment of criteria or boundaries designed so that the residual risk does not exceed the selected range of financial and operating outcomes.
Risk analysis	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk appetite	The amount of risk, on a broad level, that G8 is willing to accept in pursuit of objectives.
Risk assessment	The overall process of risk identification, analysis and evaluation.
Risk avoidance	An informed decision not to become involved in a Situation or activity that presents risk.
Risk category	Commonly grouped risks, e.g. reputation, operations, financial.
Current risk	The remaining risk after management has taken action to alter the risk's likelihood or impact. The rating of risk once existing controls have been taken into account.
Risk evaluation	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
Risk identification	The process of determining what can happen, why, when, where and how.
Risk Management	Co-ordinated activities to direct and control an organisation with regard to risk.
Risk Management Framework	The set of elements of an organisation's management system concerned with managing risk. Also, the document established by policy which provides the detailed explanation of processes, tools and roles and responsibilities.
Risk Management Process	The systematic application of policies, procedures and practices to establish context, identify, analyse, evaluate, treat, monitor and communicate risk.
Risk Management System	The totality of the culture, structures, methodology, procedures and definitions that an organisation has chosen to use to implement its Risk Management processes.
Risk Register	The summary report of all individual risks within each assessment, which include; risk ratings (current and target), level of control, risk decision, risk owner and summary of key controls and/or mitigating actions.



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Risk Tolerance	The maximum level of risk that is acceptable to the board or management. This may be set for the organisation as a whole, for different groups of risks or at an individual risk level.
Risk Treatment	Process of selection and implementation of measures to modify risk.
Stakeholders	Those people and organisations who may affect, be affected by, or perceive themselves to be affected by, a decision or activity.
SWOT	Strengths, Weaknesses, Opportunities and Threats.
Target risk	The level of risk G8 plans to achieve with the implementation of additional or different controls.



Appendix 4 - Risk accountabilities and responsibilities

PARTY	ROLES
Board	<ul style="list-style-type: none"> Review and approve strategic risks annually. Approve strategic opportunities annually.
Audit and Risk Management Committee (ARMC)	<ul style="list-style-type: none"> Oversee the development and implementation of the corporate-wide risk management framework. Oversee the system of risk management and internal controls that management has established, including safety, health, environment and quality practices. Review and endorsement of the Risk Management Policy. Monitor strategic risks and opportunities and <i>extreme</i> and <i>high</i> group risks and emerging, new and amended risks.
Chief Executive Officer	<ul style="list-style-type: none"> Set the tone at the top to assist in embedding the risk management approach. Hold Functional Area Managers accountable for implementing the corporate-wide risk management framework within their functional area. Review (and provide comment to ARC and/or Board on) strategic risks and functional area extreme risks, including action plans for improved mitigation.
General Counsel and Company Secretary	<ul style="list-style-type: none"> Champion the organisation-wide risk management framework implementation. Support and enable risk management reporting to the Executive Leadership Team and Board.
Executive Leadership Team	<ul style="list-style-type: none"> Implement the corporate-wide risk management framework. Approve functional risks, including any action plans for improved mitigation. Ensure strategic risks and functional area risks are appropriately managed and reported with action plans for improved mitigation implemented. Ensure that controls that mitigate risk are in existence, being used and are rated appropriately within risk assessments. Appropriately resource Functional Area Risk Champions and Coordinator positions. Note and endorse the Risk Management Policy. Review the status of action plans for improved mitigation.
Risk Owners	<ul style="list-style-type: none"> Have accountability and authority to manage risks. Chief Executive Officer or Executive Leadership Team member for strategic risks. Direct report to the Executive Leadership Team member for functional risks. Describe and assess risks. Identify controls and confirm existence, usage and effectiveness. Ensure risks are appropriately managed, including adequate testing of incident related controls. Implement action plans for improved mitigation.
Control Owners	<ul style="list-style-type: none"> Develop and apply the internal control environment in the course of daily work to mitigate risk. Provide accurate information to risk owners about control existence, usage and effectiveness at reducing risk.
Regional Managers	<ul style="list-style-type: none"> Champion risk culture in their respective region and drive positive risk culture. Discuss risk trends at monthly meetings with Area Managers and GM Operations respectively.



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	<ul style="list-style-type: none">• Collect new or changing risks and controls from Area Managers and communicate those which may be applicable to other regions to GM Operations.
Area Managers	<ul style="list-style-type: none">• Champion risk culture in their respective area and drive positive risk culture.• Discuss risk trends at monthly meetings with Centre Managers and Area Managers respectively.• Collect new or changing risks and controls from Centre Managers and communicate those which may be applicable to other areas or regions to the Regional Manager.• Provide risk assessment quality assurance and development to Centre Mangers.
Centre Managers	<ul style="list-style-type: none">• Champion risk culture in their respective centre and drive positive risk culture.• Discuss risk trends at monthly meetings with their Area Manager.• Collect new or changing risks and controls from their Operational Risk Tool and communicate those which may be applicable to other areas or regions to the Area manager.• Review the Centre Risk Toll monthly or when the environment changes. Sign and send the reviewed tool to Area Managers monthly.

Reviewed November 2018