

Group Risk Management Framework.docx

August 2023

Contents

1	Purpose and Values	3
1.1	Purpose	3
1.2	Values Alignment	3
2	Approach	4
2.1	Scope	4
2.2	Risk Culture	4
2.3	Enterprise Risk Strategy	4
2.4	Risk and Resilience	5
3	Group Risk Management Framework	5
3.1	Risk Appetite Statement	5
3.2	Risk Empowerment	6
3.3	Strategic Risk Review	7
3.4	Emerging Risk Classification and Escalation	7
3.5	Risk Circles	8
3.6	LWB Client Risk Management	8
3.7	Risk Visibility	9
3.8	LWB Risk Management Methodology	11
3.9	Risk Identification and Review	11
3.10	Reporting	12
4	Authority	12
4.1	Governance	12
4.2	Oversight	12
4.3	Authority	12
4.4	Planning	13
4.5	Monitoring and Reporting	13
4.6	Roles and Responsibilities	13
5	Integrity and Success	14
5.1	Independence	14
5.2	Resourcing	14
5.3	Advice	14
5.4	Measuring Success	15
5.5	Review of Framework	15
5.6	Publication	16
5.7	Endorsement	16

1 Purpose and Values

1.1 Purpose

The Group Risk Management Framework supports the Risk and Resilience Management Policy Statement and describes the enterprise risk and resilience approach encompassing a dynamic risk ecosystem of current, emerging, and future risk environments.

Risk management is a key component of good corporate governance for the Board and Executive. Effective implementation of the Group Risk Management Framework improves accountability and decision making, helps to build shared responsibility, and lifts risk empowerment at all levels to support sustainability and organisational resilience. The Group Risk Management Framework reflects the mandate and commitment of the Board and Executive to manage risk effectively through leadership and clear policies, allocation of accountability for risk management roles, and the provision of appropriate resources and training.

The Group Risk Management Framework is aligned to AS/NZS ISO 31000 Risk Management Standard and related ASX Corporate Governance Principles.

1.2 Values Alignment

An important aim of the Group Risk Management Framework is to align with and reflect LWB Values, to support the achievement of organisational goals through clear risk-based accountability.



Relationships come first.

Success for risk management is based on positive and trusted relationships with the people we work with and support.



We are **Imaginative** in our thinking.

The risk management function engages to ignite thinking and ask questions to manage risks together in imaginative and creative ways.



We are **Respectful** and caring.

The no-blame approach enables respectful acknowledgement of local, tactical, and strategic approaches to manage risk.



We are **Responsive**.

Risk empowerment helps guide improvements to respond to risk and consider client, business, and stakeholder needs.



We are **Courageous**.

The enterprise-wide risk framework is essential to inform and enable courageous decisions to advocate for and deliver positive change.

2 Approach

2.1 Scope

The Group Risk Management Framework incorporates all aspects of organisational risk management, and is underpinned by a dynamic, fit-for-purpose, risk-based approach, to identify, assess and improve risk controls and related risk and resilience solutions, including:

- Enterprise-wide approach.
- Organisational purpose, values, and strategy focus.
- Current, emerging, and future timescale.
- Risk and resilience alignment.
- Client safety and wellbeing primacy.

2.2 Risk Culture

The maintenance of positive risk culture is critical for the Group Risk Management Framework, achieved through establishing a collaborate ethos and the empowerment of all leaders and staff to apply risk management as part of their everyday work routine. Risk culture is necessarily dynamic and adaptive, in order to accommodate the broad challenges across the risk ecosystem at any time. The positive resilience culture is equally important to continually prepare and respond to challenges affecting the continuity of business services. The leadership to set the tone for the risk and resilience culture is established and exemplified by the Board and Executive through constant vigilance to address material risks and other challenges.

2.3 Enterprise Risk Strategy

The board-approved strategy for managing risks at all levels is articulated to align with the organisational strategy, including actions for individual, organisational, and

community-based engagement to support the three key organisational goals. A key part of the enterprise risk strategy is to continually mature and grow our risk management capability, and also share expertise and lessons with sector partners to enhance the collective capability.

	Deliver Great Services	Influence Systemic Barriers	Impact Future Generations
Individual (clients, carers, staff)	Understand and respond to client risk	Provide tailored, individualised risk support	Build knowledge and risk capability
Organisation (governance, capability, resilience)	Actively manage enterprise and program risk	Design and implement innovative risk solutions	Embed sustainable, future-proof risk strategies
Community (social connection, sustainability, risk trends)	Reflect and respond to community risk	Promote and share risk knowledge	Build and maintain sector risk leadership

2.4 Risk and Resilience

The active combination of risk management, business continuity and emergency management, is designed to enhance risk and resilience beyond the sum of its parts. The Risk and Resilience Unit is established as a centre for excellence to manage new and emerging risks. The aim is to effectively respond and recover from immediate or extended disasters, emergencies, and significant business disruption, including the ongoing Covid 19 pandemic response, cyber security incidents, and the increasing frequency of weather events that are one of the impacts of climate change.

3 Group Risk Management Framework

The core elements of the Group Risk Management Framework are subject to continuous improvement to remain fit-for-purpose to support Board and Executive goals and organisational outcomes.

3.1 Risk Appetite Statement

Risk Appetite refers to the amount and type of risk an organisation is prepared to tolerate, pursue, or retain. The values based LWB Strategic Risk Appetite Statement approved annually by the Board is designed to enable and encourage innovation and empowerment in LWB within a risk aware and defined framework. The annual review by the Executive and Risk Management Committee seeks to confirm whether detailed examples for each risk appetite statement within the matrix remain relevant and contemporary, and aligned to the updated strategic risk register.

LWB Value/ Risk Appetite	We Build Relationships	We Are Imaginative	We Are Respectful	We Are Responsive	We Are Courageous
Seeking / Receptive <i>In scope of local managers to actively pursue within LWB Delegations of Authority and 2025 Strategy</i>	<i>Actively pursue and enhance relationships</i>	<i>Be aware and open to opportunities</i>	<i>Listen, understand, and learn</i>	<i>Act safely and reliably</i>	<i>Challenge ourselves to make a positive impact</i>
Cautious / Averse <i>Requires Senior Managers to seek CE endorsement / consult with Exec and Board before proceeding</i>	<i>Jeopardise the interests of clients or LWB</i>	<i>Misunderstand the consequences of our actions</i>	<i>Deviate from agreed practice</i>	<i>Make uninformed decisions</i>	<i>Deliver unsustainable services</i>
Outside Appetite <i>Prohibited activity / Initiate immediate remediation with oversight of Exec and Board</i>	<i>Compromise LWB values or reputation</i>	<i>Deliver systemic governance failures</i>	<i>Dishonour culture and values commitments</i>	<i>Weaken our protective stance</i>	<i>Commit wilful or harmful acts and omissions</i>

*Board approved




3.2 Risk Empowerment

The LWB Strategy aims to improve risk empowerment of operational managers and frontline leaders, by providing guardrails for managers to better understand the operational risk appetite to effectively manage risks close to their origin. Risk empowerment helps to build risk maturity across the risk ecosystem through an objective and consistent approach to managing risks in line with the four lines of assurance and the annual business intent.

The Operational Risk Appetite Statement under active development is a reference guide for managers to respond to common risk scenarios consistently through a shared understanding of when to resolve locally or escalate. The statement does not replace requirements in policy and procedure documents and does not cover all

types of operational risk scenarios, and uses simple traffic light symbols to guide consistent responses:

- Hands On – Seeking/Receptive – Actively pursue and enable.
- Hands Up – Cautious/Averse – Seek advice / approval from manager or SME.
- Hands Off – Outside Appetite – Stop, report immediately.

Risk Appetite		We Build Relationships	We Are Imaginative	We Are Respectful	We Are Responsive	We Are Courageous
Seeking / Receptive <i>Actively pursue and enable.</i>		Lead teams to ensure the circumstances described below occur as part of everyday practice.				
		<i>Actively pursue and enhance relationships</i>	<i>Be aware and open to opportunities</i>	<i>Listen, understand, and learn</i>	<i>Act safely and reliably</i>	<i>Challenge ourselves to make a positive impact</i>
Cautious / Averse <i>Seek advice / approval from Manager or SME</i>		Ensure the circumstances described below do not occur without careful consideration and appropriate risk mitigation agreed by the manager with delegated authority.				
		<i>Jeopardise the interests of clients or LWB</i>	<i>Misunderstand the consequences of our actions</i>	<i>Deviate from agreed practice</i>	<i>Deliver unsustainable services</i>	<i>Make uninformed decisions</i>
Outside Appetite <i>Stop, report immediately.</i>		Take responsibility for the ethical behaviour of teams to prevent the circumstances described below occurring, or lead timely reporting and response where required.				
		<i>Compromise LWB values or reputation</i>	<i>Deliver systemic governance failures</i>	<i>Dishonour culture and values commitments</i>	<i>Weaken our protective stance</i>	<i>Commit wilful or harmful acts and omissions</i>

*Draft as at 30 June 2023

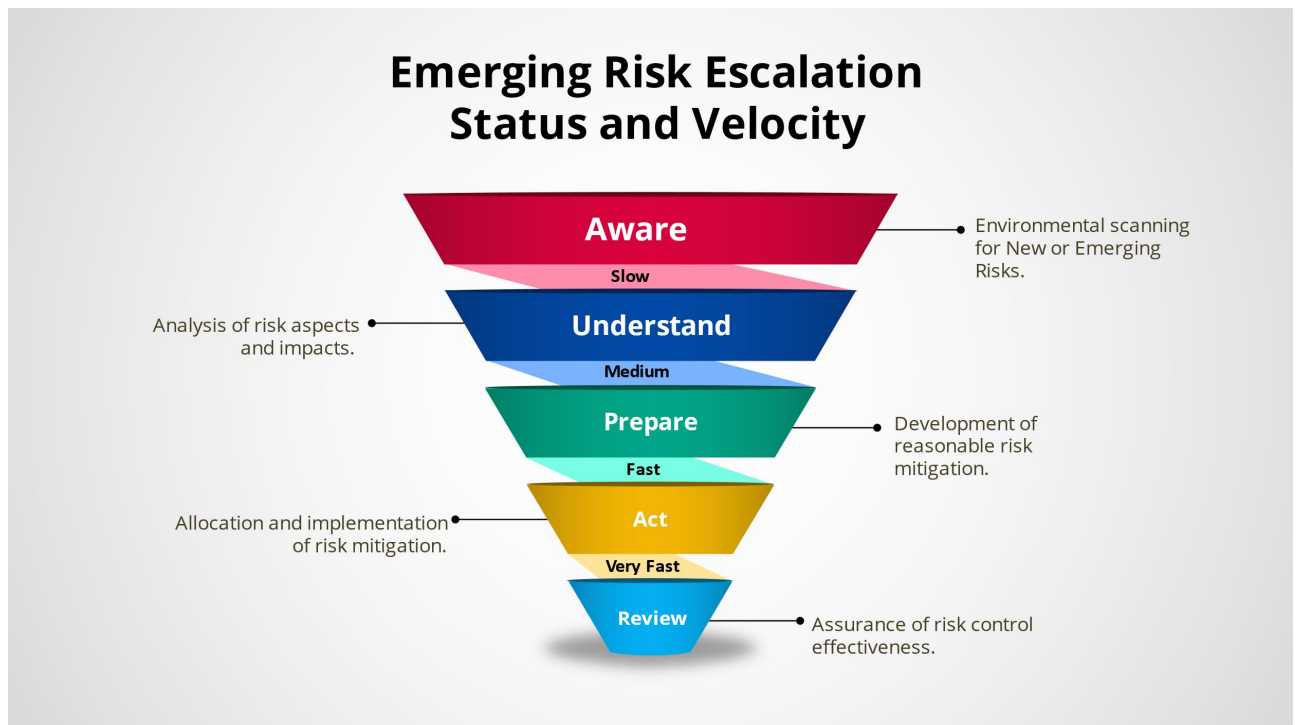
3.3 Strategic Risk Review

The Executive and Risk Management Committee also engage in the annual review of strategic risks, presented for Board approval ahead of each financial year. The strategic risks are described at a high level of whole-of-organisational impact, supported by more detailed key business risks, business risks and project level risks. Strategic and other risks are recorded in risk software Risk Wizard, with associated monitoring and reporting available for individual and collective risk owners.

3.4 Emerging Risk Classification and Escalation

A structured process is in place to identify and review emerging risks, in particular to accommodate both the stage as well as velocity of emerging risks, which combine to determine the overall status and the nature of the LWB response. For example, the emergence of a new virus in another country may only require initial awareness if

slow moving, however if the velocity of the spread of the virus is rapid then the risk profile would need to be escalated to prepare or act. The concept funnel diagram below describes the potential approach for categorising the escalation of emerging risks based on status and velocity.



3.5 Risk Circles

The use of Risk Circles is part of the risk empowerment approach and has been piloted across multiple risk circumstances to form rapid collaborative teams to assess and manage risks. This is a flexible process designed to avoid group think and bring organisational awareness to situations where the mitigations and solutions are not readily identified. Risk Circles are proving beneficial to resolve issues where there is no single team responsible to manage the risk or control all associated risk mitigations.

3.6 LWB Client Risk Management

A key objective of managing client risks is to eliminate the risk of harm to clients. We apply risk management strategies to support our service delivery to clients, including but not limited to:

- Pre-employment checks and screening for staff and foster carers.
- Placement matching for residential, general and intensive foster care placements.
- Case management and casework supervision.

- Panel oversight for high needs clients (clinical, medical and restrictive practice).
- Client voice, client support principles, evidence informed process and family inclusion.

LWB frontline and supervisory staff continually apply risk management according to the specific needs of each client. Often a significant event triggers a review of client risks, including but not limited to:

- Enter/exit care.
- Develop/review Case Plans, Behaviour Support Plans etc.
- Change in life domains or aspects of care, e.g. placement breakdown.
- Incidents involving the client.

Risk management may be applied in any key area of client engagement, including but not limited to:

- Identity and psychological well-being.
- Cultural safety and connections.
- Medical and physical health.
- Social and community connections.
- Behaviour and emotional development.
- Education and vocational engagement.
- Housing, finance and legal matters.

3.7 Risk Visibility

The diagram below identifies risk visibility in the Risk Wizard system:

- Strategic Risks – Board approve and monitor risks as assigned and managed by the Executive.
- Key Business Risks – Executive monitor risks managed by jurisdictions or corporate teams.
- Business and Project Risks – Executive members monitor and manage these risks and escalate as required.
- Declared Critical Events – Targeted corporate oversight of high risk matters.

Risk Visibility

All Users

Risk Owners
Board
Executive
Management

Executive

All Users

Risk Hierarchy



Responsibility

Board and Management Structure	Responsibility
Board	Board and Management Annually review the RiskAppetite Statement and Strategic Risks for the overall Group. Monthly focus on key risk areas.
Risk Management Committee	Prepare a regular summary report for the Board on progress of all Strategic and Key Business Risks.
Executive	Monthly review of strategic and key risks and actions progress and consider the RiskAppetite Statement in business decisions.
Program Directorates	Monthly review of key business risks and actions progress and consider the Operational RiskAppetite Statement in business decisions.
Operational Managers	Maintain Risk Registers for all BusinessAreas and consider these and other risks in business decisions.

3.8 LWB Risk Management Methodology

Identified risks are assessed in accordance with likelihood and consequence. The risk management matrix is applied to enable a consistent assessment of risks.

Consequence Likelihood	Insignificant <i>No impact</i>	Minor <i>Minor impact</i>	Moderate <i>Noticeable impact</i>	Major <i>High impact</i>	Catastrophic <i>Very high impact</i>
Almost certain	Medium - 11	Medium - 16	High - 20	Extreme - 23	Extreme - 25
Likely	Low - 7	Medium - 13	Medium - 17	High - 22	Extreme - 24
Possible	Low - 4	Low - 4	Medium - 15	High - 19	High - 21
Unlikely	Low - 2	Low - 6	Medium - 10	Medium - 14	High - 18
Rare	Low - 1	Low - 3	Low - 5	Medium - 8	Medium - 12

Risk Level	Action Requirement	Approach
Extreme	Immediate action, constant attention and/or significant control(s).	Develop, implement, monitor & review approved risk plan.
High	Consider immediate action or attention, and/or monitor.	If suitable, develop, implement, monitor and review approved risk plan.
Medium	Consider additional attention to monitor or manage the risk.	If suitable, monitor risk and review existing controls.
Low	Continue to manage through existing controls.	If suitable, monitor risk and review existing controls.

3.9 Risk Identification and Review

Risk identification occurs through a number of processes:

- Strategy and Business Plan development / implementation.
- Program and project planning / implementation.
- Change in business or work environment.
- Environmental scanning.
- Risk workshops.
- Incidents.
- Project closure reports.

Risk owners regularly review risk data to ensure currency of risk registers to ensure:

- Accurate, complete description of risks faced by the business (current, new, emerging, and watching).
- Endorsed, resourced mitigations to manage identified risks.
- Currency of risk score and risk status (red, amber, green)
- Regular review to allow for timely escalation where required.
- Annual refresh of risk registers to ensure alignment with operating environments and business plan commitments.

3.10 Reporting

A key element of the Group Risk Management Framework is to actively monitor and report risks. Risk software is used to capture and report on risks affecting LWB. The Executive and Board receive regular reports on actual and potential risks, including:

- Strategic Risks reported to the Executive each month and the Risk Committee and Board each quarter or additional reports as required.
- Key Business Risks reported to the Executive each month and Risk Committee each quarter.
- Business and Project Risks reported locally and escalated via the responsible Executive member as required.
- New / Emerging risks (with a possible material impact) are report to the Board each month.
- Escalating risks (existing risks with a heightened risk exposure due to changed conditions) are reported to the Board each month.
- Strategic and Key Business risks showing a treatment status of 'red' or 'amber' are reported to the Board each month with the inclusion of a positive assurance statement.

Reports on individual and collective client risks are available through client services reporting and other organisational systems.

4 Authority

4.1 Governance

The Board is responsible for overarching governance of risk management functions and related risk through the Risk Management Committee and other committees. The Executive is responsible to maintain a positive risk culture and to actively engage with current, emerging and future risks as per the Risk and Resilience Policy Statement.

4.2 Oversight

The Group, Risk Performance, and Impact (GRPI) directorate is responsible to oversee and monitor delivery of the Group Risk Management Framework. The Chief Risk and Assurance Officer reports directly to the Chief Executive and functionally to the Risk Management Committee, and in addition may engage on specific risk matters with the Board and other committees.

4.3 Authority

The Group Risk Management Framework enables the unrestricted authorisation of:

- Access to all staff and related information considered necessary to undertake risk management activity.
- Access to organisational improvement plans and activities to optimise collaboration and partnership.

In addition, the Chief Risk and Assurance Officer, in consultation with Executive members, is authorised to:

- Allocate resources, set frequencies for risk management activity, select areas of focus, determine scope of work, and apply techniques to accomplish risk objectives.
- Engage specialist resources (internal and external) to supplement existing capability and capacity to fulfil the requirements of the Group Risk Management Framework.

4.4 Planning

The Group Risk Management Framework is actioned through planning and continuous review of risk registers, across all enterprise-wide risk activities.

4.5 Monitoring and Reporting

Monitoring progress and maintenance of the Group Risk Management Framework is conducted by Board Committees, through consolidated reporting prepared quarterly for consideration initial by each committee, and subsequently by the full Board for all material risks.

4.6 Roles and Responsibilities

Everyone at LWB is responsible for risk management as part of their duties, including:

- **Board of Directors**
Set the risk appetite, annually approve strategic risks, and monitor the Group Risk Management Framework.
- **Risk Management Committee**
Oversee all aspects of the Group Risk Management Framework and advise the Board on identification and management of current and emerging risks.
- **Executive**
Advise the Chief Executive on significant strategic or operational risks, implement the risk management strategy and develop a risk aware culture. Allocate sufficient resources and take personal responsibility for effective risk management.
- **Chief Risk and Assurance Officer**
Implement, review, report, and lead Executive engagement on the Group Risk Management Framework.

- **Manager, Enterprise Risk and Resilience**
Maintain the Group Risk Management Framework in accordance with the guiding principles of AS/NZS ISO 31000 Risk Management standard and associated ASX Corporate Governance Principles.
- **Managers and Supervisors**
Identify, assess, and manage relevant business and operational risks, apply effective risk controls, train staff in managing risk, monitor and report outcomes.
- **Direct and Indirect Staff**
Continually identify and manage client and workplace risks in accordance with approved risk appetite and operational systems and process.

Risk owners are responsible to manage their risks along with the collective responsibility to prioritise resources and contribute to the delivery of risk mitigations. Risk owners are required to be vigilant and avoid complacency.

5 Integrity and Success

5.1 Independence

The integrity of the Group Risk Management Framework is maintained through structural organisational independence, including:

- Chief Risk and Assurance Officer remains impartial to independently determine the most appropriate risk management approach, methodology, sample, selection, scope, expertise, frequency, timing, and report content.
- If a potential conflict arises between the Chief Risk and Assurance Officer and a risk owner, the Chief Risk and Assurance officer has an obligation to use the reporting line to the Executive, and possibly the Risk Management Committee to resolve.
- GRPI function has no direct operational responsibility or authority over any of the substantive risk management activities.

5.2 Resourcing

The implementation of the Group Risk Management Framework is undertaken to provide optimal risk mitigation at a reasonable overall cost, with consideration for the work of other parties when scoping risk prioritisation and other activities.

5.3 Advice

A key aim of the Group Risk Management Framework is to deliver clear, expert, independent advice to support organisational risk-based making, including:

- Internal risk controls and business practices, policy and procedure, and strategic planning.

- Effectiveness of improvement activities, organisational strategic goals, and reporting metrics.

5.4 Measuring Success

Measurable factors determine the relative success of the Group Risk Management Framework. Most success factors apply organisation wide, but some are specific to particular operational areas or improvement activities.

Leadership	People	Resources
<ul style="list-style-type: none"> • GRPI establish and maintain the framework. • Regular progress reports to Executive and Board. • Timely escalation of material unmanaged risk areas. 	<ul style="list-style-type: none"> • Relevant Executive support of framework activity. • Internal subject experts available to build maturity and improve baseline compliance. 	<ul style="list-style-type: none"> • Risk-based prioritisation to meet regulatory requirements. • Relevant Executive make available sufficient resources to achieve positive quality outcomes.
Risk and Assurance	Communications	Service Delivery
<ul style="list-style-type: none"> • Framework focus using available risk and assurance information. • Data informed decision making to support positive risk mitigation activities. 	Regular communications on goals, expectations, progress, and outcomes of risk management activities.	Continuous alignment and improvement of service delivery to ensure client safety and wellbeing priority.
Scenario Planning	Alignment	Business Continuity
Routine review and alignment of progress to assess risk-based scenarios and outcomes.	Maintain alignment with AS/NZS ISO 31000 Risk Management Standard and related principles.	Alignment of risk management activities with resilience uplift (eg Covid 19)

5.5 Review of Framework

The Group Risk Management Framework is reviewed at least once every three years to ensure it remains contemporary and consistent with organisational strategy and objectives. Any significant proposed changes are approved by the Board of Directors.

5.6 Publication

A copy of the Group Risk Management Framework is available on the LWB intranet.

5.7 Endorsement

Risk Management Committee Meeting: August 2023.