



REDHILL EDUCATION LIMITED RISK MANAGEMENT POLICY

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| Version: | 1.0 |
| Short description: | Policy setting out the principles underpinning RedHill Education Limited's ('RedHill's') approach to risk management and the responsibilities of directors, management and staff. |
| Relevant to: | All employees (including controlled entities) |
| Authority: | Board of Directors |
| Responsible officer: | Chairman of the Audit and Risk Committee |
| Date introduced: | 24 September 2013 |
| Dates modified / reviewed: | 20 September 2018 |
| Next scheduled review date: | September 2019 |

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1. INTRODUCTION

- 1.1. RedHill will provide innovative private education through a variety of appropriate channels. It will develop new courses and new markets in the areas of vocational and continuing education, leisure, lifestyle and professional accreditation, and it will expand through organic growth, joint ventures and acquisitions.
- 1.2. Risk influences every aspect of RedHill's business and operations. Understanding the risks we face and managing them appropriately will improve our ability to make better decisions, deliver on our objectives and ultimately improve the performance of RedHill.
- 1.3. Each of our stakeholders has made an investment in our business and accepts that in order to be successful, we must take risks. In return, they expect us to understand the risks in our business and manage these risks to an acceptable level.
- 1.4. If we fail to effectively identify and manage risks to RedHill, it has the potential to result in damage to our reputation and our stakeholder confidence as well as the financial performance and viability of RedHill.
- 1.5. We believe that effective risk management is necessary for competent strategic decision-making and is a key feature of good corporate governance.
- 1.6. Effective risk management will enable us to evaluate and undertake new opportunities and initiatives within the required standards of accountability, compliance, probity and transparency.
- 1.7. We believe management practices that include identification and active management of areas of risk can reduce inherent risk exposures to acceptable levels.

2. PURPOSE

- 2.1. The purpose of this Risk Management Policy is to:
 - a. develop a culture of risk awareness and risk responsiveness while maintaining a culture of innovation and delivery on growth opportunities;
 - b. provide a formal process to identify, analyse, evaluate, mitigate and monitor the key strategic and operational risks impacting on our objectives and reputation;
 - c. integrate and align risk management systems into our business processes;
 - d. provide a framework to ensure continuous review and improvement of our risk assessment and management processes.

2.2. The objectives of this Risk Management Policy are to:

- a. ensure that corporate risks are taken into account when making strategic and operational decisions;
- b. integrate risk management activities into ongoing management and accountability processes within our business;
- c. ensure compliance with risk management processes mandated by applicable laws;
- d. support the development of a culture and environment where our staff assume responsibility for managing risks;
- e. ensure that our management is responsible for having risk management plans in place;
- f. ensure a high risk register is maintained and updated by each business unit at least once every six months;
- g. ensure an organization-wide risk register is maintained and updated at least once every twelve months; and
- h. ensure that all of our staff demonstrate a high level of awareness, acceptance and support of risk management.

3. APPLICABILITY AND PROCEDURES

- 3.1. This Risk Management Policy, including the procedures, applies to all aspects of RedHill's operations, and all RedHill employees are expected to comply with this policy.
- 3.2. RedHill must develop and maintain risk management procedures that detail organization structures, responsibilities and reporting requirements that support this policy. These procedures must be made available for all employees, officers and directors of RedHill.
- 3.3. The periodic review and management of risks must be in line with the established management procedures.

4. RISK APPETITE STATEMENT

- 4.1. Our risk appetite or risk tolerance is the degree to which RedHill is prepared to accept risk in different aspects of our business.
- 4.2. Generally, our goal is to be an innovative organization that maintains a low risk profile. We expect to be able to identify and manage the risks associated with our activities in an effective manner.

4.3. The key to achieving our goal is to ensure that effective governance practices are in place which includes assessment and management of risk when setting the parameters for responsible use of resources and realization of business opportunities.

4.4. Our appetite for risk is as described below:

| Risk Category | Risk Appetite |
|---|----------------------|
| Workplace health and safety | Low |
| Recruitment and performance management | Low |
| Legislative and regulatory compliance | Low |
| Contractual arrangements | Low |
| Ethical behavior and business reputational protection | Low |
| Financial management and information systems | Low |
| Corporate governance and business processes | Low |
| Student product and support services delivery and quality | Low |
| External supplier and stakeholder engagement | Low |
| Business continuity and disaster recovery preparedness | Low |
| Environmental sustainability | Low |
| Innovation and significant strategic change initiatives | Medium |

5. RISK MANAGEMENT ACCOUNTABILITIES

5.1. The focus of our risk management responsibilities are as follows:



5.2. Strategic Risks:

- a. Strategic risks are primarily caused by events that are external to RedHill or risks at the corporate level that have a significant impact on our strategic decisions or activities.
- b. External risks include changes in national and international economic conditions, changes in government policies and regulations, interest rate or exchange rate movements, external competitor actions, and other political and marketplace influences.
- c. Strategic risks at the corporate level include organizational restructures, acquisition activities, and other significant change projects. Examples of key risks include items such as time and cost overruns, contingent or unrecorded liabilities, integration and assimilation risks, among others.
- d. It may not be possible to fully predict or monitor strategic risks through a systematic risk management framework, and immediate responses may be necessary to manage the impact of strategic risks as they emerge.
- e. This limited advanced predictability or advanced warning of strategic risks means they are best identified and managed by the Board and senior management as part of the strategic planning and review processes.

5.3. Operational Risk:

- a. Operational risks are inherent in the ongoing activities within the different businesses or subsidiaries of RedHill.

- b. These risks are associated with the day to day operational performance of staff, engagement with customers, relationships with suppliers , financial management and the manner in which reporting is conducted.
- c. RedHill executive management, including the General Managers, have accountability for managing operational risks, and appropriate risk identification and management procedures will be maintained.

5.4. Financial Risk:

- a. Financial risk must be managed at all strategic and operational levels.
- b. Financial risk includes risk of misstatement of financial reports, omissions or errors in management reporting disclosures, and incidents of fraud.
- c. RedHill has internal processes and controls in place to manage financial risk, and engages external auditors to periodically review aspects of financial management and internal controls.

6. RESPONSIBILITIES

6.1. RedHill Board:

- a. The Board of Directors is ultimately responsible for RedHill risk management and communicating the requirements of this policy.
- b. The Board must establish a 'tone at the top' that promotes risk awareness and a risk responsiveness culture.
- c. The Board must satisfy itself that significant risks faced by RedHill are being managed appropriately and that the system of risk management within RedHill is robust enough to respond to strategic, operational and financial risks.
- d. The Board must also ensure that there is an appropriate reporting structure in place to support the delivery of this policy on an ongoing basis.

6.2. RedHill Audit & Risk Committee:

- a. With respect to risk management, the RedHill Audit & Risk Committee will be responsible for:
 - assessing the internal process for determining and managing key risk areas;
 - ensuring an effective risk management system is maintained;
 - ensuring key risks are reported to the Board at least every 6 months;

- evaluating whether there is an adequate process for continual improvement of internal controls; and
- assessing whether management has effective controls in place for significant change initiatives or projects that carry more than an acceptable degree of risk.

6.3. Chief Executive Officer (CEO):

- a. The CEO is responsible for continuous development of risk management within RedHill and for supervising the implementation of risk management in compliance with this risk management policy and the guidelines established.
- b. The CEO is responsible for providing assurance to the Board that this policy has been implemented effectively across the whole of RedHill, and for reporting all significant changes in risk management procedures.
- c. The CEO is responsible for immediately reporting to the Board all significant deficiencies in the operations of risk management procedures across the group.
- d. The CEO must ensure an effective review on the effectiveness of the internal control procedures and mechanisms in place to manage risks across the RedHill group is conducted at least every 6 months, and recommend improvements for implementation.

6.4. RedHill General Managers:

- a. Each General Manager is responsible for:
 - the identification, assessment, control, reporting and ongoing monitoring of risks within their business or functional department;
 - implementing agreed actions to mitigate and manage risks; and
 - giving effect to the requirements of this policy and for providing assurance to the CEO that the business has done so.

6.5. All RedHill Employees:

- a. All employees of RedHill have a general duty of care and are responsible for complying with requests from management in connection with the application of this policy.
- b. All reasonable care should be taken by each employee to manage events that have the potential to prevent RedHill from achieving its objectives and to ascertain that RedHill's operations, assets and reputation are safeguarded.

6.6. External auditors:

- a. External auditors have the ability to contribute to the development and assessment of RedHill's risk management through making recommendations for improvement and providing advice as requested on specific financial and internal control issues.
- b. External auditors are however not responsible for the effectiveness of RedHill's risk management, which remains solely with employees and the Board.