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POLICY

RISK MANAGEMENT

Date effective: 01/06/26
Date of next review: 02/2029
Approved by: Board

1. INTRODUCTION

1.1 Brien Holden Foundation (BHF) is committed to accountability for donor funds and the effective management of risk across all aspects of its operations. This Risk Management Policy establishes the framework, principles, and responsibilities by which BHF identifies, assesses, treats, monitors, and reports on risk.

2. SCOPE

2.1 This policy applies to BHF personnel (full-time, part-time, casual, remote staff), board members, consultants, contractors, volunteers, students and observers.

3. POLICY STATEMENT

3.1 BHF recognises that risk is inherent in its activities. Effective risk management is not about eliminating risk entirely; it is about understanding the nature and level of risk, making informed decisions, and implementing controls to manage risk to an acceptable level.

3.2 BHF adopts a proactive, systematic, and transparent approach to risk management. BHF is committed to:

- 3.2.1 embedding risk management into program design and decision-making;
- 3.2.2 maintaining a risk management culture in which personnel feel empowered to identify and escalate risks;
- 3.2.3 protecting the safety and wellbeing of program participants and BHF personnel;
- 3.2.4 safeguarding donor funds and BHF's assets and reputation;
- 3.2.5 meeting obligations to DFAT, ACFID, and donors; and
- 3.2.6 continuously improving risk management practices through regular review and learning.

4. RISK APPETITE

4.1 Given BHF's small size and limited resources, BHF maintains a conservative risk appetite. The following table sets out BHF's appetite across key risk categories, which is reviewed by the board every three years.

Risk Category	Risk Appetite	Rationale
Fraud, corruption, and misuse of funds	Zero tolerance	Non-negotiable obligation to DFAT, other donors, and beneficiaries.
Child protection	Zero tolerance	Absolute duty of care to vulnerable populations and ACFID Code requirements.

Risk Category	Risk Appetite	Rationale
Sexual exploitation, abuse, and harassment (SEAH)	Zero tolerance	DFAT SEAH standards and ACFID Code obligations.
Financial mismanagement	Very low	Oversight of public and donor funds requires strong financial controls.
Reputational risk	Low	BHF's credibility underpins its ability to secure funding contracts and maintain operations.
Program, project, and activity risk	Moderate	Some risk is acceptable and inherent in complex development contexts.
Strategic risk	Moderate	Considered risk-taking in program, project, and activity design supports learning and impact.

5. RESPONSIBILITIES

5.1 The Board, with the assistance of the Group Corporate Counsel, is responsible for risk management. This includes responsibility to ensure that:

5.1.1 strategic and operational risks are evaluated and reviewed;

5.1.2 effective risk management procedures are in place;

5.1.3 risk management procedures are reviewed regularly;

5.1.4 recommendations arising from the risk management process are evaluated and, where necessary, implemented; and

5.1.5 BHF personnel are aware of applicable risks and are familiar with BHF's risk management policy and procedures.

6. MONITOR AND REVIEW

6.1 Risk management is a continuous process. BHF monitors its risk environment through:

6.1.1 Board review of the organisation risk register at each Board meeting (held quarterly);

6.1.2 six-monthly review of country specific programmatic risks that are escalated by country managers to the Group Corporate Counsel;

6.1.3 annual comprehensive review of this policy and procedures;

6.1.4 prompt review and update of the risk register following any incident, near-miss, or material change in the operating environment.

7. RISK MANAGEMENT PROCEDURE

7.1 BHF applies a six-step risk management process consistent with AS/NZS ISO 31000:2018 Risk Management Guidelines and DFAT's risk management expectations.

7.2 **Establish the context.** Before identifying risks, BHF defines the internal and external context for each risk assessment. This includes the operating environment (including country context for international and Australian programs, projects, and activities) and applicable donor requirements.

7.3 **Risk identification.** The Board identifies risks based within the standard risk categories as shown in the table below.

#	Risk Category	Examples
A	Strategic and Governance	Loss of accreditation, board dysfunction, misalignment with mission, loss of key personnel.
B	Financial and Fiduciary	Fraud, misappropriation of funds, poor financial controls, budget overruns, audit failures, loss of donor funding.
C	Program, Project, and Operational	Poor project design, failure to achieve outcomes, partner non-performance, logistics failures, data quality issues.
D	People and Safeguarding	Child protection breaches, SEAH incidents, BHF personnel safety, misconduct, key person dependency.
E	Reputational and Communications	Adverse media coverage, social media incidents, donor complaints, implementing partner misconduct, false or misleading communications.
F	Legal and Compliance	Breach of grant conditions, ACNC non-compliance, employment law violations, contract disputes, privacy breaches.
G	Country and Context	Political instability, conflict, natural disaster, currency fluctuation, access restrictions in program countries.
H	Implementing Partner	Implementing partner financial or governance failures, misuse of funds, supplier non-performance.
I	Information and Cybersecurity	Data breach, loss of confidential beneficiary information, cyber attack, inadequate IT systems.

7.4 **Risk assessment: likelihood and consequence.** Each identified risk is assessed by estimating its likelihood and potential consequence to produce a risk rating. Likelihood should be assessed using all available information, including historical data, expert judgement, and predictive modelling. The rating must reflect the effectiveness of existing controls already in place.

Likelihood scale

Level	Descriptor	Description	Indicative Frequency
5	Almost Certain	Expected to occur in most circumstances.	More than once per year
4	Likely	Will probably occur in most circumstances.	Once every 1–2 years
3	Possible	Might occur at some time.	Once every 2–10 years
2	Unlikely	Could occur at some time.	Once every 10–50 years
1	Rare	May only occur in exceptional circumstances.	Less than once in 50 years

Consequence scale

Rating	Level	Description
1	Insignificant	Negligible impact on operations, finances, reputation, or beneficiaries.
2	Minor	Minor disruption, small financial loss, manageable internally.
3	Moderate	Significant disruption, notable financial loss, some reputational damage, donor concern.
4	Major	Serious harm to beneficiaries or staff, significant financial loss, major reputational damage, program suspension.
5	Extreme	Loss of life, organisational failure, loss of accreditation, criminal liability, total loss of donor confidence.

7.5 **Risk rating matrix.** Risk is calculated as: Risk Score = Likelihood × Consequence. Scores range from 1 (Very Low) to 25 (Extreme). All scores reflect the residual risk level – that is, the risk remaining after existing controls have been applied.

Likelihood \\ Consequence	1 – Insignificant	2 – Minor	3 – Moderate	4 – Major	5 – Extreme
5 – Almost Certain	MEDIUM (5)	HIGH (10)	EXTREME (15)	EXTREME (20)	EXTREME (25)
4 – Likely	MEDIUM (4)	HIGH (8)	HIGH (12)	EXTREME (16)	EXTREME (20)
3 – Possible	LOW (3)	MEDIUM (6)	HIGH (9)	HIGH (12)	EXTREME (15)
2 – Unlikely	LOW (2)	MEDIUM (4)	MEDIUM (6)	HIGH (8)	HIGH (10)
1 – Rare	VERY LOW (1)	LOW (2)	LOW (3)	MEDIUM (4)	MEDIUM (5)

Legend:

EXTREME: 15–25	HIGH: 8–14	MEDIUM: 4–7	LOW: 2–3	VERY LOW: 1

7.6 **Risk treatment.** BHF's risk treatment options are aligned with the risk rating matrix. Treatment actions are documented in the country specific risk register and the Board risk register. The Group Corporate Counsel will minute and monitor treatment actions in the quarterly Board meetings.

Rating	Score	ISO 31000:2018 Response	Timeframe
EXTREME	15–25	Immediate escalation to senior management. Do not proceed without approved controls. Consider risk avoidance or transfer.	Immediate
HIGH	8–14	Senior management attention required. Detailed treatment plan must be documented and approved. Activity may proceed with agreed controls.	< 1 month
MEDIUM	4–7	Assign management responsibility. Evaluate and implement treatment options. Monitor and review regularly.	< 3 months
LOW	2–3	Manage through routine procedures. Include in standard reporting cycle. Acceptable residual risk under normal operations.	< 12 months
VERY LOW	1	Accept the risk. Record in risk register. Review annually or when organisational context changes.	Annual review

7.7 **Risk Register.** BHF maintains a Board risk register, where identified risks are registered and reviewed at the quarterly Board meetings.

7.8 **Country specific programmatic risks.** BHF identifies risks that could affect its ability to achieve project outcomes. Country level risk identification draws on: staff experience and in-country reporting; implementing partner assessments and monitoring visits; country and contextual analysis; incident reports and near-miss events; and external information sources, including DFAT travel advisories, ACFID sector alerts, and audit findings.

7.8.1 The Head of International Programs and country managers (International and Australia) are required to: complete a comprehensive country specific risk assessment (Annexure 1: Country Specific Risk Assessment Form); maintain a country risk register; review and update the country specific risk register every six months; identify risks that need to be escalated to the Group Corporate Counsel; and submit country specific escalated risks to the Group Corporate Counsel for review and discussion.

7.8.2 The Group Corporate Counsel will: discuss country specific escalated risks with the Head of International Programs and country managers to ensure that processes are in place to avert risks or, where that is not possible, to mitigate their impact; add any relevant country specific risks into the quarterly Board risk register (Annexure 2: Board Risk Register) and include in board pack with risk management as a standing board agenda item; and ensure that copies of all risk assessments and risk registers are held centrally in BHF's risk management system.

7.9 **Implementing partner risk assessment.** BHF's approach to implementing partner risk assessment is proportionate to the scale of the partnership and the risk profile of the operating environment.

7.9.1 **Pre-implementing partnership assessment.** Before entering into any partnership agreement, BHF will: conduct a due diligence and partner capacity assessment of the partner; assess the partner's financial management systems, governance, internal controls, and safeguarding policies; review audited financial statements (minimum two years, where

available); conduct proscribed list checks in accordance with DFAT and Australian Government requirements; and assign an overall risk rating to the partner (Excellent, Good, Acceptable, Not quite Acceptable, and Detrimental). BHF does not work with organisations whose assessment results fall below the acceptable grade. Following the initial assessment, partner assessment will be reviewed every 3 to 5 years as required.

7.9.2 **Risk-based oversight.** The level of oversight applied to implementing partners is based on their assigned risk rating, as set out in the table below.

Assessment	Description
Excellent	All systems/policies in place and all staff operating competently. Aligns completely with BHF.
Good	Most systems/policies in place and key staff operating competently. Aligns on most key issues with BHF.
Acceptable	Most systems/policies in place and some staff operating competently. Aligns mostly with BHF.
Not quite acceptable	Policies and systems available but staff not routinely operating/using them. Ad hoc practices in place in parallel. Does not align with BHF.
Detrimental	Few policies and systems in place but staff disregarding them. Values and strategies oppose BHF.

7.9.3 **Capacity development.** Where partner capacity assessments identify gaps, BHF will co-develop a capacity development plan with the partner. Progress against this plan is monitored and reported as part of regular partner oversight.

8. INCIDENT REPORTING AND NOTIFICATIONS

8.1 BHF personnel and implementing partners are required to report risk incidents, near-misses, and suspected breaches promptly. BHF maintains a culture in which reporting is encouraged and protected.

8.2 Reports should be sent to Group Corporate Counsel at standup@brienholdenfoundation.org or delivered to: BHF Australia office (Level 4 North Wing, Rupert Myers Building, Gate 14 Barker Street, UNSW Sydney NSW 2052) or BHF Pakistan office (Plot 5, basement, Fayyaz Market, Street 9, Sector G-8/2, Islamabad).

8.3. **Internal reporting:** All incidents must be reported to the Group Corporate Counsel within 24 hours of becoming aware of the matter. The Group Corporate Counsel will report material incidents to the Board Chair within 48 hours. All incidents will be recorded in the incident register and reviewed at the next Board meeting.

8.4 **External reporting.** Risk information is shared appropriately with relevant stakeholders. BHF commits to reporting material risks to DFAT in accordance with grant agreement requirements; disclosing significant risk events to ACFID consistent with Code of Conduct obligations; communicating risk responsibilities to new staff during induction; including risk reporting as a standing item on Board meeting agendas; and sharing relevant risk information with implementing partners to support joint risk management.

ANNEXURE 1

BHF COUNTRY SPECIFIC RISK ASSESSMENT FORM

Country	
Assessment Date	
Assessed By	
Risk Category	
Risk Description	
Triggers of Risk	
Impact of Risk	
Likelihood Scale	
Consequence Scale	
Risk Response and Mitigation	
Risk Owner	
Risk Status	
Quarterly Review Date	
Reviewed By	

ANNEXURE 2

BOARD RISK REGISTER

#	Date Created	Risk Category	Risk Description	Risk Mitigation Strategy	Likelihood Scale	Consequence Scale	Risk Score	Risk Owner	Status