

# Study World Education Holding Group Limited

## *Risk Management Policy and Strategy*



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### Introduction

1. The purpose of this document is to outline an overall strategy to risk management that addresses the risks facing the Study World Education Holding Group Limited (Study World) in pursuing its strategic objectives and which will facilitate the effective recognition and management of such risks. This strategy document is supported by accompanying guidance contained in the Study World Risk Register document.
2. The risk of adverse consequences is inherent in all activity. Study World's risk management strategy is about ensuring that all significant relevant risks are understood and prioritised as part of normal management practices. Information on risk must be organised in a way that is useful for management purposes and enables decisions to be taken based on the knowledge of risk versus reward.
3. To pursue and achieve our objectives and to take advantage of opportunities, it is recognised that Study World cannot avoid taking risks, and that no approach to risk management can aim to eliminate risks fully. Study World's approach to risk management is accordingly grounded in ensuring that there is a strong institutional awareness and understanding of risk with encouragement to accept risks in a structured and controlled manner.
4. Risk management is embedded within the daily operation of Study World. It is not the sole responsibility of senior managers but is exercised by all staff. Through understanding risks, staff at all levels are better able to evaluate the impact of a particular decision or action on the achievement of Study World's objectives.
5. Study World's Board of Directors has agreed the following policy statement on risk management:

*The Study World Education Holding Group Limited aims to minimise its exposure to risks: it will seek to recognise the risks inherent in its activities and to mitigate the adverse consequences of any such risks.*

*Study World recognises, however, that in pursuit of its mission and academic objectives it may, on occasion, choose to accept an increased level of risk. It will do so subject always to ensuring that the potential benefits and accompanying risks of a particular course of action are fully understood before developments are authorised and that appropriate measures to mitigate identified risks are put in place.*

### **Objectives of Study World's Risk Management Strategy**

6. Study World's approach to risk management seeks to:
- develop and maintain a 'headlines' risk register which identifies all the significant strategic risks facing Study World. This register, which incorporates information on the management of risks to ensure business continuity, is considered on a routine basis by Study World's Senior Management Team and Study World's Board of Directors;
  - rank all risks in terms of likelihood of occurrence and possible impact upon Study World, together with an indication as to whether the identified risk is within Study World's agreed risk appetite;
  - allocate clear roles, responsibilities and accountabilities for risk management;
  - facilitate compliance with best practice in corporate governance, ensuring that an appropriate disclosure statement can be issued within Study World's annual Financial Statements;
  - continually raise awareness across Study World of the principles and benefits involved in the risk management process and to obtain staff commitment to the principles of risk control.

### **Benefits of Risk Management**

7. The benefits to Study World of its risk management processes facilitate :
- improving awareness of significant risks facing the organisation, with those with the highest risks highlighted;
  - identify potential weaknesses and addressing them before an adverse event occurs;
  - action planning for the effective management of significant risks;
  - reduces the number and types of adverse events occurring;
  - recognition of responsibility and accountability for risk management;
  - information-led strategic and business planning; and,
  - the identification of appropriate new development opportunities.

### **Risk assessment**

8. Study World's approach to risk management involves the consideration of all potential risks facing Study World in pursuing its strategic objectives with risks broken down into appropriate headings (for example, strategic issues, financial issues; operational issues and resource issues) and identified with relevant operational areas. Identified risks are ranked

according to their impact and probability with an indication as to whether the identified risk is within Study World's agreed risk appetite. Sections 5 to 8 within Study World's Risk Register sets out how Study World quantifies the impact and probability of identified risk and, from this, their agreed risk appetite.

9. All risks are clearly defined together with the controls that exist to manage them. Consideration is given to the adequacy and costs of present control systems and the likelihood of the risk occurring. Study World accordingly works to ensure that internal management and control systems and procedures in place across the organisation are appropriate to manage identified risks in a resource effective manner. Where control weaknesses are identified, these are clearly noted so that action can be taken to remedy any such weaknesses.

#### **Risk Appetite**

10. Study World's Directors and Senior Management Team seek to quantify the impact of individual risks in terms of their possible effect upon the finances of the organisation and the reputational risk to the organisation. A grading system is used in Study World's *Risk Register* to identify indicative potential impacts to Study World should the identified risk materialise, as follows:

<b>Classification</b>	<b>Score</b>	<b>Impact Example</b>
<b>Extreme</b>	<b>5</b>	<ul style="list-style-type: none"> <li>• Financial cost of resolving the issue is in excess of 26m AED</li> <li>• Unsatisfactory learner experience – threat to Study World's existence</li> <li>• Very significant loss of assets</li> <li>• Interruption greater than one month and critical systems unavailable for a week or more</li> <li>• Prolonged international or national media exposure</li> <li>• Unable to deliver more than 50% of Study World's agreed strategic targets</li> </ul>
<b>Very High</b>	<b>4</b>	<ul style="list-style-type: none"> <li>• Financial cost of resolving the issue is between 16m AED and 26m AED</li> <li>• Unsatisfactory learner experience – ongoing or long-term effects Significant loss of assets</li> <li>• Interruption greater than one month and critical systems unavailable for less than one week</li> </ul>

		<ul style="list-style-type: none"> <li>• Short term national media exposure</li> <li>• Unable to deliver 25 to 50% of Study World’s agreed strategic targets</li> <li>• Study World Board intervention</li> </ul>
<b>High</b>	<b>3</b>	<ul style="list-style-type: none"> <li>• Financial cost of resolving the issue is between 5m AED and 16m AED</li> <li>• Unsatisfactory learner experience – extensive but resolvable in the medium term</li> <li>• Loss of assets</li> <li>• Interruption less than one month and critical systems unavailable for longer than one day or a series of incidents</li> <li>• Prolonged local media campaign</li> <li>• Unable to deliver 10 to 25% of Study World’s agreed strategic targets</li> <li>• Study World CEO Intervention</li> </ul>
<b>Medium</b>	<b>2</b>	<ul style="list-style-type: none"> <li>• Financial cost of resolving the issue is between 2.5m AED and 5m AED</li> <li>• Unsatisfactory learner experience – extensive but resolvable</li> <li>• Significant damage to assets</li> <li>• Interruption less than one week and critical systems unavailable for less than one day</li> <li>• Short term local media campaign</li> <li>• Unable to deliver 5 to 10% of Study World’s agreed strategic targets</li> <li>• Study World Senior Management Team intervention</li> </ul>
<b>Low</b>	<b>1</b>	<ul style="list-style-type: none"> <li>• Financial cost of resolving the issue is below 2.5m AED</li> <li>• Unsatisfactory learner experience – limited in scope and readily resolvable</li> <li>• Little damage to assets</li> <li>• Interruption less than one day and critical systems</li> </ul>

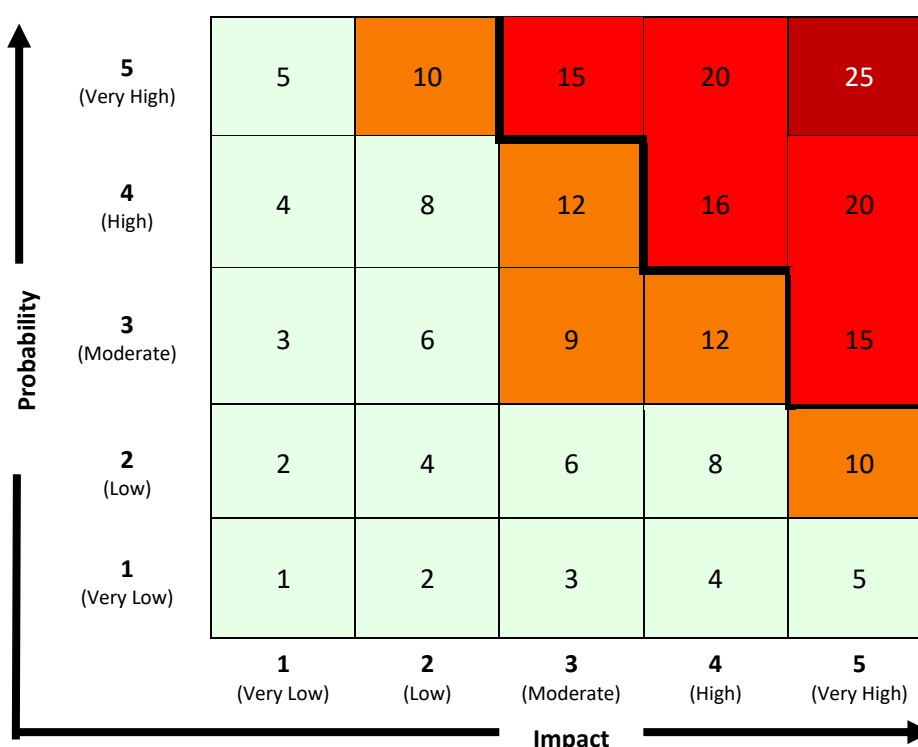
		<p>subject to minor incidents</p> <ul style="list-style-type: none"> <li>• Unable to deliver 0 to 5% of Study World’s agreed strategic targets</li> <li>• Study World management intervention</li> </ul>
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11. A grading system is used in Study World’s *Risk Register* to identify the indicative potential probability of the risk materialising, as follows:

Classification	Score	Impact Example
<b>Certain</b>	<b>5</b>	<ul style="list-style-type: none"> <li>• The event will occur in all circumstances</li> <li>• There are no effective measures to reduce the likelihood</li> </ul>
<b>Likely</b>	<b>4</b>	<ul style="list-style-type: none"> <li>• There is a strong possibility that the event or risk will occur</li> <li>• None or few effective measures to reduce likelihood can be and/or have been taken</li> </ul>
<b>Possible</b>	<b>3</b>	<ul style="list-style-type: none"> <li>• The event might occur at some point in time</li> <li>• Measures that reduce likelihood have been taken but may not be fully effective</li> </ul>
<b>Unlikely</b>	<b>2</b>	<ul style="list-style-type: none"> <li>• The event is not expected to occur</li> <li>• Limited experience of a similar failure</li> <li>• Sufficient controls are now in place</li> </ul>
<b>Rare</b>	<b>1</b>	<ul style="list-style-type: none"> <li>• The event is highly unlikely to occur</li> <li>• No or very limited experience of similar failure</li> <li>• If it has happened, sufficient controls are now in place</li> </ul>
<b>Impossible</b>	<b>0</b>	<ul style="list-style-type: none"> <li>• The event will never occur</li> </ul>

12. The overall Risk Score of each identified risk is calculated by multiplying the impact and probability scores. By means of example, a risk with an extreme impact (scoring 5) and certain probability (scoring 5) would have an overall Risk Score of 25.
13. Risk Score: <9 below risk appetite, 9-14 just below risk appetite, and >15 above risk appetite.

14. Having regard to the probability of an identified risk occurring and the possible impact of that risk upon the institution’s operations, Study World’s Board of Directors and Senior Management Team have agreed a risk appetite for Study World’s operations, as follows:



15. The black line indicates the 'risk appetite' agreed by Study World’s Board of Directors and managed by Study World’s Senior Management Team. To the left of the black line (shaded green and amber) identified risks are within the agreed appetite and are acceptable. The red shaded area represents risks that need to be addressed and most actively managed.

**Review**

16. Study World’s Risk Management processes are subject to periodic review. This ensures that the risk matrix is updated to modify the perceived risks, recognising that new risks will arise whilst others will either disappear or become less significant in terms of priority.
17. Monitoring the effectiveness of extant processes is vital to ensure that:
- clear responsibility exists for the management of a particular risk area;
  - reporting arrangements are in place, which can highlight changes in risk priority and any instances where risks are not being effectively managed or are outside Study

World's agreed risk appetite;

- procedures are in place which can review of the effectiveness of Study World's overall risk identification and management processes.

### **The embedding of risk across Study World**

18. An effective risk management and business continuity programme permeates Study World's activities and provides assurance regarding the management of key risks. It is recognised that effective risk management requires interdependence between strategic and operational objectives, management processes, governance arrangements and other policies.
19. Study World accordingly seeks to ensure that all significant and relevant risks are understood and prioritised as part of normal management practices with information on risk and business continuity being organised in a way that is useful for management purposes and enables decisions to be taken based on the knowledge of risk versus reward.

### **Roles and responsibilities**

#### **Role of Study World's Directors**

20. Study World's Board of Directors has a fundamental role to play in the management of risk. Working with Study World's senior managers its role is to:
  - set the tone and influence the culture of risk management within Study World. This includes determining what types of risk are acceptable and which are not, and providing a framework within which an appropriate level of exposure to risk can be determined in particular circumstances (setting the risk appetite);
  - approve major decisions affecting Study World's risk profile or exposure; and,
  - annually review Study World's approach to risk management and, where appropriate, recommend changes or improvements to key elements of the organisation's processes and procedures.

#### **Role of Study World's Senior Management**

21. Study World's senior management are responsible for:
  - implementing Study World's Risk Management Strategy;
  - ensuring that the major risks associated with proposals put to them have been properly considered and can be appropriately managed within the policy framework set by the Board of Directors;
  - ensuring that corporate risks are properly identified and managed, reviewing evidence to this effect and ensuring measurement of results as appropriate; and,



- communicating Study World’s policy and information about the risk management programme to all staff, subsidiary organisations and external partners to ensure that everyone understands their respective risk management responsibilities and the extent to which they are empowered to take risks.
22. Study World’s strategic plans provide the opportunity to review the organisation’s policy and approach to risk management and to ensure that it is fully aligned with the mission and priorities of Study World. The review and updating of risks facing Study World forms a key element of the monitoring of the organisation’s strategic objectives.
23. In addition, risk management and business continuity is very firmly embedded within Study World’s forward business planning and retrospective performance review processes. The outcomes of these prospective and retrospective risk management review processes are considered by both Study World’s senior managers and Board of Directors.
24. In summary, it is not the sole responsibility of Study World’s senior managers to review and evaluate the impact and likelihood of risks, rather it is exercised by all staff, at all levels, to better evaluate the impact of a particular decision or action on the achievement of the Study World’s objectives.

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