
RISK MANAGEMENT POLICY

Policy: Risk Management Policy
Date: Board Approved: 13 June 2024
Next Review Date: June 2026

1. Purpose

The purpose of the Risk Management Policy (**Policy**) is to support the AICD's purpose and mission, and strategic and operational objectives, by setting out the principles that guide risk management across the organisation and specifying risk management responsibilities, in order to:

- (a) Reduce the negative effects of uncertainty on our objectives;
- (b) Enable greater openness and transparency in decision making; and
- (c) Ensure internal and external reporting meets corporate governance requirements.

2. Objectives

The objectives of this Policy are:

- (a) To ensure AICD's activities in relation to the management of risk are appropriate in the context of the AICD's objectives, the external environment (including relevant law and regulation), and the appetite for risk articulated in the AICD's Risk Appetite Statement.
- (b) To provide the AICD Board and Executive Committee with comfort that strategic and operational risks are being identified, assessed and managed effectively within the AICD's Risk Appetite Statement and consistent with their respective obligations in relation to organisational risk.

3. Policy

In order to achieve the purpose and objectives stated above, AICD shall:

- (a) **Foster an open, collaborative culture** in relation to the identification of risk. This means that our people should feel safe and encouraged to speak up on risk matters and supported to work together to address them.
- (b) **Adopt a reasoned and considered approach** to the assessment of risk. This means that we base our assessment of risk on facts and experience, drawing on diverse perspectives to ensure we form a balanced view of AICD's exposure to strategic and operational risks.
- (c) **Champion accountability** in the management of risk. This means that we empower decision-makers to respond to risks that fall within their portfolios while providing transparent reporting of those risks, decisions, and outcomes.
- (d) **Build the capability of all our people** to identify, assess and manage risk. This means providing training, awareness and coaching to ensure our people have the skills they need to manage risk in their roles.
- (e) **Design for risk** in our processes and controls. This means that our strategies, plans, processes, and systems are responsive to risk and the AICD's appetite for that risk.

RISK MANAGEMENT POLICY

To support the activities described above, the AICD shall:

- (a) Maintain a Risk Management Framework (**RMF**) which describes in detail how the risk should be identified, assessed and managed. This document must be approved by the Executive Committee and the AICD Board.
- (b) Maintain a Risk Appetite Statement (**RAS**) which describes the amount of risk the AICD is willing to accept to achieve its purpose and objectives. This document must be approved by the Executive Committee and the AICD Board.
- (c) Maintain appropriate documentation in relation to identified risks at an enterprise level and, as appropriate, a team or project level (risk assessments and risk registers).
- (d) Maintain appropriate documentation in relation to issues, incidents and other identified concerns in relation to risks (issues and incidents register), including the apparent root cause(s) of those matters and how they are addressed or resolved.
- (e) Develop and disseminate guidance materials for AICD staff which describe how to approach particular risk-related matters (**Guidance Notes**).

Each of the above artefacts shall specify an appropriate review period to ensure they remain up to date. Such review periods shall not exceed two years.

4. Scope

The Policy applies to all Employees, contractors, and volunteers, and applies to AICD's directors when acting in the course of their duties on behalf of the AICD.

5. Roles and Responsibilities

The following table highlights the roles and responsibilities for Risk management at the AICD:

Role	Responsibilities
AICD Board (the Board)	The AICD Board delegates responsibility to the Executive Committee for the identification, assessment, and treatment of risks. The Board also approves relevant policies (including this Policy, the RMF and the RAS) and receives reporting on risk matters as set out in the RMF.
ARC	Review and make recommendations to the Board in relation to the AICD's management of risk and related matters.
Risk Owners (incl. MD & CEO and Executive Committee)	Oversee the effective management of their respective business unit risks, as defined in the RMF. Approve guidance notes in relation to matters relevant to their business unit.

RISK MANAGEMENT POLICY

Role	Responsibilities
Risk & Compliance Team	Provide risk training and awareness to AICD staff, and advice and guidance to individuals in respect of specific risk matters. Supporting Risk Owners and teams to manage risks and compliance obligations and developing related reporting as described in the RMF. Facilitate and support all elements of the RMF, RAS and this Policy. This includes developing or supporting the development of the materials referred to at 3(h) – 3(j).
Employees	Raise risks, incidents, issues, and breaches in line with the relevant policies and the RMF and promote a positive and risk-aware culture.

6. Compliance and exceptions

This policy is mandatory for all those to whom this policy applies (see section 4 - *Scope*); a breach of this policy may result in disciplinary action in accordance with the Disciplinary Policy.

This policy provides for the management risk to be carried out within the parameters defined in the RMF and the RAS, and as such does not generally permit exceptions. Any exceptions to the application of the RMF and the RAS are provided for in those documents, normally requiring the authorisation of, or notification to, the AICD Board or its Committees.

7. Definitions

Term	Definition
AICD	The Australian Institute of Company Directors (ABN 11 008 484 197).
Executive Committee	Executive managers reporting directly to the MD & CEO.
ARC	The Audit and Risk Committee, however described.
Risk and Compliance Team	The Head of Risk and Compliance and those reporting into that function.
Risk Appetite Statement (RAS)	A document which describes the amount of risk the AICD is willing to accept to achieve its purpose and objectives. The RAS is separately approved by the AICD Board and is held in the policy database.
Risk Management Framework (RMF)	A document which describes how the AICD identifies, assesses, and manages risk. The RMF is separately approved by the AICD Board and is held in the policy database.

RISK MANAGEMENT POLICY

8. Policy information

Policy Author:	Patrick Perrywood Head of Risk and Compliance	Policy Owner:	Head of Risk and Compliance
Status:	Board Approved	Review Period:	Every two years
Version:	1.4	Next Review Date:	June 2026
Effective Date:	13 June 2024	Document Location:	Unily > Company Policies

9. Document history

Version	Date Approved	Author	Description of revisions
1.1	July 2015	A. Madry	
1.2	June 2019	P McCann	Align Policy to approved Risk Management Framework. Approved by the Board on 13 June 2019.
1.3	2 June 2022	T Wong	Align Policy to approved Risk Management Framework, in particular, updates to Roles & Responsibilities.
1.4	13 June 2024	P Perrywood	Update and restructure to align to the new Policy Framework policy.