
RISK MANAGEMENT POLICY

Policy: Risk Management Policy

Date: Board approved July 2015

1. Policy

(a) The Australian Institute of Company Directors (AICD) will maintain a Risk Management Framework in order to achieve balanced risk adjusted outcomes for the AICD. Adherence to the Risk Management Framework will:

- (i) Avoid the likelihood of unacceptable outcomes;
- (ii) Provide greater openness and transparency in decision-making and ongoing management processes;
- (iii) Provide a better understanding of risks associated with the AICD's activities;
- (iv) Comprise an effective reporting framework for meeting corporate governance requirements; and
- (v) Provide an appropriate risk assessment of major projects.

(b) The Board:

- (i) Encourages management to foster an open culture of risk awareness and the development and monitoring of processes that enhance the management of risk; and
- (ii) Expects management to effectively integrate consideration and management of risk into existing decision frameworks and complementary processes and systems including audit, compliance, business continuity management, disaster recovery and crisis management, insurable risk management and strategic planning.

2. Objectives

The objectives of the Risk Management Framework are to:

- (a) Provide management and the Board with comfort that the risks confronting the AICD are being assessed and managed effectively;
- (b) Create an integrated risk management process that is both continuous and effective; and
- (c) Ensure that the management of risk is integrated into the development of strategic and business plans, and the achievement of the AICD's vision and values.

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3. Responsibility

Management is responsible for efficient and effective risk management across the AICD. This will include implementing policies and procedures that address risk identification and control, training and reporting taking into account the International Risk Management Standard Risk Principles and Guidelines (AS/NZ 31000:2009).

The Managing Director & Chief Executive Officer (MD & CEO) will be responsible for ensuring the process for managing risks is integrated within divisional business planning and management activities.

Reports on the AICD's risk profile should be provided to the Audit, Risk & Compliance Committee (AR&CC) by the MD & CEO or the executives responsible for management of the individual risks following management's quarterly review. Additional reporting may be required on request by the AR&CC or the Board.

The AR&CC will be responsible for reviewing and making recommendations to the Board in relation to the AICD's Risk Management Framework and adherence to the Framework including the risk appetite statement.

4. Review

The Board will review the Risk Management Framework annually. Management should consider whether additional review and update of the Risk Management Framework is required due to any material change in the AICD's circumstances.

This policy was first adopted by the Board on 13 July 2009. This policy is subject to annual review.