



RISK MANAGEMENT POLICY

Purpose

The purpose of this policy is to provide an integrated approach to risk management and ensure that risks are identified and managed in a way that is appropriate to enable the achievement of the Manufacturing Industry Skills Alliance's (Manufacturing Alliance) strategic outcomes.

This policy is based on *Australian Standard AS/NZS ISO 31000:2018 Risk Management Principles and Guidelines* and forms part of the governance framework for the organisation.

Scope

This policy applies to all employees, Board Directors, sub-committees, Advisory Committees, and any other person undertaking work for the Manufacturing Alliance.

Definitions

Risk	The effect of uncertainty on objectives.
Risk Appetite	The type and extent of risk that the Manufacturing Alliance is prepared to accept or avoid.
Risk Management	The systematic application of effort to manage risk.
Risk Management Framework	A set of components that provide the foundation and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management practice.

Policy Statement

The Manufacturing Alliance recognises that risk management is an integral part of good management practice and is committed to ensuring that risk management practices are embedded into all processes and operations. Through this, the organisation ensures consistent, effective, and accountable action and decision making.

Principles

The Manufacturing Alliance is committed to a risk management approach:

- Risk management is **consistent, structured, and embedded** within the organisation.
- Risk is **integrated in key decision making**, in which consideration of the organisation's risk appetite and risk tolerances will inform business planning processes and consider material risks.
- The Manufacturing Alliance management advocates for and supports **a risk aware culture**.
- Employees are encouraged to take **ownership** and accountability for risk management.
- The Manufacturing Alliance will allocate sufficient **resourcing** for effective risk management.
- The Manufacturing Alliance encourages a **continual improvement** methodology for risk management.

Risk Management Framework

A key element of risk management for the Manufacturing Alliance is the Risk Management Framework (RMF). The RMF identifies, and rates key risks along with mitigation strategies. This will be applied across all aspects of the organisation to assist with a consistent approach to managing risk and setting responsibilities. The RMF



will consider all material business risks covering compliance, governance, finances, operations, reputation and stakeholders, strategy, technology, human resources, and health and safety.

The core elements of the RMF include:

- Risk appetite which will be agreed by the Board and reviewed annually.
- Development of metrics that denote through qualitative and/or quantitative analysis a value that expresses the degree of risk.
- Requirements for risk reporting and assessment.
- Agreement to the core set of internal controls established to manage material risks.

Responsibilities

The Manufacturing Alliance Board of Directors, in conjunction with the Chief Executive Officer (CEO), is responsible for setting and approving the risk management policy, risk action plan, and framework to inform the level of risk appetite of the organisation.

The Audit and Risk Committee (ARC) is responsible for reviewing the Risk Management report at every ARC Committee meeting and make decisions regarding risk mitigation and monitoring of known risks.

It is the responsibility of the CEO to ensure that:

- Effective risk management procedures are in place.
- Risk management procedures are reviewed regularly.
- Any recommendations arising from the risk management process are evaluated and implemented if required.

It is the responsibility of the Executive Management team to ensure that:

- Risk management checklists are implemented for their functions and regularly reviewed and updated.
- That up-to-date checklists are maintained in the document register.
- Risk awareness discussions are built into team meetings.

It is the responsibility of all employees to ensure that:

- They are familiar with the Manufacturing Alliance's risk management procedures.
- They comply with all risk management procedures and inform their manager of any risk awareness.