

RISK MANAGEMENT POLICY

Risk is an inherent part of doing business. By identifying, understanding and managing risk, AEMO provides greater confidence to its stakeholders in the way it conducts its operations. Effective risk management delivers fewer unintended consequences, promotes forward-thinking and creates a more aware and decisive organisation.

AEMO is committed to achieving a comprehensive and integrated risk management capability that is embedded into every business activity, function and process, and is aligned to the International Risk Management Standard ISO 31000:2009, to create a culture that is risk aware, rather than risk averse.

While AEMO recognises that risk is managed by every employee and contractor, a more structured allocation of responsibilities is required:

- The Board is the owner of this Policy. It is responsible for reviewing critical organisational risks, and monitors AEMO's culture, skills and practices with a view to delivering outstanding risk management outcomes. These responsibilities are carried out with the assistance of the Risk and Audit Committee.
- The Managing Director is responsible for the implementation of this Policy and is accountable to the Board for fostering a positive, transparent risk management culture and for monitoring and reporting on AEMO's performance.
- The management of AEMO is charged with the establishment of a risk management culture, integration of risk management into key decision-making and processes, quality of risk information and escalation reporting of risks to the Board and Risk and Audit Committee as required.
- It is the responsibility of all employees and contractors participate in and contribute to the identification, reporting, assessment and management of risk.

Achieving AEMO's objective of being a valued organisation that delivers on its obligations will be supported by:

- A dedicated risk management function to develop and maintain a risk management framework, support the organisation in the identification and management of risks and provide appropriate reporting of risk to the Board, Risk and Audit Committee and senior management.
- Allocating the accountability for managing risks only to those with the authority to control them.
- Maintaining a high level of awareness of risk management by providing education programs, advice and regular updates as required.
- Developing and deploying appropriate processes and controls to support employees and contractors in managing risks.
- Monitoring and reviewing risks through a combination of targeted enquiry and audit.

This Policy will be reviewed by the Risk and Audit Committee every second year or in response to an event or change of circumstances requiring a review of policy.

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Matt Zema
Managing Director and Chief Executive Officer

Approved by: The Board

Date Approved: 1 March 2012