



# **RISK MANAGEMENT AND COMPLIANCE FRAMEWORK**

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# **1. OVERVIEW**

## **1.1. PURPOSE**

This document establishes the Risk Management and Compliance Framework and the related policies to support the AIMS Funds Management (AIMS) Board with their responsibilities in respect of operating a financial services business in Australia. The AIMS group of companies consist of AIMS Fund Management Limited, AIMS Real Estate Funds Limited and AIMS Investment Managers Limited.

## **1.2. INTRODUCTION**

The Board is primarily responsible for establishing an appropriate risk management and compliance framework. Specifically, this Framework must meet AIMS's obligations under the Corporations Act 2001, which establishes the authority for AIMS to operate a financial services business in Australia. Specifically, section 912A(1)(h) of the Corporations Act states that a licensee must have an adequate risk management system in place.

The Board has delegated to AIMS management the responsibility for implementing the Framework and the supporting processes to ensure adherence with all legislative and risk management requirements. In addition, the Board-approved risk management and compliance policies are compulsory and applicable to all AIMS staff.

## **1.3. AMENDMENT AND APPROVAL**

This Risk Management and Compliance Framework documents can only be amended with the approval of the Audit, Risk and Compliance Committee under the supervision of the Board.

## **2. AIMS RISK MANAGEMENT AND COMPLIANCE FRAMEWORK**

### **2.1. BOARD COMMITMENT TO RISK MANAGEMENT AND COMPLIANCE**

The following statement of AIMS's commitment to risk management and compliance has been issued by the Board and is supported by AIMS's management.

*AIMS will actively foster a corporate culture that optimises its ability to achieve its business objectives while ensuring it complies with all relevant legislative and regulatory requirements, and manages risk appropriately.*

*The AIMS Board has primary responsibility for risk management and compliance. The risk management and compliance framework is overseen and approved by the Audit, Risk and Compliance Committee, but requires active involvement by all AIMS staff. Business Unit Managers will be primarily responsible for reporting any breaches of the legislation and regulations in their areas of responsibility, and will be held accountable for them.*

*This compliance statement is an important protection for our staff, the companies, our clients and ultimately for the integrity of AIMS. It is important that the AIMS Risk Management and Compliance Policies are adhered to and that our compliance and risk management system is effective.*

The Board's commitment to the Risk Management and Compliance Framework and related policies have jurisdiction throughout AIMS, and therefore are applicable to all staff.

### **2.2. AIMS CORPORATE VALUES AND PRINCIPLES**

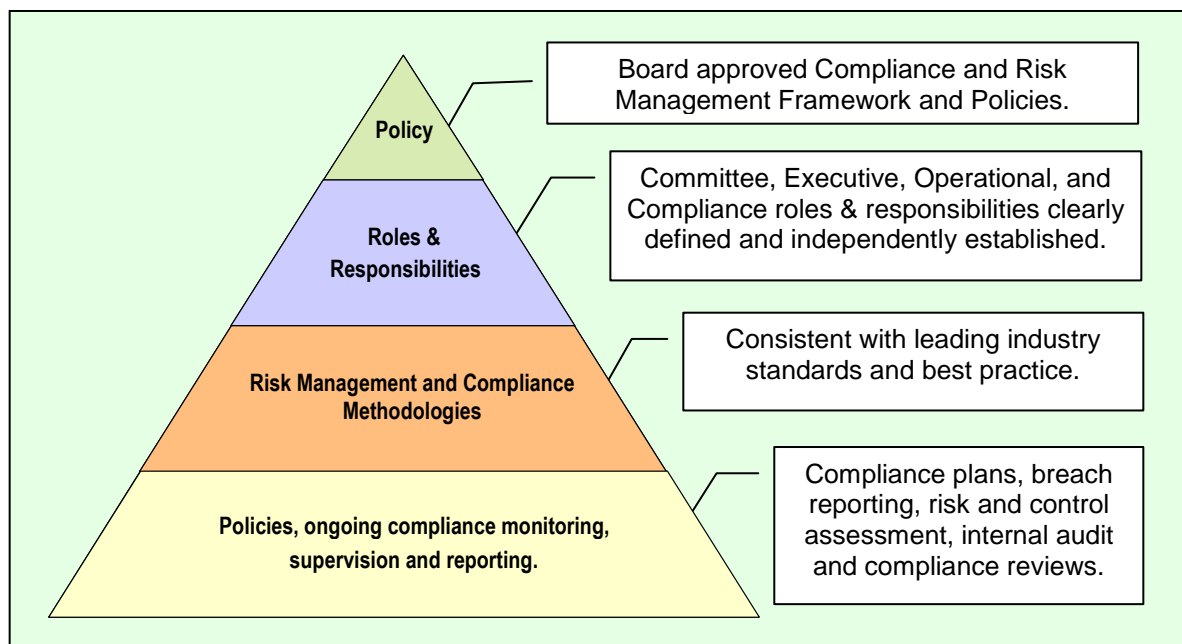
As holders of Australian Financial Services Licences (AFSLs), AIMS has a statutory and ethical responsibility to ensure that it complies with all relevant legislative and regulatory requirements on a continuous basis. These responsibilities apply irrespective of the effect that non-compliance may have on AIMS's ability to achieve its business objectives.

In meeting these responsibilities, AIMS has developed various policies, including this Risk Management and Compliance Framework, Risk Management Policy and Risk Register, which provides authoritative guidance on the minimum acceptable standards of risk management within the organisation. The documents prescribe essential principles relating to general conduct, making decisions, conflicts of interest and compliance. Living up to these values requires AIMS to maintain effective measures to meet risk management and compliance obligations under the Corporations Act 2001. This includes establishing processes to ensure ongoing compliance with licence conditions, effective supervisory arrangements and enforcement measures. AIMS recognises that failure to meet these requirements will lead to serious consequences, as a breach of the obligations under the Corporations Act is not just a significant compliance risk, but also potentially a business continuity risk, through a cancellation or suspension of AIMS's AFSLs.

Accordingly, the risk management and the compliance obligations, methodology and reporting requirements are detailed in the AIMS Risk Management Policy and AIMS Compliance Plan Policy respectively.

### 2.3. AIMS RISK MANAGEMENT AND COMPLIANCE FRAMEWORK

AIMS aims to maximise its ability to meet its corporate business objectives, whilst acting consistently and in compliance with statutory obligations and AIMS's ethical values. To this end, AIMS has adopted the Risk Management and Compliance Framework (the Framework) illustrated below. The key components of the Framework include Board-approved policies, clearly documented roles and responsibilities, current risk assessment and compliance methodologies, monitoring and reporting processes. Effective monitoring and supervision is provided through compliance and internal audit function, compliance plans, and established communication and escalation processes for compliance reporting and complaints handling.



The components of the Framework have been developed in accordance with the International Risk Management Standard ISO 31000 (implemented as AS/NZS ISO 31000:2009) and the Australian Compliance Standard (AS/NZS AS 3806). In addition, and consistent with these leading industry standards and management's responsibilities to implement the Risk Management and Compliance Framework, AIMS will actively:

- Identify all business risks and compliance obligations using the risk management and compliance processes outlined in the Risk Management Policy.
- Ensure risk management and compliance become part of the day-to-day process.
- Provide staff with access to policies and procedures necessary to manage risks and comply with relevant obligations.
- Ensure staff are aware of:
  - the importance of complying with all AIMS policies and procedures and the consequences of non-compliance.
  - identifying risks and how to manage them.
  - all relevant compliance requirements.

- Assign accountability for risk and compliance.
- Monitor the risk profile of the business.
- Monitor compliance with obligations.
- Communicate to the AIMS Board the business risk profile, risk treatment action plans and details of any compliance breaches and management action taken.
- Implement a continuous improvement approach to risk management and compliance.

The Framework and the methodology and concepts that support it will be reviewed and updated periodically to provide continuous process improvement with respect to developments in risk management and compliance practices

### **3. ADOPTION BY THE BOARD**

This AIMS Risk Management and Compliance Framework was first adopted by the Board at a meeting of Directors on 29 April 2010.