Risk Management Policy

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Version release

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This document is owned by ASL Board and updated by Head of Enterprise Risk; this Policy will be reviewed every two years. Any queries or suggestions for improvement should be addressed to: asl.enterpriserisk@asl.org.au

1. Purpose

This Risk Management Policy (Policy) establishes AusEnergy Services Limited's (ASL) risk management approach and sets the direction for how risk is identified, assessed, managed, monitored, and reported across the organisation.

The Policy articulates the ASL Board's (Board) expectation for the effective management of risk in support of ASL's strategic objectives, decision-making, statutory obligations, contractual obligations and long-term sustainability. It establishes the principles and governance requirements that underpin ASL's approach to risk management and provides the foundation for the Risk Management Framework (Framework).

This Policy sets the standard ASL holds itself to, in managing risk. The detailed methodologies, processes, tools and guidance used to implement this Policy are set out in the Framework and supporting documents, which may be updated from time to time.

2. Scope

This policy applies to:

- The Board and all Board Committees;
- All employees, contractors and secondees, at every level of the organisation; and
- All categories of risk.

3. Policy Statement

ASL is committed to maintaining a robust, consistent, and integrated approach to risk management that supports the achievement of its strategic objectives and the creation and protection of value for stakeholders, clients and jurisdictions.

Risk Management is embedded within ASL's governance, strategy, business planning, decision making, and operational activities. The Board and management are responsible for demonstrating leadership and commitment to risk management and embedding a culture in which risk is appropriately understood, discussed, and managed.

Risk management is everyone's responsibility. While the Enterprise Risk function provides guidance, oversight, and challenge, accountability for managing risk rests with those responsible for delivering ASL's objectives.

ASL manages risk to enable informed decision making and appropriate risk taking within Board-approved risk appetite. Risk management supports both the pursuit of opportunities and the management of threats. Risk management exists to create and protect value for stakeholders, including members, clients, stakeholders, employees, regulators and the community.

4. Guiding Principles

ASL is committed to managing risk in a manner that supports the achievement of its strategic objectives, meets its statutory, regulatory and contractual obligations, and promotes the long-term sustainability of the organisation. The Framework and all risk management activities undertaken across ASL must be consistent with the following principles:

1. **Integration with Governance and Decision-Making**
   Risk management is embedded within ASL's governance structures, strategic and operational planning, decision-making processes, and day-to-day activities.

2. **Structured and Proportionate Approach**
   Risk management is applied consistently across the organisation using a structured approach that is proportionate to the nature, scale, and complexity of the risks being managed.

3. **Dynamic and Responsive**
   Risk management remains dynamic and responsive to changes in ASL's internal and external environment and adapts to emerging risks, opportunities, and evolving business priorities.

4. **Informed by the Best Available Information**
   Risk-based decisions are informed by timely, reliable, and relevant information while recognising the limitations and uncertainties inherent in decision-making.

5. **Continual Improvement**
   ASL continually monitors, reviews, and improves its risk management practices, capabilities, and governance arrangements to enhance organisational resilience and effectiveness.

5. Risk Appetite and Tolerance

The Board is responsible for setting and approving ASL's Risk Appetite Statement (RAS), which defines the amount and type of risk the organisation is willing to accept in pursuit of its objectives, including associated tolerance thresholds for each strategic and enterprise risk category.

Management is responsible for operating within the Board approved risk appetite, monitoring risk exposures against approved tolerances, and escalating any actual or anticipated breaches through the established escalation processes.

Any decision to accept risk outside the Board approved appetite must be supported by an appropriate business rationale and approved by the Board or Risk, Compliance & Audit Committee (Committee).

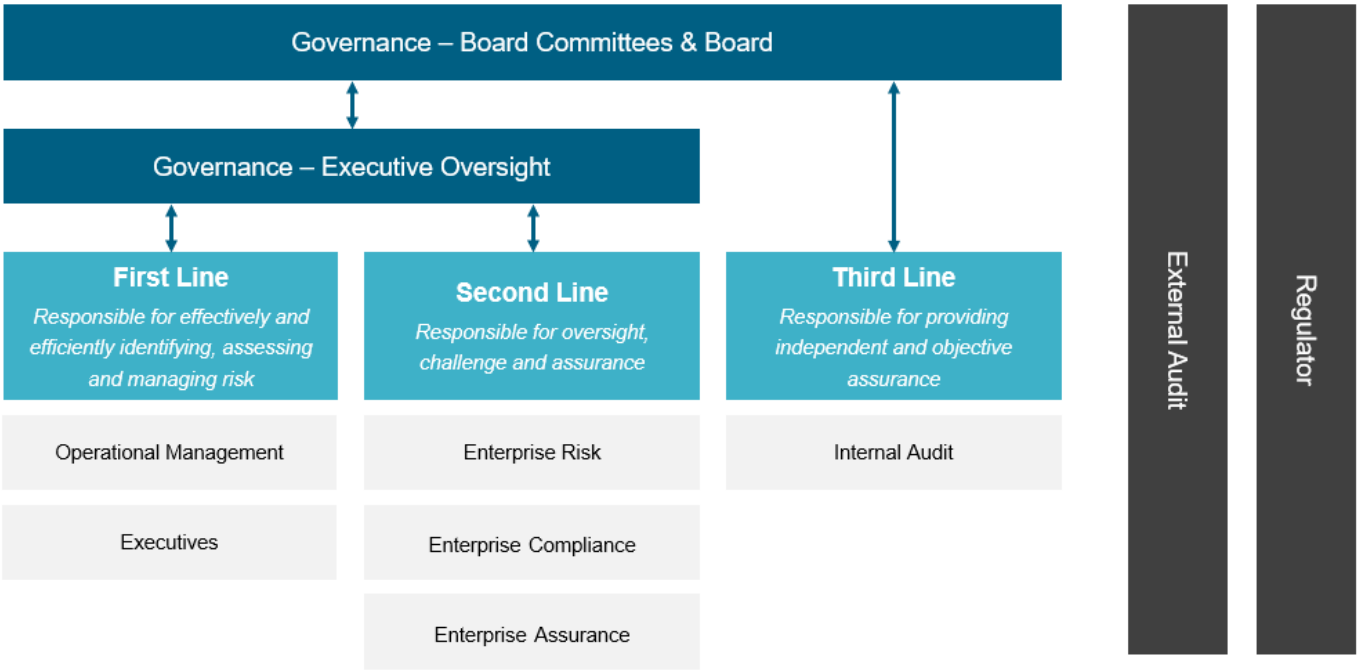
6. Governance and Accountability

The Board retains ultimate accountability for risk governance, including approval of the Policy, Framework, RAS, and oversight of strategic and enterprise risks. The Committee supports the Board through delegated oversight of risk management, compliance and assurance activities. The Chief Executive Officer (CEO) is accountable for embedding effective risk management across ASL and ensuring the organisation operates within approved risk appetite, supported by the Executive Risk Management Committee's oversight of the enterprise risk profile, treatment actions and control performance.

Risk owners, control owners, employees and contractors are accountable for identifying, assessing, managing and escalating risks within their areas of responsibility, and for maintaining effective controls. The Enterprise Risk, Compliance and Assurance functions are accountable for providing oversight, advice, challenge, monitoring and assurance activities in accordance with their respective mandates, while Internal Audit provides independent and objective assurance to the Board and Committee on the effectiveness of governance, risk management and internal control processes.

Three Lines Model

The Three Lines Model defines clear roles and responsibilities for managing risk, providing oversight, and delivering independent assurance. It supports effective governance by ensuring accountability across the organisation and providing the Board with confidence that risks are managed in line with the organisation's objectives and risk appetite.



7. Risk Management Framework

This Policy establishes ASL's requirements for risk management. The detailed methodologies, processes, governance arrangements, and supporting requirements for implementing this Policy are set out in the Framework, which must be read in conjunction with this Policy.

The Framework provides the structure and guidance for the consistent identification, assessment, treatment, monitoring, escalation, and reporting of risk across ASL. It also defines:

- **Risk management architecture**: the classification and governance of risks across strategic, enterprise, principal, and business unit operational levels, including accountabilities and oversight responsibilities.
- **Risk management process**: the approach for identifying, assessing, treating, monitoring, reviewing, and reporting risks, aligned with ISO 31000:2018 Risk Management - Guidelines.
- **Control management**: requirements for the design, ownership, operation, monitoring, and assurance of controls used to manage risk.
- **Compliance management**: arrangements for identifying, monitoring, and reporting legal, regulatory, and compliance obligations.
- **Risk escalation and reporting**: requirements for the timely escalation and reporting of risk information to management, the Board and the Committee through defined governance forums.

The Framework may be supported by standards, procedures, guidance, and tools that enable the effective application of this Policy across ASL.

8. Implementation

Management is responsible for implementing this Policy and the supporting Framework across ASL.

The Committee will receive regular reporting on the effectiveness and maturity of ASL's risk management framework, including:

- the capability, capacity, and effectiveness of the Risk, Compliance, and Assurance functions;
- implementation and operation of the Risk Management Framework, including risk registers, risk appetite and tolerance settings, and supporting risk management practices;
- risk management awareness, capability, and accountability across the first line; and
- any material gaps, weaknesses, or interim arrangements within the risk management framework, including actions being taken to address them.

The Board and management are responsible for demonstrating leadership and commitment to risk management and embedding a culture in which risk is appropriately understood, discussed, and managed. Management will take reasonable steps to ensure that risk management practices continue to evolve and mature in line with ASL's strategic objectives, risk profile, and regulatory obligations.

9. Compliance with this Policy

Compliance with this Policy and the supporting Framework is mandatory for all persons within its scope. Managers are responsible for ensuring their teams understand and apply this Policy. Failure to identify, escalate or manage a known risk in accordance with this Policy may be addressed through the organisation's normal performance, conduct or disciplinary processes, as relevant.

Where compliance with this Policy is not practicable due to operational requirements, the issue must be escalated to the Enterprise Risk function for consideration and resolution.

10. Policy Ownership, Review and Approval

The CEO is accountable for this Policy and delegates responsibility for its maintenance and administration to the Enterprise Risk function.

This Policy will be reviewed at every two years, or more frequently where required as a result of:

- material changes to ASL's strategy, operating model, or risk profile;
- changes to legal, regulatory, or statutory obligations;
- findings arising from assurance activities, audits, or regulatory reviews; or
- significant risk events, incidents, or control failures.

The review will assess the ongoing suitability, effectiveness, and alignment of the Policy with ASL's risk management objectives and governance requirements.

Any material amendments to this Policy require approval by the Board.

11. Definitions

The following words have the following meaning when used in this Policy.

Term	Definition
Policy	Risk Management Policy
ASL	AusEnergy Services Limited
Board	ASL Board
Framework	Risk Management Framework
RAS	Risk Appetite Statement
Committee	Risk Compliance and Audit Committee

12. Related Policies and Procedures

Document	Location
Risk Management Framework	Knowledge Hub
Risk Appetite Statement	Knowledge Hub