



# RISK MANAGEMENT POLICY

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## PURPOSE

This policy is Ergon Energy's commitment to establishing a comprehensive, integrated and effective Risk Management framework that is consistent with AS/NZS ISO 31000:2009, Risk Management - Principles and guidelines and generally accepted risk management practice.

## POLICY STATEMENT

Ergon Energy will establish a comprehensive, integrated and effective Risk Management framework that is consistent with AS/NZS ISO 31000:2009, Risk Management - Principles and guidelines and generally accepted risk management practice and that will:

- Meet the expectations of shareholders, the community and other external stakeholders that directors and management are able to demonstrate an understanding of the risks of the business and that they are being efficiently and effectively managed; and
- Provide explicit and proactive risk management systems and processes that contribute to achieving better financial and non-financial performance outcomes and with less volatility.

The primary objectives of Ergon Energy's Risk Management framework are:

- To ensure the strategic direction of the business is appropriate in light of the economic, social, political, legal and regulatory environment in which the business operates;
- Provide a means of identifying priorities (in terms of relative risk levels) and allocating scarce resources effectively and efficiently;
- Provide a means of demonstrating due diligence in discharging legal and regulatory obligations and meeting the expectations and standards of external stakeholders;
- Provide a means of identifying, evaluating and maximising opportunities for business growth and diversification where such opportunities involve some level of risk.

## IMPLEMENTATION

In meeting these objectives, Ergon Energy is committed to implementing the following strategies for achieving an effective and integrated Risk Management framework;

- Establishing common guidelines, terminologies and methods for the assessment and measurement of risk across all areas of the business having regard to specific operational needs and differences;
- Identifying key areas of risk exposure and Ergon Energy's risk profile at the corporate level and reporting on such matters on a regular basis to the Board of Directors;
- Ensuring that Risk Management-related plans and strategies are integrated into the Business Planning Process and reflected in operational plans and processes;
- Defining acceptable levels or ranges of risk tolerance and risk appetite for different areas of the business and in relation to risks and opportunities;
- Ensuring that Disaster, Emergency and Business Continuity Planning is implemented to address major disruption risks such as cyclones, IT system breakdowns or critical supply network failures;
- Ensuring that levels and areas of risk retention are appropriate and that where necessary, insurance or other forms of risk financing and risk transfer are in place.



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## REFERENCES

AS/NZS ISO 31000:2009, Risk Management - Principles and guidelines

Corporate Governance Guidelines for Government Owned Corporations, Version 2 – Principle 7

## DEFINITIONS

**Ergon Energy** Ergon Energy Corporation Limited and its controlled entities.

## ENFORCEMENT

Ergon Energy has given an undertaking to the shareholding Ministers that it will implement a sound system of risk oversight and management and internal control designed to identify, assess, monitor and manage risk.

## CATEGORY

Governance.