

# Risk Management Policy

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## 1. Policy

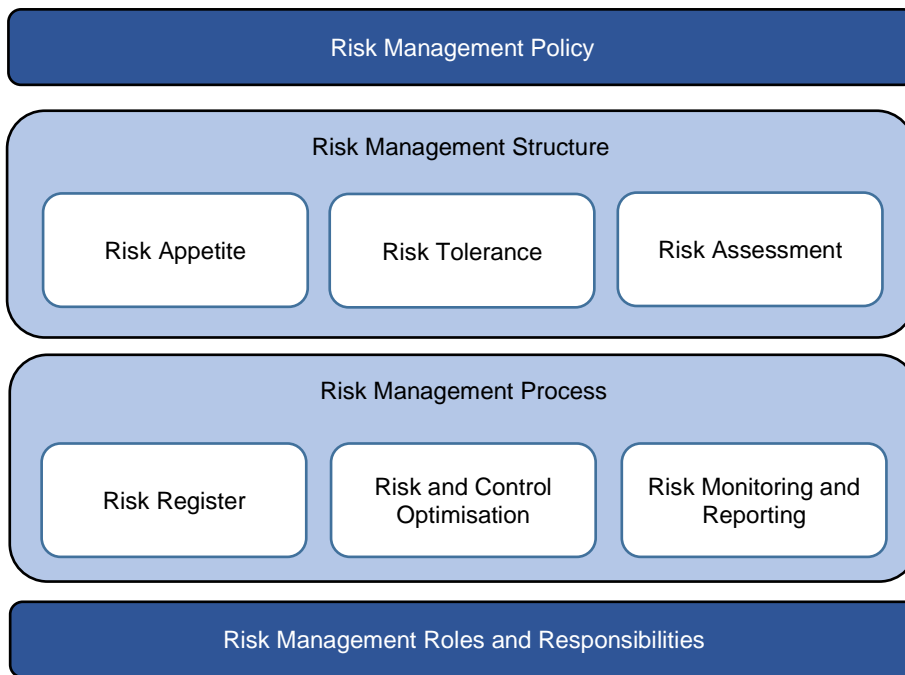
- 1.1 The Risk Management Policy is the basis for all risk management activity within Ignite.
- 1.2 The Policy coordinates and supports the Board, Board Audit Risk and Compliance Committee (BARCC), and Executive Risk Committee (ERC) effort associated with managing strategic and operational risk within Ignite.
- 1.3 The Policy should be incorporated into, and integrated within, the existing business management framework.
- 1.4 Proper risk management should result in improved decision-making related to all strategic and operational activities of Ignite across all business units and functions. Applying risk management is equivalent to decision-making based on sound facts and reasoning, including a careful consideration of the risks involved.
- 1.5 The Policy is an organization wide systemic approach to risk management based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) Enterprise Risk Management - Integrated Framework.

## 2. Scope

- 2.1 This Policy applies to all business units and functions within Ignite.
- 2.2 This Policy provides for and obligates all Ignite employees to adopt a risk management approach.
- 2.3 Risk management:
  - is a process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of Ignite’s objectives;
  - is ensuring the culture, policies, processes, and structure are directed towards taking advantage of potential opportunities while managing potential adverse consequences; and
  - enables the ERC to effectively deal with uncertainty and associated risk and opportunity, enhancing the capacity to build value for stakeholders.
- 2.4 Risk management is a continuous process of:
  - Establishing risk management objectives, tolerances and limits for all significant risks;
  - Assessing risks within the context of established tolerances;
  - Developing cost-effective risk management strategies and processes consistent with the overall goals and objectives;
  - Implementing risk management processes;
  - Monitoring and reporting upon the performance of risk management processes; and
  - Continuously improving risk management processes.

### 3. Risk Management Framework

- 3.1 The Risk Management Framework consists of the:
- Risk management policy;
  - Risk management structure comprising the risk appetite, risk tolerance and risk assessment;
  - Risk management process comprising risk register, risk and control optimisation and risk monitoring and reporting; and
  - Risk management roles and responsibilities.



### 4. Risk Management Policy

- 4.1 This Policy outlines the commitment and the objectives of Ignite regarding risk management and integrates risk management accountability with business performance management. It is aligned with Ignite’s strategic goals, its operational environment, the nature of its activities and the interests of all stakeholders
- 4.2 The Policy comprises the Risk Management Structure and Risk Management Process. Risk Management Structure is the responsibility of the BARCC. The Risk Management Process is the responsibility of the ERC and risk and control owners.

### 5. Risk Management Structure

- 5.1 The Risk Management Structure reflects the overarching approach to risk management within Ignite and include Risk Appetite, Risk Tolerance and Risk Assessment.
- 5.2 Risk Appetite
- 5.2.1. Risk Appetite is the amount of risk Ignite is willing to accept or retain in the pursuit of its strategy. It is a statement or series of statements that describes the organisation’s attitude towards risk taking or what the organisation considers to be acceptable risk-taking.

- 5.2.2. Risk Appetite statements are usually aligned to categories of risk e.g. strategy, financial, people and reputational risks. Risk appetite statements will look and feel different according to the organisation's internal and external context.
- 5.2.3. Risk Appetite statements are usually qualitative.
- 5.2.4. Risk Appetite is determined by the Board.
- 5.3 The Risk Tolerance
  - 5.3.1. Risk Tolerance sets the acceptable level of quantitative and qualitative strategic and operational risk and should be no more than the Risk Appetite.
  - 5.3.2. Risk Tolerance is the level of risk taking acceptable to achieve a specific objective or manage a category of risk. Risk Tolerance represents the practical application of Risk Appetite and is typically aligned to categories of risk e.g. strategy, financial, people or reputational risks.
  - 5.3.3. Risk Tolerance operationalises Risk Appetite by using quantitative measures where possible to better enable monitoring and reporting.
  - 5.3.4. Risk Tolerance is recommended by Management and reviewed and approved by the BARCC.
- 5.4 Risk Assessment
  - 5.4.1. Risk Assessment is to be performed by the ERC on an annual basis across all business units and functions within Ignite. The annual risk assessment questionnaire assists with documenting the assessment of risk within Ignite.
- 5.5 The Risk Management Structure is to be reviewed and updated on an annual basis to ensure they are current and properly reflect strategic and operational risks.

## 6. Risk Management Process

- 6.1 The Risk Management Process reflects how risk management will be implemented across all business units and functions within Ignite and includes the Risk Register, Risk and Control Optimisation and Risk Monitoring and Reporting.
- 6.2 The Risk Register
  - 6.2.1. The Risk Register identifies the key strategic and operational risks.
  - 6.2.2. The Risk Register is prepared by the ERC and reviewed and approved by the BARCC.
- 6.3 Risk and Control Optimisation
  - 6.3.1. Risks can be positive or negative. Optimising risks means finding a balance between negative risk and the benefit of the operation or activity being undertaken; and also between risk reduction versus the effort required to be applied to reduce risk.
  - 6.3.2. This process involves risk strategy, performance evaluation and capital allocation, if required. With risk and control optimisation the organisation can provide greater stakeholder confidence and develop improved risk mitigation strategies.
  - 6.3.3. The ERC is responsible for risk and control optimisation activities to address risks until the risk is controlled within the Risk Tolerance.

6.4 Risk Monitoring and Reporting

6.4.1. Risks are monitored by the ERC and reported to the BARCC on at least a quarterly basis, or more regularly if material risks arise.

**7. Risk Management Roles and Responsibilities**

7.1 Board of Directors

7.1.1. The Board ensures Ignite's compliance with Corporate Governance Principle 7 – Recognise and Manage Risk.

7.1.2. The Board's focus on risk management is critical in setting the tone and culture towards effective risk management.

7.1.3. As part of the Risk Management Structure, the Board determines Ignite's overall Risk Appetite.

7.1.4. The Risk Appetite, or agreed level of acceptable risk, plays a critical role in determining how management approaches risk management.

7.1.5. The Board delegates the responsibility of risk management to the BARCC.

7.2 Board Audit, Risk and Compliance Committee

7.2.1. The BARCC establishes and oversees the risk management framework including the risk management policy, risk management structure and risk management process.

7.2.2. The BARCC delegates responsibility for the risk management process to the ERC.

7.2.3. The BARCC is responsible for reviewing risk management quarterly.

7.2.4. The BARCC reports any material significant risks identified to the Board.

7.3 Executive Risk Committee

7.3.1. The ERC includes the Chief Executive Officer, Chief Financial Officer, Executive General Managers, Shared Service Managers, and Legal Adviser.

7.3.2. The ERC is responsible for identifying risk and control owners for all the risks on the Risk Register.

7.3.3. The ERC needs to ensure all risk and control owners have a clear understanding of their responsibility, the risks to be addressed and mitigating controls to be implemented.

7.3.4. The ERC is to ensure all risk and control owners have a clear understanding of the reporting process if any material risks are identified or any material risks arise as a consequence of any business, operational or system changes.

7.3.5. The ERC monitors the risk management within each business unit and function with input from the risk and control owners.

7.3.6. The ERC should meet at least once each quarter with the meeting to be chaired by the Chief Executive Officer or the Chief Financial Officer or their delegate. Meeting minutes should be prepared and circulated after each meeting. Action items should be followed up by the meeting chair.

7.3.7. The ERC is responsible for risk monitoring and reporting to the BARCC each quarter, or more regularly if material risks arise.

7.4 Risk and Control Owner

7.4.1. Risk and control owners form the base of the Risk Management Framework. Risk owners are responsible for the risks and accountable for the controls required. Risk owners have the responsibility to address the risks for which they are responsible, to implement the mitigating controls agreed with the ERC and, reporting exceptions to the ERC, if any.

7.4.2. Risk owners need to report to the ERC any business, operational or system changes. Control owners have the responsibility to perform control actions to mitigate or eliminate the risks identified.

7.4.3. Risk owners are responsible for assisting the ERC to complete the annual risk assessment questionnaire.

7.5 Risk Management Hierarchy

