

# Risk Management Policy

## Service Stream



## 1. Policy Statement

The Service Stream Group's (the Group) approach to Risk Management ensures the creation and protection of value for our shareholders, employees, customers and partners. With the vision to be Australia's leading essential network service provider we are committed to:

- building a risk management capability and a positive risk culture that recognises, rewards and promotes behaviour that enhances risk management effectiveness, and
- embedding risk management processes and practices into everything we do; from the development and implementation of policies and strategies to corporate, business and operational planning, and into our day to day work.

## 2. Scope and Application

This Policy sets out the principles and mandatory requirements for managing risk to deliver the Group strategy and undertake activities. This Policy outline the requirements for the Risk Management Framework and set the standard for supporting risk management guidance within the Group.

This Policy is to be used by all staff across the organisation in the delivery of projects, contracts and activities. Our Risk Policy and Risk Management Framework apply to the management of all risks across the Group and in the management of risk in our partnerships and joint ventures.

Where required, business areas should tailor their risk management arrangements to suit the nature of their operations and the risks they face while remaining in alignment with the Risk Policy and Risk Management Framework. This means that any additional risk guidance developed outside of the Group Risk function must align in risk management practices and systems with this Policy and the Risk Management Framework.

## 3. Risk Management Fundamentals

Risk is defined as the "effect on uncertainty on objectives"<sup>1</sup>. These effects can be either threats or opportunities to the realisation of the Group's objectives.

Risk management is the "coordinated activities to direct and control an organisation with regard to risk"<sup>2</sup>. As an integral part of good corporate governance risk management addresses the threats and opportunities posed by our activities. This increases our ability to achieve our objectives and perform more effectively and efficiently by identifying, assessing and managing the uncertainty posed by risk.

Risk is measured in terms of the consequence of the risk event and its likelihood of occurrence. The consequence of a risk event can result in either a positive or negative outcome based on the risk source originating from a threat or opportunity.

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<sup>1</sup> ISO 31000 Risk Management

<sup>2</sup> Ibid.

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## 4. Policy Elements

This Policy defines five elements against which the Risk Management Framework, risk management activities and any additional risk guidance is to align. Further detail of these policy elements is outlined in the Risk Management Framework.

### Element One – Decision Making

Risk management is embedded into decision-making activities. Embedding risk management into the decision-making activities of the Group enables risk to be managed in a repeatable and consistent way when planning, designing, implementing, delivering or undertaking our objectives or activities.

### Element Two – Risk Management Process

The approach to risk management is formalised in a Risk Management Framework. The Group's Risk Management Framework is a set of components and arrangements that articulate the endorsed directions and approach for managing risk. It should be practical and tailored to the Group.

The Risk Management Framework must, at a minimum:

- Ensure and enable risk to be consistently managed, regularly reviewed and monitored effectively,
- Enable areas of the business to collaborate to manage shared risk, internally and externally, and
- Define the process for identifying, managing, reporting, communicating and escalating risk.

### Element Three – Positive Risk Culture

The Group supports a culture where risk is managed and communicated across all levels and one where individuals are encouraged to adopt and are recognised for positive risk behaviours. The Group's culture promotes an open and proactive approach to risk that fosters collaboration, encourages respectful debate, recognises subject matter expertise, and values independent views. As culture is shaped by the behaviours and attitudes of leaders the desired culture for managing risk should be clearly defined with and demonstrated by Senior Leaders in a form that is communicated and actively promoted to staff. The Group's policies should be aligned to the desired culture and enable the required behaviours.

### Element Four – Risk Responsibilities

The Risk Management Framework clearly defines risk management responsibilities. The responsibility for a consistent approach to the management of risk lies with staff at all levels but must be demonstrated and directed by Senior Leaders. What good risk management looks like will vary dependent on an individual's role, the nature of their work and the seniority of the position they hold but any responsibility for managing risks should be clearly defined.

### Element Five – Risk Capability

The Group will maintain an appropriate level of risk management capability. Effective risk management requires the Group to maintain an appropriate level of capability to administer its Risk Management Framework and to manage its risks. The nature and scale of this capability includes governance, processes, forums, staffing, knowledge and education and systems. Risk management capability must be regularly considered in the context of the Group's current resource and capability profile and be commensurate with the characteristics and complexity of its risk profile.