RISK MANAGEMENT POLICY

PURPOSE

The purpose of this Policy is to ensure the implementation of effective risk management practices that will protect and create value and are consistent with strategy formation, business planning and the achievement of the EQL Group's strategic objectives. This policy defines the whole of business, enterprise-wide approach to risk management through the utilisation of an integrated framework.

Scope

This policy applies to the EQL Group, its officers, employees and contractors (where applicable) and any other personnel notified that this policy applies to them.

POLICY STATEMENT

The EQL Group is committed to embedding risk management across all levels of the business to support the delivery of strategic and operational objectives.

The EQL Group's risk culture is supported by EQL's SKILLED Values and encourages risk management to be integrated into day to day business activities with risk management considered as everyone's responsibility.

IMPLEMENTATION

Risk management is about understanding and then managing the EQL Group's response to its risk environment and taking action, where necessary, to ensure that risks are contained at acceptable levels, consistent with the EQL Group's risk appetite, as outlined in the EQL Risk Appetite Statement. It incorporates systems, structures, processes and people that identify, measure, monitor, report and control/mitigate/leverage sources of internal and external risk as shown in the infographic of EQL's Enterprise Risk Framework in Appendix B.

The EQL Group's approach to risk management is underpinned by the following:

- the mitigation of risks and leveraging of opportunities, in line with EQL Risk Appetite;

- applying a structured and robust approach to risk management to ensure that it achieves consistent and measurable results, for the benefit of the EQL Group;

- the risk environment is variable therefore employees should be aware of and respond to internal or external changes and events in an appropriate and timely manner (emerging risks and issues);

- escalation of emerging risks (or changes in risk impact or likelihood) is to occur as soon as practicable and in accordance with EQL's Enterprise Risk Management Standard

- integration of risk management practices into day-to-day decision-making as efficiently and effectively as possible;

- engagement, collaboration and deferral to expertise through involving appropriate stakeholders and leveraging their knowledge, views and experience to enhance the quality of decision-making within the EQL Group; and

- decisions should be made using the best available information that considers both internal and external factors.

Risk is an integral and unavoidable component of EQL's business activities and can have positive (opportunity) or negative (challenge or threat) characteristics which may impact the achievement of strategic and operational objectives.

EQL has adopted a combined "top-down", "bottom-up" approach to risk management, which focuses on both setting the strategic direction and implementation of a robust control framework across the entire EQL Group. EQL is committed to:

- being proactive and effective in the identification, documentation and management of all risks;

- behaving as a responsible corporate citizen, protecting employees, contractors, customers, the community and the broader environment from unnecessary injury, loss or damage, in line with EQL Risk Appetite;

- achieving its strategic objectives by seeking opportunities to improve the business and optimise risk management.

EQL's Risk Appetite Statement establishes the level of risk-taking behaviour which is acceptable by the Board and/or Executive. The Risk Appetite Statement is articulated through qualitative guiding principles which outline the expectations of the Board and/or Executive in relation to risk taking (exposure) which is acceptable across risk areas.

To support EQL's approach to risk management, risk identification, analysis and mitigation is applied to all aspects of the EQL Group's businesses and operations by management, staff and contractors, following the principles and processes as set out in the Enterprise Risk Management Standard and Procedure and utilising the EQL Risk Evaluation (Consequence and Likelihood) Matrix to analyse and assess risk. Through the skilled application of high quality, risk identification and analysis, the EQL Group's employees and contractors will utilise risk management practices to enhance opportunities and reduce threats to deliver secure, affordable and sustainable energy solutions for the EQL Group's customers and the community.

To ensure transparency, improved effectiveness and efficiency in identifying, articulating, managing and reporting on EQL Group risks, all enterprise risks, associated controls and responses and any assurance activities associated with risk management are expected to utilise the SAP Governance, Risk and Compliance (GRC) electronic tool.

Governance and accountability

To achieve risk management objectives, EQL expects that its employees and contractors, regardless of their appointment level, will uphold their employment responsibilities and in doing so will positively influence EQL's risk management.

Specific roles and responsibilities for ensuring this Policy is implemented are set out in the table in Annexure A.

EXTERNAL REFERENCES

The following legislation, regulation and document applies to this Policy:

ISO 31000:2018 Risk management - Guidelines

ISO 31073:2022 Risk management - Vocabulary

REFERENCE DOCUMENTS

This Policy should be read in conjunction with the following documents:

EQL Risk Appetite Q015 - 691603

Enterprise Risk Management Standard R271 – 689958

Risk Management Procedure - 9937852

Risk Evaluation Matrix R056 – 691861

DEFINITIONS

Nil.

ENFORCEMENT

This Policy applies to the activities of Energy Queensland Limited and all subsidiaries, Directors, Officers, Management and employees of the EQL Group. It is expected that all contractors and / or subcontractors engaged by Energy Queensland Limited or its subsidiaries will abide by this Policy.

A breach of this Policy should be reported to your line-manager or, where this is not appropriate, your manager once-removed or the Enterprise Risk and Compliance team.

To ensure that the Board has sufficient oversight of EQL's risk management processes and activities, on an annual basis, Management will provide an update on the implementation of this Policy (in accordance with the Risk and Compliance Committee Charter).

VARIATION

This Policy is not intended to detract from, or add to, any rights held by a person covered by this Policy under a contract of employment or enterprise agreement. Subject to any consultation obligations, the Group may vary, add to, withdraw, or replace this Policy, at its discretion, at any time.

This Policy is to be reviewed at least every two years. This Policy may only be varied by the Board or appropriately delegated Board sub-committee.

The CEO or the Company Secretary can approve administrative changes to Board approved policies (i.e. minor updates, amendments or corrections not involving changes to delegations or the provisions of the policy).

Reviewed and amendments approved by the Board in September 2023.

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ANNEXURE A – ROLES & RESPONSIBILITIES

The table below sets out specific roles and responsibilities for ensuring this Policy is implemented. These responsibilities are in addition to those that apply to everyone as set out in the Policy.

Role / Position	Responsibilities
EQL Board	The responsibility of the Board is articulated in the EQL Board Charter. The Board retains ultimate responsibility for risk management and for determining the appropriate level of risk that the Board is willing to pursue or accept to achieve its objectives.
Board Committees	The responsibilities of the Board Committees are articulated in the relevant Committee Charters. The role of the Risk and Compliance Committee is to assist the Board in fulfilling its oversight responsibility of Energy Queensland's approach to risk management, compliance management and organisational resilience and continuity. The Risk & Compliance Committee is to oversee, review and make recommendations to the Board as appropriate on risk policies and approach, risk appetite, risk culture, risk identification and management, including on matters such as: 1. Ongoing identification, assessment, and management of material business risks; 2. Initiatives to control and monitor material business risks; 3. Any significant changes to the risk profile or exposure; 4. Significant risk issues associated with core network operations and asset standards; 5. Risk issues associated with major change or capital projects including Program of Work and ICT projects; 6. Risk issues associated with wholesale markets and trading strategy; 7. Oversight of the financial market risks managed by Ergon Energy Queensland Pty Ltd and compliance with AFSL licences; 8. Business continuity, cyber risk, disaster and emergency management plans; 9. Insurance coverage.
Executive Leadership Team (ELT) **(Chief Executive Officer (CEO) & Executive Leaders) (both individually and collectively)**	Ultimate accountability for ensuring that the EQL Group has identified and managed significant enterprise risks and has effective risk management strategies. Each executive is accountable for ensuring risks are identified and managed within their Division and for having appropriate plans in place to mitigate risks and leverage opportunities. Responsible for overseeing, questioning and promoting risk management practices within their Division.
General Managers /	Responsible for ensuring risks are identified, managed, recorded and

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Role / Position	Responsibilities
Department Managers	escalated / referred to the ELT (as appropriate) within their teams. Responsible for promoting, reviewing and questioning risk management practices within their teams.
Line Managers and Supervisors	Responsible for ensuring risks are identified, managed and escalated / referred to the GM/EGMs (as appropriate) within their teams. Responsible for promoting and implementing risk management practices within their teams, including reporting and recording and updating risk information within the SAP GRC tool.
General Manager Risk and Internal Audit	Accountable to the Company Secretary for the development, implementation and continuous improvement of risk management architecture, strategies and framework including terminology, accountabilities, principles, practices, systems, tools, reporting, communication and training.
All other employees, contractors and subcontractors	Responsible for familiarising themselves with this Policy and the supporting strategies, processes and plans that affect their workplace activities, incorporating risk management and organisational resilience practices into their day to day activities and reporting and escalating all events, risk concerns, issues and breaches.

APPENDIX B – ENTERPRISE RISK MANAGEMENT FRAMEWORK