



**PWR Holdings Limited**

ACN 105 326 850

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## **Enterprise Risk Management Policy**

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# 1 Introduction

1.1 PWR Holdings Limited (PWR or the Company) and its wholly owned subsidiaries (together the PWR Group), recognises that embedding risk management principles and practices into strategy development and day-to-day operational processes and decision-making is critical to achieving robust and proactive business outcomes – a balance between mitigating threats and exploiting opportunities.

# 2 Purpose

2.1 This Policy aims to ensure that the activities of the Company are undertaken within Board approved risk appetite and tolerance levels to protect the profitability, balance sheet and reputation of the Company.

2.2 In particular, the purpose of the Risk Management Policy is to:

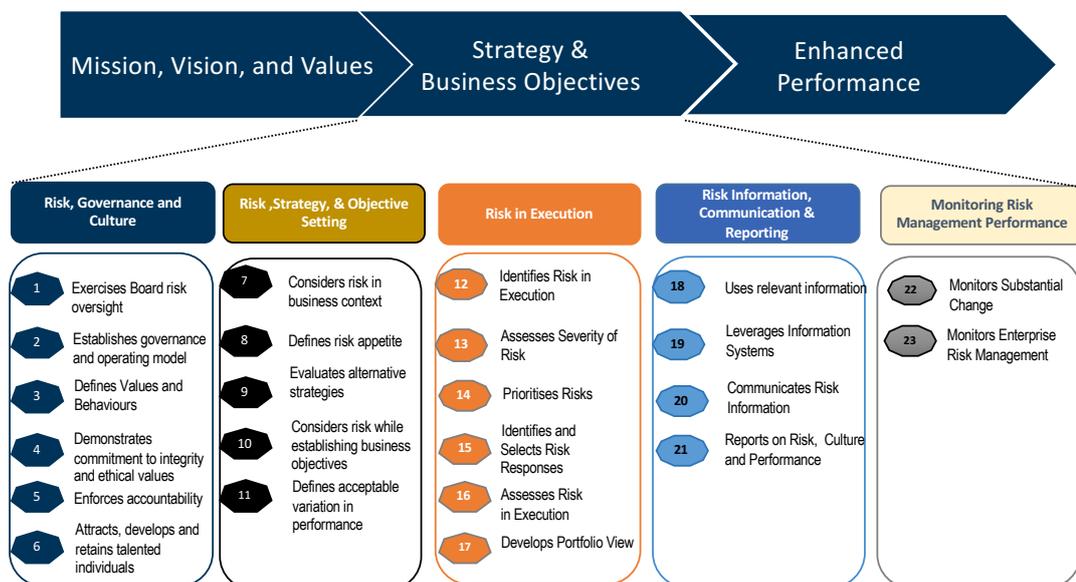
- (a) Embed the alignment and integration of risk management with the Group’s business planning processes and with the day to day activities of all employees;
- (b) Ensure the Company’s business strategies and plans are appropriate in light of the economic, social, legal and regulatory environment in which the business operates;
- (c) Provide a means of identifying priorities and allocating resources effectively and efficiently; and
- (d) Provide a means of identifying, evaluating and maximising opportunities for business growth and diversification where such opportunities involve some level of risk.

# 3 Scope

3.1 The Policy applies to all directors, executives, employees and contractors of the PWR Group.

# 4 Framework

PWR’s Enterprise Risk Management Framework is based on the premise that integrating enterprise risk management throughout the Group improves decision making in governance, strategy, objective setting and day to day operations. It aims to enhance performance by closely linking strategy and business objectives to risk and opportunity.



Source: *Managing Risk with Strategy and Performance* 2016. COSO.

## 5 Roles and Responsibilities

<b>Board</b>	<ul style="list-style-type: none"> <li>• Sets the risk appetite for the Group.</li> <li>• Provides policy, oversight and review of risk management practices. Establishes the ARC to advise and assist the Board on risk management practices</li> </ul>
<b>Audit and Risk Committee</b>	<ul style="list-style-type: none"> <li>• Advise and assist the Board in assessing risk factors and risk mitigation strategies associated with the execution of projects and the implementation of strategy;</li> <li>• Monitor the internal and external risk environments of the Company; and</li> <li>• Review, at least annually, the effectiveness of the Company's implementation of its Risk Management Framework, and report to the Board on its findings.</li> </ul>
<b>Managing Director</b>	Drives culture of risk management and signs off on annual risk attestation
<b>Chief Operating Officer</b>	Continuously improving risk management policy, strategy and supporting framework
<b>Senior Managers</b>	Ensure staff in their business units comply with the risk management policy and foster a culture where risks can be identified and escalated
<b>Staff and Contractors</b>	Comply with risk management policies and procedures

## 6 Policy

- 6.1 We recognise risk management is an integral part of sound management practice and good corporate governance as it improves decision making and enhances outcomes and accountability;
- 6.2 We will ensure risk management is an integral part of all our decision-making processes;
- 6.3 We will use a structured risk management program to minimise reasonably foreseeable disruption to operations, harm to people and damage to the environment and property;
- 6.4 We will identify and take advantage of opportunities as well as minimising adverse effects;
- 6.5 We will raise the awareness of all directors, managers, employees and contractors concerning risk management within the Company;
- 6.6 We will train our people to implement risk management effectively; and
- 6.7 We will strive to continually improve our risk management practices.

## 7 Risk Categories

7.1 We assess risk under the following categories

Information for Decision Making Risk	Business Process Risk	Strategic Risk
<p><i>The risk that information used to support strategic, operational and financial decisions is not relevant or reliable. This risk relates to the usability and timeliness of information that is either created or summarized by processes and application systems or a failure to understand information needs.</i></p>	<p><i>The risk that PWR’s business operations and processes are not clearly defined, are poorly aligned with business objectives and strategies, do not satisfy customer needs, dilute shareholder wealth, or expose assets to misappropriation, misuse or deterioration</i></p>	<p><i>Strategic risk arises when there are external forces that can affect PWR’s performance, or make its choices regarding its strategies, operations, customer and supplier relationships, organisational structure, or financing obsolete or ineffective. These forces are outside management’s ability to control</i></p>
<p>Strategic Operational Assurance &amp; Reporting</p>	<p>Financial Governance Culture &amp; Empowerment Information Technology Reputation Integrity Operations</p>	<p>Competitor Customer Technological innovation Shareholder Expectations Capital availability Legal / Regulatory Financial Markets</p>

## 8 Risk Management Process

8.1 When undertaking a risk management process the following steps must be taken: establish the context, identify the risk, analyse the risk, evaluate the risk, treat the risk and monitor and review the risk. Refer to PWR’s Risk Management Guidelines for details on how to perform each step in the process.

## 9 Enterprise Risk Register

- 9.1 PWR maintains an enterprise risk register to record key risks, mitigations and decisions made at the enterprise level.
- 9.2 The Enterprise Risk Register takes a portfolio view of risks of the Group.
- 9.3 PWR’s enterprise risk assessments focus on the identification and management of Group wide risks which have the potential to prevent the business from achieving its goals.
- 9.4 PWR’s Enterprise Risk Register is also used to consider the potential Group wide impacts of business unit and subsidiary risks that have been initially assessed by the business as “Unacceptable” i.e. residual risks which retain High and Extreme ratings following the expected impact of all reasonable additional mitigations.

## 10 Risk Reporting

- 10.1 Reporting of enterprise risks to the Audit and Risk Committee and the Board will include:
  - (a) Dashboard | Enterprise Risk Register
  - (b) Emerging Risks and Opportunities
  - (c) Material Risk Events

## 11 Integration with Other Systems & Processes

- 11.1 Risk management is factored into strategy and business planning, performance management, audit and assurance, business continuity management and project management.

## 12 Implementation & Review

- 12.1 The Chief Operating Officer is accountable for the ensuring this Policy is implemented and ensuring it is reviewed by the ARC on an annual basis. Amendments to the Policy can only be made with the approval of the Board.

## 13 References

- 13.1 Board Charter
- 13.2 Policy and Procedure Framework
- 13.3 Audit and Risk Committee Charter
- 13.4 Risk Management Guidelines
- 13.5 Australia and New Zealand ISO 31000:2009 – Risk Management
- 13.6 COSO Framework | Aligning Risk, Strategy & Performance 2016
- 13.7 ASX Corporate Governance Principles and Recommendations – 3<sup>Rd</sup> Edition – Principle 7