

HYDRO-ELECTRIC CORPORATION
Risk Management Committee
Terms of Reference

1. OBJECTIVES

To assist the Board in performing its duties as they relate to risk management and to provide assurance to the Board that the Corporation:

- 1.1 Is aware of all material risks to which it is exposed.
- 1.2 Has established limits for selected documented risks, in qualitative or quantitative terms as applicable.
- 1.3 Has adequate procedures and controls in place to monitor and manage risks within those limits.
- 1.4 Has systems, procedures and controls which enable breaches of risk limits to be detected and reported, and to bring risks back within limits as efficiently and effectively as possible.

2. MEMBERSHIP

- 2.1 Membership of the Risk Management Committee (Committee) shall comprise no less than three (3) non-executive directors appointed by the Board.
- 2.2 Members should have the necessary technical knowledge of risk management, and sufficient understanding of the industry in which the Corporation operates, to be able to discharge the Committee's role effectively.
- 2.3 The Chair of the Committee shall be a non-executive director.
- 2.4 All non-executive directors, Executive General Managers (including the CEO) and roles containing a risk accountability, as appropriate, will have a standing invitation to attend the Committee meeting.
- 2.5 The terms of appointment of members are at the discretion of the Board, including appointment of the Committee Chair.
- 2.6 The quorum for a meeting of the Committee will be a majority of members appointed as at the date of the meeting. In the absence of the Committee Chair, the remaining Committee members will elect one of their members to chair the meeting.

3. DUTIES AND RESPONSIBILITIES

Risk Management

- 3.1 The Committee will maintain oversight of key risk areas and business resilience practices and will determine, on an annual basis, the specific focus areas for the Committee for the coming year.

- 3.2 The Committee will:
- (a) ensure risk management functions are adequately resourced with the appropriate skills/competencies, authority and reporting structure;
 - (b) review the risk management framework, including the principles and approach to identifying, assessing, managing and reporting on risk;
 - (c) require regular updates on business continuity and disaster recovery planning and preparedness;
 - (d) require regular updates on the placement of insurance and the insurable risk;
 - (e) recommend a Risk Appetite Statement for approval by the Board and assure whether management is operating within the risk appetite;
 - (f) review and endorse the Corporation's quarterly strategic risk report;
 - (g) ensure that an appropriate risk culture is embedded throughout the organisation;
 - (h) systematically review, on an annual basis, business unit operational risk reports and strategic programs risk reports;
 - (i) review and consider significant new risks or risk management issues as they arise; and
 - (j) review and endorse special risk reports (including but not limited to commercial and asset risk); risk management plans; and risk management strategies for recommendation to the Board.
- 3.3 Health and safety risk reporting will be addressed as part of the People and Safety Committee and not the Risk Management Committee.
- 3.4 Compliance, Assurance, fraud risk (register not nature of risk) and Internal Audit will be addressed as part of the Audit Committee and not the Committee.
- 3.5 Notwithstanding the function of the People and Safety Committee and Audit Committee, the Committee will oversee compliance with the risk appetite and policies and procedures related to the governance of risk management.
- 4. RESOURCES**
- 4.1 The Committee has the authority to seek any information it may reasonably require from any officer of Hydro Tasmania or its subsidiaries.
- 4.2 The Committee may consult external experts at the expense of Hydro Tasmania where the Committee considers it necessary.
- 4.3 The Committee may also require, at its discretion, the attendance of any representatives across Hydro Tasmania Group that the Committee considers relevant.

4.4 An officer of Hydro Tasmania shall be appointed Secretary of the Committee and shall be responsible for, inter alia, keeping minutes of meetings and preparing agendas in consultation with the Committee Chair and the Corporation Secretary.

5. GENERAL

5.1 The Committee will meet at least four times per annum.

5.2 The Chair will report significant issues arising from Committee meetings at the next meeting of the Board. A copy of the Committee meetings reviewed by the Committee Chair will be provided to the Board.

5.3 The Committee will review its Terms of Reference at least annually.

5.4 A performance review of the Committee will be undertaken on an annual basis and reported to the Board.