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APA Group Policy

Risk Management Policy

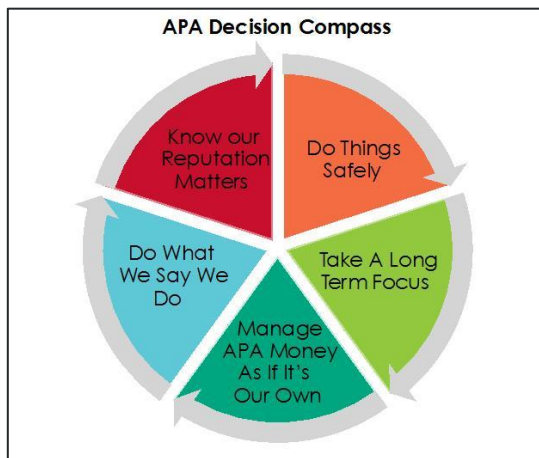
Document type	Policy
Effective from	1 October 2020
Key contact	General Manager Risk, Compliance and Insurance
Document owner	Group Executive Governance & External Affairs
Approved by	ARMC
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Next review date	November 2021
Review cycles	Yearly

1 Purpose

APA Group (APA) is Australia's leading energy infrastructure business. Our purpose is to strengthen communities through 'responsible energy' and our vision is to be 'world class' in energy solutions.

The Risk Management Policy (Policy) sets out the principals, objectives and responsibilities for risk management and articulates the key elements of the Risk Management System (RMS) aligned to the international risk management standard ISO 31000.

2 Decision Compass



Effective application of the Policy helps APA maintain appropriate risk exposures to manage uncertainty in its business and support achievement of APA's strategic priorities and goals, in line with its risk appetite.

The Policy supports all **segments** of the Decision Compass.

3 Scope

This Policy applies to all risks and all risk management activities, APA directors, subsidiaries, controlled entities, employees, consultants, contractors and all other people when they represent APA. Application of the RMS ensures consistency and a common language for risk management across APA.

The Risk Management System (RMS) sets out the principles and key processes for risk management. These are used to align with other specialist risk capabilities including engineering risk, IT security, process safety, workplace health and safety, environment and heritage risk, treasury risk, tax risk and project risk.

4 Risk management position and principles

Risk is inherent in all aspects of APA's activities and key to our decision making, providing confidence in our ability to achieve the strategic priorities and goals underpinning our vision and purpose. We maintain risk management practices focussed on cost effective management of risk while maintaining alignment with our risk appetite. This allows APA to both protect and enhance value for our stakeholders. We adopt the following to ensure uncertain adverse outcomes are minimised and uncertain opportunities are maximised:

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Consistent, structured and embedded: We maintain a single, structured, embedded and fit for purpose risk management system, focussed on identifying and managing the uncertainties impacting value.

Integrated in key decisions: We consider risk as an integral part of APA decision making, with application across strategic planning, our growth or change projects and operations, providing for informed risk taking consistent with our Decision Compass and risk appetite.

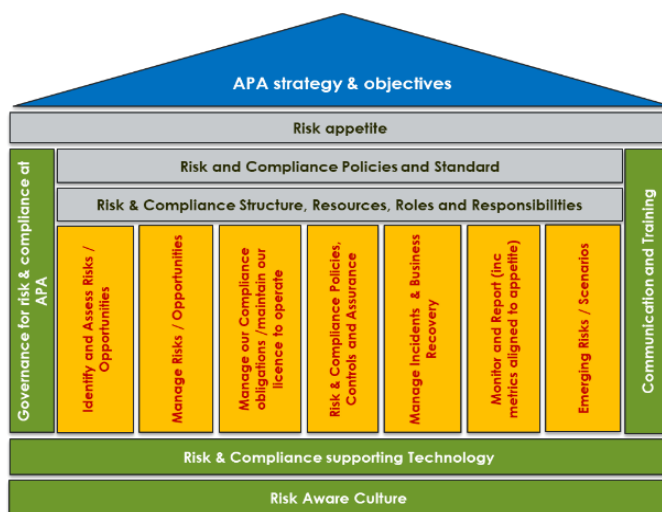
Risk aware culture: We promote risk awareness in all aspects of our business, driven by a strong “tone at the top”, which encourages issue escalation and transparency.

Ownership: We are accountable for our actions and empower management to take ownership of risk to ensure it is managed and regularly monitored, with an assurance capability to check critical controls in place.

Resourcing: We act responsibly in the conduct of our business and will allocate sufficient resources for effective risk management.

Continual improvement: We continually improve our risk management system to ensure our practices remain appropriate and effective.

5 Risk management objectives



The RMS sets out the approach for ensuring risk is effectively identified, managed and monitored. It consists of three core components being the risk structure, risk management framework and risk management support.

The key objectives of the Risk Management System are to:

- Systemically identify and manage all of APA's material risks.
- Provide for considered risk taking in decisions, consistent with APA's risk appetite and in accordance
- Provide for effective internal controls and action planning to manage current or emerging risks.
- Regularly monitor, review and update APA's risk registers and risk profile reflecting new or changed risks in line with business activities.
- Incorporate key strategic emerging risks into APA's strategic planning process.

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- Ensure effective systems for recovery in the event of the unexpected occurring and improving controls to prevent or limit impact on reoccurrence.
- Continually educating, communicating and raising awareness of good risk management practices to APA personnel.

6 Roles and responsibilities

For the purposes of monitoring and managing risk across APA, the following specific responsibilities apply:

Position	Responsibility
APA Group Board (Board)	<ul style="list-style-type: none"> • Approve APA's Risk Appetite Statement
Audit and Risk Management Committee (ARMC)	<ul style="list-style-type: none"> • Approve the Risk Management Policy and RMS • Approve key risk and compliance policies • Review and monitor current and emerging material risks • Review crisis management plan
Executive Risk Management Committee (ERMC)	<ul style="list-style-type: none"> • Review Risk Management Policy and RMS • Review current and emerging material risks and actions • Apply Risk Appetite in key APA decisions • Promote a risk aware culture across APA • Approve Business Recovery Policy / Crisis Management Plan • Review insurance arrangements
Group Executive Governance & External Affairs	<ul style="list-style-type: none"> • Ownership of RMS Policy and RMS • Approve Risk & Compliance Standard
Managing Director	<ul style="list-style-type: none"> • Own implementation of the Risk Management Policy and RMS across APA • Promote a risk aware culture across APA • Approval of material / enterprise risks reported to ARMC
Executive Leadership Team (ELT)	<ul style="list-style-type: none"> • Implementation of the Risk Management Policy and RMS • Ownership of material /enterprise and project risks for APA • Apply Risk Appetite in key decisions.
Group Risk, Compliance & Insurance	<ul style="list-style-type: none"> • Maintain and monitor the Risk Management Policy and RMS, including processes, IT systems, tools and training • Monitor material/enterprise risks in the APA risk profile • Monitor the control environment for material/enterprise risks • Maintain the Business Recovery Framework and Crisis Management Plan

7 Related Documents

- Risk and Compliance Standard.
- Risk Management System.
- Compliance Policy and Compliance Management System Handbook
- Business Recovery Policy (Business Continuity, Crisis Management and Emergency Response).
- Treasury Risk Management Policy.

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- Tax Policy.
- Accounting Policy.
- Project Risk Framework.
- Health, Safety and Wellbeing Policy and Management System
- Environment and Heritage Policy and Management System.
- Insurance Standard.

8 Version Control

Date	Changes
24 Nov 2015 (v1)	Update Enterprise Risk metrics
03 Nov 2017 (v2)	Review with Group Policy Template
01 Nov 2019 (v3)	Routine review and updates
01 Nov 2020 (v4)	Rationalisation following development of Risk and Compliance Standard