



BOARD POLICY

Risk Management

Document number: BD-006

This document is the property of LinkWater. It must not be copied or reproduced in any way whatsoever without the authority of LinkWater. This document is uncontrolled when printed. An electronic database manages and stores the controlled version.

Approved on 26 May 2010

CONTENTS

- 1 PURPOSE..... 3
- 2 POLICY STATEMENT 3
- 3 RESPONSIBILITIES 4
- 4 RELATED POLICIES, MANAGEMENT PLANS AND PROCEDURES..... 4
- 5 OTHER REFERENCES AND STANDARDS 4

1 PURPOSE

LinkWater is committed to managing all risks at strategic and operational levels through the identification, assessment, treatment, monitoring and review of risks.

The management of risk will support LinkWater's governance objectives, business strategies and compliance with legal requirements. In addition it will improve stakeholder confidence and trust and establish a reliable basis for decision making and planning, improve loss prevention and maximise opportunities and business resilience.

2 POLICY STATEMENT

LinkWater will implement and maintain a Risk Management System based on the Australian/New Zealand Standard AS/NZS ISO 31000: Risk Management Principles and Guidelines.

The key elements will include:

- Identification and quantification of all risks that have the potential to significantly impact upon the strategic, operational, regulatory and financial objectives and performance of LinkWater;
- Implementation of a risk analysis framework to identify the likelihood and consequence of risks;
- Allocating responsibility and resources to implement and manage a risk management system that ensures the effective identification, analysis, communication and treatment of risk;
- Managing the implementation of cost effective risk treatment plans, performance monitoring and reporting;
- Developing a risk awareness culture and incorporating risk management into employee performance reviews;
- Conducting regular reviews of the Risk Management System through management reviews, and internal and external audits;
- Regular monthly and quarterly reporting of risk status to the Audit and Risk Management Committee, Board and Management; and
- Integrating risk management into quality, workplace health and safety and environmental management systems adopted by LinkWater.

3 RESPONSIBILITIES

The LinkWater Board, through the Audit and Risk Management Committee, is responsible for overseeing the functioning of the risk management framework to ensure compliance with the Risk Management System and the effective ongoing monitoring of risk.

The Chief Executive Officer has day-to-day responsibility for overseeing the establishment and implementation of the Risk Management System and the ongoing liaison with the Board.

The General Manager Corporate Services has day-to-day responsibility for co-ordinating the ongoing maintenance and review of the Risk Management System.

All staff are responsible for identifying, analysing, evaluating, treating, monitoring, reviewing, communicating and reporting risks in the respective area of responsibility.

General Managers are appointed as custodians of risks that align with the respective area of responsibility. General Managers will ensure risks are appropriately captured and reported and risk mitigators identified are implemented.

Conflicting interests in risk management will be dealt with by the nominal risk custodians at the General Manager level.

4 RELATED POLICIES, MANAGEMENT PLANS AND PROCEDURES

- BD-002 Audit and Risk Management Committee Charter
- BD-003 Corporate Governance Policy
- BD-012 Internal Audit Charter
- MGT-062 Compliance Policy
- Risk Management Plan
- LinkWater Risk Register
- LinkWater's Strategic and Operational Plans.

5 OTHER REFERENCES AND STANDARDS

- AS/NZS ISO 31000: Risk Management Principles and Guidelines

- AS 3806: Compliance Programs
- AS/NZS 4801: Occupational Health and Safety Management Systems
- ISO 14001: Environmental Management Systems
- AS/NZS 9001: Quality Management Systems - Requirements