

JUNE 2019

Managing Risk Policy



Policy Statement

1. A robust risk management framework enables Chorus to proactively manage risk by setting out disciplines that can be embedded in day to day business operations and decision-making processes.

Key Concepts

2. **Risk** is anything that could impact on Chorus' ability to achieve its goals and objectives.
3. It is assessed in terms of the impact and likelihood of an event occurring, and can be categorised into:
 - commercial/financial sustainability
 - performance of core services
 - stakeholder and customer confidence/reputation
 - people health and safety
 - people skills and availability, and
 - regulatory, legal and contractual.
4. **Principal Risks** are the key risks facing Chorus and are identified and reviewed by the Board annually. The Board, through the Audit and Risk Management Committee (**ARMC**), regularly monitors the management of these Principal Risks.
5. **Risk appetite** describes the level of risk Chorus will tolerate. Risk appetite is set by the Board and reviewed annually.
6. **Risk management** is the process through which risk is managed and includes risk identification and reporting, mitigation and ownership allocation.

Managing Risk Policy

How Chorus Manages Risk

7. Chorus will manage its risks by:

- informing Chorus people of their responsibility to manage risk
- having *one* framework for the management of risk to:
 - ensure the Board sets the risk appetite and reviews Principal Risks annually
 - integrate risk management in line with the Board's risk appetite into our policies, processes, procedures and business decision making, and
 - deliver regular Principal Risk reviews
- providing the CEO and Executive team with discretion to select the approach they use to manage risk within the guidance provided in our framework
- balancing the level of control implemented to mitigate identified risks with our commitment to comply with external regulation and governance requirements and Chorus' value and growth aspirations, and
- meeting good practice standards for risk management processes and related governance.

Roles and Responsibilities

8. **Chorus Board:**

- approving this policy and the supporting framework to promote a proactive risk management culture, setting Chorus' risk appetite and reviewing Chorus' Principal Risks annually, and
- through the ARMC, providing oversight and monitoring, including through receipt of regular reporting from Management on Principal Risks.

9. **CEO:**

- promoting a proactive risk management culture aligned to the Board's risk appetite
- reviewing Chorus' Principal Risks regularly and reporting to the ARMC
- reporting any changes to the rating of Principal Risks to the ARMC, and
- monitoring action plans to mitigate risks rated as critical or high on a pre-mitigation basis.

10. **Manager Risk & Business Assurance / General Counsel and Company Secretary:**

- providing a single framework for risk management in Chorus which:

Managing Risk Policy

- is consistent with this policy and the Board’s risk appetite
 - meets good practice standards for risk management processes and related governance
 - provides the CEO and Executive with discretion to select the approach they use to manage risk, and
 - facilitating regular reviews and updates to the CEO, Executive and ARMC.
11. **CEO and Executive:**
- providing leadership in Chorus for risk management by:
 - owning Chorus’ Principal Risks
 - identifying, managing, updating and monitoring risks
 - establishing clear responsibilities for the management of risks
 - creating a focus on risk awareness and management for their teams (including informing their people of their responsibility to manage risk)
 - ensuring key decisions take risk factors into account and are consistent with the Board’s risk appetite
 - balancing the level of control implemented to mitigate identified risks with our commitment to comply with external regulation and governance requirements and Chorus’ value and growth aspirations, and
 - ensuring appropriate mitigations are in place and are effective.
12. **All Chorus People:** identifying and managing the risks in their work.
13. **Supporting Functions:**
- The Compliance Manager supports Chorus’ risk management by providing compliance tools, education oversight and reporting.
 - Independent assurance providers, including internal audit, external audit and regulators undertake periodic reviews to assess the effectiveness of:
 - internal processes and controls for managing risk, and
 - relevant aspects of Chorus’ risk management implementation.

Ownership and Review

Reviewer:	Audit and Risk Management Committee
Ownership:	General Counsel and Company Secretary
Review:	At least every two years