

Risk Management Policy

Service Stream



1. Policy Statement

The Service Stream Group's (the Group) approach to Risk Management ensures the creation and protection of value for our shareholders, employees, customers and partners and supports achievement of our strategic objectives. It optimises potential outcomes and balances risk and reward. With the vision to be Australia's leading essential network service provider we are committed to:

- Building a risk management capability and a positive risk culture that recognises, rewards and promotes behaviour that enhances risk management effectiveness; and
- Embedding risk management processes and practices to ensure there is a consistent and integrated approach to managing risks and opportunities at all levels and into our day-to-day work.

2. Scope and Application

This Policy applies to our workforce across the Group in the delivery of projects, contracts and activities, including in our joint ventures.

3. Risk Management Fundamentals

Risk - The "effect of uncertainty on objectives"¹. These effects can be either threats or opportunities to the realisation of the Group's objectives.

Risk management - "Coordinated activities to direct and control an organisation with regard to risk"².

Risk is measured in terms of the consequence of the risk event and its likelihood of occurrence. The consequence of a risk event can result in either a positive or negative outcome based on the risk source originating from a threat or opportunity.

Risk appetite - The amount and type of risk that Service Stream is willing to take, accept or tolerate to achieve our ambitions and strategic objectives.

4. Policy Commitments

One – Support a Positive Risk Culture

The Group's culture promotes an open and proactive approach to risk that fosters collaboration, encourages respectful debate, recognises subject matter expertise, and values independent views. Culture is shaped by the behaviours and attitudes of leaders and is embedded by the appropriate "tone from the top". The Board, ELT, and senior leaders support our risk culture, ensuring that the organisation communicates the value of effective risk management, appropriately balances risk and reward, operates within its risk appetite, and seeks to operate in a manner that is sustainable over the longer term.

¹ AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines

² Ibid.

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Two – Risk Knowledge Uplift

The Group is committed to ensuring that all employees, particularly those with management, advisory and decision-making responsibilities, obtain and maintain a sound understanding of risk management principles and the requisite skills to implement risk management effectively. The nature and scale of this capability includes governance, processes, forums, staffing, knowledge, education and systems.

Three – Responsibility for Risk Management

The Board, through the Audit & Risk Committee (ARC), is responsible for overseeing the establishment and implementation of the risk management program by management. The Executive Leadership Team is responsible for the implementation of this policy through a risk management program including promoting a strong risk management culture. This includes regularly assessing their business division/function risks and the effectiveness and appropriateness of risk management strategies and engaging in responsible risk taking when pursuing growth opportunities.

The Risk and Assurance function is responsible for providing independent assurance in relation to the effectiveness of processes to manage areas of risk.

Four – Informed Decision Making

Risk management facilitates good decision-making activities. Embedding risk management into the decision-making activities of the Group enables risk to be managed in a repeatable and consistent way when planning, designing, implementing, delivering or undertaking our objectives or activities.

Five – Implementing Risk Management Effectively

Our approach to managing risk aims to cover the full spectrum of risks we face, from both a top down and bottom-up perspective and aligns to the principles contained in the Risk Management International Standard (ISO 31000:2018). It also considers risk appetite through the use of risk appetite statements which helps us formalise our risk acceptance process by applying risk appetite limits.

Our Risk Management Framework aligns strategy, processes, people, technology and knowledge for the purpose of identifying, analysing, managing and monitoring the challenges and opportunities we face in achieving our strategic objectives.

We view risk management as a continuous process, and a fundamental element of effective Corporate Governance.

Six – Monitoring Performance

The Group will regularly monitor and review the risk management program including risk culture and the effective implementation of risk management strategies throughout the organisation.

This Policy and supporting Risk Management Framework are reviewed periodically by the Board and ARC to ensure continued application and relevance.

Key internal and external stakeholders are consulted regularly to ensure that identification, analysis, evaluation, and treatment of business risks is appropriate and effective.