



In order to support its growth strategy and in recognising that its long-term success depends upon its ability to improve the quality of its services whilst safeguarding people and property, Alkira Fuel has identified the need to implement a robust Risk Management Policy and strategy.

Alkira Fuel covers the whole group and includes *Alkira Fuel Program Pty Ltd* and *Alkira Fuel Management Pty Ltd*.

## OBJECTIVE

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Alkira Fuel places great emphasis on risk management and in ensuring the health, wellbeing, operational safety and environmental protection of its customers, contractors and employees, and the broader community as well as ensuring that its operations and business are well protected.

An effective Risk Management Policy and implementation framework is an essential aspect of Alkira Fuel's governance and decision making.

This enterprise-wide Risk Management Policy and the associated Risk Management Framework represents a methodology for ensuring that risk management is an integral element of the management practices and systems in Alkira Fuel operations.

Alkira Fuel's Risk Management Policy objectives are to:

- Safeguard its resources – its people, financial and capital resources, knowledge and reputation, and to create an environment and culture where all employees accept responsibility for risk and identifying opportunities within their area of responsibility
- Set out the enterprise-wide Risk Management Framework and Policy, including its risk appetite, the role and responsibilities of key stakeholders. This Policy also aims to provide a high-level overview of the risk context and the risk management methodology adopted and embedded across Alkira Fuel
- Establish a uniform good practice approach to management of risk, which supports an enterprise-wide risk awareness culture to pro-actively and consistently identify, assess, mitigate and effectively manage

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the many risks that are inherent in its operations. It also supports its governance and management by incorporating risk management principles and techniques into all business processes

- Provide a practical and useful framework for the Board, Risk Committee, Chief Executive Officer and the Executive Team to manage risk
- Provide a systematic basis for aligning its objectives to related risks and to enable it to effectively achieve its objectives
- Incorporate risk consideration in its decision making and planning, and to assist managers make proactive decisions that do not expose the Alkira Fuel to unacceptable levels of financial and other risks which will adversely impact on its future and its operations
- Identify, assess and prioritise reasonably foreseeable risks associated with its activities that may have a material impact, and to implement controls and treatments to reduce risks to a target level
- Communicate issues in relation to risks and risk management activities to key stakeholders
- Undertake on-going monitoring and review of key risks and related controls to ensure that changes to the risks affecting Alkira Fuel are identified and managed in a timely manner.

## PURPOSE

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This Policy sets out Alkira Fuel's approach to risk management, which is consistent with the globally accepted standards for risk management guidelines ("Standard"):

- International Risk Management Standard ISO 31000:2018, and
- Australian/New Zealand Standard AS/NZS ISO 31000:2018.

Adopting this Standard can:

- Help Alkira Fuel increase the likelihood of achieving its objectives and improve the identification of opportunities and threats.
- Compare our risk management practices with an internationally recognised benchmark, providing sound principles for effective management and corporate governance.

As noted by Alkira Fuel:

*"Decision makers facing uncertain situations have a right to know just how uncertain they are. Accordingly, it is essential to try to put as much light on critical uncertainties as on the predetermined elements."*

This policy ensures a consistent and focused approach to risk management across Alkira Fuel and establishes a framework for developing an enterprise-wide culture focused on awareness of risks, their management and the achievement of the Alkira Fuel's key objectives.

## RISK MANAGEMENT DEFINITIONS

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Terms	Definitions
Consequence	<i>"Outcome of an event affecting objectives".  The worst potential consequence arising from a risk event should that risk occur. This should be used to calculate consequence ratings.</i>
Likelihood	<i>The probability or chance of a risk event occurring.</i>
Inherent Risk	<i>A raw risk: a risk that has no mitigation controls or treatments applied to it.</i>
Residual Risk	<i>A measure of risk when the effects of existing controls and treatments are taken into account.</i>
Risk Management	<i>Managing coordinated activities to direct and control Alkira Fuel activities with regards to risk. It includes the process of identifying risks, assessing risks and developing strategies to manage risks.</i>

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Risk Management Framework	<i>The set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Alkira Fuel.</i>
Risk Owner	<i>The person or entity with the accountability and authority to manage a risk.</i>  <i>Risk Owners are individuals who have been allocated ownership of strategic or operational risks and are responsible for managing, monitoring and reporting on the status of the risk to the Board and Risk Committee</i>
Risk Management Plan	<i>The scheme within the risk management framework specifying the approach, management components and resources to be applied to the management of risk.</i>
Risk Management Process	<i>The systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.</i>
Risk Treatment	<i>The process to modify risk to acceptable levels.</i>  <i>It is the selection and implementation of appropriate options for dealing with risk; process of selecting and implementing measures to modify the risk.</i>
Risk Profile	<i>Alkira Fuel's entire risk landscape reflecting the nature and scale of its risk exposures aggregated within and across each relevant risk category.</i>
Risk appetite	<i>The risk Alkira Fuel is willing to take in the pursuit of its strategy.</i>

## RISK MANAGEMENT DEFINITIONS

Alkira Fuel is committed to identifying and managing risks and opportunities associated with the achievement of its overall objectives. It recognises that effectively managing risk is imperative in achieving its goals and objectives.

It is fundamental to being a responsible community leader that Alkira Fuel has a consistent, logical framework and a sound risk management process embedded in every part of its culture and activities to achieve its strategic objectives.

While risk cannot be eliminated entirely, this Risk Management Policy adopts principles that allow risks and opportunities to be identified, assessed, avoided or mitigated, shared with a third party or accepted in order to achieve strategic and functional objectives.

Alkira Fuel will set performance objectives, measure results, assess and continually improve processes and service delivery through the use of an effective Risk Management Framework, ensuring that our operations are resilient and recoverable to be able to withstand unforeseen events so as to minimise any impact on operations.

It is vital that a good practice approach, which supports an enterprise-wide risk awareness culture is established, to pro-actively and consistently identify, assess, mitigate and effectively manage the many risks that are inherent in Alkira Fuel's operations.

Adherence to this Risk Management Policy and the associated Risk Management Framework will help Alkira Fuel to:

- Set out the enterprise-wide Risk Management Policy and Framework, including its risk appetite and the role and responsibilities of key stakeholders
- Provide a high-level overview of the risk context and the risk management methodology adopted and embedded across Alkira Fuel.

The methodology exists to:

- Designate responsibility and establish accountability for risk management. Alkira Fuel requires all its employees to be actively engaged, committed and accountable across all levels of its operations
- Collect, analyse and report to management with quantitative and qualitative information on risks taken at a functional and enterprise-wide level
- Develop and enforce risk standards, acceptable risk behaviour, exposure limits and controls
- Identify and resolve issues associated with risks taken
- Have a confident and rigorous basis for decision making and planning

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- Embed a pro-active risk management culture.

## SCOPE AND RESPONSIBILITY

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Alkira Fuel believes that all employees and contractors are responsible for minimising risks and identifying opportunities within their area of responsibility and operating within its desired risk appetite. Hence, this Policy applies to all of Alkira Fuel activities and employees.

Alkira Fuel requires all its employees to be actively engaged, committed and accountable across all levels of its operations.

The day-to-day responsibility for the Risk Management Framework lies with the Chief Executive Officer and Executive Team. The Board, however, remains ultimately responsible and accountable and provides, through its Risk Committee regular oversight of how management is managing the key inherent risks. However, it is the responsibility of all employees and contractors to escalate risks as they are identified. This allows for management to analyse the risk and if warranted, implement strategies to mitigate / manage this risk where possible.

## RISK AWARE CULUTRE

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Alkira Fuel strongly believes that risk management should be part of its every activity and be simply "*just the way we do things around here*". It is not only about the right behaviours, but also the right mindset and values that are brought to the respective roles. These should all go towards creating a strong and positive risk culture that enhances Alkira Fuel and everything it does. Success will be demonstrated by a culture that:

- Readily understands risk management
- Is proactive in its implementation of risk management as being integral to normal operational processes
- Is valued by all employees within their area of responsibility.

## RISK MANAGEMENT APPROACH

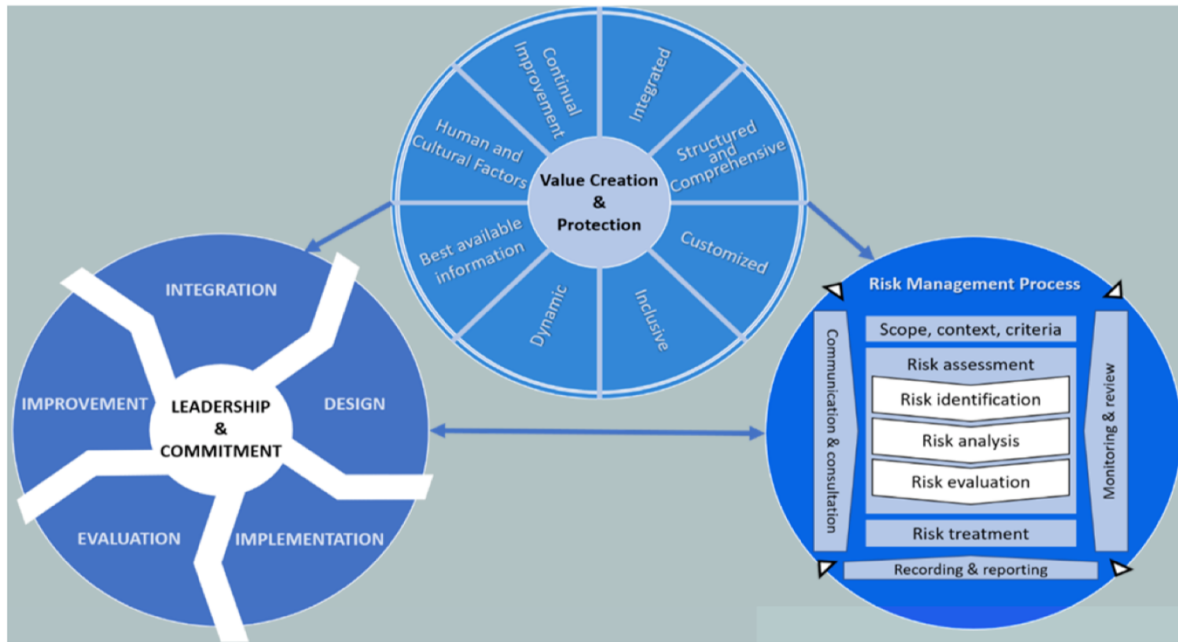
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Alkira Fuel is committed to managing risk in accordance with the approach set out in the Standard.

Through this risk management approach, we can facilitate a full understanding of our internal and external environment.

All risks are assessed and managed on a continuing basis through a Risk Management Process, which is explained in the Risk Management Framework. In applying this approach, we will ensure risk management is an integral part of our decision-making processes. Alkira Fuel's approach for risk management has been adopted from the Standard and the framework is summarised below:

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## GOVERNANCE STRUCTURE & REPORTING FRAMEWORK

The risk management governance structure within Alkira Fuel provides a mechanism for communication, oversight and guidance on all risk management issues and outlines the responsibilities to identify and reduce risk within Alkira Fuel.

Alkira Fuel does this by:

- Clearly articulating the roles and responsibilities for risk management within Alkira Fuel
- Implementing and maintaining the Risk Management Framework
- Developing and maintaining a system that enables regular reporting of risks and their management
- Maintaining a risk aware and risk intelligent culture and workforce
- Monitoring the compliance with the Risk Management Framework and Policy by oversight from the Chief Executive Officer and through regular reporting to the Risk Committee and Board.

## RESPONSIBILITIES FOR RISK OWNERSHIP, MANAGEMENT AND IMPLEMENTATION OF CONTROLS

Considering the complexity of operations within Alkira Fuel, the risk governance structure will provide appropriate channels for communicating and reporting risk information within a cultural context to ensure that the appropriate risk climate is maintained.

The success of Alkira Fuel's Risk Management Framework is dependent upon everyone within it being clear about their responsibilities and having the capabilities and authorities to do what is required. All employees are responsible for identifying and managing risk and operating within Alkira Fuel's desired risk appetite. The roles and responsibilities required to establish a risk governance structure in Alkira Fuel are described below.

The following have overall risk management roles and responsibilities:

- The Board
- Risk Committee
- Chief Executive Officer
- Executive Team

- Managers, Employees and Contractors.

## The Board

In Alkira Fuel the ultimate ownership and accountability for risks remains the responsibility of the Board. The Board has delegated ongoing responsibility for compliance with this Policy and the Framework to the Risk Committee, Chief Executive Officer, and the Executive Team.

The Board, through its Risk Committee remains ultimately responsible and accountable for:

- Establishing the enterprise-wide Risk Management Policy
- Approving the Risk Management Framework and methodology for identifying, assessing, monitoring and managing risk
- Implementing and maintaining the Risk Management Framework
- Defining Alkira Fuel's appetite for risk
- Ensuring that risks are managed within the defined risk appetite
- Establishing and maintaining a climate of risk awareness and intelligence.

## Risk Committee

The Risk Committee is responsible for:

- Recommending this document for Board approval
- Ensuring a practical and useful framework for the Board, Chief Executive Officer and the Executive Team to manage risk
- Regularly overseeing the framework by which Alkira Fuel's management are managing the key inherent risks
- Setting the tone for effective risk management throughout Alkira Fuel
- Reviewing annually, in conjunction with the Chief Executive Officer, the Risk Management Framework to ensure:
  - ♣ Adequacy of the Risk Management Policy, Framework and corresponding procedures
  - ♣ Compliance with the Risk Management Policy, Framework and corresponding procedures
  - ♣ Effectiveness of policies, procedures and controls in mitigating risks.
- Monitoring compliance with the Risk Management Policy and Framework by reports received from the Chief Executive Officer.

## Chief Executive Officer

The day-to-day responsibility for the Risk Management Framework lies with the Chief Executive Officer in conjunction with the Executive Team. The Chief Executive Officer is responsible for identifying, assessing, mitigating and reporting on all risks relevant to the pursuit of Alkira Fuel's strategic objectives, with consideration to the risk appetite set by the Board.

The responsibilities for the Chief Executive Officer include:

- Reviewing and endorsing for the Risk Committee's recommendation, the Risk Management Framework and methodology for identifying, assessing, monitoring and managing risk
- Providing regular oversight of strategic risks and how the Executive Team is managing the key risks within their areas of responsibility
- Assisting the Risk Committee through periodic monitoring of the operation of the Risk Framework, through review of reports from independent Internal Audit reviews

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- Maintaining a risk management overview and monitoring role, including oversight of the performance of the Executive Team and compliance with the Risk Management Policy and Framework
- Establishing and maintaining a climate of risk awareness and intelligence
- Overseeing a sound system of internal controls based on the adoption by Alkira Fuel of a risk-based approach for the identification, assessment, monitoring and management of potential exposures that are deemed material to the fulfilment of its objectives
- Setting requirements for risk management based on AS/NZS ISO 31000:2018
- Regularly reviewing the risk profile of Alkira Fuel
- Receiving risk management exception reports and making recommendations to the Risk Committee regarding any material risk management issues to be addressed or reviewed
- Monitoring the effectiveness of the Risk Management Framework and the system of internal control
- Arranging a review at least annually, of the implementation of the Risk Management Framework
- Ensuring employees receive support and training to fulfil their risk responsibilities
- Periodically reviewing the appropriateness of the Risk Management Framework and Policy
- When and if the need arises, ensuring that the Risk Committee is consulted if risks will have a significant negative impact on Alkira Fuel.

## Executive Team

The Executive Team comprises all direct reports of the Chief Executive Officer and is directly accountable and responsible for identifying, assessing, mitigating and reporting on all risks relevant to the pursuit of Alkira Fuel's objectives, with consideration to the risk appetite set by the Board.

It supports the Chief Executive Officer in the day-to-day responsibilities for the Risk Management Framework and provides regular oversight over the management of key risks within their areas of responsibility.

The Executive Team is required to:

- Review and support for the Chief Executive Officer's endorsement, the Risk Management Framework and methodology for identifying, assessing, monitoring and managing risk
- Ensure that their teams comply with this Risk Management Framework and that they identify, assess and manage effectively, risks that are inherent to their objectives, and consistent with this Risk Management Framework
- Implement and maintain an effective system of internal control in line with the Risk Management Framework including methodology for identifying, assessing, monitoring and managing risk
- Where controls are not assessed as working effectively, ensure timely control improvement plans are developed, and implemented
- Undertake ongoing analysis and reporting of material risks within their area of responsibility to the Chief Executive Officer, including assurance regarding the assessment of control structures
- Assist and train their managers on how to identify potential risks, designing effective controls and monitoring risk management performance Monitor factors in the internal and external environments that may affect the achievement of strategic objectives and/or operating targets
- Ensure that a proactive risk management and control culture is maintained that it is consistent with this Policy
- Take all practicable and reasonable steps within their area of responsibility to perform their responsibilities such that Alkira Fuel's interests are safeguarded
- Comply with all legislative, regulatory and Alkira Fuel Policies and Procedures
- Report any real or perceived risks to the health, safety and working environment of themselves, their peers, customers, or the general public
- Report any real or perceived risks that may materially affect the performance or reputation of Alkira Fuel or that which may leave it exposed to legal or regulatory action
- Look for opportunities to improve operational processes
- When a risk is rated "HIGH" or "Extreme", take direct responsibility for the assessment and treatment / management / reporting of the risk.

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## Managers, Employees and Contractors

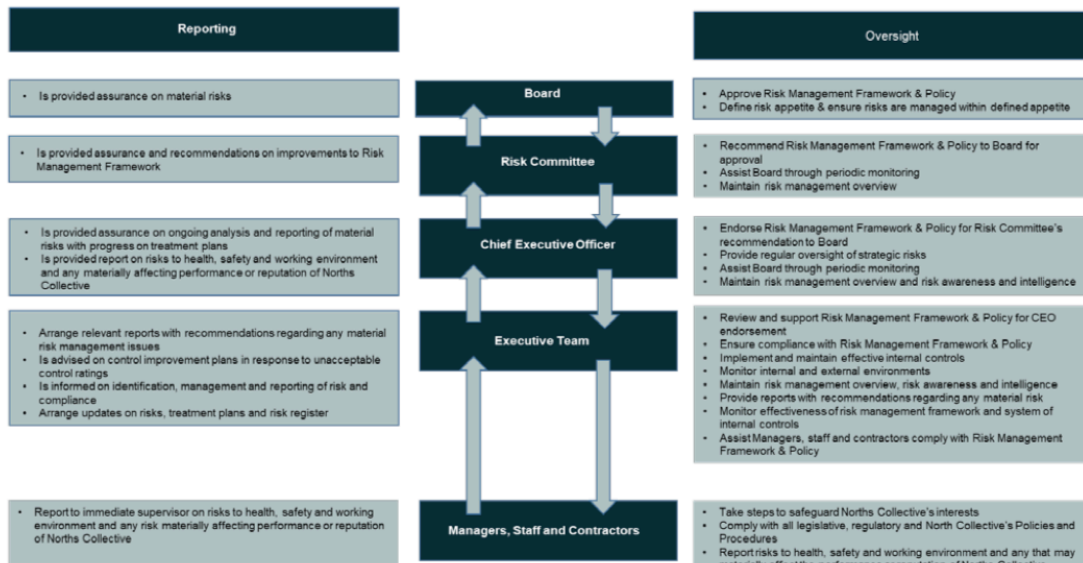
Alkira Fuel requires all its employees to be actively engaged, committed and accountable across all levels of its operations. It is the responsibility of all its managers, employees, and contractors to minimise risks and identify opportunities within their area of responsibility, and to escalate risks as they are identified. This allows for management to analyse the risk and if warranted, implement strategies to mitigate / manage this risk where possible.

Each manager, employee and contractor are required to:

- Take all practicable and reasonable steps within their area of responsibility to perform their responsibilities such that Alkira Fuel's interests are safeguarded
- Comply with all legislative, regulatory and Alkira Fuel's Policies and Procedures
- Report to their immediate supervisor or manager, any real or perceived risks to the health, safety and working environment of themselves, their peers, patrons or the general public
- Report to their immediate supervisor or manager, any real or perceived risks that may materially affect the performance or reputation of Alkira Fuel or that which may leave it exposed to legal or regulatory action
- Look for opportunities to improve operational processes.

## RISK MANAGEMENT OVERSIGHT / ESCALATION

A critical aspect of the risk management process is to ensure that there is effective, efficient and timely communication and escalation of key risks to ensure the support of a "no surprises" culture. This means that risk events need to be proactively identified, assessed, managed effectively, and reported in a timely manner, to the right level of Governance within Alkira Fuel. The interaction between the various roles is depicted below:





## RISK MANAGEMENT REPORTING

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A report will be provided on a quarterly basis to the Chief Executive Officer, Risk Committee and the Board, to provide effective oversight and to execute its risk responsibilities. The report will include (but will not be limited to):

- A Heat Map of risks within Alkira Fuel
- Summary of any new and emerging risks
- Extreme and High residual risks
- Treatment plans and risk owners
- Risk treatment plan status.

## RECORDING REQUIREMENTS

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Alkira Fuel will maintain a Risk Register as a central repository of all identified risks. The numbers and priority of these risks will fluctuate from time to time, but they will be continually monitored and addressed.

The Chief Executive Officer, in conjunction with the Executive Team will, when and if the need arises, ensure that the Risk Committee is consulted if risks will have a significant negative impact on Alkira Fuel.

## RECORDING REQUIREMENTS

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Risk Management knowledge and skills development is aimed at increasing the understanding of employees regarding their accountabilities and responsibilities in relation to managing risks within Alkira Fuel. The Collective will ensure that employees have an awareness of the risks associated with their respective roles and ensure all precautionary measures have been carried out in respect to these risks upon induction and on an ongoing basis.

Training is a key element in ensuring that the risk management culture is embedded within Alkira Fuel. All employees receive basic risk management awareness training. Managers may extend this training where these employees have a role which includes managing risk.

Managers should identify (ideally through the performance management process) those employees responsible for managing risks rated "High" and "Extreme" and ensure they receive training in managing risk appropriate to the severity of the risk being managed.

Employees refresher courses will be identified and undertaken as required.

## BUSINESS CONTINUITY MANAGEMENT

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Business Continuity Management is an integral part of Alkira Fuel's Risk Management Framework to identify the risk of exposure to internal and external threats. This includes disaster recovery, business recovery, crisis management, incident management, emergency management and contingency planning, and is undertaken to ensure that stakeholders can rely on the continuation of Alkira Fuel's services, even in times of crisis.

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## DOCUMENT CONTROL

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<b>Policy name</b>	Risk Management Policy
<b>Approved by</b>	Alkira Fuel Board
<b>Date approved</b>	December 2021
<b>Frequency of review</b>	Annually
<b>Last reviewed</b>	December 2021
<b>Next reviewed</b>	December 2022