

Risk Management

Integrated Risk Management Framework

Risk management in the organisation is guided by an Integrated Risk Management Framework which comprises:

- ◆ Development of risk profiles at all organisational levels,
- ◆ Integration of risk profiles and systematic development of mitigation measures,
- ◆ Measurement of responses to risks,
- ◆ Risk Monitoring and evaluation.

Risk Management

Integrated Risk Management is implemented at strategic, divisional and departmental levels. A Priority Scale guides both the risk accountability and the organisation's risk appetite:

- ◆ The Board, which is ultimately accountable for Risk Management, ensures that risk is proactively managed in the organisation.
- ◆ The Corporate Risk Management Committee, which comprises the Executive, Top Managers and the Divisional Risk Champions monitor the status of strategic and operational risks on a quarterly basis.
- ◆ The Audit Committee monitors the status of strategic risks quarterly and reports the status to the Board.
- ◆ The Executive and Top Management review the organisation's strategic risks (annual basis) and report these to Audit Committee and the Board.

Top Five Risks

The organisation's Top Five Strategic Risks as at 30 June 2009 were:

- ◆ **Stakeholder Relations,**
- ◆ **Water Resources Availability, including Climate Change,**
- ◆ **Integrated Business Continuity,**
- ◆ **Skills Availability, Attraction and Retention,**
- ◆ **Sustainable Tariff.**

Internal controls were rated to provide an overall control strength for each risk. Besides water resources availability, the top five risks have an overall control strength of satisfactory to good. Mitigation action is guided by the residual issue gap.