

HYDRO-ELECTRIC CORPORATION

Business Risk Committee Terms of Reference

1. OBJECTIVES

To assist the Board of Directors in carrying out oversight of the corporate performance and conformance in relation to Hydro Tasmania's exposure to identified current and future business risks.

2. MEMBERSHIP

The Committee shall comprise a minimum of two non-executive directors appointed by the Board, one of whom shall be appointed Committee Chair, and the Chief Executive Officer.

3. DUTIES AND RESPONSIBILITIES

3.1 Policy Setting

Review all risk management policies and recommend to the Board appropriate changes.

Ensure appropriate policies, procedures, mitigation and management systems are in place to assess, manage and report risks across the whole business.

3.2 Risk Management

Carry out the responsibilities specified for the Committee in the Corporation's Risk Policy Statements, as listed in Appendix 1. A detailed description of the specific duties and responsibilities of the Committee is contained in each of the Risk Policy Statements.

Note - Risk Policy Statements are the documents setting out Hydro Tasmania's risk management principles in relation to specific areas of risk. The IBRM Standard lists other risk and risk related policies.

Review the risk management framework, including the principles and approach to identifying, assessing, managing and reporting on risk.

Review and endorse the Corporation's annual risk report and the quarterly updates.

Review and consider significant new risks or risk management issues as these arise.

Review and endorse special risk reports / risk management plans / risk management strategies for recommendation to the Board.

Review identified risks have appropriate mitigations in place and are being appropriately managed within specified timeframes.

3.3 Monitoring

Monitor, review and report to the Board on breaches of Risk Policy Statements and assess action taken.

Monitor and evaluate performance of management against agreed performance measures and adequacy of the risk control frameworks.

Monitor, in conjunction with the Audit Committee, compliance with Risk Policy Statements.

4. RESOURCES

The Business Risk Committee may seek any information it may reasonably require from any officer of Hydro Tasmania or its subsidiaries.

The Committee may consult independent experts at the expense of the Corporation where it is considered necessary to carry out its duties and responsibilities.

The Committee may utilise the services of any group or section of the Corporation for its specific purposes. The requisite group or section will report directly to the Committee on the services requested.

The Committee may require, at its discretion, the attendance at its meetings of the General Manager Strategy and Finance, the Manager Treasury Risk and Strategy, and the Manager Financial Risk & Forecasting and such management representatives as necessary. The Corporation Secretary will attend all Board committee meetings.

An officer of Hydro Tasmania shall carry out Secretarial duties for the Committee and shall be responsible for keeping minutes of meetings and drawing up agendas in consultation with the Chair of the Committee and Manager Treasury Risk and Strategy.

5. GENERAL

The Committee will meet at least quarterly, with additional meetings as required.

The quorum for Committee meetings shall be two members.

The Chairman will report significant issues arising from Committee meetings at the next meeting of the Board.

The Committee will ensure its Terms of Reference is reviewed at least annually.

The Committee will also ensure that its performance is assessed on an annual basis. This may take the form of a self-assessment process.

Appendix 1 – Corporation Risk Policies

The following is a list of the Corporation Risk Policies relevant to the Business Risk Committee, and the scheduled review months.

| Policy | Annual Review | Semi-Annual Review |
|---|----------------------|---------------------------|
| Energy Trading Policy Statement | February | July |
| Credit Policy | May | |
| Treasury Policy Statement | May | October |
| Integrated Business Risk Management Standard (Assurance Policy) | February | |
| Dam Safety | May | |