

Risk Management Committee

TERMS OF REFERENCE

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Hydro Tasmania pays respect to the rich, long and ongoing history of the Traditional Owners and Custodians and their connections to land, sea and community.

The mountains, natural lakes and rivers that capture and channel water for hydropower are rich in Aboriginal history, culture and tradition. We acknowledge ongoing connection to culture and custodianship of the lands and waters of places we share. We pay our respect to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

1. Purpose

The Risk Management Committee (Committee) is established by the Board of Hydro Tasmania (Board) to assist in fulfilling its governance and of Hydro Tasmania's enterprise-wide risk management framework, risk appetite, and risk culture, ensuring that material risks are identified, assessed, managed and reported in alignment with strategic objectives.

The Committee provides oversight and advice to the Board to support sound decision-making and effective oversight, and compliance with Hydro Tasmania's governance framework and statutory obligations.

2. Scope

The Committee will provide oversight for Hydro Tasmania including Entura, Momentum Energy and AETV Pty Ltd.

3. Objectives

The Committee's objectives are to:

- Provide focused oversight and review of matters delegated by the Board.
- Ensure that management frameworks, policies, and processes within its remit are effective and aligned with Hydro Tasmania's strategic objectives.
- Monitor performance, compliance, and continuous improvement in the Committee's area of responsibility.
- Facilitate transparent communication between management and the Board.
- Promote good governance, integrity, and accountability in decision-making.

4. Authority

The Committee is empowered by the Board to:

- Investigate any activity within its scope of responsibility.
- Obtain any information it requires from personnel, management, or external parties.
- Engage independent advisers or subject matter experts, at Hydro Tasmania's expense, as needed.
- Access all relevant records to discharge its duties effectively.

The Committee has no delegated decision-making authority unless specifically conferred by the Board.

5. Membership, Operation and Administration

5.1 Membership

- The Committee will comprise no fewer than three (3) non-executive directors of the Board, each with appropriate qualifications, skills, or experience to assist the Committee to perform its functions.
- At least one (1) Member should have the necessary technical knowledge of risk management, with experience in trading and commercial risk, asset risk and technology risk.
- Members will be appointed by the Board, and terms of appointment are at the discretion of the Board.

5.2 Chair

- The Chair of the Committee will be a non-executive director appointed by the Board.
- The Chair is responsible for leadership of the Committee, approving agendas, facilitating effective meetings, and communicating the Committee's deliberations, recommendations and endorsements to the Board.

5.3 Invitees

- All non-executive directors, the Chief Executive Officer (CEO), Corporation Secretary (or nominee), and EGM Finance have standing invitations to attend meetings.
- The Committee may meet in camera as required.
- Any director who is not a Committee member may attend Committee meetings and have access to all Committee papers but will not have voting rights.
- Management and other personnel may be invited to present on issues relevant to the Committee's duties.
- The Committee may invite external parties experts to attend meetings as it deems appropriate.

5.4 Committee Executive Lead and Secretariat

- The Committee Executive Lead will be the Head of Enterprise Risk, or other suitable person appointed by the Committee.
- The Committee Secretariat will be the Corporation Secretary or nominee.
- Meeting agendas will be prepared by the Secretariat and Committee Executive Lead, in consultation with the Committee Chair.

- The Secretariat will coordinate meeting logistics, distribute agendas and papers, and record minutes, actions and resolutions, working closely with the Committee Executive Lead.
- The Secretariat is to record minutes and resolutions with minutes to be reviewed and approved by the Committee Chair and provided to the Board at its next meeting for noting.
- Committee members will declare interests at Committee meetings. The Secretariat will maintain a register of declared interests and provide it to the Board in accordance with Hydro Tasmania's governance framework.

5.5 Meetings

- The Committee will meet at least four (4) times per year, or more frequently as required.
- All members, including the Corporation Secretary or nominee, are expected to attend each meeting in person or via teleconference or videoconference.
- A quorum will be at least two (2) members.
- In the absence of the Committee Chair, the remaining members will elect one of the members to chair the meeting.
- Meeting agendas and papers will be distributed at least five (5) working days in advance.

5.6 Conflicts of Interest

- Committee members will declare any conflicts of interest at the commencement of each meeting.
- Ongoing conflicts need not be re-declared at each meeting once formally recorded.
- Members or invitees with a real or perceived conflict will not be present for discussions or decisions on the relevant matter.

5.7 Access to advice

- The Committee may obtain independent professional, legal, or technical advice as necessary, at Hydro Tasmania's expense.
- The Committee may meet with external advisers without management present.
- The Chief Executive Officer and other senior executives have direct access to the Committee Chair to raise material matters that, due to urgency, sensitivity or risk, cannot reasonably be progressed through normal management or governance channels.

- The Committee may require the attendance of any Hydro Tasmania personnel or representatives from subsidiaries at Committee meetings to support its work.

5.8 Review of Performance and Terms of Reference

- The Committee will review its performance annually and provide results to the Board.
- These Terms of Reference will be reviewed every two (2) years or more frequently if deemed necessary by the Committee, with any amendments submitted to the Board for approval.

6. Responsibilities

The Committee's responsibilities will align with its purpose and include, but is not limited to, the following:

6.1 Risk Management

- Evaluate operational and strategic program risks annually, including emerging risks and endorse special risk reports for Board approval.
- Review the Risk Management Policy, strategic risk reports, and risk appetite for endorsement to the Board.
- Make recommendations to the Board with respect to change to Hydro Tasmania's Risk Appetite Statement and risk tolerance.
- Review the Business Continuity Policy and monitor business resilience through oversight of business continuity planning, disaster recovery planning, and testing and assurance activities to ensure adequacy of plans to respond to cyber, natural (including climate change), physical and personnel hazards.
- Provide oversight of Critical Infrastructure Risk Management Program and annual mitigations in place to manage Security of Critical Infrastructure obligations.
- Oversight of insurance programs consistent with the requirements of the Treasurer's Instructions.
- Provide oversight, at each meeting, of the operational and strategic risks affecting Momentum Energy.
- Review minutes for meetings of the Board of Entura India.

6.2 Financial and Trading Risk

- Review of Trading, Water Storage Management, Treasury and Credit policies for endorsement to the Board.
- Oversight of trading limits and risk tolerances to evaluate trading performance.

- Review of regular reporting across market performance and forecast, earnings at risk reporting, credit risk and storage management.

6.3 Asset Risk

- Review of the Strategic Asset Management Plan for endorsement to the Board.
- Oversight of asset class performance through annual reporting across dam, mechanical and electrical, and civil portfolios.
- Review of regular reporting across asset risk performance and progress monitoring of the SAMP.

6.4 Technology Risk

- Review of technology strategies, including but not limited to, Cyber Strategy and IT Strategy for endorsement to the Board.
- Oversight of progress and conformance with AESCSF practices in accordance with obligations under the *Security of Critical Infrastructure Act*.
- Review of operational risks across the technology profile including Disaster Recovery Planning and testing activities.

6.5 Environmental, Social, and Governance (ESG)

- Review of environmental policies and practices in accordance with ISO14001, for endorsement to the Board.
- Oversight of the definition and embedding of the Sustainability Framework.
- Ensure ESG related risks, including climate change and modern slavery, are appropriately captured in risk registers with controls clearly defined and assessed.
- Ensure ESG considerations are captured in the EBRM Framework.
- Monitor emerging ESG trends and their potential impact on strategy and operations. Ensure resilience planning for environmental and social disruptions.

Exclusions

- Risks related to workplace health and safety will be overseen by the People, Culture and Safety Committee.
- Compliance will be overseen by the Audit Committee.

7. Reporting

The Committee Chair will provide a verbal summary and/or written report to the Board following each meeting, highlighting key matters for decision or noting.

8. General

- All information received by the Committee is confidential and must be treated in accordance with Hydro Tasmania's confidentiality and information management policies.
- The Secretariat will retain all agendas, papers, and minutes in accordance with established Hydro Tasmania records management policies and relevant legal and regulatory requirements.
- Administrative updates to these Terms of Reference may be made by the Secretariat, with material changes to be approved by the Board.