

1. Purpose

This Policy supports good business management through the implementation of the Risk Management Framework and the Vision and Strategy for Risk Management within Melbourne Water. It assists Melbourne Water to meet its organisational objectives by articulating its commitment to risk management and defining our risk management principles.

The purpose of risk management is to optimise risk and opportunity and to ensure that the process for managing risks is integrated into Melbourne Water's overall governance, strategy, corporate planning, business management and decision making, policies, values and culture.

Risk is defined as the effect of uncertainty on objectives (AS/NZS ISO 31000).

2. Scope

This Policy and the associated Risk Management Framework applies to all risk management activities and categories of risk within Melbourne Water. It applies to all employees and contractors that work for Melbourne Water.

The vision is for the business to be proactive in the management of material risks. Decision makers will source and use relevant information to be kept informed of risks and to manage these effectively in pursuit of the achievement of MW's organisational goals.

3. Objectives

Our objective is to have an effective enterprise risk management framework that creates value and embeds risk based decision making in everything we do. This includes

- Promoting a culture of openness, honesty and accountability for owning and managing risks
- Contributing to more efficient use and allocation of resources (e.g. strategic planning link)
- Protecting and enhancing our assets, reputation and brand
- Defining and operating within Board approved risk appetite
- Continuing to strengthen our critical control environment as it relates to material risks and business performance

4. Principles

Our policy principles are:

We will align our risk practices with the requirements of AS/NZS ISO 31000:2018, the Victorian Government Risk Management Framework and other applicable standards as required.

We will assign clear governance and responsibility, and effectively allocate resources to execute our risk management framework.

We will establish and maintain our risk appetite to define the amount of risk we are willing to accept in the achievement of our objectives.

We will ensure a systematic, structured and timely approach to risk management to achieve consistent and reliable outcomes.

We will tailor our risk assessment tools and techniques where required to fit the context and nature of the situation.

We will embed a risk management culture in the way we do things.

We will plan for, establish and, implement effective incident and emergency prevention, response and recovery processes as risks eventuate.

We will continually improve risk management practices through the organisation.

We will identify and manage risks and uncertainty, and pursue opportunities in accordance with our risk appetite.

We will consider risk in key organisational processes and decision making at all levels of the business.

We will use the latest and best available information and data sets to understand and inform risks.

We will implement an effective assurance program based on the three lines of defence to provide assurance over risk controls.

We will provide effective and tailored training and awareness on risk management throughout the business.

We will consider relevant mechanisms to treat, share, transfer or otherwise manage risk where appropriate

5. Reporting and Monitoring

Board governance and oversight of this Policy occurs through the Risk, Optimisation & Sustainability Committee. Implementation is monitored through a collection of reports and programs including:

- Quarterly Risk Reporting (including risk deep dives) to the Board, People, Safety, Customers and Community Committee, Finance, Audit & Compliance Committee and Risk, Optimisation & Sustainability Committee.
- Annual review of the strategic risks by the Risk, Optimisation & Sustainability Committee and the Board as part of the strategic planning process.
- Twice Yearly Report on Enterprise risks to the Risk, Optimisation & Sustainability Committee
- Twice Yearly reporting on emerging risks

6. Attestation

The Board performs an attestation in their annual report in relation to compliance with the Victorian Government Risk Management Framework. This forms part of overall compliance to the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*.

7. Accountability

This is a Board approved policy.

8. Review

The content of this policy will be reviewed on an annual basis.

9. Authorising Environment

The key regulatory and legislative requirements driving the need for this Policy is:

- Standing Directions of the Minister for Finance under the *Financial Management Act 1994* - Section 3.7.1 mandates Melbourne Water apply the *Victorian Government Risk Management Framework*.
- *Water Industry Act 1994* - Part 5.1 of the Statement of Obligations requires Melbourne Water to 'develop and implement plans, systems and processes, having regard to ISO31000'.
- AS/NZS ISO 31000:2018: Risk Management – Principles and Guideline

10. Definitions

Reference	Definition
Risk	The effect of uncertainty on objectives (AS/NZS ISO 31000)
Risk Appetite	The amount of risk Melbourne Water is willing to accept in the achievement of its objectives

11. Key Related Documents

Documents
Risk Appetite Statement
Risk Management Framework

12. Document History

Date	Reviewed/ Actioned By	Version	Action
September 2025	Senior Manager Enterprise Risk and Compliance	29	Updated the frequency of reporting to the Risk, Optimisation and Sustainability committee.
December 2024	Senior Manager Enterprise Risk and Compliance	28	Updated governance committee names
03/2023	Enterprise Risk and Compliance Manager	24	Approved by Board March 2023
March 2023	Enterprise Risk and Compliance Manager	24	Updated following completion of external risk review includes new vision, objectives and reporting.

Date	Reviewed/ Actioned By	Version	Action
September 2022	Enterprise Risk and Compliance Manager	23	Annual review with no changes to the policy – awaiting outcomes of Risk Program review
April 2021	Information Quality Coordinator	22	Updated the template. No content changes.
March 2021	Enterprise Risk and Compliance Manager	21	Annual review with no changes to the policy.
April 2020	Enterprise Risk and Compliance Manager	20	Transferred content into the new Board Policy Template.