

# SEC Risk Policy



## 1. Purpose

- 1.1. The purpose of the SEC Risk Policy is to outline the policy rules that will apply to SEC Victoria Pty Ltd and its subsidiaries (collectively, "SEC"). This policy defines how SEC manages its risks effectively and undertakes risk management practices that are consistent with the Victorian Government risk management requirements and industry better practices.

## 2. Scope

- 2.1. This policy applies to all SEC employees and other workplace participants.

## 3. Policy statements

- 3.1. Risk management is the responsibility of every SEC employee and other workplace participants and all employees are accountable for managing risk.
- 3.2. The SEC will develop and maintain a culture that promotes shared ownership of risk and a proactive approach to identifying, discussing and managing risk.
- 3.3. Risk management must be embedded in the SEC's strategic priorities, business planning and decision-making processes. The aim is to ensure that decision-makers across the SEC are equipped to take risks to achieve the SEC's objectives, knowing that an effective framework and culture is in place to support staff to do so.
- 3.4. All employees and workplace participants must consider the SEC's material risks in all decision making and planning. The SEC Risk Appetite Statement provides a signal to decision-makers across the SEC about how much risk they may take, and create, in carrying out functions that support the SEC's strategic objectives.
- 3.5. The SEC's Risk Management Framework must comply with the requirements of the *Financial Management Act 1994* and the Victorian Government Risk Management Framework. The SEC Risk Management Framework must also be consistent with AS ISO 31000:2018 Risk Management – Guidelines.
- 3.6. The SEC's Risk Management Framework must be reviewed annually to ensure it remains current and is enhanced as required as the SEC's operating model evolves.
- 3.7. The SEC Board is required to attest annually that the SEC complies with the mandatory requirements of the Victorian Government Risk Management Framework as part of the financial management compliance attestation process.

## 4. Risk Governance and Responsibilities

- 4.1. As part this policy, risk management responsibilities are assigned in the SEC as follows:

Role	Responsibilities
<b>SEC Audit and Risk Committee (ARC)</b>	<p>The Audit and Risk Committee, on behalf of the board, will:</p> <ul style="list-style-type: none"><li>• Oversee that risk management is embedded in business decision making activities and ensuring business impacts of risk are minimised</li><li>• Review and endorse the Risk Policy to the Board</li><li>• Review and challenge the effectiveness of SECs Risk Management Framework, systems, processes, reporting and risk treatment efforts</li></ul>

Role	Responsibilities
<b>Enterprise Risk and Compliance Committee (ERCC)</b>	<p>Further to the responsibilities detailed within its Charter, the Enterprise Risk and Compliance Committee will:</p> <ul style="list-style-type: none"> <li>• Establish, monitor, review and manage SEC’s Enterprise Risk Profile and identified material risks</li> <li>• Oversee the performance of operational controls embedded throughout SEC’s core program and processes</li> <li>• Provide leadership and guidance for the balance of risk and return</li> <li>• Establish and review SEC’s risk appetite, which is reflected in the Risk Appetite Statement.</li> </ul>
<b>CEO</b>	<p>The CEO has ultimate responsibility for risk management. In particular:</p> <ul style="list-style-type: none"> <li>• Advising the Board and Portfolio Minister on any significant risks relating to the SEC.</li> <li>• As primary owner of the SEC’s strategic risks, monitor strategic risk exposure and the status of controls and treatments; and monitor changes in strategic risk exposure.</li> </ul>
<b>CFO</b>	<p>The CFO has responsibility as Chair of the ERCC:</p> <ul style="list-style-type: none"> <li>• Advising the ARC on any significant risks relating the SEC.</li> <li>• Leading a positive risk culture by applying the SEC Risk Management Framework to collective and individual group responsibilities.</li> <li>• Ensuring that risk management is embedded into the strategic and annual business and investment planning and decision-making processes.</li> <li>• Maintaining an organisational risk focus within the entity.</li> </ul>
<b>Executive General Managers</b>	<p>Executive General Managers are responsible for ensuring effective identification, assessment and management of risks in accordance with the SEC Risk Management Framework. In particular:</p> <ul style="list-style-type: none"> <li>• Leading a positive risk culture by applying the framework to their respective responsibilities.</li> <li>• Ensuring that risk management is integrated into the annual business and investment planning processes.</li> <li>• Ensuring that controls for identified risks are in place and operating effectively.</li> <li>• Delegating accountability for the management of risks to appropriate risk owners within the division or business area.</li> <li>• Overseeing the development, implementation, and management of treatment strategies for risks.</li> </ul>

4.2. Further organisational responsibilities are defined within the SEC Enterprise Risk Management Procedures document.

## 5. Key related policies and documents

- SEC Enterprise Risk Management Procedures
- SEC Risk Appetite Statements
- SEC Likelihood and Consequence Table

## 6. Approval and review

<b>Approved by</b>	SEC Board
<b>Policy owner</b>	Enterprise Risk and Compliance
<b>Contact</b>	General Manager – Enterprise Risk and Compliance
<b>Date issued</b>	18/7/2024
<b>Last review date</b>	18/07/2024
<b>Review frequency</b>	At least every 12 months