

<b>POLICY NO:</b>	315	<b>TITLE:</b>	Risk Management
<b>SECTION:</b>	Finance		
<b>APPROVAL DATE:</b>	November 25, 2020	<b>REVISION DATE:</b>	March 27, 2024
<b>AUTHORITY:</b>	Board of Directors	<b>REFERENCE:</b>	
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## PURPOSE

This policy is established to ensure Aquatera has an Enterprise Risk Management framework in place to identify, manage and monitor the risks that could significantly impact achievement of Aquatera’s business objectives.

## POLICY STATEMENT

It is the policy of Aquatera Utilities Inc. to accept and mitigate risks in support of Aquatera achieving its vision, mission and strategic plan. In doing so, Aquatera will not willingly exceed its board approved Risk Tolerance (see Appendix A) and Risk Appetite (see Appendix B) while executing its strategic plan. To help ensure appropriate identification, management and monitoring of risks, the Aquatera Risk Management Procedure will be implemented.

## RESPONSIBILITIES AND AUTHORITY

The Chief Executive Officer is responsible to ensure there is a Board approved and implemented Risk Tolerance and Risk Appetite and that there is a Risk Management Procedure, and it is fully implemented. Board approval, on recommendation from the Chief Executive Officer, is required for all changes to the Risk Tolerance or the Risk Appetite.

The Chief Executive Officer will report quarterly to the Audit and Risk Committee on the identification, management and monitoring of key risks.

*Related Procedure* – Risk Management Procedure

## DEFINITIONS

**Risk** - the potential for an event occurring - including opportunities or adverse effects - that will impact upon an organization’s objectives. Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organization-wide, project, product and process). Risk is measured in terms of consequence (impact on outcomes) and likelihood (probability or frequency).

**Risk Management** - coordinated activities to direct and control an organization with regard to risk.

**Enterprise Risk Management Framework** - methods and processes used by organizations to manage risks and seize opportunities related to the achievement of their objectives. For Aquatera,

the ERM framework will include a risk management policy, a risk management procedure and risk management practices.

**Risk Tolerance** - reflects the limit of risk set by the organization that it would not willingly exceed after all relevant controls are in place (can be expressed in quantifiable terms e.g. level of invested capital or other subjective limits e.g. reputational risk).

**Risk Appetite** - is the level of risk capacity that the enterprise is willing to accept in pursuit of its objectives, provided there is a commensurate return.

## **DISCLAIMER**

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# **Risk Management Policy**

## **Appendix A: Aquatera Risk Tolerance Statement**

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**APPROVAL DATE:** November 25, 2020

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### **Overview**

It is the policy of Aquatera Utilities Inc. to accept and mitigate risks in support of Aquatera achieving its vision, mission and strategic plan. Aquatera supports risk taking when the risk is appropriately managed. This Statement, which is to be applied across Aquatera, explains a critical component of Aquatera’s risk management framework by attempting to quantify the level of risk Aquatera is willing to tolerate across the following vital areas:

- Reputation
- Customers
- Operations – Treatment, Distribution and Collection, Landfill, Recycling, Regulatory, Legal, Environment, Billing, and Information Technology and Security
- People
- Finance

### **Quantifying the Level of Risk**

In Aquatera’s risk framework the level of risk is quantified by combining the likelihood of an adverse event or condition occurring and the consequence of that event or condition. Assisted by the tables below, the decision maker estimates likelihood on a scale from “Rare” to “Almost Certain,” and consequence on a scale from “Negligible” to “Catastrophic” then determines the overall level of risk by placing them in the matrix that follows.

# **Risk Management Policy**

## **Appendix B: Aquatera Risk Appetite Statement**

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### **Overview**

It is the policy of Aquatera Utilities Inc. to accept and mitigate risks in support of Aquatera achieving its vision, mission and strategic plan. Aquatera encourages risk taking when the risk is appropriately managed. This Statement, which is to be applied across Aquatera, explains a critical component of Aquatera’s risk management framework by attempting to quantify Aquatera’s risk appetite (this is the level of risk that Aquatera is willing to accept in pursuit of its longer-term goals, provided there is a commensurate return).

### **Risk Appetite**

Aquatera will take risks to enhance to value of the business, but only if those risks:

1. Fit our business strategy and goals, the risks have been analysed, are understood and managed.
2. Do not place the business at risk with any significant losses or the ability of the company to provide essential services to the communities served.
3. Do not compromise corporate values.
4. Do not risk harming the Aquatera brand.