

Risk Management Policy

1. Introduction

The Sydney Airport Risk Management Policy (the Policy) describes our commitment to, and objectives for, managing risk. The Policy is aligned with ISO 31000:2018 (Risk Management Principles and Standards and Principle 7 of the ASX Corporate Governance Principles and Recommendations) and is supported by the Sydney Airport Risk Management Guide and various management systems, processes and procedures.

2. Scope

The Policy applies to all Sydney Airport employees including directors, officers, contractors, consultants, secondees (collectively referred to as Employees in this policy).

3. Principles

The key principles underpinning this Policy are to manage risk in a way that is:

- **Understood and embedded**, establishes a common understanding of key risks
- **Structured and comprehensive**, to allow consistent and comparable results
- **Customised to Sydney Airport** and proportionate to our objectives
- **Inclusive and factoring in human and cultural factors** to enable all knowledge and opinions to be considered
- **Dynamic and continuously improving** so that activities anticipate, detect and respond to the evolving and dynamic nature of Sydney Airport's operations
- **Making use of the best available information** including historical and current data and future expectations
- **Effective** and verified as such through oversight and assurance of Senior Management, the Audit and Risk Committee and the Board

4. Management and reporting

Sydney Airport adopts a risk based top-down and bottom-up approach to determining the organisation's risk profile as described below. For all risk activities, the processes and terminology outlined in the SYD Risk Management Guide (i.e. consequence and likelihood ratings) must be used to ensure a like for like comparison of key risks. The Internal Audit and Risk team are available to assist with facilitation of any risk management activities.

4.1. Group Risk Profile

Utilising a top-down approach, the Group Risk Profile outlines the top organisation-wide risks to Sydney Airport as determined by Senior Management and endorsed by the Board.

The top risks within the Group Risk Profile should also appear in the Departmental Risk Plans (see section 4.2, below) where relevant to that department, and may be broken down into more granular risks.

The Group Risk Profile is reviewed and updated at least quarterly and reported through the Audit and Risk Committee to the Board every six months. The purpose of the quarterly review and bi-annual reporting is to incorporate changes to existing risks, include new and emerging risks, and update mitigating controls as necessary.

4.2. Departmental Risk Plans

Utilising a bottom-up approach, each department must maintain a Departmental Risk Plan (DRP) to capture key risks within their department. Key risks within the DRPs must be identified, documented, and updated at least quarterly in line with the SYD Risk Management Guide.

4.3. Operational Risk Profiles

At a minimum, a risk assessment must be conducted for the following operational (non-routine) activities:

- Major and minor projects (at commencement and achievement of each key milestone)
- Strategic initiatives or acquisitions
- Contracts/procurement (for strategic, key or core suppliers in line with the SYD Contract Management Framework)
- Work health safety hazards
- Aviation safety hazards

When conducting a risk assessment for the above activities, input on the key risks and mitigating strategies should be sought from all key stakeholders.

5. Accountabilities and Responsibilities

5.1. Board

The Board is responsible for:

- Approval of this Policy
- Setting the risk appetite within which the Board expects management to operate
- Satisfying itself that an appropriate framework is in place for identifying and managing significant financial and non-financial risk

5.2. Audit and Risk Committee

The Audit and Risk Committee has oversight of the risk management process within Sydney Airport. Accordingly, and consistent with the Audit and Risk Committee Charter, the Audit and Risk Committee assists the Board by:

- Reviewing Sydney Airport's risk management framework and risk appetite at least annually to confirm that they continue to be sound, and recommend to the Board any changes required
- Monitoring management's performance to ensure it is operating within the Board's risk appetite
- Reviewing Sydney Airport's risk profile for both financial and non-financial risk, considering new and emerging risks that may be identified, and mitigation measures
- Keeping the Board informed of all material business risks
- Monitoring the effectiveness of the controls implemented by management including by receiving reports from the internal auditor and by reviewing any material incidents involving the breakdown of Sydney Airport's risk controls
- Reviewing and assessing Sydney Airport's crisis management and business continuity plans

5.3. Chief Executive Officer

The CEO is responsible for Sydney Airport establishing and maintaining an appropriate system of internal control and risk management including overseeing the performance of Senior Management's responsibilities.

5.4. Senior Management

Accountability for managing risk lies with Senior Management. Senior Management is responsible for managing risks within their areas and complying with the requirements of the risk management process (for example maintaining risk registers and periodic monitoring and reporting). Key risks must be identified, documented, and updated at least quarterly and Senior Management must contribute to the review of the Group Risk Profile.

5.5. Internal Audit and Risk Function

The Head of Internal Audit and Risk is the owner of this Policy and is accountable for administering the risk management framework. The Internal Audit and Risk team is responsible for risk oversight and advice across Sydney Airport, including:

- Coordinating the periodic review and presentation of the Group Risk Profile
- Participating in the strategic risk management planning process and providing a framework and guidance for the management of risk across Sydney Airport
- Reviewing and analysing risk data and monitoring the control environment
- Advising on the implementation of preventative or corrective actions and controls
- Independently escalating significant issues
- Establishing policies and guidelines
- Challenging control effectiveness to ensure risks are appropriately managed

5.6. Employees

Employees are responsible for identifying, assessing and managing risks within their area of responsibility when making decisions and taking action. Where an Employee identifies a risk to the business or operations, this should be communicated to their manager. Risks should be recorded on the risk register and responded to in accordance with SYD's Risk Management Guide.

6. Definitions

Board – the Board of Sydney Aviation Alliance Holdings Pty Ltd and the Board of any of its subsidiary companies to which the risks relate

Consequence – outcome of an event affecting objectives

Control – measure that maintains and/or modifies risk. Controls include but are not limited to any process, policy, system, practice, or other conditions and/or actions which maintain and/or modify risk

Leadership Team – direct reports to the CEO

Likelihood – the chance of something happening

Risk – the chance of something happening that will have an impact on objectives

Risk assessment – the overall process of risk identification, risk analysis and risk evaluation

Risk identification – the process of determining what, where, when, why and how something could happen

Risk management – the identification, assessment, and prioritisation of risks to minimise, monitor and control the probability and/or impact of undesired events or to maximise the realisation of opportunities

Senior Management – senior positions within the organisation including the Leadership Team, General Managers and Heads Of

Sydney Airport – Sydney Aviation Alliance Holdings Pty Limited and all subsidiary companies

7. Review

Sydney Airport will review this Policy as required and at least every two years to ensure that it remains effective and to assess whether any changes are required. Any amendments to this Policy must be approved by the Sydney Aviation Alliance Holdings Pty Ltd Board except for minor administrative updates and amendments, which may be approved by the Head of Internal Audit and Risk or the CEO.

8. Ownership and version control

Policy owner	Head of Internal Audit and Risk
Version	1.0
Date	15 June 2022
Department	Finance

Revision	Description	Author
1.0	Issued – June 2022	Finance

9. Related Policies and Procedures

- Audit and Risk Committee Charter
- Board Charter
- Compliance Policy
- Contract Management Framework
- Internal Audit Charter
- Risk Management Guide
- Third Party Vendor Risk Management Framework