

Risk Management Policy

Purpose

The purpose of this Risk Management Policy ("Policy") is to establish the roles, responsibilities and protocols to be adhered to regarding risk management, and to ensure a consistent, efficient, and effective assessment of risk in the achievement of corporate goals.

Risk management is the process of systematically identifying, analysing, evaluating, treating, monitoring and communicating risks associated with any activity, function, process, or change.

Rather than being a 'stand-alone' process, risk management should be integrated into standard management processes.

The aim of this Policy is not to eliminate risk, rather to manage the risks involved in company activities to maximise opportunities and minimise loss exposures.

Scope

This Policy applies to Hutchison Telecommunications Australia Limited ("HTAL" or "Company"), and its subsidiaries.

NOTE: this Policy has been updated following the merger between Vodafone Hutchison Australia Limited ("VHA") and TPG Corporation Limited (formerly named TPG Telecom Limited) on 26 June 2020, following which VHA was renamed to TPG Telecom Limited ("TPG"). The consideration of risk and risk management is currently undertaken by the Audit & Risk Committee of the Board.

Policy

To achieve our corporate goals, including meeting the economic expectations of shareholders, HTAL must pursue opportunities that involve risk. HTAL's approach is to apply a common framework to the management of risk and ensure the effective management of business risk as a core capability. HTAL views risk management as a continuous process, and a fundamental component of effective Corporate Governance.

It is through effective planning that management identify, analyse and document risks and risk management strategies, and it is through this planning process that key risks and risk management strategies are communicated to the Directors.

When establishing and implementing its approach to risk management, HTAL considers all material business risks. These risks may include but are not limited to: operational, strategic, financial and non-financial, technological, environmental, social, compliance, reputation/brand, product/service quality, human capital, financial reporting and market-related risks as well as conduct risk, digital disruption, cyber security, privacy and data breaches, sustainability and climate change.

In developing these capabilities, management is authorised to act in accordance with agreed policies and procedures and clearly defined delegations of authority.

Where employees of HTAL are deciding whether they are authorised to make a decision, they are first required to identify the accompanying risk.

The authority to accept risk on behalf of HTAL is illustrated in the matrix shown below (page 3). The levels of delegation of authority to accept risks on behalf of the Company reflects levels of seniority and experience.

In making risk decisions, a key consideration should be the alignment of risk with reward to ensure that the level of risk accepted (retained) by HTAL is commensurate with the expected benefits (eg. a new revenue stream) and/or the cost to mitigate the risk.

Roles and Responsibilities

All Staff & Management

All staff and line managers are responsible for managing risk associated with the activities and functions under their control. Risk management processes should be integrated with normal planning processes and management activities.

The acceptance of risk must be escalated in accordance with the Risk Delegation levels as mandated by this Policy. This is necessary to ensure that the person who may "accept" the risk on behalf of the organisation has sufficient experience and authority commensurate with the level of risk.

Executive Management team

Executives are accountable for risk management within their areas of control. They are responsible for:

- Ensuring managers are identifying and managing risks appropriately;
- Ensuring that "Risk Delegation levels" are adhered to (refer to page 3); and
- Allocation of priorities and resources in addressing risks.

HTAL Board of Directors

The Directors are responsible for setting HTAL’s risk appetite and ensuring that significant business risks facing HTAL are identified and managed appropriately and that the entity is operating with due regard to the risk appetite.

The Audit & Risk Committee has been delegated primary responsibility for the oversight of risk management and for ensuring that appropriate risk management policies, systems and resources are in place, and that HTAL’s risk management framework deals adequately with contemporary and emerging risks such as conduct risk, digital disruption, cyber-security, privacy and data breaches, sustainability and climate change. This includes monitoring the adequacy and effectiveness of internal controls and the integrity of reporting systems.

The Audit & Risk Committee relies on the work undertaken by the risk management function.

Risk Delegation levels

Risk must be escalated in accordance with the Risk Delegation levels illustrated below. This is necessary to ensure that the person who may “accept” the risk on behalf HTAL has sufficient experience and authority commensurate with the level of risk.

Risk Level	Extreme	High	Medium	Low
Board of Directors	Can “accept” Extreme risks			
Executive Management team	Escalate Extreme risks	Can “accept” High risks	Can “accept” Medium risks	
Supervisors/Staff		Escalate High risks	Escalate Medium risks	Can “accept” Low risks

“Escalate” refers to a higher level of authority being informed of the nature and quantum of the risk, options and costs to mitigate the risk and the commercial benefits associated with the risk. The higher level of authority is therefore responsible for “accepting” the risk on behalf of HTAL.

For example, the Executive Management team (“EMT”) has the delegated authority to “accept” a “Medium” risk or a “High” risk, which may have been escalated by a supervisor. However the EMT must escalate an “Extreme” risk to the Board for “acceptance” if the EMT believes there are no commercially viable options to treat the risk (ie. risk reduction benefits outweigh the cost of reducing or transferring the risk).

Neither the EMT nor a supervisor/staff are authorised to make a decision that involves the acceptance of “Extreme” risk without referring it to a higher level that has that authority. Only the Board of Directors has the final authority to accept “Extreme” risks, which shall be first considered and assessed by the Audit & Risk Committee.

In certain circumstances the Board may accept that a risk, even though “Extreme”, is worth accepting as a consequence of the commercial benefits flowing from the decision that gives rise to such risk and having regard to the likelihood of adverse consequences happening.

The responsibility of identifying, assessing and managing (or escalating) risks lies with management and staff.

The level of risk is based on combined Impact and Likelihood ratings as per the table below.

Level of risk

	IMPACT				
LIKELIHOOD	Insignifi- cant	Minor	Moderate	Major	Catastro- phic
Almost Certain	Medium	Medium	High	Extreme	Extreme
Likely	Medium	Medium	High	High	Extreme
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	High	High
Rare	Low	Low	Medium	High	High

Impact scale

Rating	Category	Description *
5	Catastrophic	Fatal to the Company’s survival
4	Major	Will cause a serious impact on the results and/or operations of the Company

Impact scale (continued)

Rating	Category	Description *
3	Moderate	Will cause a significant impact on the results and/or operations of the Company
2	Minor	Will only affect the Company in a minor way
1	Insignificant	Negligible impact on the results and/or operations of the Company

*A general guideline only.

Likelihood scale

Rating	Descriptor	Description	Probability **
5	Almost Certain	Expected to occur	> 90% chance of occurrence
4	Likely	Probably occur	65% to < = 90% chance of occurrence
3	Possible	May occur	35% to < = 65% chance of occurrence
2	Unlikely	Not likely to occur	6% to < = 35% chance of occurrence
1	Rare	Most unlikely to occur	< 6% chance of occurrence

** A general guideline only.

Revision

The Audit & Risk Committee must approve any and all changes to this Policy.

Approved by the Board of HTAL on 23 February 2022