

# Attachment 9.8

# Operational Risk Management Framework

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January 2025

PUBLIC

## **1. Introduction**

AGIG is committed to the effective management of risk as part of its Corporate Risk Management Framework.

## **2. Our Commitment is to ensure that:**

- Systems are in place to identify risks that AGIG faces in conducting its business;
- The impact of identified risks is understood;
- Risk treatment owners are nominated to manage the identified risks; and
- Assurance is provided on the effectiveness of the risk management system and risk controls.

## **3. Our Commitment will be achieved by:**

- Identifying, assessing, controlling and recording hazards and risk;
- Providing appropriate training;
- Establishing and maintaining a risk management system;
- Ensuring that any incidents are analysed and learned from and successes reviewed and repeated; and
- Reviewing and reporting on the risks and associated control framework to the Risk and Compliance Committee and Board.

## **4. Accountabilities:**

The Board (assisted by the Risk and Compliance Committee):

- Approves and monitors the implementation of the internal annual audit plan to ensure that planned audit activities are aligned to business risks;
- Approves policies and procedures implemented for the ongoing identification and management of risks (including this Risk Management Policy); and
- Requires management to provide reports on the system's performance and regularly reviews these reports.

Management is responsible to the Board for implementation of AGIG's system of internal control and risk management including:

- Monitoring and implementing AGIG's risk and internal control framework and providing reports to the Risk and Compliance Committee on performance in relation to the identification, assessment and management of risks; and
- Identifying material changes to the company's risk profile and disclosing these changes to the Risk and Compliance Committee.

Action	Governance Level	Date
Reviewed by	Executive General Manager Corporate and Regulation	February 2024
Recommended by	Executive Leadership Team	February 2024
Endorsed by	Risk and Compliance Committee	23 February 2024
Approved by	Board	29 February 2024
Next Review Due		February 2025

**RISK MATRIX**

		Consequence				
		1 Trivial	2 Minor	3 Severe	4 Major	5 Catastrophic
Frequency						
E	Frequent	LOW	INTERMEDIATE	HIGH	EXTREME	EXTREME
D	Occasional	LOW	LOW	INTERMEDIATE	HIGH	EXTREME
C	Unlikely	NEGLIGIBLE	LOW	INTERMEDIATE	HIGH	HIGH
B	Remote	NEGLIGIBLE	NEGLIGIBLE	LOW	INTERMEDIATE	HIGH
A	Hypothetical	NEGLIGIBLE	NEGLIGIBLE	NEGLIGIBLE	LOW	INTERMEDIATE

FREQUENCY DEFINITIONS		
	Frequency Definitions	Numerical Guidelines (event/1,000km/year)
<b>E</b>	<b>Frequent</b> Expected to occur once per year or more	$\geq 1$ (yearly)
<b>D</b>	<b>Occasional</b> May occur occasionally in the life of the pipeline	1 to 0.1 (every 10 years or less)
<b>C</b>	<b>Unlikely</b> Unlikely to occur within the life of the pipeline, but possible	0.1 to 0.001 ( $10^{-1}$ to $10^{-3}$ ) (every 1,000 years or less)
<b>B</b>	<b>Remote</b> Not anticipated to occur for this pipeline at this location	0.001 to 0.00001 ( $10^{-3}$ to $10^{-5}$ ) (every 100,000 years or less)
<b>A</b>	<b>Hypothetical</b> Event is theoretically possible, but would only occur under extraordinary circumstances	$< 0.00001$ ( $< 10^{-5}$ ) (less frequent than every 100,000 years)

RISK TREATMENT ACTION	
<b>EXTREME</b> The risk is intolerable	Modify the threat, the frequency or consequence so that the risk rank is reduced to 'Intermediate' or lower.  For an in-service pipeline/asset, the risk shall be reduced immediately.
<b>HIGH</b> The risk is intolerable	Modify the threat, the frequency or consequence so that the risk rank is reduced to 'Intermediate' or lower.  For an in-service pipeline/asset, the risk shall be reduced as soon as possible. Risk reduction should be completed within a timescale of not more than a few weeks.  <b>For Commercial risks, review the risks and where practicable reduce by additional mitigation measures such as hedging, insurance, etc.</b>
<b>INTERMEDIATE</b> The risk is tolerable if ALARP	Repeat threat identification and risk evaluation processes to verify the risk estimation; determine the accuracy and uncertainty of the estimation. Where the risk rank is confirmed to be 'Intermediate', where reasonably practicable modify the threat, the frequency or consequence to reduce the risk rank to 'Low' or 'Negligible'.  Where it is not reasonably practicable to reduce the risk rank to "Low" or "Negligible", action shall be taken to: (a) Remove threats, reduce frequencies and/or reduce severity of consequences to the extent practicable; and (b) Formally demonstrate ALARP.  For an in-service pipeline/asset, the reduction to 'Low' or 'Negligible' or demonstration of ALARP shall be completed as soon as possible. Risk reduction or demonstration of ALARP should be completed within a few months.
<b>LOW</b> The risk is tolerable	Determine the management plan for the threat to prevent occurrence and to monitor changes that could affect the classification.
<b>NEGLIGIBLE</b> The risk is tolerable	Review at the next relevant SMS/Formal Safety Assessment (for periodic operational review, land use change, encroachment, or change of operating conditions).