

## Enterprise Risk Management (ERM) Policy:

<b>Date Approved by Board:</b>	2012.06.05 2016.08.18	<b>Resolution No.:</b>	12 040 16 094
<b>Lead Role:</b>	GM	<b>Replaces:</b>	N/A
<b>Last Review Date:</b>		<b>Next Review Date:</b>	2018.08.18

### **Policy Statement**

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In order to achieve its mission, Beaver Municipal Solutions (BMS) is committed to an integrated approach to enterprise risk management. This policy is aimed at increasing awareness and shared responsibility for risk management at all levels of the organization.

This policy provides the framework to assist in decision making processes that support the acceptance of risk, manage existing uncertainty, approach new opportunities, protect BMS' assets and increase confidence in achieving desired goals.

### **Definition and Guidelines**

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#### **Definition**

1. Enterprise Risk Management – continuous and systematic process to understand, manage and monitor risks and opportunities from an organization-wide perspective.
2. Risk – the effect of uncertainty on objectives.
3. Risk Tolerance – acceptable level of risk

#### **Guidelines**

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1. Within the context of BMS' mission, ERM activities are geared towards achieving goals and outcomes, categorized as follows:
  - a. Strategic – high level goals
  - b. Operations – effective and efficient use of resources
  - c. Reporting – reliability of reporting
  - d. Compliance - compliance with applicable laws and regulations
2. The ERM process is to be integrated into the strategic and business planning process with risks and opportunities identified and evaluated.
3. Key risks and opportunities are to be regularly monitored and reviewed as part of the ongoing implementation of the business plan.
4. Risk tolerance must be set and reviewed regularly during the Board strategic planning session.
5. Main considerations for defining risk tolerance are as follows:

FIN-004 Beaver Municipal Solutions (BMS/BRWMS) Commission Policy

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- a. Context – vital areas in the organization that will be affected (e.g., customer service, financial results, environment, safety, human resources, reputation, stakeholder relations, etc.)
  - b. Likelihood of event or condition occurring (e.g., unlikely, likely, certain, etc.)
6. Action plans to manage risks may be evaluated using the following criteria:

Consequence\Likelihood	Unlikely < 20% chance	Less Likely 21%-50% chance	More Likely 51%-85% chance	Certain > 85% chance
Major	Level 2	Level 2	Level 3	Level 4
Moderate	Level 1	Level 2	Level 3	Level 3
Minor	Level 1	Level 1	Level 2	Level 3

7. Management must present to the Board action plans to mitigate key risks (Levels 3 and 4) and provide options for managing lower level risks together with the annual business plan or when key emergent matters arise. Written action plans will state the risks, impact, tolerance level and mitigation actions taken.
8. Financial and other resource re-allocation may be required to manage key risks.
9. BMS may use insurance policies, waivers and contracts to mitigate risks.
10. Based on an informed decision, the Board may accept Level 1 and 2 risks for monitoring only.
11. Risk assessment may be included in project evaluation, Request for Decision (RFD) and Board Direction Request (BDR) documents, as applicable.
12. The GM will facilitate BMS's implementation of risk management improvements as a continuous process.
13. Employees must be trained on how to properly assess and mitigate operational risks in accordance with this policy.

**Related policies:**

FIN-004A Insurance Management  
BRD-005 Strategic and Business Planning  
HUM-004 Occupational Health and Safety