

## ENTERPRISE RISK MANAGEMENT POLICY

Abuja Electricity Distribution Plc ("AEDC") acknowledges that effective Risk Management is an integral part of good corporate governance and effective management practices. It is deemed essential to ensure that decisions at all organizational levels are well-informed, considering both risks and opportunities. AEDC recognizes that, in the pursuit of the company's objectives, there is a need to take calculated risks while maintaining a strategic approach to Enterprise Risk Management.

AEDC's Enterprise Risk Management policy thoroughly considers the equilibrium between risk and reward to the extent considered reasonable, aiming to maximize the benefits derived from our strategic and operational business activities. The essence of risk management lies in the proactive identification and understanding of factors and events that could impact the attainment of business objectives. Subsequently, these risks identified within the Company are systematically managed, monitored, and reported.

Our effective Enterprise Risk Management process goes beyond eliminating or avoiding risks; it also involves taking acceptable risks and effectively managing them within the predetermined risk tolerance threshold.

Our Enterprise Risk Management covers all types of risks typically associated with the Power sector, including Fraud Risk. Thus, we affirm that risks are intrinsic to every conducted activity, emphasizing that Risk Management is the collective responsibility of all team members across business units, departments, and functions.

Likewise, the Company's Enterprise Risk Management process will ensure the comprehensive review of all risk categories. To ensure this, we have adopted and implemented a holistic approach to risk management across all our franchise areas, subsidiaries and operations. This approach includes a clearly defined strategy outlining the risks the company is willing to undertake and those it is not.

AEDC aims to promptly identify risks and respond to them in a positive and constructive manner, facilitating the sharing of lessons learned. The Company is committed to ensuring that the decision-making processes related to risk response are strong, transparent, and clear.

### To implement this policy, AEDC shall:

1. Create the right awareness and understanding of risk at all levels of the organisation.
2. Instil a culture of risk management and risk ownership being practiced as everyone's responsibility.
3. Proactively identify, prioritize, and manage risks arising from business strategies and activities.
4. Recognise risk management as a critical component of our operations and reporting processes.
5. Embed risk management in the running of our day-to-day business activities.
6. Comply with appropriate risk management practices in terms of corporate governance guidelines.
7. Ensure that risks are engaged in an informed manner and well-managed within AEDC's risk appetite.
8. Develop and periodically review the company's risk registers and risk mitigation plans with the involvement of all relevant stakeholders.
9. Regularly review and report on our risk management practices thereby enhancing their adequacy and effectiveness.
10. Ensure that sound risk management processes are in place and functioning. Thus, individual departments shall be responsible for effectively identifying and managing their exposure to risks and ensuring compliance with suitable management policies, procedures, and practices.
11. The Management and the Board of Directors shall determine the level of risks acceptable to the Company.
12. Manage and prioritize the business of AEDC by using risk information to underpin strategy, decision-making, projects or initiatives and the allocation of resources using the established risk management procedure.

### AEDC expects that all its team members will comply with this policy and participate in the Enterprise Risk Management process by:

1. Undertaking their work in accordance with the Company's Enterprise Risk Management framework for identifying and reporting risks as they conduct their daily activities.
2. Actively participating in the risk control activities assigned to them.
3. Identifying and managing risks within their area that could have adverse impacts on the growth of shareholders' value.

This policy is applicable across the entire company, addressing both strategic and operational facets of AEDC. It will undergo review every two years or whenever a substantial change occurs in the company's operating environment.



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