

Investment management policy

1. Policy statement

Effective investment management based upon accurate, transparent, compliant and timely information is critical to Western Power meeting its strategic objectives and maximising stakeholder and regulator confidence.

The effective application of this Policy and its supporting documents will better enable Western Power to ensure that business decisions comply with all relevant legislative and economic regulation obligations and corporate governance standards.

1.1 Purpose

This Policy:

- (i) articulates the principles governing Western Power's approach to investment management
- (ii) specifies the requirements for the governance, reporting and accountability of Western Power personnel, in relation to the management of economic capital resources
- (iii) defines the key controls for ensuring compliance with these principles in Western Power's economic regulation and investment management activities.

1.2 Scope

This Policy applies to all Western Power Staff, business activities and functions of Western Power operations.

In this Policy, Personnel means:

- (i) every employee, officer and director of Western Power
- (ii) every contractor of Western Power when performing activities on behalf of Western Power.

1.3 Outcomes

This Policy will ensure that Western Power conducts its investment management activities in a transparent, responsible, efficient and accountable manner, with due care and integrity.

1.4 Principles

Through the effective and timely application of this Policy, Western Power will:

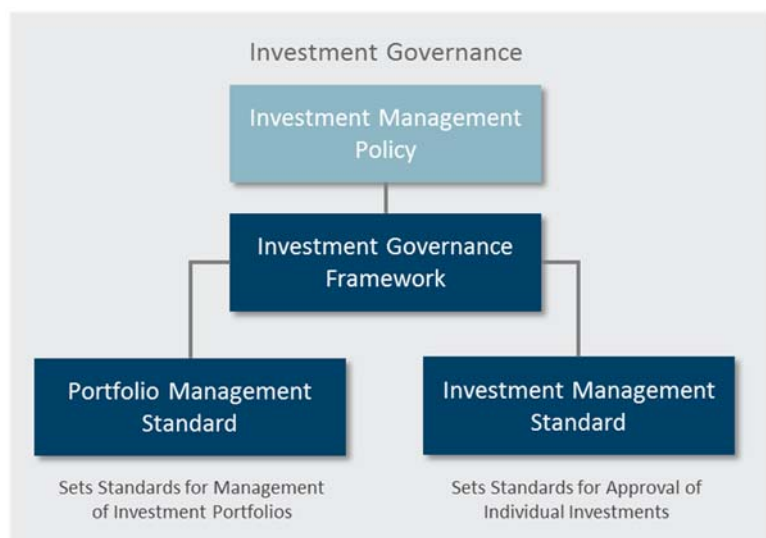
- (i) ensure that financial capital is managed through an appropriate enterprise-wide investment management framework that:

- supports the achievement of corporate objectives by setting out investment drivers and benefit-management criteria
 - demonstrates Value for Money
 - fulfils economic and strategic requirements
 - satisfies the requirements of relevant regulatory investment tests
 - maximises shareholder value
 - prudently manages expenditure
 - manages corporate risks related to investment.
 - permits the efficient delivery of investment activities
 - enforces compliance with regulatory and legislative obligation.
- (ii) establish a cohesive investment management framework comprising:
- governance accountabilities
 - standards and methodologies
 - processes and supporting systems
 - procedures and guidance.
- (iii) capture and maintain auditable records of:
- all investment decisions and approvals
 - compliance with regulatory requirements
 - compliance with financial and investment governance requirements and all relevant standards
 - the true and fair value of assets.
- (iv) establish processes that:
- identify, evaluate and manage investment returns and risk exposure
 - drive a disciplined and transparent approach to planning, design and delivery with clearly-defined transition and hand-over points
 - segregate duties to support effective internal controls and reduce the risk of erroneous and inappropriate actions
 - align investment activities with corporate governance accountabilities and delegated authority
 - monitor and control the consistent and uniform application of the investment management framework across the business.
- (v) hold individuals accountable for the performance of their investment decisions through objective performance measurement and post-investment reviews.

- (vi) provide adequate and timely information on Western Power's investment position to the Executive and Board.
- (vii) ensure engagement with external parties related to Western Power' regulation, financial and investment management activities are timely, accurate and consistent.
- (viii) empower all personnel involved in investment management activities to champion the application of Western Power's obligations.
- (ix) ensure the roles and responsibilities of all personnel involved in regulation, financial and investment management are clearly defined and understood.
- (x) promote awareness of regulation and investment management to personnel to guide day-to-day decision-making.
- (xi) endeavour to comply with relevant Industry Standards or, in the event that Western Power's Executive elects to not do so, document the following:
 - o the reasons for not doing so
 - o alternative provisions for ensuring the objectives of the relevant Industry Standard are otherwise met

1.5 Supporting management Standards

This Policy is supported by the following Standards and Framework.



The Investment Governance Framework is supported by two standards, the Portfolio Management Standard and Investment Management Standard.

2. Dictionary

The following table defines capitalised terms used in this document.

Defined term	Meaning
Board	The Western Power Board of directors
Executives	Western Power's executive management team.
Industry Standard	Documents giving technical information, guidance or advice published by a national or international standards-making organisation, such as: (i) Standards Australia (ii) Standards New Zealand (iii) the British Standards Institute (iv) the International Organization for Standardization (v) the International Electro technical Commission (vi) jurisdictional regulators or governments.
Policy	This Economic Regulation and Investment Management Policy.
Standard	A management standard issued under and supporting this Policy.
Personnel	Employees, officers and directors of Western Power and contractors working within Western Power's workforce.
Value for Money	The optimum combination with all life costs, quality, safety and fitness for purpose in order to meet Western Power's requirements.
Western Power	Electricity Networks Corporation.

3. Further information

For further information on this Policy, please contact either the Head of Regulation and Investment Management or Western Power's General Counsel.

4. Content owner

Chief Financial Officer

5. Accountabilities

Content owner:

Accountable for:

- (i) Policy implementation through associated framework and standards

- (ii) preparation, issue and maintenance of any required Standard
- (iii) ensuring that people affected by this Policy and its related Standards are aware of their responsibilities
- (iv) ongoing education (as necessary)
- (v) monitoring compliance with the requirements of the Policy and its related Standards
- (vi) ensuring that appropriate remedial actions are taken if there are compliance breaches
- (vii) monitoring the continuing relevance of the Policy and the currency of its contents and associated frameworks and standards

General Counsel: Publication of the approved version of this Policy, and any Standards issued under it, in Western Power's Corporate Policies Register.

6. Review

This Policy will be reviewed and evaluated by the Board at least once every three years.

7. Related documents

Title	EDM reference
Authority to Execute Documents	EDM 34010490
Delegated Financial Authority (DFA) Policy	EDM 34010932
Investment Governance Framework	EDM 34147155
Investment Management Standard	EDM 34178944
Portfolio Management Standard	EDM 34199697

8. Approval history

Version	Approved by	Date	Resolution no.	Notes
1	Board	05/08/2014	015/2015/BD	Investment Management Framework (manual DM#11690104)
2	Board	02/08/2016	019/2017/BD	ERIM Policy
3	General Counsel	03/10/2017	82/2017/BD	Approved by General Counsel pursuant to Board delegation



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Sam Barbaro
General Counsel and executive officer