

1 Q. **Reference: Volume I, 2023 Capital Budget Overview, page 6, lines 3 to 7.**

2 Please describe how Hydro’s corporate evaluation matrix is aligned with the ISO 31000 Risk
3 Management Standard.

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6 A. Newfoundland and Labrador Hydro (“Hydro”) notes that ISO 31000 is not prescriptive in the
7 development of risk evaluation matrices, but rather provides guidelines for the risk
8 management processes and practices that align with the needs of the specific organization and
9 in consideration of the organizational context, as set out in ISO 31000, section 5.4.1. It should be
10 noted that Hydro is not certified under ISO 31000; however, Hydro aims to meet the spirit and
11 intent of ISO 31000 in its corporate risk management practices, and Hydro has extended this
12 approach to its capital risk evaluation processes. Hydro’s capital risk evaluation process is
13 aligned with the spirit and intent of ISO 31000, as it has been developed with consideration of
14 Hydro’s organizational context and the context in which its capital risk evaluation is intended to
15 be utilized. Hydro’s risk assessment process, including its Capital Risk Evaluation Matrix, have
16 been developed with consideration of the factors and intents of risk analysis as outlined in
17 ISO 31000, section 6.0. For example, Hydro has identified risks in consideration of the factors
18 outlined in ISO 31000, section 6.4.2, such as the tangible and intangible sources of risk, the
19 causes and events, the nature and value of assets and resources, and the consequences and
20 their impact on objectives. Hydro has analyzed these risks in consideration of the factors
21 identified in ISO 31000, section 6.4.3, such as the likelihood of events and consequences, the
22 nature and magnitude of consequences, and the effectiveness of existing controls.