



## **RISK MANAGEMENT AND COMPLIANCE POLICY**

### **Introduction**

The Board has delegated to the Audit & Risk Management Committee (the Committee) the primary responsibility for ensuring that risks are identified and monitored. The discharge of this responsibility is assisted by

- The adoption of a Risk Management Policy that has been disseminated to all staff, and
- The implementation of a sound system of internal controls and procedures, as overseen by the Committee.

The Risk Management Policy has been formulated with due regard for guidelines published by Standards Australia, such as:

- ISO AS/NZS 31000:2009- Risk Management
- HB 141: 2004- Risk Financing;
- AS/NZS ISO 27001:2006- Information Security;
- HB 221:2004- Business Continuity Management
- AS3806- 2006 - Compliance programs

### **Principles**

The Risk Management Policy provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units. The analysis and evaluation criteria are used to continually assess the impact of risks upon Western Areas Ltd's ("WSA") business objectives.

Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. The annual business planning process includes careful consideration of the internal and external risk profile of the company. Senior managers report to the board on the areas they are responsible for, including key business risks.

WSA's business risk management process provides a comprehensive, integrated approach for carrying out risk management activities. This process will allow senior management to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

The categories of risk include the following:

- Strategy
- Business as Usual
- Sustainability
- Resilience

The risk management framework provides for systematic identification of the types of business risks threatening WSA as a whole or the specific business activities within the Company.

### **Responsibilities**

#### ***Chief Executive Officer***

The CEO is accountable to the Board, through the Committee for ensuring that the risk management system is maintained in accord with the Risk Management Policy. Assignment of responsibilities in relation to risk management is the prerogative of the CEO.



### ***Senior Executives***

Senior Executives are accountable for risk management within areas under their control including the dissemination of the risk management process to operational managers.

Collectively the Senior Executive is responsible for:

- The formal identification of risks that impact upon WSA's business
- Allocation of priorities
- The development of risk management plans

The Senior Executive review progress against agreed risk management plans.

### ***Chief Financial Officer***

In conjunction with the CEO, the CFO is accountable for the implementation of the Risk Policy and for maintaining a programme of risk reassessment. The CFO also provides advice to the relevant Senior Executives on risk management matters relevant to their responsibilities.

The CFO is to assist senior management and the Board in the effective discharge of their responsibilities with regard to the WSA internal control environment by ensuring the efficiency and effectiveness of Company processes and identifying opportunities to improve operating performances.

At appropriate intervals, the CFO shall determine the adequacy and effectiveness of the Company's system of internal accounting and operating controls and determine if the business unit/function are managing risks, in accordance with management instruction, policies and procedures, in a manner consistent with Company objectives.

**Dan Lougher**  
**Managing Director**