

Assurance and Risk Policy

1. Policy statement

This Policy provides the planned, systematic and transparent process by which the Board and Executive Management are provided with reasonable assurance that Risks are effectively managed and improvement opportunities are identified and monitored.

1.1 Purpose

The purpose of this Policy is to:

1. provide the Board and Executive Management with assurance that Western Power's Risks, including compliance obligations, are effectively managed
2. establish a common understanding of planned and systematic assurance processes
3. define accountabilities and responsibilities
4. facilitate the transparent and timely reporting of emerging risks (including compliance failures) and assurance activities
5. provide a structure to identify and monitor improvement opportunities.

1.2 Scope

This Policy applies to all Western Power Personnel.

In this Policy, Personnel means:

1. every employee, officer and director of Western Power
2. every embedded contractor working as part of Western Power's substantive workforce.

1.3 Outcomes

Consistent and effective assurance is provided to the Board and Executive Management that Controls are designed and operating effectively to manage risk (including compliance obligations), enabling Western Power to achieve its strategic objectives.

1.4 Principles

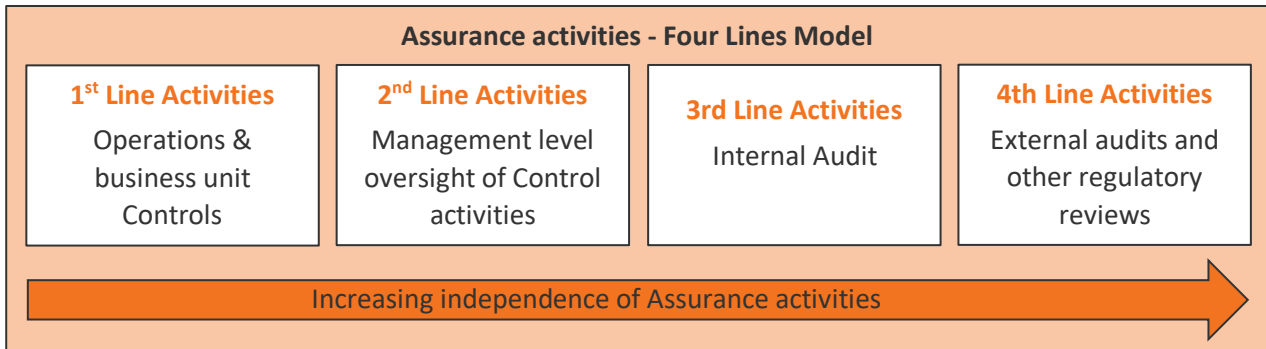
1. Western Power's supporting standards and guidelines provide an integrated approach to risk management, ensuring the identification and management of risks is incorporated into all business activities and decision making.
2. Risks will be identified as a part of developing Western Power's enterprise strategy, through understanding the key processes in the value chain and with consideration of our regulatory and compliance obligations that could impact the achievement of strategic objectives. The Board, with Executive Management, determine the strategic risks for Western Power. These risks are reviewed at



least once per annum to ensure they are still apposite to Western Power's internal and external environment.



3. Assurance and risk activities will be coordinated under the oversight of Board via the Finance, Risk and Audit Committee to ensure good governance outcomes and the meeting of stakeholder expectations.
4. Generally, greater assurance coverage and independence of assurance should be provided over the Critical Risks and Controls that will have the greatest business impact if they fail, as outlined in the Assurance Standard.
5. Western Power will undertake assurance activities in accordance with the Assurance Standard which employs four lines of assurance to best assist the achievement of objectives and ensure Risks are effectively managed and improvement opportunities are identified and monitored.
6. The Board sets the Risk Appetite for the corporation. Controls and assurance activities developed by Management under the supporting frameworks to this Policy for managing Risks must ensure that the risks are managed in accordance with the Risk Appetite Statement approved by the Board.
7. The results of the assurance activities will be reported to the Board, Executive Management and relevant regulators, as appropriate, to provide reasonable assurance that Risks are managed appropriately. The diagram below illustrates how the four lines of assurance are used to monitor the existence, adequacy and effectiveness of process Controls and management of associated strategic and operational risks.



8. Resilience processes are designed to minimise the impacts of any disruptive event, to ensure the continuity of services and continued achievement of strategic and operational objectives. Resilience processes are tested to demonstrate operational effectiveness as detailed within the Resilience Standard.

1.5 Supporting document structure

This Policy is supported by the following standards and frameworks.

Title	EDM reference
Risk and Resilience Framework	EDM 42240305
Enterprise Risk Management Standard	EDM 41495635
Assurance Standard	EDM 54729231
Internal Audit charter	EDM 31064221
Resilience Standard	EDM 41492536
Compliance Framework	EDM 34019834
Corporate Compliance Standard	EDM 41816353

2. Dictionary

Words in the first column of the following table are defined terms and have the corresponding meaning shown in the second column of the table. Defined terms appear in this document as capitalised.

Defined term	Meaning
Assurance	A structured and systematic approach to providing key stakeholders with confidence that Controls relied on in managing identified Risks are being monitored for continued operating effectiveness.
Control	A process, policy, practice or other action that modifies risk through the elimination or minimisation of negative risk or enhancement of positive opportunities.
Critical Risk	Critical Risks are risks which contain an Inherent consequence risk rating of catastrophic, based on the most realistic / plausible scenario.
Risk	The “effect of uncertainty on Objectives” (cl. 3.1 AS/NZS ISO 31000:2018). An effect is a deviation from the expected. It can be positive, negative or both, and can address, create or result in opportunities and Threats.
Risk Appetite	The nature and extent of Risk the organisation is willing to take in carrying out its operations and achieving its strategic objectives.
Risk Management	The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.

3. Further information

If you have any questions in relation to this Policy, please contact either the Head of Governance Risk and Compliance or General Counsel – Executive Manager Governance and Assurance

4. Content owner

General Counsel - Executive Manager Governance and Assurance

5. Accountabilities

- General Counsel - Executive Manager Governance & Assurance is accountable for:**
1. Implementing this Policy
 2. Publishing in Western Power's corporate policies register the approved version of this Policy, and any standards and frameworks issued under it
 3. When requested reviewing related frameworks and standards for consistency
 4. Ensuring that Personnel affected by this Policy and its related standards and frameworks are aware of their responsibilities
 5. Ongoing education (as necessary)
 6. Monitoring compliance with the requirements of this Policy and its related standards and frameworks where practicable
 7. Ensuring that appropriate remedial actions are implemented if there are compliance breaches, and
 8. Monitoring the continuing relevance of this Policy and the currency of its contents.

6. Review

This Policy will be reviewed and evaluated by the Board at least once in every three-year period.

7. Approval history

Version	Approved by	Date of approval	Resolution no.	Notes
1.	Board	01/04/2014	076/2014/BD	
2.	General Counsel	29/12/2015	04/2015/BD	Minor changes approved under delegated authority of the Board.
3.	General Counsel	25/01/2017	04/2015/BD	Minor changes approved under delegated authority of the Board.
4.	General Counsel	02/05/2017	82/2017/BD	Minor changes approved under delegated authority of the Board.
5.	Board	04/12/2018	039/2019/BD	
6.	Board	02/02/2021	061/2021/BD	Updated to reference the Assurance Standard. Board resolution for approval obtained.



May Lin Chew

General Counsel and Executive Officer