

Risk Appetite Statement

Introduction

The Minerals Research Institute of Western Australia (MRIWA) is established by the *Minerals Research Institute of Western Australia Act 2013 (WA)* (the Act) as a statutory corporation to foster and promote minerals research. The Board oversees MRIWA's activities and is the accountable authority, ultimately subject to Ministerial control.

MRIWA's function is to grant financial assistance for minerals research projects and related purposes for the benefit of the State of Western Australia. This obligation is enshrined in the legislation and is central to the core values as a statutory agency. MRIWA's ability to effectively discharge this mandate rests on, among other things, its reputation as an organisation of high integrity and professionalism.

This Risk Appetite Statement considers:

1. the most significant risks to which MRIWA is exposed and provides an outline of the approach to managing these risks;
2. the various risk categories researchers need to consider as part of receipt of any financial assistance for minerals research projects from MRIWA.



MRIWA Risk Management Framework

MRIWA's risk management framework seeks to ensure there is an effective process in place to manage risk within the Institute. Risk management is integral to MRIWA's activities as a statutory agency and is the responsibility of management and the Board. The risk management culture emphasises careful consideration and appropriate management of risk in all business processes.

Risks are identified, assessed and managed at both an agency level and at a project or activity level. The Audit and Risk Committee, which is chaired by a member of the MRIWA Board, has oversight of these processes. This Committee meets at least three times a year and reports on its activities to the Board.

Parties with which MRIWA partners to deliver research are required to have a risk management framework.

General Statement of Appetite

MRIWA faces a range of risks consequent to its responsibilities as a public entity investing in research projects and related activities. These risks include those resulting from its strategic initiatives to fully discharge its obligations under the Act, its (co-)investment in research and reliance on third parties to deliver that research, and its day-to-day operational activities.

The risks arising from MRIWA's strategy are managed carefully through processes that emphasise the importance of integrity, intelligent inquiry and public accountability, but not at the expense of innovation.

MRIWA has a low appetite for risk related to operational matters but accepts that imposing controls seeking to eliminate all of the risks inherent in its activities may stifle worthy innovation of business practices.

MRIWA is exposed to the intrinsic risks of research. While acceptance of some risk is judged to be necessary in order to successfully foster and promote research to benefit Western Australia, MRIWA has an expectation parties with which it partners to deliver research will actively identify, assess and mitigate risks relevant to each research project.

Coverage Summary

Category	Appetite
Strategic Risks	Low-to-moderate
Community Perception/Social License to Operate	Low
Foreign Interference	Low

Category	Appetite
Research Risks	Moderate
Impingement on intellectual property	No

Category	Appetite
Operational Risks	
Calibre of People	Low
Conduct of People	Very Low
Occupational Safety and Health	No
Environmental	Low
Fraud and Corruption	No
Compliance	No
Information and Data Management	Low
Information Technology	Low
Project Management and Oversight	Low
Financial Management	Low
Sponsorships	Low



Coverage

MRIWA's attitude towards key strategic, research and operational risks is described below.

Strategic Risks

MRIWA aspires to be influential in the national minerals innovation system and to identify opportunities for, and invest in, developing and stewarding new knowledge for the benefit of Western Australia. This requires continuing development and innovation in its operations through strategic initiatives.

MRIWA has a low-to-moderate appetite for threats to the effective and efficient delivery of these initiatives. Whilst recognising the actual, or perceived, inability to deliver strategic initiatives could detrimentally impact both its ability to achieve its objectives and its reputation, MRIWA also recognises its future success depends on strategic innovations.

The Board regularly reviews the continuing appropriateness of the strategy and monitors progress of the major initiatives.

With the vision for minerals research to advance Western Australia, specific strategic risks third party partners are required to consider include:

- **Community Perception/Social License to Operate** - Ongoing acceptance of an industry's standard business practices and operating procedures by its stakeholders and the general public is crucial for the WA mining sector. MRIWA has a low appetite for projects which do not seek to build trust within the community in which the mining sector operates.
- **Foreign Interference** – Foreign interference occurs when activities are carried out by, or on behalf of a foreign actor, which are coercive, covert, deceptive or corrupting and are contrary to Australia's sovereignty, values and national interests¹. While MRIWA cannot control external factors it has a low appetite for the threat of foreign interference and expects a proactive approach by parties involved in approved research projects to address this threat, in order to safeguard the reputation of MRIWA and ensure the research institutions and the West Australian economy can maximise the benefits of research endeavours.

Research Risks

MRIWA's objective is to invest in minerals research to the benefit of Western Australia. This exposes MRIWA to the intrinsic risk of research and to the risk the selected research may not be adopted by end-users to enhance the Western Australian economy.

MRIWA is exposed to the commercial and operational risks associated with co-investment in research projects (and related activities) with parties drawn from across the minerals industry. Additionally, there is inherent risk in MRIWA being reliant on third parties to deliver research projects.

MRIWA has a moderate appetite for research risks: to aim to eliminate this risk would fly in the face of the intention that MRIWA effectively contributes to minerals innovation. MRIWA has a low-to-moderate appetite for the risks associated with partnering with researchers and other investing stakeholders in research projects and related activities.

MRIWA does not seek to eliminate this risk as it would significantly constrain its capacity to achieve its objectives. MRIWA has a low appetite for risk in managing research projects and maintaining the required reporting standards. MRIWA's reputation is founded to an important degree on its project management capabilities and its accurate reporting of the expenditure of public funds.

MRIWA will not support research which impinges on the intellectual property (IP) of other parties and requires partners which deliver research to show they have the freedom to operate in the research area, and have considered:

- Novelty of research
- Background IP
- IP Ownership
- Project IP
- Future treatment of Project IP

MRIWA manages the risks related to its research and related activities through a framework of controls. This framework is regularly reviewed by the Audit and Risk Committee and performance is routinely reviewed by the Board.

Parties with which MRIWA partners to deliver research are required to demonstrate they have actively identified and assessed both strategic and operational risks relevant to each research project and have considered appropriate controls to address these risks in the delivery of projects.

¹ Guidelines to Counter Foreign Interference in the Australian University Sector - <https://docs.education.gov.au/node/53172>



Operational Risks

Operational risks relevant to MRIWA and parties with which it partners include:

- **Calibre of People** – MRIWA relies on motivated and high-quality staff, contractors and advisors to perform its functions. It aims to create an environment where management and advisors are empowered to the full extent of their abilities. The appetite for losses to the value of MRIWA's collective competencies, knowledge and skills is low.

A key criterion in the assessment of applications is ensuring high-quality personnel are integrally involved in the carrying out of the approved project. The appetite for any changes to Key Personnel post-approval is low. Any changes to Key Personnel require prior written approval of MRIWA as per the terms in the Condition of Grant.

- **Conduct of People** – MRIWA expects its employees, contractors, committee members and parties involved in approved research projects to conduct themselves with a high degree of integrity, to strive for excellence in the work they perform and the outcomes they achieve, and to promote the public interest.

The appetite for behaviours which do not meet these standards is very low. MRIWA takes very seriously any breaches of its Code of Conduct.

- **Occupational Health & Safety** – MRIWA aims to maintain a safe working environment for all its staff, contractors and advisors where people are protected from physical or psychological harm.

Partners in research projects are expected to maintain a safe working environment for all of its staff, contractors and advisors as they relate to approved projects. MRIWA does not support for practices or behaviours which lead to staff being harmed while at work.

- **Environmental** - MRIWA is committed to improving the environmental sustainability of the mining industry, and aims to minimise the social and environmental risks arising from its research activities.

Partners in research projects are expected to promote improved environmental practice and meet all legal and regulatory requirements regarding the environmental impact of their activities and have a low tolerance for practices that fail to meet these standards.

- **Fraud and Corruption** – MRIWA has no appetite for any fraud or corruption perpetrated by its staff, contractors, advisors or parties involved in approved research projects. MRIWA takes any allegations of suspected fraud or corruption seriously and responds fully and fairly as set out in the MRIWA Code of Conduct.

- **Compliance** – MRIWA is committed to a high level of compliance with relevant legislation, regulation, internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable. MRIWA has no appetite for deliberate or purposeful violations of legislative or regulatory requirements by its staff, contractors, advisors or parties involved in approved research projects.

- **Information and Data Management** – MRIWA is committed to ensuring information is correct and properly managed and conserved in accordance with legislative and business requirements.

MRIWA aims to be at the forefront of scientific reporting practices with data associated with MRIWA-funded research being available to the wider research community.

It has a low appetite for any compromising of processes governing the use of information and data, its management and publication by its staff, contractors, advisors or parties involved in approved research projects.

- **Information Technology** - MRIWA has a low appetite for any risks or cyber security threats that may lead to loss of strategic and critical systems or information systems that support its business functions. Comprehensive back-up and recovery capacity has been established for the MRIWA IT system in conjunction with access and routine maintenance practices.

Parties involved in approved research projects are expected to have comprehensive back-up and recovery capacity controls to enable access to all research results and data at all times.

- **Project Management and Oversight** – MRIWA recognises the actual or perceived inability to manage its portfolio of research projects to 'on-time and on-budget' completion will have a detrimental effect on delivery to its objectives and on its reputation.

Effective project management and oversight is critical to the successful delivery of approved research projects by third party partners. MRIWA has a low appetite for risk in this area and requires applicants to demonstrate how this risk will be managed.



- **Financial Management** – MRIWA has a low appetite for risk in this area and will exercise prudent stewardship over its financial resources in fulfillment of its legislative obligations.

MRIWA cannot control external factors that may affect its revenue, but will maintain strong internal controls to ensure compliance with applicable governmental and accounting standards enabling informed decisions to mitigate the financial impact and optimise resource utilisation.

Parties involved in approved research projects are required to comply with the provisions in the Condition of Grant in relation to financial acquittals.

- **Sponsorship** – Financial leverage is an important factor in the MRIWA Board’s assessment of an application for a research grant, with applicants required to secure appropriate levels of sponsor co-investment in their research project before submitting the application to MRIWA.

For a sponsorship to be acceptable to MRIWA any risk involved should be manageable and acceptable in terms of the potential benefits the sponsorship may deliver. This includes ensuring sponsors have an acceptable past sponsorship record; an acceptable financial and business record; responsible policies and practices; and an acceptable public image.

Implementation of MRIWA’s Risk Appetite Statement

MRIWA management and its partners are accountable for implementation of, and compliance with, this Statement.

Communication

MRIWA’s Risk Appetite Statement is available to all staff, contactors, advisors, committee members, partners and is published on the MRIWA website.

Risk Assessments

MRIWA undertakes a comprehensive assessment of risks and the controls in place to mitigate identified risks and actions assigned to manage residual risks.

All residual risks judged as unacceptable are reported to the Audit and Risk Committee and to the Board in conjunction with proposed actions to reduce these risks to acceptable levels.

Partners to research projects are accountable for undertaking a comprehensive risk assessment noting the risks, impact on projects and controls in place to mitigate the identified risks at the time of lodging the application to enable an informed decision to be made by the MRIWA Board.

Reporting & Monitoring

This Statement is supported by a comprehensive risk register, which assists management in assessing whether outcomes are consistent with MRIWA’s risk appetite.

Performance against the risk register and this Statement are routinely reported to the Audit and Risk Committee and to the Board.

Commentary on the implementation of the Risk Appetite Statement is provided to the Board through the Audit and Risk Committee.

MRIWA and partners to research projects are required to review the risks associated with specific projects at each sponsor review meeting and report against these in the risk assessment in the progress reports. Any material change in risk profile of a project will be required to be reported to the MRIWA Board.



Definitions

Act means the *Minerals Research Institute of Western Australia Act 2013 (WA)*

Audit and Risk Committee or *Committee* means the MRIWA Audit and Risk Committee

Condition of Grant means the agreement between MRIWA, the sponsors and applicant to fund and undertake minerals research

Key Personnel means the persons specified in Item 3 of Schedule 1 of the Conditions of Grant.

MRIWA Board Chair means the person designated under section 28(1) as the chairperson of the board

MRIWA Board or *Board* means the board provided for in section 26(1) of the Act

MRIWA or *Institute* means the Minerals Research Institute of Western Australia established under section 4(1) of the Act

Review and Version History

This Risk Appetite Statement is reviewed annually, or whenever there is a significant change to MRIWA's operating circumstances. This review process is managed by the Audit and Risk Committee and submitted to the Board for endorsement.

Date Approved	Version	Approved by
18 May 2015	1	Board: Resolution 20150518 #6
13 February 2017	2	Board: Agenda Item 3
12 February 2018	3	Audit and Risk Committee: Agenda Item 11
11 February 2019	4	Board Resolution: 20190211#4
17 February 2020	5	Board Resolution: 20200217 #8

