

Risk Appetite Statement

This Risk Appetite Statement considers the significant risks to which the Australian Wine Research Institute (AWRI) is exposed in the pursuit of its mission, and provides an outline of the approach to managing these risks. Responsibility for risk management commences and ultimately resides with the AWRI Board, and is addressed through the framework set out in the AWRI Risk Oversight and Management Policy. This Statement reflects the Board's view of the overall risk appetite of the AWRI, informs the range of risk management activities undertaken within the organisation, and aligns with the organisation's strategic and operational plans.

Innovation Risks

The AWRI is at its heart an innovation organisation, and embraces innovation and continuous improvement. Through its portfolio of research, development, extension and commercial activities and its internal business processes, it is essential for the AWRI to remain innovative in all aspects of its work. In designing and conducting its scientific and extension programs, developing new and enhanced offerings to create value for its existing and new customers, delivery platforms, developing appropriate partnerships and conducting itself as an efficient and effective business, the AWRI has a **high risk appetite** for innovation and the value it represents for the organisation and its stakeholders. In particular, the AWRI has a **high risk appetite** for engaging in proposals, projects and partnerships which provide access to new resources, capabilities and markets which align with the organisation's mission, and a **high risk appetite** for commercialisation of intellectual property to which it holds valid claim, with an emphasis on partnering (where appropriate) with organisations with capabilities which are complementary to those of the AWRI for effective commercialisation.

Reputational Risks

The AWRI has a strong reputation as a world-class scientific organisation, and it is essential that the organisation continues to operate with the highest standards of integrity and ethical conduct. As such, the AWRI has a **low risk appetite** for compromising the quality of its research and allied activities, and **no tolerance** for research misconduct, breach of relevant codes of practice, fraudulent research or false publication of research data or material, or other actions which threaten the organisation's integrity.

The AWRI has a **low risk appetite** for engaging with organisations which don't share corresponding values, or which through association will cause unacceptable risk to the AWRI's reputation, brand or standing with its stakeholders.

Industry Engagement Risks

The AWRI proactively engages in activities which drive strong industry and stakeholder engagement. Taking into account the legitimate advocacy roles of other industry organisations, where relevant and appropriate the AWRI has a **moderate risk appetite** for contributing to industry-specific policy and strategic discussions with industry stakeholders, government and the broader community where this aligns with the interests of the Australian wine sector and the organisation.

Financial Risks

The AWRI has identified a range of financial risks relating to the management of its investments and holding of reserves which are addressed through the AWRI Investment Policy and subject to regular review. For other financial risks relating to liquidity and management of its balance sheet, the AWRI has a **low risk appetite**. The AWRI has established and maintains a framework of policies and financial controls which reflect that the organisation has **no tolerance** for fraud and corruption.

Subject to the availability of resources, the AWRI has a **moderate risk appetite** for investing in its internal capabilities in terms of infrastructure, promising research and allied activities and business improvement initiatives, and where relevant will evaluate the expected returns of such investments in its capital allocation decisions.

Compliance Risks

The AWRI is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards as well as internal policies and sound corporate governance principles. While it is conceivable that minor breaches could occur from time to time, any such instances will be reported and addressed. The AWRI will seek to mitigate compliance risks through adherence to internal policies and good corporate governance, and overall has a **low risk appetite** for non-conformance.

Health and Safety Risks

The AWRI aims to create a safe working environment for staff where people are protected from physical or psychological harm. The AWRI has established and maintains processes to eliminate or minimise risks to the health, safety and welfare of workers and other persons so far as is reasonably practicable. The AWRI has **no tolerance** for non-compliance with established WHS policies and practices, or for practices or behaviours which may lead to a workplace injury, including threatening, harassing or violent behaviour in the workplace.

Human Resources Risks

As a knowledge organisation, the AWRI's employees are critical to the delivery of its mission. It is essential that the AWRI is able to attract, manage, motivate, develop and retain world class employees with appropriate skills, competence and behaviours. To support this objective, the AWRI maintains a framework to support and develop its people as its greatest resource, and has a **low risk appetite** for activities which threaten or diminish this objective including non-compliance with established HR policies and procedures. In terms of the actions of employees the AWRI has a **low risk appetite** for tolerating inappropriate behaviour or performance falling short of the AWRI Code of Conduct or company values and behaviours (including the declaration and management of conflicts of interest), and **no tolerance** for unethical or unlawful behaviour including the misuse of information.

Environmental Risks

The AWRI is committed to ensure that it acts in an environmentally sustainable manner and positively contributes to the environmental sustainability of its constituency. The AWRI has a **high risk appetite** for activities and initiatives which prioritise environmental sustainability, and a **low risk appetite** for adverse environmental impacts or breaches from the organisation's activities.

Information Technology Risks

It is essential that the AWRI maintains robust information technology systems and procedures which appropriately support and enable the organisation's scientific, commercial and industry-focused activities, which are resilient against malicious cyber threats. The AWRI has a **high risk appetite** for information technology initiatives which enhance its capabilities as a knowledge organisation and ability to deliver value to the Australian wine industry, and a **low risk appetite** for the non-availability or inadequacy of information technology systems, or for activities which expose the AWRI to cyber threats which may lead to the loss of critical systems or information, as reflected through the organisation's allocation of resources and internal control processes.

Operational Risks

The AWRI carefully considers risks periodically and contemporaneously all of its operational activities, on both an organisational (top-down) and operational (bottom-up) basis. This includes the identification, implementation and monitoring of risk control measures where available to manage operational risks to acceptable levels, reflecting the AWRI's **low appetite** for operational risks.