

Risk Management Policy

Policy Name	WEF Risk Management Policy
Policy Category	Business
Policy Number	2016-002
Policy Origination and Review Dates	July, 2016; April, 2017, February 2020
Requirements	No legal requirements
Review Cycle	3 Years
Legal Review Required	No

A. General Policy Statement

The Water Environment Federation (“WEF”) recognizes that the organization is exposed to risks by the nature of its activities and the environment in which it operates and that effective risk management is essential to ensure WEF’s objectives are achieved.

Risks can arise due to operational and strategic activities and from internal and external sources. Risks occur in numerous ways and have the potential to negatively impact WEF. The purpose of this WEF Risk Management Policy is to document WEF’s approach to anticipating risk and to preventing or minimizing impacts.

1. Policy

This Risk Management Policy establishes the framework for how risk is managed at WEF. It is based on current standard risk principles and guidelines, and forms part of the governance framework of the organization. It also integrates with strategic and business planning processes and addresses both operational and strategic risks. A WEF staff Risk Management Group works with the Executive Director on the assessment and mitigation of operational risks and also with the Board’s Finance Committee to support the Board’s initiatives to identify and mitigate strategic risks.

The staff WEF Risk Management Working Group and the Board will use skills and expertise to identify risks across the organization. The Working Group will also identify operational controls in place that manage risk and together with the Board, when appropriate, will assess the size or degree of risk by taking into consideration the potential impact to our operations. Risks will be ranked in a common and consistent manner and the Working Group will maintain a Risk Register containing material risks to the organization.

Risk treatment actions and plans will be developed for risks that are unacceptable to the organization. Risks and the effectiveness of the risk management system will be monitored on a regular basis as part

of business and strategic planning. WEF will communicate and consult as necessary with relevant stakeholders on our approach to managing risk.

2. Risk Tolerance

WEF's tolerance for adverse risks will be used to determine which risks are treated through the development of risk treatment actions to manage risks to an acceptable level. During this process additional control measures will be considered to manage the risks to acceptable levels.

3. Integration With Governance And Strategic/Business Planning

This Risk Management Policy integrates with strategic planning and business processes. The Policy addresses both strategic and operational risks and the requirement that WEF operate in compliance with applicable laws and regulations. As a general principle, the Executive Director is responsible for the assessment and mitigation of operational risks and the Board through its Finance Committee leads consideration of strategic risks. The Executive Director will develop a system that will provide overall coordination and maintain all relevant documentation including the Risk Registry.

4. Accountability

Ownership of risks and risk treatment actions will be assigned to relevant roles within the organization. WEF will incorporate risk management accountability in executive, management and supervisory roles that are required to report on risks and risk treatment actions.

5. Risk Management Oversight

The Executive Director and the Board will oversee implementation of the Risk Management Policy and management of WEF's exposure to risk. Oversight of the effectiveness of our risk management processes and activities will be supported by a system established by the Executive Director and by the Board's Finance Committee. Our goal is to provide assurance to members and stakeholders and ensure clear accountabilities that support WEF's commitment to continuous organizational improvement.

6. Reporting, Monitoring And Review

WEF will monitor risks and treatment actions on an ongoing basis. Performance of the risk management system and outstanding risk treatment actions will be reported to the Board's Finance Committee on no less than an annual basis. Formal reviews of both the risk management system and the Risk Register will take place on an annual basis and the Board will assess the effectiveness of the WEF Risk Management Policy annually. The Finance Committee will also annually review cyber security developments and address any issues raised via the annual financial audit or any other assessments and reviews.

7. Communication And Consultation

WEF will develop a Communication Strategy and Plan as part of its overall risk management framework. WEF will communicate and consult with its stakeholders (internal and external) on its approach to risk management.