Risk Management Policy

EXECUTIVE SUMMARY

This policy outlines the Group's commitment to effective risk management aligned with ISO 31000:2018 and relevant business resilience standards (including ISO 22301), and supports compliance with ASX Corporate Governance Principle 7 through clear principles, roles and accountabilities.

PURPOSE

To:

(a) articulate the principles and minimum requirements that underpin the Group's Risk Management Framework (**Framework**);

(b) embed a risk-aware culture and clear accountability for the identification and management of risk across the Group;

(c) support informed strategic and operational decision-making through consideration of material risks in line with the Board's risk appetite; and

(d) enhance the Group's resilience by supporting its ability to withstand, respond to and recover from material disruptions.

POLICY APPLICATION

This policy applies to all directors and team members of the Group.

The principles of this policy must be complied with or incorporated into divisional or Corporate Office policies or procedures, as applicable. In the event of any inconsistency, this policy will apply.

This policy is supported by a detailed *Risk Management Standard* and should be read with the Wesfarmers Code of Conduct, Compliance Management Policy and other applicable Group governance policies.

POLICY

1 The Wesfarmers Risk Management Framework

The Framework describes how risks are identified, assessed, managed, communicated and reported across the Group, supporting oversight and continuous improvement. It integrates with the Group's compliance and business resilience arrangements to provide a coherent approach to managing material risks. The Framework does not replace management accountability for identifying, managing and escalating risks within their areas of responsibility.

2 Risk management principles

Wesfarmers' approach to risk management is guided by the following principles:

1. **Integrated**: Risk management is embedded in strategy, operations and decision-making, and aligned with the Group's objectives and risk appetite.
2. **Structured and proportionate**: Risks are identified, assessed and managed in a consistent and disciplined manner, proportionate to their materiality, complexity and potential impact.
3. **Informed and forward-looking**: Risk assessments and decisions are based on the best available information and consider emerging risks, scenarios and changing internal and external conditions.
4. **Accountable ownership**: Risks are owned by clearly identified management-level risk owners with sufficient authority and accountability to manage them effectively. The level of ownership reflects the nature and potential impact of the risk.
5. **Early escalation and transparency**: Material risks, incidents and control weaknesses are escalated promptly through defined governance pathways to ensure early visibility and informed oversight, particularly where risks may exceed appetite or span divisions.

6. **Culture and continual improvement**: Wesfarmers promotes a strong risk culture characterised by integrity, constructive challenge and learning, supported by regular review and continuous improvement of risk management practices.

3 Operating model

In line with the Group's federated operating model, risk ownership will generally reside within divisions for operational risks, and at Group level where risks are enterprise-wide, cross-divisional or relate to Group functions.

Where risks are enterprise-wide, cross-divisional, or relate to Group-level functions or strategy, accountability resides with the relevant Group functional executive. Specialist risk functions[1] provide expert advice and challenge and support the consistent application of the Framework. In all cases, risk ownership must be clearly defined.

4 Roles and responsibilities

All **team members** are responsible for identifying and managing risks in their day-to-day activities, escalating incidents, control weaknesses and emerging risks through established processes.

Wesfarmers Board is responsible for overseeing the Group's governance and risk management systems.

Wesfarmers Audit and Risk Committee (ARC) assists the Board by overseeing the Framework and the internal control environment. The ARC also supports the Board's oversight of the Group risk profile, including emerging and material risks, and the adequacy and timeliness of risk reporting and assurance provided to the Board.

Divisional Managing Directors and Group functional executives are accountable for risk management outcomes within their respective areas of responsibility. This includes ensuring:

- material risks are identified, assessed, managed and escalated in line with the Framework and risk appetite;
- appropriate governance arrangements are in place that promote constructive challenge, transparency and effective reporting;
- controls and risk treatments are implemented and monitored for effectiveness;
- risk considerations are integrated into strategy, planning, investment decisions and major change activities; and
- appropriate assurance arrangements (distinct from Group Internal Audit) are in place to assess the design and operating effectiveness of controls for material risks, proportionate to the risk profile.

Divisional functional executives are accountable for supporting divisional risk management outcomes within their functional areas. They are expected to demonstrate visible leadership in risk management, reinforce a culture of integrity and constructive challenge, ensure risks and controls within their remit are managed in line with the Framework and risk appetite, and escalate material issues appropriately.

Divisional risk and compliance teams support divisional management by coordinating risk management activities, including risk profiling and reporting, providing specialist advice and constructive challenge to risk owners, and promoting the consistent application of the Framework, including contributing inputs to Group-level reporting.

[1] i.e. Group Cyber Security

Group risk and compliance provides independent risk governance and enterprise oversight. It supports the Board on risk appetite, maintains and enhances the Framework, aggregates and reports the Group risk profile (including material and emerging risks) to the ARC, acts as the enterprise risk authority, and delivers independent review and challenge across divisions to inform Group-level oversight.

Group Assurance provides independent assurance to the ARC on the effectiveness of risk management and internal controls by delivering a risk-based internal audit plan, assessing the design and operating effectiveness of controls, and reporting findings while monitoring agreed management actions.

5 Minimum risk management requirements

Wesfarmers' commitment to robust risk management practices is reflected in the following minimum requirements:

(a) Each Division must establish a Divisional Risk Committee (or equivalent), chaired by the Divisional Managing Director (or delegate), to oversee the division's risk profile and review material controls and continuity plans. The committee meets at least quarterly, keep minutes and escalate material risks to Group Risk and Compliance and the ARC.

(b) Risks are to be identified, assessed and managed in accordance with the Framework and relevant risk management process standards[2], with decision-making and reporting based on materiality.

(c) Where a risk is assessed as operating outside the approved risk appetite, as articulated in the Group Risk Appetite Statement and supporting risk appetite standard, it is to be escalated in accordance with the Framework for consideration by senior management and the ARC.

(d) Divisional and Group risk profiles are to be developed at least annually in alignment with the corporate planning cycle and are subject to ongoing monitoring to ensure material risks receive appropriate oversight.

(e) Deep-dive reviews are to be undertaken for selected high-impact or emerging risk areas and incorporated into divisional and Group risk reporting.

(f) Divisions are to maintain proportionate arrangements to provide oversight, challenge and assurance over the design and operating effectiveness of controls for material risks, supported by Group-level aggregation, insight and reporting.

(g) Divisions are to identify and manage material risks to critical operations, including through proportionate business continuity and recovery arrangements, informed by risk assessment and analysis and having regard to recognised business continuity and operational resilience standards.

(h) The Framework and the Board-approved risk appetite are to be reviewed at least annually. An external, independent review of the Framework is to be conducted at least every five years.

POLICY AMENDMENT	This policy cannot be amended without approval of the Wesfarmers Board.
LAST REVIEWED	March 2026
LAST AMENDED	March 2026

[2] i.e. risk assessment and analysis standards