Risk Management Policy

Approved date	23 April 2024

1   POLICY STATEMENT

Meridian Energy Group is committed to maintaining a robust and proactive risk management program to identify, assess, and mitigate risks across the Group, ensuring our strategic objectives and operational goals are achieved.

In line with the ISO 31000 risk management guidelines (2018), Meridian Energy Group adheres to the following risk management principles:

- **Integration**: Embedding risk management into the organisation's processes, systems, culture, and decision-making.
- **Structured and Comprehensive Approach**: Implementing a systematic, transparent, and reliable risk management process.
- **Customisation**: Tailoring risk management practices to suit the organisation's context and needs.
- **Inclusiveness**: Engaging stakeholders in the risk management process and encouraging open communication.
- **Dynamic**: Continuously monitoring, reviewing, and adapting the risk management process to address emerging risks and changing circumstances.
- **Best Available Information**: Utilising relevant, timely, and accurate data to inform decision-making.
- **Continual Improvement**: Regularly evaluate the effectiveness of the risk management process and implement improvements as needed.
- **Human and Cultural Factors**: Considering the dynamic and variable nature of human behaviour and culture throughout the risk management process.

By adopting this Risk Management Policy, Meridian Energy Group demonstrates its dedication to fostering a risk-aware culture, safeguarding its assets and reputation, and promoting our operations' long-term success and sustainability.

2   PURPOSE OF THIS POLICY

The purpose of this policy is to:

- Define and attribute key areas of responsibility for the ongoing operation and execution of risk management across the Meridian Energy Group.

- Support and underpin the operation of Meridian's Risk Management Framework.

3   SCOPE AND FIT

This Risk Management Policy applies to all business units and subsidiaries of Meridian Energy Limited and is a group policy within the Meridian Policy Framework.

Meridian's approach to risk management and the risk management process are detailed in the Risk Management Framework, which supplement this policy.

Meridian's *Board and Audit and Risk Committee*

The Board have overall responsibility for approving Meridian's risk appetite statements and tolerance levels and ensuring risks are managed appropriately and effectively, and in exercising this function delegates responsibility for oversight of risk management activities to the Audit & Risk Committee. Within this remit, the Audit and Risk Committee have responsibility for:

- Reviewing and recommending to the Board for approval on an annual basis, updates to Meridian's Risk Management Policy
- Ensuring that management has established a risk management framework which includes policies, procedures and systems to effectively identify, treat and monitor key business risks impacting a range of risk types including

  o People – due to but not restricted to a safety and wellbeing related event, climate change or an adverse human rights impact, impacting staff, contractors, suppliers, customers and the public (including public property, communities, iwi and mana whenua)

  o Financial – impacts increasing costs, causing loss of revenue, non-delivery of strategic objectives or reduction in value

  o Environmental –not limited to but including effects to emissions, river flows, water quality, biodiversity and waste disposal practices and

  o Reputational - events that cause the deterioration of Meridian's reputation.

- Evaluating the effectiveness of the company's risk management policies, practices, procedures and systems.
- Reviewing the company's enterprise risks and mitigations every six months, along with new and emerging risks quarterly. Reviewing deep dive risk reviews as presented to the Audit and Risk Committee and approving any high or extreme risks which sit outside Board agreed tolerance levels, and
- Identifying significant risks for escalation to the Board and/or relevant Committees.

Members of *Meridian's Executive and Subsidiary Chief Executives*

Group and Subsidiary Chief Executives and General Managers have responsibility for ensuring risk management is undertaken across the Group and their business unit on an ongoing basis. Specific responsibilities include leadership support, policy and risk management framework adherence and resource provision.

Managers *and Staff at Meridian and Subsidiaries*

All employees have a responsibility to manage risk in accordance with the Risk Management Policy and Framework. Specific management and staff accountabilities are as follows:

Business unit and subsidiary risk champions - Ongoing monitoring and reporting of risks in their business unit.

Risk owners - (operational and business change) responsible for ensuring risks are identified, ensuring the risk is fully understood, risk score applied, and that risk mitigations and treatments are being delivered to plan.

Managers and Staff

- Report any new risks to their manager, the business unit / subsidiary risk champion or the appropriate risk owner.

- Progress the assigned treatment where managers and staff are identified as treatment owners.

Meridian's *Risk & Assurance Function*

The Risk & Assurance function delivers risk management services independently across the Group. Specific responsibilities include:

- maintaining the Risk Management Policy and Framework;

- providing support to Risk Champions, Risk and Treatment Owners and project managers/sponsors;

- co-ordinating deep dive risk reviews which are reported to the Audit & Risk Committee; and

- independent reporting of the company's enterprise risk profile to the Audit & Risk Committee, based on key or emerging risks in the risk register or areas of globally heightened risk.

5   DEFINITIONS

Term	Definition
Risk	The effect of uncertainty on objectives, i.e deviation from the expected, either positive or negative which can create or result in opportunities and threats. Positive deviations (opportunities) are evaluated as part of reviewing negative threats identified.
Emerging	A new enterprise risk that has arisen recently or existing risks where the likelihood or consequences have substantially increased: if the likelihood increases, the risk may become a strategic delivery or operational risk.
Risk score	The rating determined following measurement of each risk using the risk scorecard and heatmap
Risk Category	Documented in the Risk scorecard as People, Financial, Environmental and Reputational.
Enterprise level risks	A risk with a gross risk score of high or extreme, where the gross risk score is the score of the risk prior to treatments.
Risk treatment	Risk treatments include actions to reduce the likelihood of a risk occurring, reduce the consequence if it occurs (mitigation), share the risk (e.g. insurance or terms in supplier contracts), put in place ongoing controls and prepare responses should the risk occur.
Deep Dive Risk reviews	A detailed review where specific risks and the appropriateness of mitigations are analysed and presented to the Audit & Risk Committee, and Board of Directors where appropriate. Selected reviews are based on key or emerging risks in the risk register or areas of globally heightened risk and build awareness of how specific risks are being managed.
Risk Appetite	This is a qualitative statement of risk Meridian is willing to accept in pursuit of its strategic goals across Meridian's risk categories of People, Financial, Environmental and Reputational.
Risk Tolerance	The maximum level of risk that Meridian is prepared to take for each of Meridian's risk categories of People, Financial, Environmental and Reputational. Tolerance is articulated in quantitative terms and is applicable for individual risks.