

# Risk Management Policy

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## 1 POLICY STATEMENT

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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

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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

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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.

### 4 ACCOUNTABILITIES

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#### ***Meridian's Board and Audit and Risk Committee***

The Board have overall responsibility for ensuring risks are managed 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:

- ensuring that management has established a risk management framework which includes policies and procedures to effectively identify, treat and monitor key business risks impacting a range of types including:
  - 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)
  - Financial - increasing costs, causing loss of revenue and reduction in value
  - Environmental –not limited to but including effects to emissions, river flows, water quality, biodiversity and waste disposal practices
  - Reputational - events that cause the deterioration of Meridian's reputation; and
  - Strategic - events that reduce the ability to deliver Meridian's strategy
- reviewing biannually the company's enterprise risk profile along with new and emerging risks four times a year and deep dive risk reviews as presented to the Audit and Risk Committee; and
- identifying significant risks for escalation to the Board.

#### ***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 Framework and Policy;
- corporate risk reporting;
- providing support to Risk Champions, Risk and Treatment Owners and project managers/sponsors; and
- co-ordinating deep dive risk reviews which are reported to the Audit & Risk Committee at least biannually, based on key or emerging risks in the risk register or areas of globally heightened risk.

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 risk	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 included within the Risk Management Framework.
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 Board of Directors. 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.