

# Risk Management Policy

Approved date	20 May 2025
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## 1. POLICY STATEMENT

Meridian Energy Limited (Meridian) is committed to maintaining a robust and proactive risk management programme to identify, assess, and mitigate risks across Meridian and its related companies and entities, ensuring our strategic objectives and operational goals are achieved.

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

- Integration: Embedding risk management into Meridian'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 Meridian'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 evaluating the effectiveness of the risk management process and implementing 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 (Policy), Meridian 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

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

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This Policy applies to all business units and related companies and entities of Meridian.

Meridian's approach to risk management and the risk management process are detailed in the Risk Management Framework which supplements this Policy.

### 4. ACCOUNTABILITIES

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Board, Audit and Risk Committee and other Board Committees

The Board has overall responsibility for approving Meridian's Risk Appetite Statements and Escalation Levels and ensuring Risks are managed appropriately and effectively. In exercising this function, the Board delegates responsibility for oversight of risk management activities to the Audit and Risk Committee.

Within this remit, the Audit and Risk Committee has responsibility for:

- reviewing and recommending to the Board for approval on an annual basis, updates to this Policy and to the Risk Management Framework;
- 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:
  - People – impacts to staff, contractors, suppliers, customers, and the public (including public property, communities, iwi and mana whenua) in all areas where we operate including our supply chain;
  - Financial – impacts to the underlying value of Meridian including increased costs or loss of revenue;
  - Environmental – impacts to the environment through or to emissions, river flows and water quality, biodiversity, cultural wellbeing and values (associated with the environment) or waste and disposal practices; and
  - Reputational – events that cause the deterioration of Meridian's reputation;
- evaluating the effectiveness of Meridian's risk management policies, practices, procedures and systems;
- reviewing Meridian's Enterprise Risks and related Controls every six months, reviewing Officer and Director risks every 6 months and reviewing Emerging Risks every quarter;
- considering Deep Dive Risk Reviews presented to the Committee; and
- identifying significant risks for escalation to the Board and/or relevant Committees.

Other Board Committees are responsible for monitoring and reviewing risks in accordance with their Committee's charter or if referred to them by the Audit & Risk Committee.

Meridian's Chief Executive and General Managers

Meridian's Chief Executives and General Managers (including subsidiary Chief Executives) are responsible for ensuring risk management is undertaken across the Group and their business unit on an ongoing basis. Specific responsibilities include adherence to the Policy

and Risk Management Framework, provision of resources and considering Deep Dive Risk Reviews where Risks sit above Board approved Escalation Levels.

#### Staff at Meridian and related companies and entities

All staff have a responsibility to manage Risk in accordance with this Policy and the Risk Management Framework including the responsibility to report risks to their Manager, Risk Champion or the appropriate Risk Owner and to implement controls or actions assigned to them. Specific management and staff accountabilities are as follows:

- Business unit and related companies and entities' Risk Champions – are responsible for ongoing monitoring and reporting of Risks within their business unit or entity.
- Risk owners – (operational and business change) are responsible for ensuring Risks are identified, fully understood and assessed, with appropriate Controls, Treatment Plans and risk monitoring put in place and delivered.

#### Risk and Assurance Function

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

- maintaining the Policy and the Risk Management Framework;
- providing support to Risk Champions, Risk and Control Owners and staff;
- co-ordinating Deep Dive Risk Reviews which are reported to the Board and/or relevant Board Committees; and
- independent reporting of Meridian's Enterprise Risks to the Audit and Risk Committee, based on Enterprise Risks or Emerging Risks in Mesh or areas of globally heightened risk.

## 5. **RISK MANAGEMENT PROCESSES**

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- Risks are assigned Gross, Current and Target Risk Ratings and Risk Scores using Meridian's Enterprise Risk Scorecard and Risk Heat Map across the Risk Categories of People, Financial, Environmental and Reputational.
- All Risks with Medium or higher Current Risk Ratings must be recorded in Mesh.
- Meridian assigns Risk ownership and undertakes review and monitoring of Risks based on the highest Current Risk Rating across the Risk Categories.
- Emerging Risks are reported to the Audit and Risk Committee four times a year and all Enterprise Risks and Officer and Director Risks are reported to the Audit and Risk Committee twice a year.
- The Board is responsible for reviewing and approving the Risk Appetite Statements once a year and approving the Escalation Levels used to aid decision making and determine what Risks need to be escalated and which Risk Deep Dives need to occur.
- The Business Assurance team monitors that internal and external assurance is undertaken to ensure that risk management practices are implemented and remain effective.

Further details are set out in the Risk Management Framework.

## DEFINITIONS

Term	Definition
Controls	Measures implemented to reduce or mitigate the Likelihood or Consequences of a Risk.
Consequences	The outcomes or impacts that may result from a Risk event.
Control Owner	Person responsible for implementing Controls to manage Risks.
Current Risk Rating or Current Risk Score	The Risk Rating or Risk Score when Controls or other mitigating factors are taken into account.
Deep Dive Risk Reviews	A detailed review of a Risk presented to the Board and/or relevant Board Committee(s) with oversight from the Risk and Assurance Function.
Emerging Risk	A new Enterprise Risk that has arisen recently or an existing Risk where the Likelihood or Consequences have substantially increased.
Enterprise Risk	A Risk with a Gross Risk Rating of 'Extreme' or a Current Risk Rating of 'High' or 'Extreme'.
Enterprise Risk Scorecard	A scorecard that is used together with the Risk Heat Map to assess Risks and derive a Risk Score and Risk Rating.
Escalation Levels	The Board approved points at which Risks must be escalated to the relevant GM, Board and/or other Board Committees.
Gross Risk Rating or Gross Risk Score	The Risk Rating or Risk Score without any Controls or other mitigating factors in place.
Likelihood	The probability or frequency of a Risk event happening.
Mesh	Meridian's Risk Management System which is administered by the Risk and Assurance Function.
Officer and Director Risks	Risks that could directly impact members of the Executive or Board of Directors.
Risk	The effect of uncertainty on objectives, i.e a 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.
Risk Appetite Statement	A qualitative statement by the Board of the level of Risk Meridian is willing to accept in pursuit of its strategic goals.
Risk Category	Consequence categories of People, Financial, Environmental or Reputational.
Risk Champion	Person responsible for ongoing monitoring and reporting of Risks within their business unit or entity.
Risk Heat Map	A visual tool used to represent the Likelihood and Consequences of a Risk, ultimately allowing the user to derive a Risk Score and a Risk Rating.
Risk Management Framework	A document setting out Meridian's approach to identifying, assessing, managing, and monitoring risks.



Risk Owner	Person responsible for identifying, assessing and managing Risks within their business unit and for ensuring Controls and Treatment Plans are delivered. A Risk Owner will have the ability to influence and the authority to manage the Risk effectively or make decisions regarding the risk and/or could be accountable for the outcome or directly impacted if the Risk was to arise.
Risk Rating	Risks are given a Risk Rating of Low, Medium, High or Extreme based on the Likelihood and Consequence of that Risk eventuating. The Risk Rating is determined following the assessment of each Risk using the Enterprise Risk Scorecard and Risk Heat Map. A Risk may have different Risk Ratings in different Risk Categories.
Risk Score	This is derived by assessing the Risk against the Risk Heat Map and may be: <ul style="list-style-type: none"><li>- 'Extreme risk rating' – a score from 250 to 600</li><li>- 'High risk rating' – a score from 100 to 200</li><li>- 'Medium risk rating' – a score from 15 to 90, or</li><li>- 'Low risk rating' - a score less than 15.</li></ul>
Target Risk Rating or Target Risk Score	The level of Risk Score or Risk Rating that Meridian aims to achieve after implementing all Treatment Plan measures.
Treatment Plan	Includes planned future Controls and actions that are required to move the Current Risk Rating or Score to the Target Risk Rating or Score.