



## **Infratil Risk Management Policy**

### **1 Introduction**

Managing risk is an integral part of doing business. Risk cannot be eliminated, but it should be clearly understood to ensure that the risks taken are appropriate for the returns anticipated and the risk appetite of the business. The purpose of effective risk management is to drive value in the business by reducing uncertainty and improving the likelihood of successful outcomes for decision making, projects and enterprise activities.

*We are committed to maintaining an effective approach to risk management as a key mechanism to realise strategic goals and protect and enhance tangible and intangible value.*

### **2 Application**

This risk management policy is one element of Infratil's broader risk management framework ("Risk Management Framework" or "Risk Framework"). The Risk Framework (see overview in section 4 below) has been developed to support robust risk management at Infratil and applies to all risk activities for Infratil and its wholly owned entities but does not apply to Infratil's other subsidiaries and associates ("Portfolio Entities"). Infratil expects each of its Portfolio Entities to adopt Risk Management processes consistent with this Policy.

### **3 Purpose**

The purpose of this policy is to:

- (a) assist with the proactive identification, assessment, measurement, management and reporting of risk; and
- (b) identify who is responsible for managing, executing risk management mitigation strategies and monitoring risk.

### **4 Risk Management Framework**

Infratil's Risk Framework is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. It involves the systematic application of management policies, procedures and practices to the tasks of establishing the context and identifying, analysing, evaluating, responding, monitoring and communicating risk.

Infratil's Board (the "Board") has defined a risk appetite ("Risk Appetite") for each of Infratil's principal risk categories ("Principal Risk Categories"), which will continue to be monitored and assessed. The Board's Risk Appetite across these categories of risk is within the scope of this policy.

The approach to risk management is based on the following core elements:

- a) **Risk:** An internal or external factor that pose a potential threat or opportunity to Infratil's ability to achieve its objectives. It is measured in terms of likelihood and impact.
- b) **Risk Controls:** Risk controls or mitigation strategies are measures that enhance the monitoring or management of risk with the objective of reducing the overall risk exposure to acceptable levels.
- c) **Risk Assessment Criteria:** Is a defined risk scoring system that includes scales for determining the impact and likelihood of a realized risk exposure. It allows management to understand the magnitude of risk exposures and prioritise risk mitigation strategies.
- d) **Risk Register:** Infratil's risks, controls and risk assessments are recorded in the risk register. Each risk is assessed by a risk manager and risk owner on a semi- annual basis to determine each risk's risk rating and review the appropriateness of controls and mitigation measures. Each risk is assessed based on its inherent risk (i.e. the amount of risk before the application of controls and mitigation measures) and residual risk (i.e. the amount of risk following the application of controls and mitigation measures).
- e) **Principal Risk Categories:** The Infratil Audit & Risk Committee ("ARC") will review Infratil's Risks across its Principal Risk Categories on a regular basis (approximately annually) to ensure decision making is made on a risk-aware basis.
- f) **Risk Appetite:** The Board, at the recommendation of Morrison (the "Manager"), approves the Risk Appetite; recorded in Risk Appetite Statements for each Principal Risk Category. The Board defines its Risk Appetite as the amount of risk the Board finds acceptable for Infratil to take in the pursuit of its strategic objectives.
- g) **Key Risk Indicators:** Infratil identifies and monitors Key Risk Indicators against the Principal Risk Categories to gauge the exposure of Infratil to its Risks and whether it is operating within Board Risk Appetite.
- h) **Policy implementation:** Infratil ensures that policies are implemented and/or maintained for identification, monitoring, measurement and management of Risks.

## 5 Monitoring and Evaluation

Monitoring of Infratil's Risks in accordance with this policy is part of Infratil's day to day management activities and is undertaken by the Manager. On an approximately six- monthly

basis, a report will be produced for the ARC which identifies Infratil's extreme and high risks (after controls).

## **6 Risk culture**

The Board encourages a risk culture in which Risks are proactively identified, transparently shared and where focus is placed on understanding root causes and taking effective action to ensure Risks are managed effectively.

To enable an effective risk culture, risk is incorporated as part of regular investment, asset management and operational processes.

## **7 Roles and Responsibilities**

### **7.1 Board Responsibility**

The Board has overall responsibility for risk management for Infratil. Specifically, the Board will:

- (a) review and approve each Risk Appetite Statement;
- (b) review and approve the Risk Management Policy;
- (c) review and approve the Principal Risk Categories;
- (d) maintain and follow a Risk Framework that ensures:
  - i. a risk management assessment is included whenever key decisions are made;
  - ii. Risks are identified and evaluated (against a defined risk assessment criteria);
  - iii. effective responses and control activities are developed for identified Risks; and
  - iv. appropriate monitoring, reporting and timely re-evaluation of Risks takes place.

### **7.2 ARC Responsibility**

The ARC of Infratil will:

- (a) ensure that Infratil maintains an enterprise risk register;
- (b) approve and maintain the enterprise risk assessment criteria;
- (c) review the enterprise risk assessment criteria; and
- (d) review an enterprise risk report, including all extreme and high residual risks, approximately six-monthly.

The ARC has responsibility for monitoring compliance and reviewing and recommending any exceptions to Policy to the Board (if practicable) or the Chair for approval. Extreme residual risks will be communicated to the Board by the ARC.

### **7.3 The Manager**

All Morrison employees involved with Infratil play a role in the effective identification and management of Risks. Each business unit specialist (i.e., Investment teams, Finance, Treasury, Sustainability Legal, Tax) is encouraged to identify and manage the Risks evident in their area of business.

Members of the Manager's Infratil team are risk managers and have responsibility for effective risk management within their business area.

The Treasurer is responsible for managing the enterprise risk register, facilitating Infratil's identification of Risks and facilitating each team's development of risk treatment strategies and plans, via training and collaboration.

#### **7.4 Reporting and Review**

The Manager provides the ARC enterprise risk reporting approximately semi-annually to demonstrate the operation of the Risk Management Framework. The Risk Management Policy should be reviewed approximately bi-annually alongside Risk Appetite Statements. The Risk Framework may also be subject to periodic review.

## Policy Control Information

<b>Authority to approve</b>	Board
<b>Policy owner</b>	Infratil Treasurer
<b>Authority for exemptions</b>	Audit & Risk Committee recommends to the Board (if practicable) or the Chair for approval
<b>Author</b>	Infratil Treasurer
<b>Current version</b>	1.1
<b>Approval date</b>	13 February 2025
<b>Review Cycle</b>	Biennial
<b>Due for review</b>	February 2027
<b>Status</b>	Approved

## Version Control

<b>Version</b>	<b>Revision Date</b>	<b>Author</b>	<b>Description</b>
1.0	February 2024	Treasury & Risk Manager	Initial Policy
1.1	February 2025	Infratil Treasurer	Review of policy completed with non-substantive changes to improve clarity made

## Related Documents

<b>Document Title</b>
Risk Management Framework
Ethics Policy and Code of Conduct
Privacy Policy
Supplier Code of Conduct
Disclosure and Communications Policy
Treasury Policy