

Risk Management Company Policy

Purpose

Auckland International Airport Limited ("**Auckland Airport**") views effective risk management as key to achieving and maintaining its operational and strategic objectives. Auckland Airport has systems in place to minimise the impact of financial and operational risk on its business.

These systems, as detailed in the Risk Management Framework, involve a process to enable:

- (a) identification of significant risk;
- (b) quantification of the risk impact;
- (c) development of risk mitigation strategies;
- (d) monitoring of compliance; and
- (e) reviewing of systems and records to ensure ongoing integrity of the process.

Risk Oversight

The Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are to be developed, maintained and implemented by Management. The active identification of risks and implementation of mitigation measures is also the responsibility of Management.

The Audit and Financial Risk Committee of the Board (the "**AFRC**") or Auckland Airport's Management may also refer a particular matter or financial risk management issue to the Board or a separate risk committee for consideration and direction.

To assist the Board in discharging its responsibility in relation to financial risk management, the Board has delegated certain risk oversight and monitoring roles to the AFRC. The objectives of the AFRC are contained in the AFRC Charter.

The Board has delegated certain further risk oversight and monitoring roles to the Safety and Operational Risk Committee of the Board (the "**SORC**"). The SORC is responsible for assisting the Board in discharging its responsibility in relation to safety and operational risk management and compliance. The objectives of the SORC are contained in the SORC Charter.

Approved for distribution to staff by the Leadership Team – 11 May 2021

Role of Management

Management is responsible for designing and implementing risk management and internal compliance and control systems which identify the material risks facing Auckland Airport. These compliance and control systems are designed to provide advanced warning of material risks before they eventuate.

Management must regularly monitor and evaluate the effectiveness of these processes and risk plans and the performance of employees implementing them. In addition, Management must promote and monitor the culture of risk management within Auckland Airport and compliance with internal risk systems and processes by employees.

All employees are responsible for implementing, managing and monitoring these processes and risk plans with respect to material business risks, as appropriate.

Management must report at each Board meeting on risk. The reporting must identify Auckland Airport's material risks and the extent to which:

- (a) Auckland Airport's ongoing risk management programme effectively identifies all areas of potential risk, including with respect to licensing and regulatory issues;
- (b) adequate policies and procedures have been designed and implemented to manage identified risks;
- (c) a regular programme of audits is undertaken to test the adequacy of, and compliance with, prescribed policies; and
- (d) proper remedial action is undertaken to redress areas of weakness.

Identified Risks

There are a number of risks that are inherent to the business activities that Auckland Airport undertakes. These risks may change over time as the external environment changes and as Auckland Airport expands its operations. The risk management process requires the regular review of Auckland Airport's existing risks and the identification of new and emerging risks facing Auckland Airport, including financial and non-financial matters. It also requires the management, including mitigation where appropriate, of these risks. At a minimum, risks identified across Auckland Airport at an enterprise-wide level, including violation of human rights risks and health and safety risks, are reported to each meeting of the SORC.

Review of Risk Management

The division of responsibility between the Board, the AFRC, the SORC and Management aims to ensure that specific responsibilities for risk management are clearly communicated and understood by all.

The reporting obligations of Management ensure that the Board and the AFRC and the SORC are regularly informed of material risk management issues and actions. This is supplemented by the AFRC and/or the SORC (as appropriate):

- (a) receiving reports from Management concerning Auckland Airport's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile for Auckland Airport; and

- (b) reviewing and ratifying Management's processes for achieving and monitoring compliance with laws, regulations and other requirements relating to the external reporting of financial and non-financial information.

References

Board Charter
Safety and Operational Risk Committee Charter
Audit and Financial Risk Committee Charter
Ethics and Code of Conduct Policy
Modern Slavery Policy
Procurement Policy
Supplier Code of Conduct

Next Review

May 2023