

# Modern Slavery Statement 2020

## Reporting entities

On 1 January 2019, the Modern Slavery Act 2018 (Cth) (the “Act”) came into force in Australia. The Act requires entities with an annual consolidated revenue of at least \$100 million, and which are either an Australian entity or an entity carrying on business in Australia, to prepare a modern slavery statement.

This joint modern slavery statement has been prepared by Meridian Energy Limited and Powershop Australia Pty Ltd. Meridian Energy Limited and Powershop Australia Pty are each a “reporting entity” for the purposes of the Act given both entities meet the revenue threshold and either operate in Australia or carry on business in Australia.

This modern slavery statement relates to Meridian’s financial year ending 30 June 2020.

## Our business – structure and operations

For the purposes of this statement, “Meridian” refers to the Meridian group of operating companies (“we”/“us”/“our”), which consists of:

- Meridian Energy Limited (the parent) (ABN 58355917919, NZBN 938552)
- Powershop Australia Pty Ltd (ABN 41154914075)
- the parent’s other operational subsidiaries
  - Powershop NZ Limited (NZBN 1978930)
  - Dam Safety Intelligence Limited (NZBN 6152623)
  - Flux Federation Limited (ABN 9821961)
  - Meridian Energy Australia Pty Ltd (ABN 88143533322)

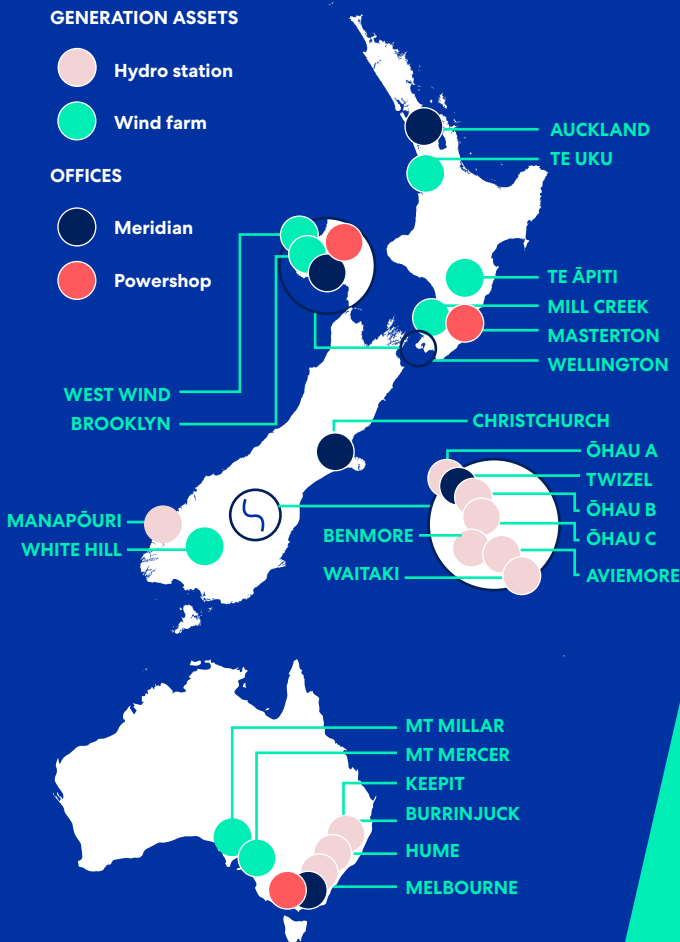
Meridian is New Zealand’s largest electricity generator and a major retailer, retailing electricity across New Zealand as well as in Australia via its wholly-owned subsidiary, Powershop Australia Pty Ltd. We are listed on the New Zealand and Australian stock exchanges and 51% owned by the New Zealand government.

We generate electricity from 100% renewable sources through wind, water and sun, producing approximately 30% of New Zealand’s electricity from our integrated chain of hydro power stations on the Waitaki River and Manapōuri, the largest hydro power station in New Zealand, together with five wind farms around the country. In Australia, we own two wind farms and three hydro power stations.

Meridian operations also extend to energy retailing through our three unique brands – Meridian and Powershop in New Zealand, and Powershop in Australia. We had 489,000 customer connections across all three brands in the year ended 30 June 2020. We accounted for approximately 15% of the national retail volume in New Zealand. Powershop Australia is the energy retailer based in Australia, and currently retails electricity in New South Wales, South Australia and South East Queensland and both electricity and gas in Victoria.

Our energy retailing software company, Flux Federation, operates in New Zealand, Australia and the United Kingdom. In addition, we own Dam Safety Intelligence, a dedicated group of engineers, scientists and geologists focused on the safe management of dams and other water infrastructure.

Meridian currently employs over 1,000 people across our New Zealand and Australian operations.



**Meridian.**

The Power to Make a Difference.

## Sustainability defines who we are

Meridian is committed to sustainability – it is at the heart of what we do, and one of the key reasons why we only generate electricity from renewable sources.

We have a robust sustainability programme and conduct a detailed assessment to identify the issues that are material to our business and our stakeholders annually. The outcomes of this process were the identification and prioritising of two of the United Nations Sustainable Development Goals – SDG7 Affordable and Clean Energy and SDG13 Climate Action.

In addition, we are included in the Asia Pacific Dow Jones Sustainability Index and have responded to the Carbon Disclosure Project (CDP). The CDP is a not-for-profit that runs a global disclosure system for investors, companies, cities, states and regions to be transparent about their environmental impacts.

Additional information on our performance in 2020 can be found in our [2020 Integrated Report](#).

## Meridian's supply chains

We work with suppliers who share our vision of clean energy for a fairer and healthier world, recognising that who we work with and how they go about their business, treat their staff, and manage their supply chain is our business too.

Unlike many large multinationals with extended global supply chains, all our energy retailing brands have short supply chains. This is because the physical assets used to distribute energy and meter its use are managed by national and local lines and metering companies.

Over 90% of Meridian's spend is with less than 3% of its suppliers; these are primarily based in New Zealand and Australia, with a small number based in Europe.

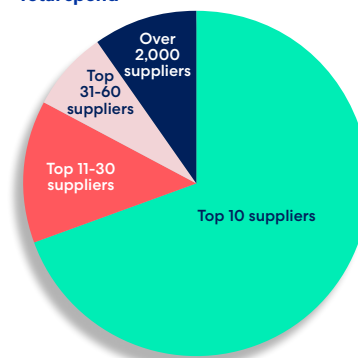
Our corporate and customer facing operations have facilities, ICT, sales and marketing, billing and governance functions that are office based. Our customer support centre is located in New Zealand and staffed by Meridian employees, while our ICT and facilities management are delivered by our service providers based in Australia and New Zealand.

As a generator of electricity, Meridian has local and global suppliers providing us with the parts and components needed to build and maintain our generation assets. This also includes a mix of general engineering consumable and specialist parts' suppliers, and service providers including ICT and facilities' management suppliers. Most of our work is conducted by permanent employees, not contractors.

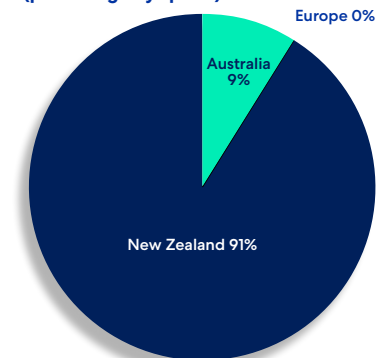
## Our supply chain

The graphs show that 90% of Meridian's spend is with its top sixty Tier 1 suppliers, which are largely located in New Zealand and Australia, with some in Europe. These sixty suppliers make up less than 3% of our total suppliers. The remaining 10% of spend is with over 2,000 suppliers.

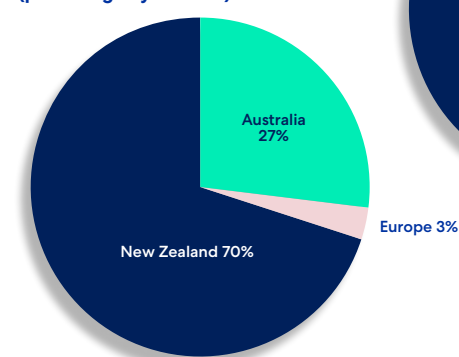
Total spend



Location of top 60 tier 1 suppliers (percentage by spend)



Location of top 60 tier 1 suppliers (percentage by number)



### Assessing the modern slavery risks in our operations and supply chains

Meridian has a number of shared services and is supported by centralised procurement and sustainability teams. As a result of this structure, discussions include consultation with colleagues across the Meridian group.

To assess potential modern slavery risks in our supply chain, a workshop was held in June 2020 with Meridian personnel from across the business including procurement, property, facilities, generation, risk and sustainability. Our initial focus was on our Tier 1 direct suppliers who provide services and products directly to us.

Many of our suppliers are in the electrical, plant maintenance, IT and professional services areas. Their employees tend to be highly- skilled and we assess the risks of modern slavery to be low, due their higher level of education and metropolitan location.

The two areas that were identified as potentially having a higher risk of modern slavery were with our cleaning and security service providers. Meridian's suppliers in both of these sectors are located in New Zealand and Australia.

### Addressing modern slavery risks: our policies and contractual controls

Meridian's Code of Conduct sets out the behaviours expected of all Meridian employees, contractors and board members. It is a set of expectations for both ourselves and others to measure our actions against under the areas - people, safety, sustainability and customers.

Meridian's expectations of its suppliers in the areas of ethical business, social responsibility, health & safety, labour standards, wellbeing

and the environment are set out in our Supplier Code of Conduct, which is aligned with the Act. The Supplier Code of Conduct is incorporated into Meridian Energy Limited's standard form supply contract. It has also been incorporated into all Meridian Energy Australia and Powershop Australia Pty Ltd supply contracts signed after December 2020.

We have a group procurement policy which applies to all procurement activities. The Code of Conduct and the Supplier Code of Conduct support this policy.

### Addressing modern slavery risks: Employer self-assessment questionnaire

To accurately assess the risks in our supply chain, gain a fuller picture and develop action plans to address potential risks, Meridian issued a self-assessment questionnaire to each of our Tier 1 suppliers providing cleaning and security services in July 2020. The questionnaire will be used for any new suppliers in this area as part of our usual procurement process.

The self-assessment questionnaire, based on labour legislation and best practice, required that employers respond to questions in relation to:

- Employment agreements
- Induction of employees
- Employment/Labour policies
- Management systems
- Systems for employees to report violations
- Valid work permits
- Third party audits against labour conditions
- The use of contractors and sub-contractors

- Working hours
- Wages
- Holidays
- Governance practices.

We also requested supporting documentation from these suppliers in relation to their employment and labour policies and third party audits.

One quarter of the Meridian's Tier 1 suppliers providing cleaning and security services were small companies with one or two employees or sole traders. These companies were not considered to present a modern slavery risk and were not required to respond to the survey. A further quarter have not yet responded to our requests for information.

Of those suppliers that responded to the questionnaire, the majority provided copies of their employment and labour policies. We found that most of the surveyed suppliers conduct internal audits but very few had third party audits (less than 20%). Most surveyed suppliers are also members of a professional association which assists them to make sure they have good labour and employment practices.

### Assessing the effectiveness of actions to address modern slavery risks and proposed future actions

We did not identify any modern slavery practices in our suppliers within the reporting period.

In December 2020 one of our supplier's contracts was terminated as a result of poor performance. In addition, it became clear to us that the supplier was not willing to meet our expectations regarding fair pay and appropriate resourcing.

### Where to from here

For those suppliers who haven't yet responded or provided information to the supplier questionnaire, we will review their service contracts and consider whether an alternative supplier may need to be engaged.

Discussions on employment practices and governance will also be included in regular follow-up meetings with suppliers in the cleaning and security services sectors to ensure modern slavery and worker exploitation is not occurring in their operations. We'll be strongly encouraging all these suppliers to undergo third party audits of their employment practices.

Another risk assessment workshop is planned for March 2021 to review the potential risks in our supply chain and broaden the scope of suppliers covered by the self-assessment questionnaire.

To ensure modern slavery risks are assessed and considered before procurement decisions are made, we have developed a sustainable procurement e-learning module for our staff which will be rolled out in early 2021. Modern slavery risk is one of the areas covered by this module.

We will continue to improve our practices in this area including risk assessments, procurement, and supplier management.

### How we consulted with our entities in preparing this Modern Slavery Statement

Both Meridian Energy Limited and Powershop Australia Pty Ltd have prepared this joint statement and the Meridian group of operating companies have been consulted regarding the contents of this statement.

**This statement was approved by the board of Meridian Energy Limited on 23 February 2021<sup>1</sup>**



Signed on behalf of Meridian Energy Limited for itself and Powershop Australia Pty Ltd, by:

**Mark Verbiest**  
**Chair of Meridian Energy Limited**

23 February 2021

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Wellington 6011  
New Zealand

1. Note that for the purposes of section 14(2)(d) of the Act, Meridian Energy Limited is in a position to influence and control Powershop Australia Pty Ltd, its wholly owned subsidiary.