

Modern Slavery Statement 2022

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 relates to Meridian’s financial year ending 30 June 2022. This statement includes the activities of Powershop Australia Pty Limited up to and including 31 January 2022¹.

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 (ABN 58355917919, NZCN 938552) and its operational subsidiaries:
 - Dam Safety Intelligence Limited (NZCN 6152623);
 - Flux Federation Limited (ABN 9821961);
 - Meridian Energy Australia (ABN 88143533322), for the period of 1 July 2021 – 31 January 2022; and
 - Powershop Australia (ABN 41154914075), for the period of 1 July 2021 – 31 January 2022.

Meridian is Aotearoa New Zealand’s largest electricity generator and a major electricity retailer across New Zealand. Prior to the sale of its Australian business in January 2022, Meridian, via its wholly-owned subsidiary, Powershop Australia Pty Ltd, retailed electricity in South Australia and

South East Queensland and both electricity and gas in Victoria and New South Wales. There were 186,000 customer connections for Powershop Australia as at 31 January 2022. Meridian also owned electricity generation assets in Australia.

Meridian is listed on the New Zealand and Australian stock exchanges and is 51% owned by the New Zealand government.

Meridian generates electricity from 100% renewable sources through wind, water and sun. Meridian produces approximately 30% of New Zealand’s electricity from its integrated chain of hydro power stations on the Waitaki River and Lake Manapōuri, the largest hydro power station in New Zealand, together with five wind farms around the country. Meridian continues to maintain its existing assets and invest in its renewable energy pipeline options to grow New Zealand’s generation capacity, such as the new Harapaki wind farm currently under construction.

Meridian retails electricity in New Zealand through two unique brands – Meridian and Powershop. As at 30 June 2022, Meridian had 365,000 customer connections, accounting for approximately 15% of national customer connections.

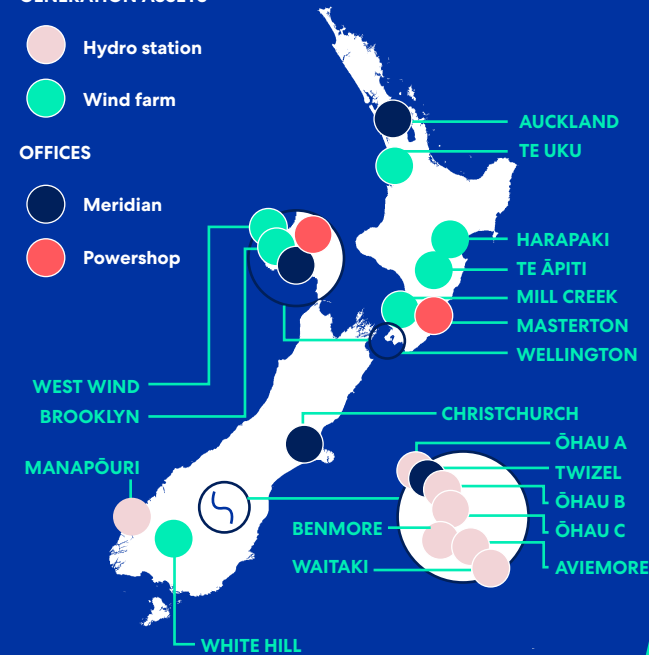
Meridian’s energy retailing software company, Flux Federation Limited, operates in New Zealand, Australia and the United Kingdom. In addition, Meridian owns Dam Safety Intelligence Limited, a dedicated group of engineers, scientists and geologists focused on the safe management of dams and other water infrastructure. Meridian currently employs around 1,000 people across its New Zealand operations, and has 3 employees based in the United Kingdom.

GENERATION ASSETS

- Hydro station
- Wind farm

OFFICES

- Meridian
- Powershop



1. Meridian Energy Limited completed the sale of its Australian business including Powershop Australia and Meridian Energy Australia Pty Ltd on 31 January 2022. Powershop Australia is a “reporting entity” for the purposes of the Act.



Sustainability defines who we are

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

Meridian has a robust sustainability programme and conduct a detailed annual assessment to identify our impacts on the environment, economy and people, including human rights, that are material to our business and our stakeholders. Our sustainability programme focuses on the United Nations Sustainable Development Goals (UN SDGs) where we believe we can make the most impact. There are four UN SDGs in which we believe we have a significant role to play: SDG7 Affordable and Clean Energy; SDG8 Decent Work and Economic Growth; SDG12 Responsible Consumption and Production and SDG13 Climate Action. We also take action in support of a number of other UN SDGs, including SDG5 Gender Equality and SG10 Reduced Inequalities.

We've recently joined the UN Global Compact – a voluntary leadership platform for the development, implementation and disclosure of responsible business practices. As a participant in the UN Global Compact, we're committed to aligning strategies and operations with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption, whilst also taking action in support of UN goals and issues embodied in the SDGs.²

Authenticity in reporting

In FY21 we were assessed for and included in the Asia Pacific Dow Jones Sustainability Index (DJSI), which adopts a robust and structured Environmental, Social and Governance framework to assess performance. Meridian submitted again in FY22 for inclusion in the Asia Pacific DJSI and [to be updated pre December Board meeting after 2022 results are public]. Our annual integrated report is prepared using the Global Reporting Initiative (GRI) Universal Standards integrated reporting framework, which was revised in 2021 to align with the UN Guiding Principles on Business and Human Rights. We use this standard to ensure we communicate concisely how our strategy, governance and performance, in the context of our external environment, seek to cause balanced, sustainable value creation. Additional information on our performance in FY22 can be found in our [2022 Integrated Report](#).

Meridian's supply chains

We work with suppliers who align with our purpose 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.

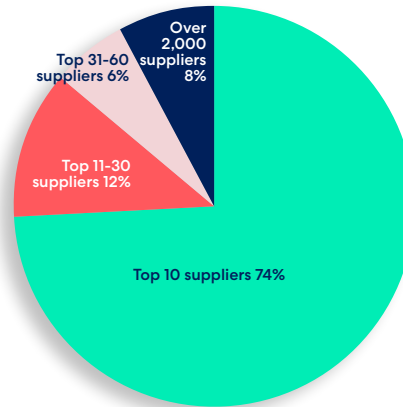
Our corporate and customer facing operations have facilities, ICT, sales and marketing, billing and governance functions that are office based. Our Customer Care and Delivery Team is in New Zealand and staffed by Meridian employees, while our ICT technical support (service desk and onsite IT support staff) and facilities management are delivered by our service providers based in New Zealand (some were based in Australia prior to sale of Powershop Australia).

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.

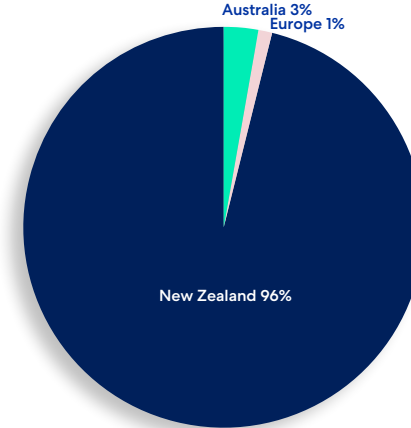
2. www.unglobalcompact.org/what-is-gc/mission/principles

The graphs to the right show that 92% of Meridian's spend is with its top 60 Tier 1 (direct) suppliers, which are largely located in New Zealand and Australia with a few based in Europe. These 60 suppliers make up approximately 3% of our total suppliers. The remaining 8% of spend is with over 2,000 suppliers. Over 94% of spend is with suppliers involved in the energy markets or distribution businesses in New Zealand and Australia.

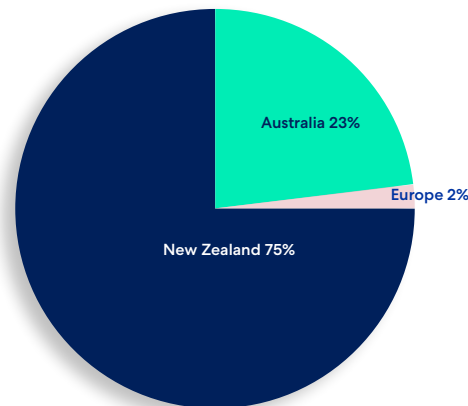
Total spend (percentage by spend)



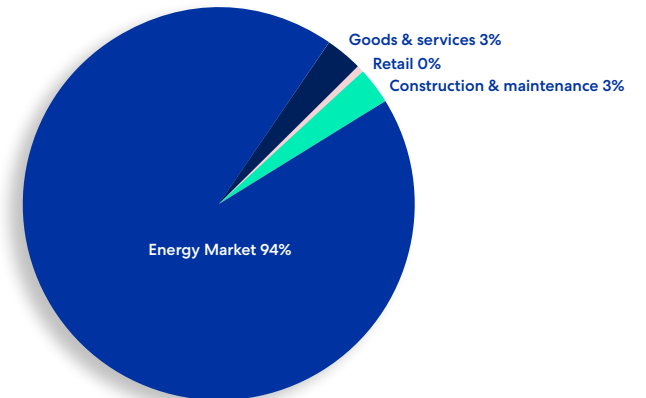
Location of top 60 Tier 1 suppliers (percentage by spend)



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



Top 60 supplier (spend by category)



We have a modern slavery framework to assess, manage and continually improve

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. We have a robust modern slavery framework for assessing, managing and continually improving our response to modern slavery risks in our supply chain. Our framework is broken into six key elements, as shown below:



Governance

The Modern Slavery Framework assigns responsibilities within Meridian for its review and implementation, including review of risk assessment and questionnaire responses.

Our policies and contractual controls

Our [Code of Conduct](#) sets out the behaviours expected of all Meridian employees, contractors (in an employment relationship with Meridian) and board members. It's a set of expectations for both ourselves and others to measure our actions against under the areas of people, safety, sustainability and customers. It states our commitment to the UN Guiding Principles on Business and Human Rights. A study by The Ethics Conversation in September 2021 found that Meridian's Code of Conduct was considered one of New Zealand's highest ranking performers in this study.

Meridian's expectations of suppliers in the areas of ethical business, social responsibility, health, safety and wellbeing, 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 contracts.

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.

Assessment of risk

Our risk assessment process was applied to all our group procurement categories to highlight those categories which represented the greatest risk of modern slavery (at a gross level). The assignment of category scores was reviewed by an external consultancy specialising in labour rights in the supply chain. We plan to update our gross risk review of procurement categories in FY23.

We hold a risk record for those categories considered high risk. Annually our current controls are recorded or new controls implemented to reduce the risk to an acceptable level in these categories. Categories where our Tier 1 suppliers are considered to be high risk are: security, cleaning, grounds maintenance and accommodation. Categories where the supply chain of our Tier 1 supplier is considered to be high risk are: promotional materials, apparel, and IT hardware and equipment. Other drivers of risk include high-risk geographies and high-risk raw materials.

Categories with a medium or low risk were considered to be adequately covered by the requirements of the Supplier Code of Conduct.

Addressing the risk

Our embedding section of the framework is split into three areas, due diligence, grievance and remediation, and training.

Due diligence

We have a self-assessment questionnaire to help provide us with a greater level of understanding of our risks. The questionnaire is based on New Zealand labour legislation and best practice. It contains questions on employment agreements, induction processes, policies and management systems, audits and governance practices. It also requests supporting documentation. All existing suppliers in high-risk categories are required to complete this on a two-yearly basis or as-requested based on reasonable potential emerging risks.

In FY22 a total of 29 surveys were requested from suppliers and 26 were completed. Questionnaire responses were reviewed on a quarterly basis, or sooner if timeframes required (eg. request for proposals). While some questionnaire responses sought follow-up clarification from suppliers, none of the responses received raised any concerns which warranted further investigation. We continue to work with suppliers to receive the outstanding questionnaires.

The process of reviewing modern slavery questionnaire responses allows us to gain an aggregate insight for improvement areas across suppliers. Understanding these insights was a focus this year. The areas identified to help target future supplier engagement and other opportunities to support improved practice, such as through better guidance and improved internal systems, were:

- Whistle blowing / avenues to report violations of Labour Standards, Health and Safety legislation, or grievances - around 20% of suppliers had a whistle blowing policy or independent channel for concerns to be escalated.

- Employment legislation compliance audits - while nearly two thirds of suppliers had announced or unannounced audits for compliance with employment legislation, 20% were undertaken by third parties and 50% were internal self-assessments.
- Ensuring Tier 1 suppliers understand Meridian's expectations and their role relating to contractor and sub-contractor rights.
- Embedding consistent practice across Meridian to align with its Modern Slavery Framework, in particular that questionnaires are sought and timely responses received for all procurement in high-risk categories.
- Continue to promote internal support and tools, such as Meridian's Sustainable Procurement e-learning module for staff.

In FY20 we surveyed our Tier 1 suppliers providing cleaning and security services. Follow up on responses from these surveys continued into FY21 as part of ongoing contract performance management, and no issues were identified as part of this process.



Grievance and remediation

Suppliers and workers of suppliers may raise concerns regarding compliance with the Supplier Code of Conduct through their contact at Meridian or through procurement@meridianenergy.co.nz.

Meridian Energy employees can raise concerns with their manager, the Chief People Officer, the General Counsel or Meridian Legal Team, the Chief Financial Officer or Chief Executive, as outlined in Meridian's Whistleblowing Policy.

We do not have a specific remediation process for Modern Slavery at this stage. We will follow the intent in our Supplier Code of Conduct to work collaboratively with suppliers to help them develop their capability to meet our expectations. Suppliers who cannot demonstrate progress towards conformity with these expectations will be viewed less favourably in future contract negotiations.



Training

We have developed a sustainable procurement e-learning module for the Meridian team. Part of this module covers ethical procurement including modern slavery risks. In FY22 we also launched a Sustainable Procurement Hub and piloted sustainable procurement workshop for key buyers in the business (providing more in-depth training than the e-learning module).

These tools are designed to build staff knowledge of and confidence in promoting sustainable practices for products, materials and processes throughout the supply chain, and to ensure we source ethically and uphold human rights. The Hub includes guidance, for example, on why and when modern slavery due diligence is required during supplier engagement

We will work with our suppliers to raise awareness of modern slavery risks and issues and help them improve their practices where required.



Monitoring effectiveness and reporting

We did not identify any modern slavery practices in our suppliers within the reporting period, however, we will continue to improve our practices in this area (for example, addressing the improvement areas identified in FY22, noted in the due diligence section earlier).

An internal audit of ethical practices was undertaken late in FY21. Modern slavery was included as a part of our response to manage ethical risks. The audit found the overall control environment to be developing. In total, five opportunities for improvement were identified - three had a rating of medium and two had a rating of low.



Continuous improvement

Following the FY21 ethical practices audit, an 18-month 3 phase plan (guidance development, documentation, training) was developed to improve the control environment around ethical practices and the three medium rated opportunities for improvement were planned to be closed out in FY22. These related to guidance for onboarding customers, clients, partners and joint ventures and improvement in monitoring processes.

To advance the improvement plan, an Ethical Practices Leadership Team (EPLT) was subsequently formed in FY22. To inform the ethical practices guidance development and define relevant and right sized documentation and training requirements, the EPLT undertook a range of further discovery actions, including: interviews with representative having expertise in human rights, te ao Māori and internal stakeholders and the review of relevant frameworks (including the UN Guiding Principles on Business and Human Rights).

As a result of this discovery work being completed, an ethical practices framework was developed highlighting: what ethical risks guidance would be developed for, escalation criteria, and articulation of a balanced approach across governance, process and assurance, and culture to best serve ethical risk management. The agreed

improvement actions as a result of this review will be implemented starting FY23, including an update to our Group Code of Conduct and subsequent engagement with our staff. A focus of the FY23 Code of Conduct update is to highlight drivers of ethical risk relevant to Meridian, and emphasis escalation triggers and pathways to accountable Executive team members.

Meridian has a renewable development pipeline as well as new emerging business opportunities. This means Meridian's supply chain is changing in scale and profile and as such, we continue to ensure our supply chain assessment framework is fit for this expanding purpose. During FY22 we conducted targeted due diligence on Modern Slavery risk for relevant renewable developments with high risk materials – again no issues were identified from this due diligence.

As part of our submissions programme this year, we made a submission to the New Zealand Ministry of Business, Innovation and Employment (MBIE) on modern slavery and work exploitation, supporting a New Zealand-based legislative response.

We continue to look for opportunities to improve our modern slavery questions due diligence processes to ensure impact and influence on our procurement practices and those of our suppliers.

Consultation with our entities

Meridian Energy Limited 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 14 December 2022.³

Signed on behalf of Meridian Energy Limited by:

Mark Verbiest
Chair of Meridian Energy Limited

14 December 2022

287-293 Durham Street North
Christchurch 8013
New Zealand

3. For the purposes of section 14(2)(d) of the Act, Meridian Energy Limited was in a position to influence and control Powershop Australia Pty Ltd, while it was a wholly owned subsidiary.