



*Approved Date: 23 February 2021*

## PURPOSE

- 1.1 The Meridian Energy Board (“the Board”) is responsible for the corporate governance of Meridian Energy Limited (Meridian).
- 1.2 This Charter sets out the role, responsibilities and structure of the Board and provides guidance for the effective oversight of Meridian by the Board on behalf of its Shareholders, Employees and other material Stakeholders. The Charter should be read in conjunction with the Constitution.
- 1.3 In order to carry out its function the Board has adopted the following governance objectives:
- To lay solid foundations for Management and oversight.
  - To structure itself to add value.
  - To promote ethical and responsible decision-making.
  - To act ethically and responsibly.
  - To safeguard the integrity of its corporate reporting.
  - To make timely and balanced disclosure.
  - To respect the rights of Meridian’s Shareholders.
  - To recognise and manage risk.
  - To remunerate fairly and responsibly.

## BOARD ROLE AND RESPONSIBILITIES

- 2.1 The primary role of the Board is to effectively represent, and promote the interests of Shareholders with a view to adding long-term value to the company’s shares. Having regard to its role, the Board will direct and supervise the management of the business and affairs of Meridian including:
- Appointing the Chair and, if the entity has one, the deputy chair and / or the “senior independent director”;
  - Providing leadership and setting the strategic objectives including overseeing the development, adoption and communication of a clear strategy;
  - Overseeing Management’s implementation of strategic objectives and its performance generally.
  - Appointing, and when necessary replacing, the Chief Executive;
  - Approving the Chief Executive’s remuneration, and, to the extent it includes any long term incentive, Senior Executives’ remuneration; Reviewing succession and development plans for the Chief Executive and Senior Executives;

- Reviewing employment and remuneration practices to ensure that talented and motivated staff are recruited and retained;
- Approving the remuneration framework.
- Ensuring effective and timely reporting to Shareholders;
- Overseeing the process of making timely and balanced disclosures of all material information concerning the entity that a reasonable person would expect to have a material effect on the price of value of the entity’s securities.
- Ensuring the integrity of the entity’s accounting and corporate reporting systems, including the external audit.
- Approving the Delegated Authority Policy.
- Approving operating budgets and major capital expenditure outside of the limits set by the delegated authority policy.
- Establishing policies for strengthening the performance of the company including ensuring that management is proactively seeking to build the business;
- Having responsibility for overall governance and monitoring the effectiveness of the entity’s governance practices;
- Deciding on steps necessary to protect the company’s financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken
- Determining and approving dividend policy and the amount, nature and timing of dividends to be paid;
- Selecting, appointing and terminating the external auditor (including associated recommendations to Shareholders for approval);
- Having oversight of the Audit and Risk Committee’s feedback to the Office of the Auditor General on matters relating to external auditor performance, and participation in the decision making process when the Office of the Auditor General undertakes a rotation of the lead audit partner. Additionally, ensuring the lead audit partner and concurring partners are rotated every five years.
- Having oversight of the Audit and Risk Committee’s evaluation of auditor’s performance and ongoing independence;
- Ensuring Meridian adheres to high standards of ethics and corporate behaviour;
- Ensuring that Meridian adheres to high standards of health and safety;
- Ensuring that Board capability is reviewed and recommendations made for new Directors;
- Ensuring that Directors’ Board and Committee fees are reviewed and recommendations are made to Shareholders.

## COMMITTEES

3.1 The Board may from time to time establish appropriate Committees to assist it by focussing on specific responsibilities in greater detail than is possible for the Board as a whole, reporting to the Board and making any necessary recommendations.

There are three standing Committees:

- Audit and Risk Committee
- People and Remuneration Committee; and
- Safety and Sustainability Committee.

3.2 Each formally constituted Committee has a written Charter, approved by the Board and reviewed annually.

3.3 The specific membership requirements of each Committee are set out in the relevant Charter.

3.4 All Directors receive the papers for each Committee.

3.5 Formal minutes of each Committee meeting are prepared and circulated to the Directors. A verbal report is also provided at the next Board meeting.

3.6 Membership of Board Committees is based on the needs of Meridian, relevant legislative and other requirements and the skills and experience of the individual Directors.

3.7 The Board has sole responsibility for the appointment of Directors to Committees and expects that, over time, the Directors may rotate on and off various Committees taking into account the needs of the Committees and the experience of the individual Directors.

3.8 The role, function, charter, performance and membership of each Committee are reviewed by the Board on an annual basis.

3.9 The Board may also delegate specific functions to ad hoc Committees on an “as needs” basis. The powers delegated to these Committees are set out in Board resolutions.

## RELATIONSHIP BETWEEN THE BOARD AND MANAGEMENT

4.1 The Board maintains a formal set of delegated authorities (including a Treasury Policy) which clearly define the responsibilities that are delegated to Management and those retained by the Board. These delegated authorities are subject to review and approval by the Board on an annual basis.

4.2 The Chief Executive is accountable to the Board for the exercise of and compliance with the Delegated Authority Policy.

4.3 The Board’s emphasis is on receiving high quality, succinct and focussed reporting and clear, reasoned, concise decision papers.

4.4 The Board expects Management reporting to be timely and candid and to provide an appropriately comprehensive picture of the performance of the company.

4.5 The Board adopts appropriate structures and procedures to ensure it retains its independence and functions independently of Management. This includes the separation of the roles and responsibilities of the Chairperson and the Chief Executive and the non-executive Directors’ meeting in the absence of Management on a periodic, scheduled basis, at least once a year.

4.6 Directors have complete access to Meridian’s Management through the Chairperson, Chief Executive or Company Secretary at any time. In addition to regular presentations by Management, Directors may seek briefings from Management on specific matters.

4.7 The governance of subsidiaries and controlled entities is formalised through Shareholder expectations which are reviewed by the Board on an annual basis.

## BOARD COMPOSITION

5.1 The Board will ensure it is of an effective composition, size, and commitment to adequately discharge its responsibilities and duties in such a way that it:

- Has the appropriate mix of skills, experience, expertise and diversity required.
- Has a proper understanding of, and competence to deal with, the current and emerging issues of Meridian
- Exercises independent judgement
- Encourages enhanced performance of Meridian
- Can effectively review and challenge the performance of Management.

5.2 The Board will establish processes for the selection of suitable candidates for appointment to the Board and the reappointment of incumbent Directors. This process will include:

- proper checks (as required);
- the provision of information to Shareholders including key information about the candidate and any material adverse information; and
- all required disclosures.

5.3 Prior to each annual shareholder meeting, the Board will determine if the Board will recommend to the Shareholders that they vote in favour of the election of new Directors and the re-election of those Directors due to stand for re-election, having regard to those Directors’ annual performance reviews and any other matters the Board considers relevant.

5.4 Directors are subject to re-appointment every three years or are subject to reappointment on a more frequent basis in order for the company to comply with the listing rules of the NZX and the ASX.

5.5 The Board will consider board succession, including the succession of the Chairman, to maintain an appropriate mix of skills, experience, expertise and diversity on the Board.

5.6 The Board will review the time commitment required by Directors to Meridian Board matters.

## DIRECTOR INDEPENDENCE

6.1 Subject to the Shareholders’ exercise of their rights to appoint Directors of the company, the Board will ensure the majority of the Board will be independent Directors.

6.2 The Board’s standards for determining independence will include the requirements of the NZX and ASX.

6.3 The Board will, at least annually, assess the independence of each Director and include this information in the annual report. Each Director is required to provide the Board with all relevant information to enable it to make this assessment.

- 6.4 Directors, whether independent or not, are required to act in the best interests of the company and bring an independent judgement to bear on Board decisions.

## BOARD EDUCATION

- 7.1 All new Directors appointed to the Board will undertake an induction programme coordinated by the Company Secretary to assist them in fulfilling their duties and responsibilities.
- 7.2 Management will conduct additional presentations and tutorial sessions for Directors, as appropriate, to assist Directors in gaining a broader understanding and knowledge of Meridian.
- 7.3 Directors are expected to undertake any necessary continuing professional education to enable them to discharge their duties. Management will brief the Board on relevant changes in legislative, regulatory or industry framework.
- 7.4 Directors are given the opportunity to attend technical or professional development courses to assist them in keeping up to date with relevant issues.

## BOARD PERFORMANCE

- 8.1 The Board will undertake an annual assessment of its performance including its performance against the requirements of its Charter, the performance of individual Committees and the performance of individual Directors.

## CHAIRPERSON

- 9.1 The roles of Chairperson and Chief Executive will not be exercised by the same individual.
- 9.2 The Chairperson is to be an independent Director and is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning.
- 9.3 The Chairperson also has the specific responsibility to:
- Facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between Board and Management
  - Represent the views of the Board to all Shareholders and maintain appropriate ongoing contact with major Shareholders to ensure the Board understands their views
  - Chair Board and Shareholders' meetings.

## DEPUTY CHAIRPERSON

- 10.1 The Board may appoint one or more Directors to the office of Deputy Chairperson. If such an appointment is made each Deputy Chairperson is to be an independent Director. A Deputy Chairperson will undertake any duties required by the Board.

## CHIEF EXECUTIVE

- 11.1 The Chief Executive is charged with the day-to-day leadership and Management of Meridian. The Chief Executive also has the responsibility to manage and oversee the interfaces between Meridian and the public and to act as the principal representative of Meridian.
- 11.2 The Chief Executive, together with the Senior Executive team, is responsible to the Board for the development and implementation of strategy and overall management and performance of Meridian.
- 11.3 The Chief Executive manages the organisation in accordance with the strategy, business plans and policies approved by the Board to achieve the corporate objective and the goals and targets included therein.
- 11.4 The Chief Executive's performance is assessed in light of the achievement of those goals, targets and other agreed performance indicators.

## COMPANY SECRETARY

- 12.1 The Board is supported by the Company Secretary who is responsible for:
- Organising Board meetings, preparing agendas and preparing Board packs
  - Reinforcing the Board's requirements in relation to the quality, completeness and timeliness of Board papers and associated information
  - Monitoring completion of actions arising from meetings
  - Providing governance, administrative, technical, telecommunications and other support to the Board
  - Retaining independent professional advisors at the request of the Board or a Board Committee
  - Providing a point of reference for dealings between Board and Management
  - Attending to the statutory requirements relating to Meridian's registered office, annual returns and lodgement of other documents with NZX and the various stock exchanges on which Meridian's shares and debt securities trade.
- 12.2 The Company Secretary or their delegate attends all Board and Committee meetings but may be asked to leave at any time.

## CONFLICTS OF INTEREST

- 13.1 Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests.
- 13.2 Directors are required to disclose any conflicts of interest, and in certain circumstances, to abstain from participating in any discussion or voting on matters in which they have a material personal interest.
- 13.3 It is expected that Directors will be sensitive to actual and perceived conflicts of interest that may arise and it is something to which they are expected to give ongoing consideration.

- 13.4 The Company Secretary will maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board at each Board meeting.
- 13.5 It is expected that a Director would inform the Chairman, through the Company Secretary, of any related party transactions. Related party transactions should be reported in writing to the Company Secretary, and where appropriate, raised for consideration at the following Board meeting.

## BOARD MEETINGS

- 14.1 Board meetings and meetings of the Directors (held in the absence of Management), are held on a regular basis, as determined annually in advance by the Board.
- 14.2 Directors are required to be fully prepared for and make every reasonable effort to attend each meeting of the Board and the Committees of which they are a member.
- 14.3 In the absence of the Chairperson or a Deputy Chairperson (if appointed), the Directors present will elect one of their number as Chairperson of that meeting.
- 14.4 The agenda for each meeting is determined by the Chairperson, Chief Executive and Company Secretary to meet the needs of Meridian at any point in time and to address the matters set out in the annual operating cycle for attention at a particular meeting.
- 14.5 Any Director may approach the Chairperson and request that a particular item be added to the agenda for a meeting.
- 14.6 The Chief Executive, Chief Financial Officer, Group General Counsel and Company Secretary attend Board meetings by standing invitation but may be asked to leave at any time.
- 14.7 The Board may invite such other persons to its meetings or part thereof, as it deems necessary or appropriate. However, if such an invited person has a material issue or conflict in a matter that is being considered at a meeting, that person must not be present for consideration of that matter.
- 14.8 The agenda and supporting papers are to be delivered to Directors by the Company Secretary at least three working days in advance of each meeting.
- 14.9 Reports and other papers of Board Committees are available to all Directors, subject to the rules in relation to Conflict of Interest set out in this Charter.
- 14.10 All Directors and other attendees at Board and Committee meetings are, as officers, required to keep all information presented to (whether written or oral) or discussed at Board and Committee meetings confidential and only use and disclose this information in the proper discharge of their duties to the Company.

## GENERAL MEETINGS

- 15.1 Meridian encourages effective communication with Shareholders and their effective participation at general meetings and has strategies in place to execute this.
- 15.2 Directors are expected to attend the Annual Shareholder Meeting.
- 15.3 Meridian's auditor attends any general meeting of Shareholders and is available to answer questions on the conduct of the audits and the preparation and content of the audit reports.

## ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

- 16.1 The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at Meridian's expense, such legal, accounting or other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.
- 16.2 In certain circumstances, each Director has the right to seek independent professional advice at Meridian's expense within specified limits, or with the prior approval of the Chairperson. This advice shall generally be made available to all other Directors.
- 16.3 All Committees of the Board have access to independent professional advice on this basis.

## ETHICAL STANDARDS

- 17.1 Board members are expected to observe the highest standards of ethical behaviour.
- 17.2 Board members should, except as permitted by law and disclosed to Shareholders, act in the best interests of Meridian, ahead of other interests.
- 17.3 The Board supports and encourages policies within Meridian which require Directors and Employees to observe high standards of personal integrity and display honesty in their dealings.

## INCONSISTENCY WITH CONSTITUTION

- 18.1 To the extent that there is any inconsistency between this Charter and the Constitution, the Constitution will prevail.