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 its 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.
- Overseeing management’s implementation of strategic objectives and its performance generally.
- Appointing and when necessary replacing, the Chief Executive.
- Approving the appointment, and when necessary replacement, of other senior executives.
- Approving the Chief Executive and 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;

Monitoring the effectiveness of the entity’s governance practices;

Deciding on whatever steps are 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 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);

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.

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
- Remuneration and Human Resources Committee
- 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 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 CEO 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
6.4 Directors, whether independent or not,
6.3 The Board will, at least annually, assess the
6.2 The Board’s standards for determining
6.1 Subject to the Shareholders’ exercise
5.6 The Board will review the time commitment
5.4 Directors are subject to re-appointment
to bear on Board decisions.
the company and bring an independent
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.
5.2 The Board will establish processes for
the selection of suitable candidates
for appointment to the Board and the
reappointment of incumbent Directors to
Shareholders with the appropriate required
disclosures.
5.3 Prior to each annual general meeting,
the Board will determine if the Board will
recommend to the Shareholders that they
vote in favour of 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 New Zealand and
Australian stock exchanges.
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
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 as necessary.

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.

14.11 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.