



Audit Independence Policy

Approved Date: 25 February 2020

POLICY STATEMENT

The policy provides guidance on the provision of external audit services by any person engaged in relation to the external audit of Meridian Energy Group (the external auditor) on behalf of the Auditor-General.

PURPOSE OF THIS POLICY

The policy is designed to:

- provide guidance on the provision of external audit services to ensure that auditor independence is maintained, ensuring Meridian’s reputation for reliable and credible financial reporting is protected

SCOPE AND FIT

This is a Corporate Group Policy and applies to all entities within the Meridian Energy Group.

POLICY IMPLEMENTATION

EXTERNAL AUDITOR ENGAGEMENT

- The Board will approve the engagement and audit fee of the external auditor.
- The external auditor will confirm to the Audit and Risk Committee annually that he/she and his/her firm are in compliance with professional standards and ethical guidelines of the New Zealand Institute of Chartered Accountants.
- Rotation of senior audit partner and concurring partner is required every five years, with a mandatory five year stand down period.
- Where non-audit services are provided by the external auditor’s firm, the fees for such services should not exceed the fees for core audit services, unless approved by the Chair of the Audit and Risk Committee.
- The external auditor will monitor his/her firm’s independence and confirm to the Audit and Risk Committee annually that it has remained independent during the previous twelve months.

NON-AUDIT SERVICES

The external auditor’s firm cannot perform any non-audit work which could be reasonably regarded as compromising the independence of the external auditor. All non-audit work must be pre-approved by the Chair of the Audit and Risk Committee. The CFO will notify the Board through the CFO report of any approved engagements.

Non-audit services which cannot be performed by the external auditor’s firm include but are not restricted to the following:

- performing any function of management at Meridian;
- staffing of temporary roles;
- producing or preparing financial statements or financial information on behalf of Meridian;
- designing or implementing financial information systems, processes and controls for Meridian;
- providing valuation services where the valuation will be used in the financial statements of Meridian;
- providing actuarial services;
- providing tax advisory services; and
- involvement in Meridian’s internal audit programme

Non-audit services which may be performed by the external auditor’s firm include but are not restricted to the following:

- advising on application and interpretation of accounting standards;
- advising on the interpretation and application of taxation policy and reviewing compliance with taxation policy;
- providing due diligence services; and
- providing accounting and other technical training.

DEFINITIONS

For the purposes of this policy, unless otherwise stated, the following definitions shall apply:

Term	Definition
External Audit	Review of financial statements to confirm that they are a true and fair view of the financial position of the company and that financial statements comply with Financial Standards, Crown Standards and financial legal obligations.