

Modern Slavery Statement 2021

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 and relates to Meridian’s financial year ending 30 June 2021. Meridian Energy Limited and Powershop Australia Pty Ltd 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.

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, NZCN 938552)
- Powershop Australia Pty Ltd (ABN 41154914075)
- the parent’s other operational subsidiaries:
 - Dam Safety Intelligence Limited (NZCN 6152623);
 - Flux Federation Limited (ABN 9821961);
 - Meridian Energy Australia Pty Ltd (ABN 88143533322).

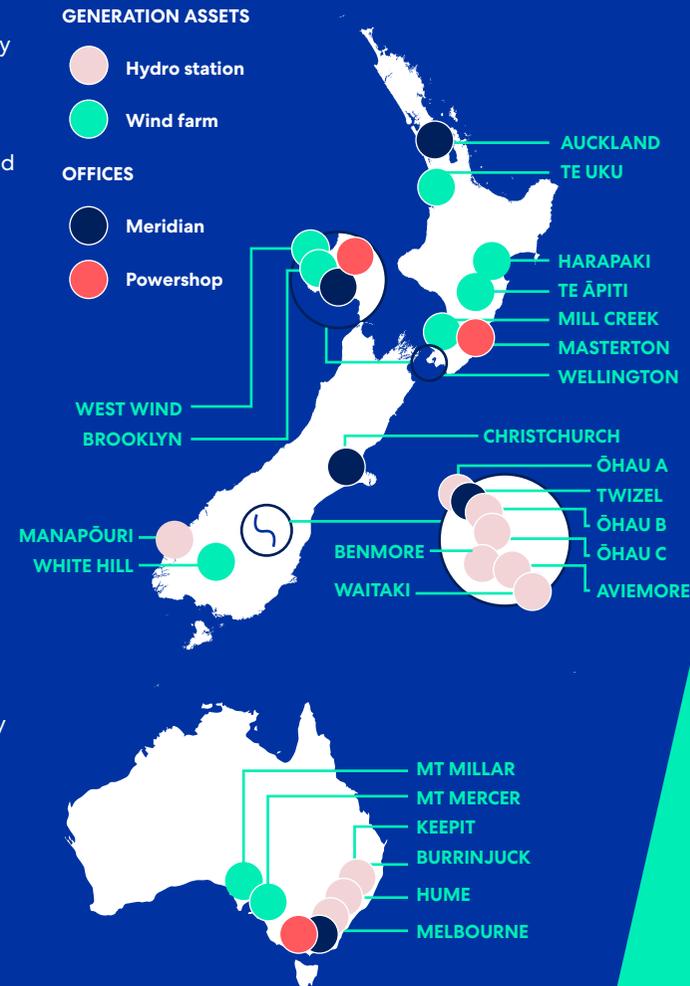
Meridian is Aotearoa’s largest electricity generator and a major retailer, retailing electricity across New Zealand and Australia as well as in Australia via its wholly-owned subsidiary, Powershop Australia Pty Ltd. We’re listed on the New Zealand and Australian stock exchanges and 51% owned by the New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

We generate electricity from 100% renewable sources through wind, water and sun. We produce 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.

Meridian’s operations also extend to energy retailing through our three unique brands – Meridian and Powershop in New Zealand, and Powershop in Australia. At June 2021, we had 346,000 customer connections in New Zealand, accounting for approximately 15% of the national retail. Powershop Australia currently retails electricity in South Australia and South East Queensland and both electricity and gas in Victoria and New South Wales. There were 185,000 customer connections for Powershop Australia at June 2021.

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's 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. Our sustainability programme is also informed by the United Nations Sustainable Development Goals (UN SDGs) where we believe we can make the most impact with a focus on SDG7 Affordable and Clean Energy and SDG13 Climate Action. We take action in support of a number of other UN SDGs, including SDG8 Decent Work and Economic Growth.

Authenticity in reporting

In FY20 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. We also were assessed in FY20 under the Carbon Disclosure Project (CDP), a global environmental disclosure system, and were proud to receive an increased rating of A- for climate change in FY20. We submitted again in FY21 for inclusion in the Asia Pacific DJSI and to be assessed under the CDP framework.

Our annual report is prepared using the integrated reporting framework 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 2021 can be found in our [2021 Integrated Report](#).

Our policies and contractual controls

Our [Code of Conduct](#) sets out the behaviours expected of all Meridian employees, contractors 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 recent study found that Meridian's Code of Conduct met an international best practice standard and 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 and 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'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.

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.

Over 90% of Meridian's spend is with approximately 3% of its suppliers, these are primarily based in New Zealand and Australia with a few based in Europe.

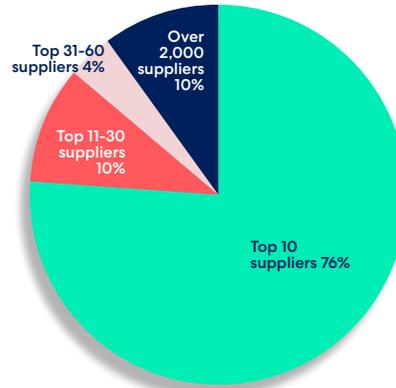
Our corporate and customer facing operations have facilities, ICT, sales and marketing, billing and governance functions that are office based. Our Customer Care and Delivery Team is in New Zealand and staffed by Meridian employees, while our ICT and facilities management are delivered by our service 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.

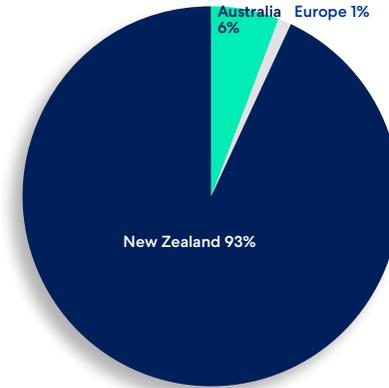
Our supply chains

The graphs to the right show that 90% of Meridian's spend is with its top sixty Tier 1 (direct) suppliers, which are largely located in New Zealand and Australia. These 60 suppliers make up approximately 3% of our total suppliers. The remaining 10% of spend is with over 2,000 suppliers. Over 95% of spend is with suppliers involved in the energy markets or distribution businesses in New Zealand and Australia.

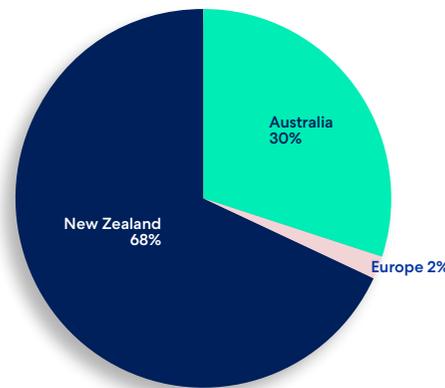
Total spend (percentage by spend)



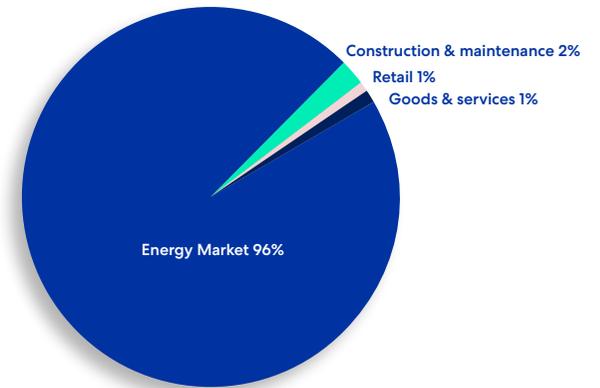
Location of top 60 Tier 1 suppliers (percentage by spend)



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



Top 60 supplier spend by category

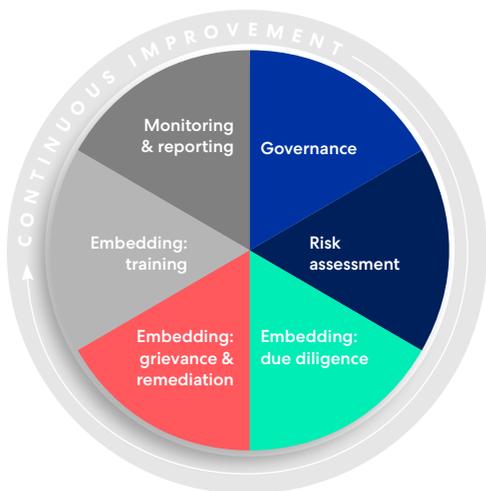


We have a modern slavery framework to assess, manage and continually improve

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.

During FY21 we developed a robust modern slavery framework for assessing, managing and continually improving our response to modern slavery risks in our supply chain.

Our guidelines are broken into six key elements, as shown below.



Assessment of risk

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

A risk record was created for those categories considered high risk. Current controls were 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.

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

Addressing the risk

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

Due diligence

We have developed a self-assessment questionnaire to help provide us with a greater level of understanding of our risks. The self-assessment 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 FY20 we surveyed our Tier 1 suppliers providing cleaning and security services. Follow up on responses from these surveys continued into FY21.

In FY21 we requested our key accommodation providers in New Zealand complete the self-assessment as well as any new cleaning providers and large suppliers for major construction projects. 42% of responses this year were from accommodation providers, 31% construction/maintenance service providers, 19% cleaning providers and the remainder other goods and services. Of these companies 15% had unannounced third-party

audits of their operations and close to 60% conducted self-audits. None of the responses received raised any concerns which warranted further investigation.

The modern slavery review process has helped us review wage payment levels. At contract renewal we recognised that one of our physical security service providers was not paying a wage comparable to the Living Wage to the guards assigned to our site. The company could not commit to paying the Living Wage and did not have the mechanisms to do so for the next contract term. We subsequently returned to review the market for these services and appointed a new service provider who could achieve this and provide evidence to validate this.

We also engaged directly with a supplier when a potential modern slavery risk in particular products was highlighted in foreign media. We sought assurances from the original manufacturer that there was no modern slavery involved in the production of those goods. Valid assurance was received, and we updated our modern slavery guidelines to aid in future due diligence.

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 Group employees can raise concerns with their manager, the People Team, the Meridian Legal Team or a member of the executive team. There is also a dedicated whistleblowing number (0800 327 669) which is externally managed.

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 are developing a sustainable procurement e-learning module for the Meridian team. Part of this module will cover ethical procurement including modern slavery risks. We are also developing a sustainable procurement workshop for key buyers in the business. This will provide more in-depth training than the e-learning module.

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.

An internal audit of ethical practices was undertaken late in FY21. Modern slavery was included as one area of ethical practices. The overall control environment was found 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 this audit, an 18-month 3 phase plan was developed to improve the control environment around ethical practices and the three medium rated opportunities for improvement will be closed out in FY22. These relate to guidance for onboarding customers, clients, partners and joint ventures and improvement in monitoring processes.

Meridian has a renewable development pipeline as well as new emerging business opportunities. This means Meridian's supply chain will change in scale and profile and as such, we are acting now to ensure our supply chain assessment framework is fit for this expanded purpose.

Consultation with our entities

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 16 December 2021¹.

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



Mark Verbiest
Chair of Meridian Energy Limited

16 December 2021

55 Lady Elizabeth Lane
Wellington Central
Wellington 6011
New Zealand

1. Please 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.