

Internal Controls Policy

Approved date

25 February 2025

1 POLICY STATEMENT

The Board, Management and employees are committed to protecting Meridian's assets and reputation, from both fraud and error, through the support and implementation of policies, procedures and behaviour standards that contribute to a strong effective control environment.

2 PURPOSE OF THIS POLICY

- To set out the responsibility of both management and employees to ensure Meridian's control environment is appropriate.
- To set out management and employee obligations in the reporting and investigation of suspected fraud.
- To describe Meridian's Business Assurance programme operating model.

3 SCOPE AND FIT

This is a Group Policy and is applicable to all business units and subsidiaries of Meridian Energy. It is supported by the Internal Control Framework Guidelines and should also be read in conjunction with other policy and guidelines that form part of Meridian's control framework, including but not limited to:

- Code of Conduct
- Risk Management policy
- Fraud and Corruption guidelines
- Delegation of Authority policy
- Discretionary Expenditure guidelines
- Whistleblowing policy
- Procurement policy and guidelines
- Freedom user guide
- People policy.

4 INTERNAL CONTROL FRAMEWORK

Meridian's internal control framework is a set of processes designed to provide reasonable assurance of the achievement of objectives in the following areas:

- Effectiveness and efficiency of operations
- Reliability of financial and operating information
- Compliance with laws and regulations.

Meridian's Internal Control Framework consists of five interrelated components:

1. Control Environment (tone at the top, attitude to and awareness of controls)
2. Risk Assessment (assessment of risks associated with business activities)
3. Control Activities (implementation of specific controls to mitigate identified risks)
4. Information and Communication (information on business objectives, control environment, risks, control activities, and performance is communicated across the Meridian Group)
5. Monitoring (processes in place to regularly monitor and review the effectiveness of controls).

5 CONTROL ENVIRONMENT

The control environment sets the tone for an organisation, influencing the control consciousness of its people. It is the foundation for an effective internal control framework.

While specific internal control activities and organisational structures underpin a strong internal control framework, the culture of an organisation, as demonstrated by management's active support of policies and procedures, plays a key role in ensuring internal controls are effective.

Management is expected to deliver the elements that shape and influence the effectiveness of internal controls:

- Communicating the importance of internal control to the organisation
- Refining and modelling ethical values
- Appointing of staff with appropriate qualifications and competencies
- Showing commitment to professional work practices and standards
- Participating in effective governance activities.

6 CONTROL ENVIRONMENT RESPONSIBILITIES

While it is the responsibility of all employees of Meridian to manage internal controls, management plays an important role in leading and maintaining a strong and effective control environment. Without management leadership, the application of internal controls and operational systems may be less than effective.

The following table highlights management's key responsibilities with regard to Meridian's control environment:

Meridian Control Environment – Management Responsibilities	
Leadership	• Act as role models ensuring employees understand and adhere to controls. • Create a positive control environment. • Create an open workplace where concerns and comments are welcomed and actioned. • Endorse and actively support Meridian systems of internal controls and operational processes. • Communicate and provide training on the importance of delivery of Meridian objectives and services. • Actively encourage employees to adhere to Meridian's code of conduct and corporate policies and guidelines. • Ensure employees exercise prudent business judgement in all items of discretionary business expenditure and manage and review that expenditure against defined and consistent criteria. • Ensure appropriate oversight is in place to monitor key legislative, regulatory, and corporate process risks, where applicable, to support line managers. This may include creating specific Compliance Specialist roles independent of those directly involved in process delivery.
Internal Controls Management	• Establishing appropriate internal controls and procedures that allow for the efficient, effective and economical management of Meridian's financial resources including the prevention and detection of fraud. • Clearly defining key responsibilities and delegated authority levels. • Completing risk/control assessments in line with Meridian's Internal Control Framework guidelines and implementing appropriate offsetting controls and processes, with particular attention, where necessary, to areas with potential for fraud. • Establishing processes and standards for reporting on operational and financial performance. •

7 FRAUD AND CORRUPTION

Meridian does not tolerate fraud and corruption (e.g. bribery) or its concealment and operates an active programme to help prevent, detect and respond to suspected or proven fraud and corruption

Meridian's approach to fraud and corruption risk management focuses on controls with three key objectives:

- **Prevention:** controls designed to reduce the risk of fraud and corruption
- **Detection:** controls designed to uncover fraud or corruption when it occurs
- **Response:** controls designed to facilitate corrective action and harm minimisation.

Meridian's Code of Conduct provides further guidance on the prevention of fraud and corruption risk such as guidelines on responsible procurement, gifts, hospitality and charitable or political contributions.

Reporting Suspected Fraud or Corruption

All employees have a responsibility to report any suspected fraud or corruption, to their manager, General Manager or under the Protected Disclosures Act, by using Meridian's Whistleblowing policy.

Investigating Suspected Fraud or Corruption

Any manager who has been informed of an act of suspected internal fraud or corruption must escalate the information immediately to a member of the Fraud Governance Committee. Managers must **not** attempt to investigate the matter themselves.

The Chief Financial Officer (CFO) will report to the Chair of the A&R Committee any investigations and resulting outcomes involving suspected fraud or corruption that are underway.

Response to Proven Fraud or Corruption

If an investigation concludes that fraud or corruption **has** occurred, Meridian will respond as follows:

A. MERIDIAN STAFF IMPLICATIONS:

- Meridian will take appropriate disciplinary and legal action. All Meridian staff should be aware that breaches of this policy may be treated as 'serious misconduct' under their terms of employment or engagement. This could lead to instant dismissal or termination of their contract with Meridian.
- Meridian will pursue recovery of lost money or wrongfully obtained assets wherever possible and practicable.

B. MANAGEMENT ACTIONS

Meridian's management will:

- Review all internal controls relevant to the fraud or corruption to determine whether additional controls are required to mitigate further losses and prevent reoccurrence of similar misconduct.
- Report substantiated fraud or corruption to the appropriate legal authorities (e.g. Police).
- The CFO or CEO will disclose any substantiated instances of fraud or corruption (whatever the size or circumstance) to Meridian's external auditor, after the matter has been notified to Meridian's Disclosure Officer (for the purposes of determining whether any market disclosure is required under the Market Disclosure policy) and the Chair of the A&R Committee.
- The General Counsel will report fully to the Board any substantiated instances of fraud or corruption (whatever the size or circumstance) including the outcome of any disciplinary and / or legal action and any proposed changes to internal controls. In appropriate cases the General Counsel will expedite reporting to the Board outside a Board meeting (for example, by email or phone call).
- Update the fraud and corruption incident register maintained by the Strategy and Finance Advisor, detailing the date and time of report, date and time incident was detected, how the incident came to the attention of management, the nature of

the incident, value of loss (if any) to Meridian, and the action taken following discovery of the incident.

- Comply with Meridian's Media Policy.

Meridian's Internal Fraud and Corruption Procedures provides further information to staff on the processes required in relation to Fraud and Corruption.

Meridian provides training for staff on anti-fraud and corruption. The training outlines controls for fraud and corruption prevention, anti fraud and corruption roles and responsibilities, fraud and corruption red flags, and what to do if fraud or corruption is suspected.

8 MONITORING – BUSINESS ASSURANCE

While management play a key role in monitoring the effectiveness of internal controls, Meridian also operates a formal assurance programme to provide independent assurance to Board and management that the company's internal control framework is operating effectively. This is delivered in a co-sourced assurance model between the Risk and Assurance function and an external service provider. Assurance is provided in the form of audits and business assurance advisory, where assistance is provided upfront in the development of frameworks, processes and project assurance.

Assurance Programme

The assurance programme is revised every six months and will include a mix of compliance and effectiveness audits which is reviewed and approved by the Audit and Risk Committee. "Compliance audits" review whether activities, tasks and functions are complying with Meridian's own internal policies and procedures. "Effectiveness audits" review whether activities, processes, tasks or functions are operating as effectively as possible.

Each internal audit results in an audit report, which usually includes recommendations for improvement. The reports are discussed and agreed between Risk and Assurance and the manager(s) responsible for the area. Once agreed and finalised, the Meridian manager(s) concerned is responsible for implementing agreed recommendations.

Risk and Assurance report their audit findings to the Audit & Risk Committee quarterly.

9 POLICY INFORMATION TABLE

Name	Internal Control Policy
Description	Describes expectations of managers in supporting and developing a strong control environment and the role of Risk and Assurance in monitoring Meridian's control environment.
Type	Policy
Owner	Chief Financial Officer
Approval	Audit and Risk Committee on Behalf of the Board

Last Approval Date	February 2025
Review Frequency	Biennially
Next Review Date	February 2027
Applies To	Meridian Energy Group
SharePoint reference	Resource Hub- Policies, procedures and guidelines- Policies