

MERIDIAN ENERGY LIMITED
EIGHTH ANNUAL SHAREHOLDER MEETING MINUTES
held online via the **COMPUTERSHARE PLATFORM**
on **WEDNESDAY, 6 OCTOBER 2021**
commencing at **10.00am**

Present:	Mark Verbiest	Chair
	Mark Cairns	
	Jan Dawson	
	Anake Goodall	
	Michelle Henderson	
	Julia Hoare	
	Nagaja Sanatkumar	
	Tania Simpson	
	Peter Wilson	
	Neal Barclay	Chief Executive Officer
	Mike Roan	Chief Financial Officer
	Jason Woolley	Company Secretary

Approximately 150 members and others

1. Opening of Meeting

Anake Goodall welcomed guests with a mihi whakatau.

The Chair welcomed shareholders and confirmed a quorum of shareholders was present.

2. Agenda of Meeting

The Chair introduced the agenda for the meeting and outlined the voting procedures and, in particular, that voting at this meeting would be by way of poll. The Chair declared voting open on the items of business.

3. Chair's Address

The Chair delivered the Chair's address.

4. Chief Executive's Address

The Chief Executive then delivered the Chief Executive's address.

5. Highlights from last year

A short video with some highlights from the last year was played to the meeting.

6. Questions

The meeting was opened for questions about the business.

Two written questions had been received which were responded to by the Chair. These questions were:

1. *From Mr Lovrich: At successful companies the directors and senior execs have all purchased shares in the company, so my question is: why is it not mandatory for directors to have purchased within 1 month of being appointed, the equivalent of 1 year directorship fees and why is it not mandatory that senior execs purchase the equivalent of 6 months' salary within 1 month of appointment?*

The Chair said that while Directors are strongly encouraged to hold shares, Meridian did not want this to become a barrier to joining the Board. The Board does strongly encourage Directors hold shares in Meridian. It can be an issue in particular for younger members joining the Board.

The Chair noted that New Zealand Shareholders Association's position is that it is not mandatory for a director hold company shares and that individual directors should be free to decide how many to hold according to their personal financial position.

Also from Mr Lovrich: For total transparency and fairness senior exec and directors purchase or sale of shares after initial appointment can only be in a period starting 7 days after the release of the annual report and finishing 37 days after the release of the annual report. Can the board explain this course of action?

The Chair said that Meridian has a Trading in Securities Policy which sets out restrictions for Directors and Senior Management in dealing in Meridian shares.

Under that policy it is prohibited for a Director or Senior Manager to trade in Meridian shares with inside information and we also have two blackout periods that prevent our directors and senior managers from trading in Meridian shares. These blackout periods are:

- 31 May until the day following the release of our full year financial statements
- 30 November until the day following the release of our half year financial results

This means our Directors and Senior Managers can only buy and sell Meridian shares between the end of March to 31 May, and end of August to 30 November in any year.

We comply with our disclosure obligations under the Financial Markets Conduct Act and disclose details of any purchase or sale of shares by our Directors on the NZX.

2. *The second question was from Mr Walbran: Does Meridian have any views on the role of retailers in facilitating demand response at the consumer level?*

The Chair indicated that Meridian is very supportive of the development of demand response at a consumer level in New Zealand. There are examples of this kind of development in overseas countries, including Australia, where our Powershop brand offers a product called Curb Your Power. Victorian Powershop customers can help reduce demand on the grid by curbing their power usage at certain peak demand times and earn rewards in exchange.

In the background Mr Walbran provided with his question, he raised whether regulatory barriers are the main challenge to demand response development in New Zealand. The Chair answered that from Meridian's point of view, it's not so much a "regulatory barrier" as Mr Walbran puts it, but rather that the lack of regulation in this space that might be a barrier to the development of competitive markets for flexibility and demand response.

We understand, the Electricity Authority has done work identifying the problem, we would welcome policy development to address it.

The following questions and comments were raised at the meeting:

1. *Hydrogen fuel cell cars are said to be more environmentally robust than electric vehicles. Where does Meridian Energy stand or what progress has the company made to venture into creating hydrogen production facilities that could support this form of transportation?*

The Chair answered that Meridian had issued a request for registrations of interest in respect of a potential hydrogen production facility in Southland. The responses were being reviewed at the moment and there would potentially be developments in the coming months. The Chief Executive emphasised the particular significance and potential use of hydrogen for heavy transport.

2. *What barriers does Meridian face when considering expanding within the energy sector into hydrogen gas production?*

The Chair referred to the previous answer on the topic of hydrogen and indicated that Meridian would have a better idea in the next few months.

3. *Does Meridian energy have any plans to acquire the facilities at Tiwai Point when the contract ends at the conclusion of 2024?*

The Chair said no.

4. *You have commenced a DRP scheme in order to reduce debt levels. Will the DRP be a long term initiative and what is your preferred level of debt gearing?*

The Chair indicated that it was anticipated that it would be a long term initiative and that Meridian was committed to relatively conservative debt gearing.

5. *Are you going to participate as a generator/retailer in the MTR (multiple trading relationships) pilot by Ara Ake?*

The Chief Executive replied saying that yes Meridian intended to participate.

6. *What view does Meridian have on the merits and impact of the Lake Onslow Pumped Storage Scheme.*

The Chair said Meridian analysis and independent views, such as Concept Consulting, saw Lake Onslow as the most expensive of potential future options to address dry year risk. Hydrogen demand response could provide a different and potentially cheaper answer for at least some dry year risk. Meridian was interested in further debate of the relative merits.

7. *What is the future dividend policy and what proportion of earnings will be paid out. Is this policy sustainable.*

The Chair said there was no intention at present to change the current dividend policy which was to make distributions at a dividend payout ratio within an average, over time, of 75% to 90% of Free Cash Flow, subject to the Board's due consideration of relevant factors.

8. *As at 30 June 2021 Meridian's current liability payables and accruals increased by \$213M compared to 30 June 2020. What accounts for this significant increase?*

The Chief Financial Officer indicated this was a result of rising wholesale electricity prices. Receivables had also increased for the same reason.

9. *What does the Board have to say about the findings of the Electricity Commission that the Company deliberately spills hydro water for purely commercial reasons, but obviously contrary to sustainability principles?*

The Chair said that the Electricity Authority's findings were that there was a confluence of factors involved. Meridian did not agree that it had deliberately spilled water for purely commercial reasons. Meridian had accepted the Authority's findings and had moved on.

10. *When Tiwai closes you speak of energy being transmitted north. A costly option. How seriously has consideration been given to establishing data centres in the south?*

The Chair confirmed very serious consideration was being given to this and Meridian was working with a party that was well underway in seeking to establish such a data centre.

11. *The Board was aware more than three years ago that the Aluminium Smelter was going to close the New Zealand operation. Why was mitigation not started earlier and what assurances do we have that we will not again be held to ransom?*

The Chair said that it was not the case that nothing was going on for the relevant period and mitigation options were explored during that time.

12. *Directors appear to hold multiple directorships. How can they adequately manage the work load, and what systems are in place to ensure that directors pay sufficient attention to Meridian.*

The Chair said all directors were very careful in ensuring they managed the workload from multiple directorships appropriately and took very seriously the need to ensure sufficient attention was paid to their roles with Meridian.

13. *As at 30 June 2021 Meridian's total current liabilities of \$1,110M exceeded its total current assets of \$917M. How will Meridian meet and cover this shortfall in the current financial year through to 30 June 2022?*

The Chair said that Meridian's current portion of term borrowings will be renewed with longer term debt in the next 12 months, which will reduce the balance of current liabilities.

14. *Does the Board think it is appropriate to have "swaption" arrangements with any competitor? Also, and in particular, is it appropriate to have such an arrangement with Genesis, which involves non-sustainable and non-renewable energy sources? Thanks*

The Chief Executive said the country was fortunate to have a flexible hydro backbone that would enable the introduction of new wind and solar. A path to a more renewable grid was inevitable. The slight weakness in our system was that we had limited hydro storage and there was a need to firm our hydro generation in dry years. Meridian was working with a number of parties on swaptions including those with gas assets. In time the percentage of gas fired assets would reduce with about 98% or 99% renewable generation in most years, with some reliance on gas in those particularly strong drought periods.

15. *Does Meridian support and agree with the Government on removal of the low user power plan, which 59 per cent of households are on? In Central Otago removal will reduce further uptake of renewable energy in the way of increased electricity use and decreased dependence on gas and wood for heating.*

The Chief Executive confirmed Meridian supports the removal of the low fixed charge tariff option. Like the Government, Meridian was aware of the unintended consequences of the tariff, which can put more of a financial burden on those who don't qualify for low fixed charges, particularly larger families and those living in poorly insulated homes who have higher electricity needs and have to pay the higher standard fixed charges. Meridian had committed to the establishment of a fund to actively manage the transition and look after vulnerable customers.

16. *Can you please explain the reasons for dropping of earning 2021?*

The Chair said this had to some extent already been addressed but in short a key reason was the drought experienced during the year.

17. *What factor(s) caused a 7% decrease in Employee Engagement % from 2020 to 2021?*

The Chair noted that through the first COVID alert level 4 lockdown Meridian had seen a lift in engagement and that engagement levels had now returned to pre lockdown levels. Engagement levels were still very high at Meridian and this was reflected in Meridian's strong employment brand.

18. *Does Meridian have any comment on recent social media about the lack of re-cyclability of wind turbine blades and how accurate these reports are, especially in regards Meridian operations?*

The Chief Executive said he had not seen the comments referenced but that most wind turbine blades owned by Meridian were still operating and spinning and that Meridian was 10 years away from having to replace its oldest wind turbines at Te Apati.

19. *Please outline the impact that the Lake Onslow project would have on Meridian if the government decides to proceed with it.*

The Chair said there were many questions as to the shape the Onslow project would ultimately take but the key issue was ensuring it did not impact other investment incentives.

20. *With increasing movement by households to solar panels and associated battery technology what can Meridian do to more tightly integrate this source of energy*

The Chief Executive noted that solar panels and associated battery technology were a key part of the energy transition but a lot of work still needed to be done. Meridian was working hard on the related area of EV charging as EV batteries could be used to reinject energy to the grid. Further investment in this area would increasingly show up in the next decade.

21. *Does the board see a place for residential generation? If not now when? Currently the buy-back rates seem to be significantly lower than wholesale rates.*

The Chair indicated Meridian did see a significant role for residential or distributed generation. Meridian's solar buyback rate took a medium term view of wholesale prices and not just the current prices.

22. *About installing solar panels on roofs of your consumers any thoughts? Will alleviate drought conditions as you been mentioning.*

The Chair replied that his had been covered in the last few questions.

7. Formal Resolutions

The Chair outlined the voting procedures. The Chair then introduced and moved the resolutions. The directors seeking election and re-election spoke to the resolutions. The resolutions were opened for discussion. The Chair put the resolutions with voting by way of poll.

Resolution 1: Re-election of Mark Cairns:

The Chair moved that Mark Cairns be re-elected as a Director of the Company.

The resolution was passed with 1,949,827,881 votes for and 4,230,471 against.

Resolution 2: Election of Tania Simpson

The Chair moved that Tania Simpson be re-elected as a Director of the Company.

The resolution was passed with 1,953,142,092 votes for and 882,260 against.

Resolution 3: Director fees


The Chair moved that the total annual director fee pool be increased by \$99,000 (9%) from \$1,100,000 to \$1,199,000, with the first annual increase backdated to take effect from 1 July 2021.

The resolution was passed with 1,949,473,369 votes for and 3,509,013 against.

8. Closing

The Chair noted the policy to rotate the venue of the Meridian Annual Shareholder Meeting and that next year's meeting would be in Auckland.

There being no further business, the meeting closed at 11.19am.

Minutes confirmed Signed by: Mark Verbiest  Date: 16 / 12 / 2021
