

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Corporate Governance Presentation

21 October 2024

Attached is a Meridian Energy Limited corporate governance presentation the company's directors are making this week.

ENDS

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Meridian Energy Limited

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2024 Governance Roadshow



Meridian.



Meridian Board

¹Safety and Sustainability Committee

²Cyber Security Committee

³Audit and Risk Committee

⁴People, Remuneration and Culture Committee

Nagaja Sanatkumar
S&S¹ and Cyber²
Committees Chair
4 years
2025 re-election

Julia Hoare
A&R³ Committee Chair
5 years
2025 re-election

Michelle Henderson
5 years
2025 re-election



Graham Cockroft
2 years
2025 re-election

Tania Simpson
PRC⁴ Committee Chair
3 years

David Carter
1 year

Mark Verbiest
Board Chair
7 years



Director skills matrix

Skills and experience	Mark Verbiest	Julia Hoare	Michelle Henderson	Nagaja Sanatkumar	Taina Simpson	Graham Cockcroft	David Carter
Broad commercial expertise across different industries							
Capital markets, corporate finance, transactional and investment community engagement experience							
Digitisation and technology, including AI, automation, disruption and innovation							
Energy industry knowledge and expertise, including generation, renewables and wholesale energy markets							
Engineering, construction, physical infrastructure experience and expertise							
Executive leadership experience							
Finance/accounting/audit committee experience							
Future of customer, insights, data, marketing and brand expertise							
Governance of listed companies							
Government, regulation and community, including effective and collaborative relationships with government and local community stakeholders							
Information Technology and Security, including cyber security expertise							
Iwi relationships and connections							
Risk management process and experience							
Sustainability including climate risk and opportunity management (environmental) and people practices and human rights (social) experience							



Director fees

Total annual director fee pool of \$1,199,000 was approved at the 2021 Annual Shareholder Meeting.

In FY24 the Board sought and considered independent advice from Propero Consulting, who recommended increasing the total director fee pool by 8.7% on average, to align with the median of the comparator group.

Meridian's Board has decided instead to keep the overall fee pool at the 2021 level but to re-allocate it by increasing fees paid for individual Director and Committee roles (below), effective from 1 July 2024.

Role	Prior to 1 July 2024			From 1 July 2024		
	Fee allocated	No. of Roles	Sub-total	Fee allocated	No. of Roles	Sub-total
Board Chair	\$212,000	1	\$212,000	\$250,000	1	\$250,000
Board Director	\$116,750	6	\$700,500	\$116,750	6	\$700,500
Audit and Risk Committee Chair	\$25,000	1	\$25,000	\$32,600	1	\$32,600
Audit and Risk Committee Member	\$10,500	2	\$21,000	\$16,300	2	\$32,600
People, Remuneration and Culture Committee Chair	\$21,000	1	\$21,000	\$27,000	1	\$27,000
People, Remuneration and Culture Committee Members	\$9,500	2	\$19,000	\$12,000	2	\$24,000
Safety and Sustainability Committee Chair	\$21,000	1	\$21,000	\$27,000	1	\$27,000
Safety and Sustainability Committee Member	\$9,500	3	\$28,500	\$12,000	3	\$36,000
Cyber Security Committee Chair	–	–	–	\$13,500	1	\$13,500
Cyber Security Committee Members	–	–	–	\$6,000	2	\$12,000
Unallocated Pool			\$151,000			\$43,800
Total			\$1,199,000			\$1,199,000

Board diversity

Targets

The Board has a minimum of 30% of its directors being persons who self identify as male and 30% of its directors being persons who self identify as female.

The Board has at least one director with a detailed understanding of tikanga Māori and iwi relationships, with particular reference to the significance of the Ngāi Tahu relationship with Meridian.

Current composition

As at 30 June 2024

	Female	Male	Gender diverse
Number of Directors	4	3	-
Percentage of Directors	57%	43%	-
Number of Officers	4	7	-
Percentage of Officers	36%	64%	-



Meridian's Manapōuri hydro station in the Fiordland National Park



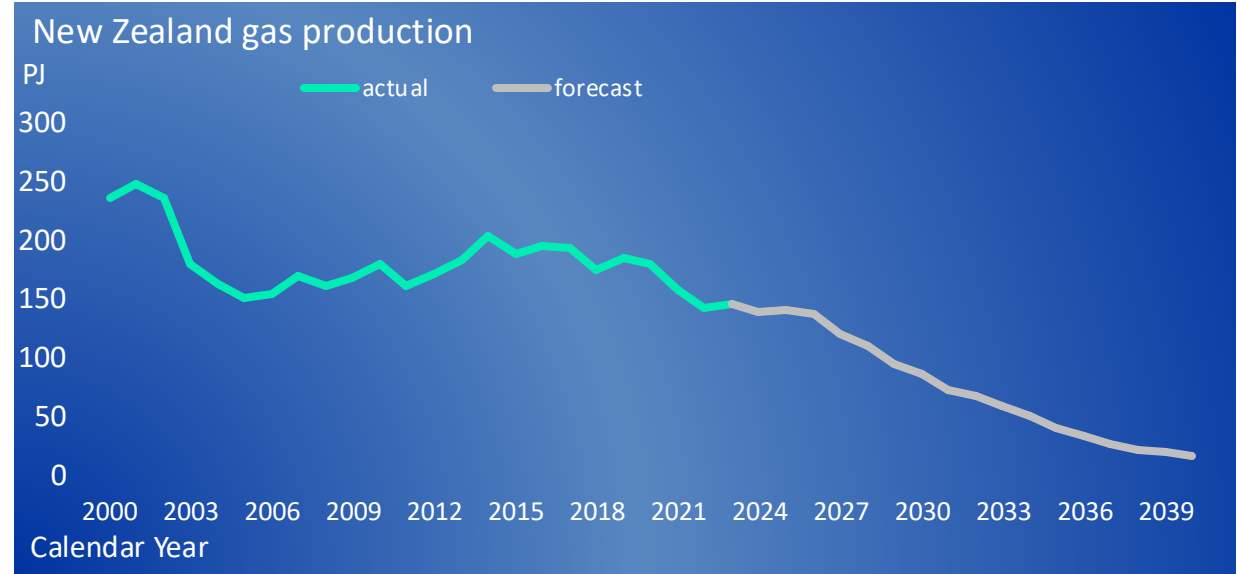
New Zealand's energy sector

Successive years of declining gas production and reserves estimates.

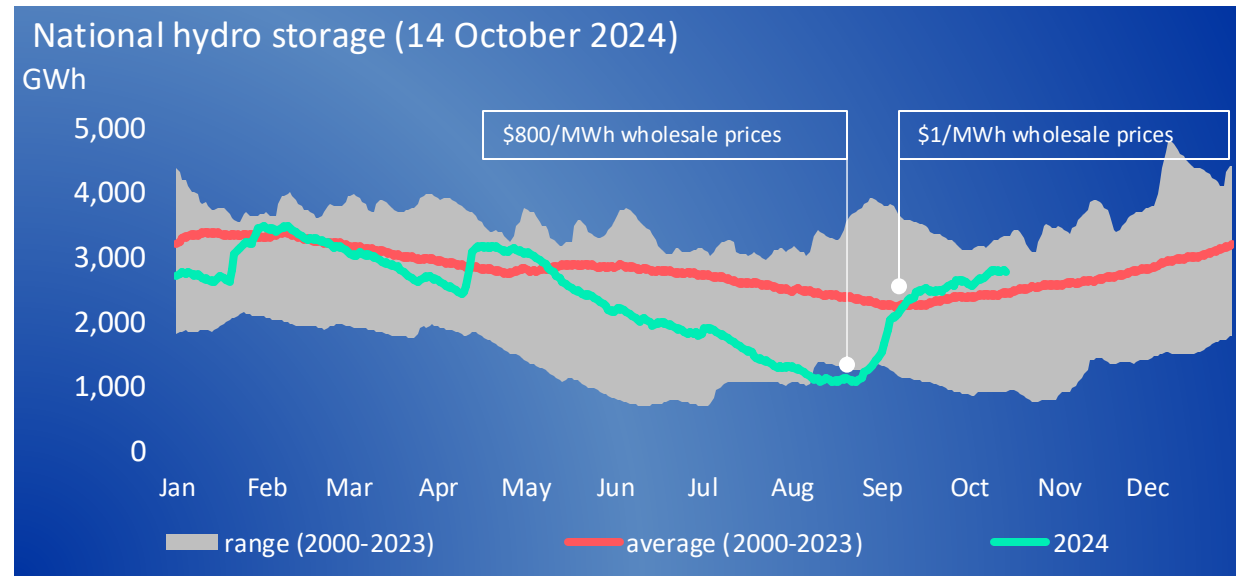
Dry and calm conditions saw hydro storage fall to record winter lows.

Meridian experienced record low May to August inflows.

National hydro storage has now returned to above average.



Source: Ministry of Business, Innovation and Employment, Hīkina Whakatutuki



Source: NZX

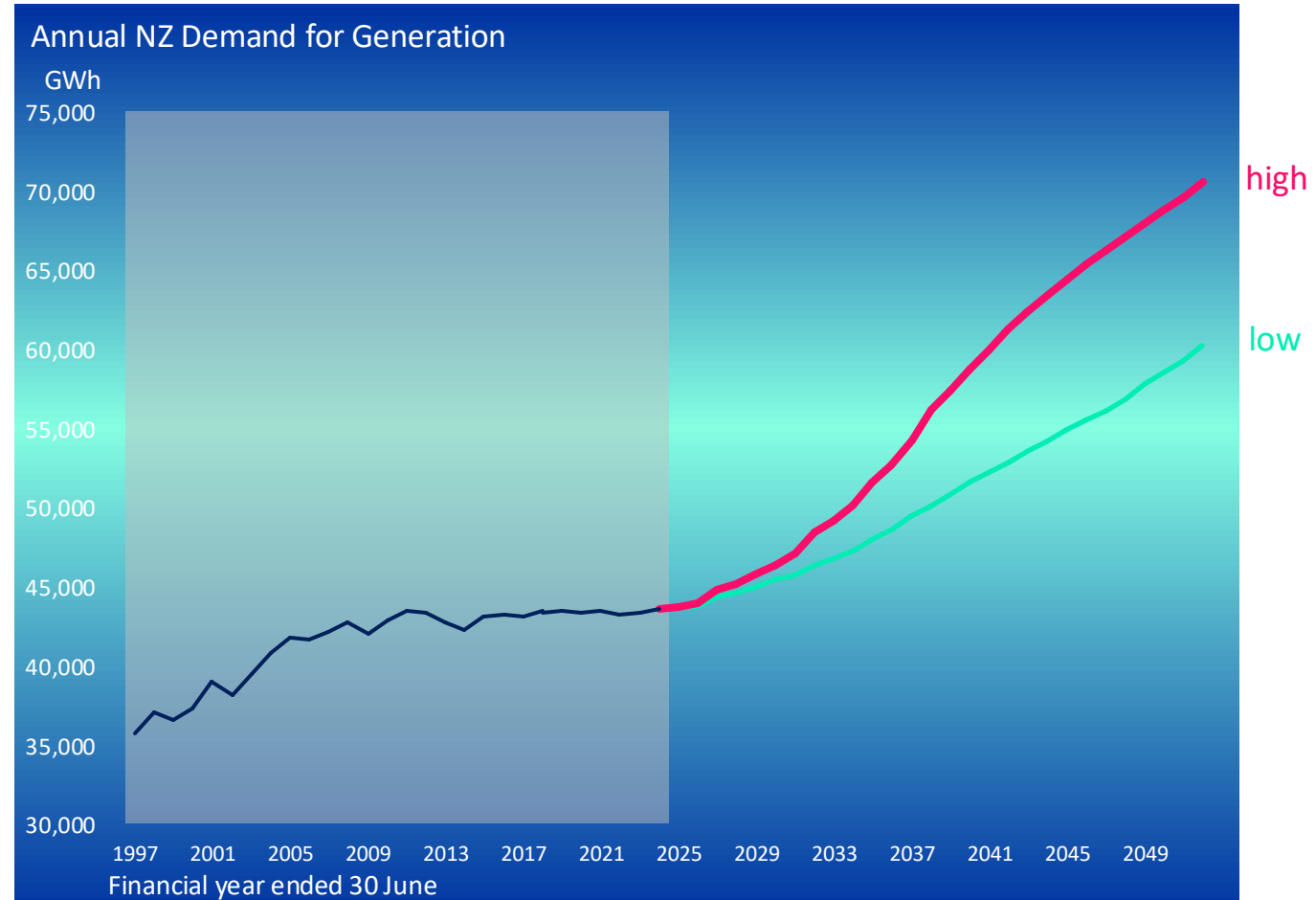


Policy and regulation

By 2050 New Zealand will require around \$30 billion of investment in new renewable generation.

Consenting under the current Resource Management Act has become inefficient.

Fast-Track Approvals Bill can deliver a more efficient process and ensure adequate environmental and community safeguards.



Source: Meridian



Our strategy map

Te kaupapa
Our purpose

Clean energy for a fairer and healthier world

Te rautaki
Our strategy

An all-encompassing focus on climate action

Te kaupapa matua
Our priorities

Grow renewable generation

Deliver cleaner, cheaper energy

Deliver operational excellence

Grow capability and culture

Te arotahinga
Our focus

To speed our path to a resilient, net zero future

Through innovation that unlocks value for customers

So everything we do aligns to deliver on our goals

Because how we do the mahi is what will make the real difference



Te mahi
Our key initiatives

- Accelerate Aotearoa New Zealand’s decarbonisation by delivering scale energy projects at pace:
 - Build renewable generation options.
 - Deliver on our 7 in 7.
 - Secure long-term access to water.
 - Accelerate electrification of transport and process heat.
- Grow system flexibility:
 - Grow our dispatchable MW capacity.
 - Bring dispatchable customer capacity to market.

- Develop an innovation culture that delivers digital, and data driven customer experiences.
- Expansion of the energy product set that unlocks the value of transport electrification, process heat and demand flex.
- Continued investment in energy hardship and community programmes that promotes equitable access to the benefits of the energy transition.
- Policy advocacy that promotes climate action and supports New Zealanders through the energy transition.

- Build operational flex and agility while sustaining excellent asset productivity.
- Modern data and digital systems to promote collaboration, operational efficiency, innovation and data-driven decisions.

- Grow a diverse and inclusive, skilled workforce that reflects the country we live in.
- Nurture leadership capability to support the cultural and digital maturity of a future Meridian.
- Our developing understanding of the Māori world view helps build long term relationships with tangata whenua and better outcomes for all.
- Safety leadership that grows in maturity as we build into the energy transition.
- Sustainability culture and leadership that benefits people and planet, inspires climate action, and attracts investors.

Te whaipanga
Our values

Be a good human

Be gutsy

Be in the waka



Renewable development pipeline

5.0GW (12TWh) of development options
2.7GW secured, 2.3GW in advanced prospects



Wind

Total 1.7GW

Te Rere Hau
(170MW)

Mt Munro
(90MW)

Waiinu
(350MW)

Manawatū
(200MW)

Post 2033 options
Advanced prospects (900MW)

Solar

Total 3.2GW

Ruakākā
(120MW)

Waikato
(100MW)

Western Bays
stage 1 (250MW)

Swannanoa
(200MW)

Waiinu
stage 1 (200MW)

Secured options (900MW)
Advanced prospects (1,400MW)

Battery storage

Total 0.1GW

Manawatū
(100MW)



2025

2026

2027

2028

2029

2030

2031

2032

2033

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Risk management

Meridian operates an active programme to ensure ongoing risk management.

The Risk Management Framework, Policy and Guidelines have been developed to meet ISO 31000 Risk Management – Guidelines.

Four risk categories:

People – including impacts to staff, contractors, suppliers, customers and the public (including communities, iwi and mana whenua).

Financial – increased costs, loss of revenue and reduction in value.

Environmental – impacts on the environment’s current baseline.

Reputational – events that cause the deterioration of Meridian’s reputation.

Material Risk	Climate Related Disclosure Link
Adverse Hydrological conditions	Physical Risk 1: Changing seasonal weather patterns increases hydro inflow volatility.
Cyber Security	
Access to water	
Legislative and Regulatory Risk	
Demand Risk	Transition Opportunity 1: Electrification of transport and process heat, and virtual power plants.
Peak capacity	Transition Risk 1: Transitioning to fully renewable generation sources and increasing demand reduces flexibility in the power system.
Market supply	Transition Risk 4: Inadequate market supply due to insufficient physical firming plant.
Development pipeline	
Critical Equipment or technology failure	
Health and safety	
Catastrophic event	Physical Risk 1: More intense, extreme rainfall events impact hydro catchment flood risk, and Physical Risk 3: Increased severe weather events could damage assets and infrastructure.



Meridian Executive

Jason Woolley
General Counsel and
Company Secretary

Neal Barclay
Chief Executive

Tania Palmer
General Manager
Generation

Chris Ewers
General Manager
Wholesale

Jason Stein
Chief People Officer



Lisa Hannifin
Chief Customer
Officer

Guy Waipara
General
Manager
Development

Claire Shaw
General Manager
Corporate Affairs
and Sustainability

Mike Roan
Chief Financial
Officer

Bharat Ratanpal
Chief Information
Officer



Employee remuneration

Fixed remuneration	Variable pay	
	Short-term incentive (STI)	Long-term incentive (LTI)
<p>Base salary and matched KiwiSaver contributions of up to 4%.</p> <p>Benchmarked to independent market remuneration data.</p> <p>As a minimum, Living Wage paid for all permanent and fixed-term employees.</p> <p>The People, Remuneration and Culture Committee reviews and approves proposed remuneration packages for the Executive Team.</p> <p>Remuneration for other employees is determined by managers in accordance with the Remuneration Policy and framework. Is subject to one-up approval.</p> <p>Salaries are reviewed annually, with the budget and parameters for the company's annual remuneration review approved by the Board.</p> <p>Market Information from independent remuneration providers inform these remuneration decisions.</p> <p>Base salary and matched KiwiSaver contributions of up to 4%.</p>	<p>In FY24 the Chief Executive had an STI opportunity of 50% of base salary.</p> <p>For other Executives, the STI opportunity was 30%.</p> <p>For other employees, the STI opportunity was 10–25%.</p> <p>Potential STI payments are wholly discretionary and reflect the achievement of pre-determined Board-approved company profit levels, individual achievements of performance objectives aligned to business strategy and goals.</p> <p>Employee behaviour compliant with the Meridian Code of Conduct is a requirement.</p> <p>If criteria are met, payment is made in cash after the end of the qualifying company year.</p> <p>Payment is not made in shares and is not deferred for a subsequent period.</p>	<p>The LTI opportunity is 40% of base salary for the Chief Executive, 30% of salary for the Executive Team and 15% of salary for eligible Tier 3 leaders.</p> <p>Vesting of the LTI plan is contingent on meeting absolute and relative Total Shareholder Return (TSR) performance hurdles at the conclusion of a three-year period.</p> <p>The company issues rights to acquire ordinary shares in the company (Performance Share Rights) to eligible participants who accept the offer to participate in the LTI plan.</p> <p>Each Performance Share Right entitles the holder to one ordinary share in the company and an additional number of shares equal to the value of gross cash dividends per share.</p>



Chief Executive remuneration

STI range of outcomes (% of financial measure)	Financial (60%)	Non-financial (40%)		Total	
		low	high	low	high
		Below minimum (<85%)	0%	0%	0%
Minimum (85%)	0%	0%	50%	0%	20%
Target (100%)	100%	50%	75%	80%	90%
	↓	↓	↓	↓	↓
Stretch (125% and above)	170%	75%	100%	132%	142%
FY24 actual	141%	85%		118%	

LTI range of outcomes	Absolute TSR (50%)	Relative TSR (50%)	Total
	Minimum	0%	0%
Target	100%	50%	75%
Stretch	100%	100%	100%
Vesting in FY24 (FY22 LTI Offer)	100%	100%	100%

Absolute TSR benchmark was cost of equity plus 1% compounded over 3 years.
Relative TSR benchmark was 50th percentile TSR of a peer group of Australia and New Zealand energy companies.



Chief Executive remuneration

(a) Overall FY24 and FY23 remuneration

Year	Fixed remuneration earned			Variable cash-based remuneration earned			Other remuneration earned	Long Term Incentive earned			Total remuneration earned	
	Base salary	KiwiSaver on base salary	Total fixed remuneration	Short term incentive earned (including KiwiSaver)	Amount earned as a % of maximum award	Total variable cash-based remuneration earned	MyShare	Number of shares vested	% of maximum awarded for the performance period	Market price of vested shares at 30 June	LTI plan value	Fixed remuneration + STI plan + Other remuneration + LTI plan Earned
FY24	\$1,377,885	\$55,115	\$1,433,000	\$848,479	83.4%	\$848,479	\$2,500	153,049	100%	\$6.29	\$962,678	\$3,246,657
FY23	\$1,136,250	\$45,450	\$1,181,700	\$690,467	82.3%	\$690,467	\$2,500	–	–	–	–	\$1,874,667

- Taxable benefits within Fixed Remuneration are 4% company KiwiSaver contributions on salary.
- Fixed remuneration is salary plus company KiwiSaver contributions.
- MyShare is gross value of award shares received in the applicable period.
- STI is the potential payment based on performance achieved for the applicable period and includes 4% company KiwiSaver contributions.
- The vesting period for the FY22 LTI scheme ends on 31 October 2024. Share rights lapse if a holder ceases to be employed by Meridian during the vesting period subject to the Board's discretion.
- The STI and LTI amounts above were earned during the FY24 and FY23 periods above, but paid in the following applicable periods (i.e. FY25 and FY24).

The Chief Executive is entitled to receive a matching employer KiwiSaver contribution of 4% of gross taxable earnings. The company's KiwiSaver contributions for the Chief Executive that were **paid** within the FY24 period (including on the FY23 STI plan which was paid in FY24) were \$81,922.



Chief Executive remuneration - STI

(b) FY24 CEO STI outcomes earned (with payment in August 2024, which is within FY25)

For the FY24 year, the Chief Executive had an STI opportunity of 50% of base salary, with the potential STI payment being a maximum of 142% of the target STI opportunity

- 60% was based on Meridian financial performance
- 40% was based on scorecard performance.

The full amount of STI earned and approved was paid as cash remuneration in August FY25, as calculated below, resulting in an STI payment of 118% of target.

The STI payment earned for FY24 equated to 59.2% of salary (58.4% for FY23), and 83.4% of the maximum possible STI award (82.3% for FY23).

STI component	Measure	Weighting %	STI Target	Outcome	STI Earned and Awarded		
			\$*	Achievement on STI Target	% awarded for STI measure	\$ awarded for STI measure*	
Financial	EBITDAF less capital charge	60%	\$429,900	EBITDAF less capital charge achieved was 114.5% of target, resulting in a 140.7% outcome against the financial measure.	140.7%	\$604,869	
Scorecard of other STI measures	NZAS closure mitigation	8%	\$57,320	The successful finalisation of New Zealand's Aluminium Smelter contract now provides some commercial certainty in place of a previous inherent risk. In addition, process heat demand has been secured.	100%	\$57,320	
	Decarbonisation-led growth	8%	\$57,320	The successful completion of the Harapaki wind project and additional Te Rere Hau (Wind) development. The Ruakākā battery project will be commissioned in early 2025. Other consents are progressing.	75%	\$42,990	
	Customer	8%	\$57,320	All measures were delivered ahead of plan.	100%	\$57,320	
	Optimise business performance	8%	\$57,320	Peaking capacity has lifted, and progress is being made on portfolio capacity. The predictive trial has been deferred until FY25.	75%	\$42,990	
	Sustainability	4%	\$28,660	Meridian's Dow Jones Sustainability Index overall rating for FY23 reduced, although we retained our position on the Asia Pacific index. We took actions to improve this position for FY24. Progress was made on our Half by 30 initiatives, including strategic projects to achieve scope 3 emissions abatement later in the decade. But overall, our FY24 emissions exceeded our end of year target (driven by scope 3 increases).	50%	\$14,330	
	Investment stability	4%	\$28,660	The current regulatory setting was stable and provides for continuing decarbonisation and the deployment of Meridian's development options. Our Te Ao Māori education programme delivered by Education Perfect tracked well within the business.	100%	\$28,660	
	Scorecard subtotal	40%	\$286,600	The Board considered that the requirements for a workplace safety culture, overall workplace engagement and individual performance were met, and therefore no adjustment of the scorecard result was applied.			
STI Scorecard achievement					85%	\$243,610	
Total STI target		100%	\$716,500	Total STI payment against target (Incl KiwiSaver)		118%	\$848,479

*Including Kiwisaver



Chief Executive remuneration - LTI

(c) FY24 CEO LTI Outcomes (Awarded)

For the three-year period ended FY24, the Chief Executive was eligible for an LTI based on a grant of Performance Share Rights set at 40% of base salary at the start of the three-year performance period (1 July 2022). The vesting of shares at the end of the vesting period was subject to TSR performance hurdles, at right.

Performance hurdles	LTI weighting	Outcome	Weighted Outcome
Absolute TSR – Must be greater than the company's cost of equity benchmark on a compounding basis	50%	Hurdle met	100%
Relative TSR against the peer group [*] : <ul style="list-style-type: none"> · Below the 50th percentile, 0% vests · 50th percentile TSR of peer group, at least 50% vests · ≥ 75th percentile TSR, 100% vests · Between the 50th and 75th percentile TSRs of peer group, 50–100% vests, calculated on a straight-line pro rata basis. Share rights lapse if the holder ceases to be employed by Meridian during the vesting period, subject to the Board's discretion	50%	Relative TSR was greater than the 75th percentile TSR of the peer group	100%

* The peer group comprises AGL Energy, Origin Energy, Contact Energy, Mercury NZ, and Genesis Energy. The vesting period for the FY22 LTI scheme ends on 31 October 2024.

Upon vesting, each Performance Share Right is eligible for one ordinary share, which is issued from Treasury Shares to the Chief Executive.

Performance Share Rights [PSRs] held by the Chief Executive (as at 30 June 2024)

Grant name	PSR Award date	Vesting date	Balance of PSRs at 30 June 2023	Awarded during the reporting period		PSRs lapsed during the reporting period	PSRs Vested during the reporting period			Shares issued/transferred during the reporting period			Balance of PSRs at 30 June 2024
				PSRs awarded	Market price at award		PSRs vested	Market price at vesting date	Vesting date	Shares issued	Market price at issue date	Issue date	
FY21 LTI	9 March 2021	11 October 2023	142,759	–	–	(142,759)	–	–	11/10/2023	–	–	–	–
FY22 LTI	21 October 2021	21 October 2024	136,984	–	–	–	–	–	–	–	–	–	136,984
FY23 LTI	3 November 2022	3 October 2025	166,165	–	–	–	–	–	–	–	–	–	166,165
FY24 LTI	24 October 2023	24 October 2026	–	142,180	5.45	–	–	–	–	–	–	–	142,180

Meridian has a policy to ensure that the participants of the Executive LTI plan are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in the plan.



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The information contained in this presentation should be considered in conjunction with the company's financial statements, which are included in Meridian's integrated report for the year ended 30 June 2024 and is available at:

www.meridianenergy.co.nz/investors

All currency amounts are in New Zealand dollars unless stated otherwise.