

Meridian Energy Limited

Supply chain – good energy programme

An important part of being a sustainable business is creating a positive impact in our supply chain. Building on our history of working with suppliers, we are looking to take things further through our ‘Supply chain – good energy programme’.

Purpose

The purpose of the *Supply chain – good energy programme* (the “programme”) is to enhance sustainability (or “ESG”) outcomes and manage risks in partnership with our supply chain by building on current practices and lifting maturity in priority areas over time.

The programme aims to do this by having:

1. Roles and responsibilities in place, that is;
 - Governance oversight by the Safety and Sustainability Committee.
 - Executive programme sponsorship by the Chief Financial Officer, and General Manager Corporate Affairs and Sustainability.
 - Programme accountability held by the Procurement team, and sustainability/ ESG expertise provided by the Sustainability team.
2. The **Supplier Code of Conduct** outlines our expectations of suppliers. Minimum expectations of our suppliers are designed to evolve proportional to our sustainability priorities and the risk and/or size, sector and business relevance of the supplier.
3. All major sourcing activities apply an evaluation weighting and/or a requirement gate for ESG criteria commensurate to the goods or services being sourced. This means ESG is part of all procurement planning, evaluation and contract awarding.
4. Training for Meridian buyers and/or internal stakeholders on the *programme*.
5. KPIs and targets that are monitored and reported transparently to demonstrate progress over time.
6. An annual review of the maturity improvements in scope of this *programme*.



Key current practices

The practices we currently have in place to enhance positive sustainability impacts and manage risks through our supply chain, include:

- Our procurement guidelines that set the basis for our suppliers to confirm alignment with our **Supplier Code of Conduct** or otherwise advise on areas of their business that require development of capability, within a mutually agreed period.
- Training for Meridian buyers and/or internal stakeholders, including sustainable procurement training and resources available for Meridian buyers through a Sustainable Procurement Hub.
- We request that all suppliers over a threshold of spend respond to a greenhouse gas (GHG) emissions risk assessment. This is in addition to supplying them with our **Greenhouse Gas Emissions Guidance** and requiring these suppliers to provide GHG data for the activities they provide to Meridian. Where a supplier company does not have GHG reporting capability, they are provided with an emission reporting template to complete as an initial part of their capability build.
- As required under our Modern Slavery Framework, our procurement categories are reviewed every two years to identify which categories have the highest risk of modern slavery (considering country, high-risk materials, services and/or business models). Suppliers who have been screened as high-risk categories are sent an **Introduction to Modern Slavery** and are assessed using a self-assessment questionnaire. We publicly report on our Modern Slavery due diligence via our **Modern Slavery Statements**.
- Our Sustainable Infrastructure Framework enables the translation of Meridian's sustainability priorities to project-specific requirements for grid-scale infrastructure projects. The framework includes materiality assessment guidance to help identify the most project-relevant sustainability considerations. This then informs the due diligence scope, the setting of project-relevant metrics/targets, and supplier impact reporting.
- Meridian's Investment Committee meets monthly with Terms of Reference requiring consideration of a number of sustainability (or ESG) criteria such as emissions reduction, climate risk, and modern slavery and circular economy principles. This means that capital allocation decisions which inherently depend on our supply chain must consider sustainability issues.

Supply chain – good energy programme outlook

We are committed to continuous improvement and the programme aims to enable this by adopting a maturity model that focuses on improvements each year.

In FY25 we plan to:

- Launch our Supplier Relationship Management framework – formalising our programme measures.
- Expand our risk screening approach for the programme's priority focus areas including climate risk management and emissions reduction.
- Assess all new suppliers who are 'critical' or over a threshold of spend via automated supplier desk assessments with systematic verification of evidence.
- Review our minimum sustainability weightings and/or requirement 'gate(s).'
- Mature our supplier development and capability build programme – including an info pack on the programme and a deep dive on emissions and climate risk.
- Expand the key metrics we monitor and report on to demonstrate progress.
- Train Meridian key buyers on effective implementation of the programme.

Related Documents

- **Supplier Code of Conduct**
- **Modern Slavery Statement**
- **Procurement Policy**
- **Environment Policy**
- **Safety and Sustainability Charter**

Want to learn more or have questions?
Contact procurement@meridianenergy.co.nz