

Sustainability Policy

1 Purpose

Mercury takes an integrated approach to incorporating sustainability into our strategic framework, strategic planning and everyday decision making and by doing so we believe we deliver greater value and better outcomes for all our stakeholders.

In conducting our business, we are guided by principles promoting ethical and responsible decision-making. This Sustainability Policy reflects core values that are integral to our business and are important to all our stakeholders.

Mercury recognises that our reputation, our operational and financial results, and success in creating long-term value for our shareholders, depend on maintaining confidence in:

- > how the Company acts and conducts its business;
- > our approach to:
 - managing natural resources;
 - meeting environmental requirements;
 - responding and adapting to climate change; and
 - playing a leading role in the decarbonisation of Aotearoa New Zealand;
- > our health and safety and wellbeing culture and practices;
- > the service we provide for our customers;
- > the employment experience we offer our people;
- > the relationships we have with our business partners and the communities within which we operate; and
- > broader measures of economic, environmental and social performance.

Our approach acknowledges the complex inter-relationships between economic performance and changing social and environmental expectations. It is based on a deep understanding of the matters that are most material to our many stakeholders and to ourselves.

These matters form the basis of our strategic framework which outlines five key drivers of material value creation for our business (Customers, Partnerships, Kaitiakitanga, People and Commercial). We believe that adopting thinking in this integrated way will help us meet our strategic objectives benefiting our shareholders, lenders, customers, employees, business partners and the communities in which we operate.

1.1 Supporting Policies

This policy and Mercury's integrated strategy is supported further by the other policies of the Company.

2 Governance and responsibilities

The Company's Board and individual directors are required to achieve the highest standards of corporate governance, acting at all times ethically and responsibly.

The Board is responsible for administering this policy, to ensure the Company adopts and implements integrated thinking, including by building awareness among its employees and supporting appropriate decision-making processes in the business.

Integrated thinking is actively promoted throughout the business by management, embedded in communications and reinforced by the Chief Executive and executive management team, both directly with the Company's employees, and through commercial partnerships, business and stakeholder relationships.

Mercury reports sustainability performance to shareholders and other stakeholders, through the Company's Interim and Annual Reports, annual Climate-related Disclosures (including Greenhouse Gas (GHG) Emissions Inventory Reports), standalone reports, digital platforms and social media, as and when required.



3 Iwi and Stakeholder Engagement

At Mercury we recognise that we operate in a broad environment which sees us rely on and have relationships with a variety of people and groups who are fundamental to our ability to deliver on our business objectives and create long term value.

We have identified nine key groups: customers, employees, partners, shareholders, Government and regulators, communities, Māori/iwi, suppliers, and industry participants.

What matters to these groups influences our ability to achieve the outcomes we seek (as articulated through our strategic framework) and understanding what is material, both to Mercury and these groups is important to our business strategy.

We recognise that what these groups see as important will change over time, so engagement needs to be for the long term. At regular intervals we will seek and collect feedback from representatives of these groups to inform our understanding of what matters most to them in their interactions with us, and the most appropriate and productive ways to shape our engagement processes.

Our stakeholder relationships are based on communicating openly through direct discussions and meetings and our commitment to best-practice market disclosure, along with sharing information through news releases, our website and other channels in accordance with our Market Disclosure Policy.

We recognise that engagement involves a two-way conversation. “Sharing and Connecting” is one of Mercury’s attitudes.

We also ensure there are a range of opportunities for direct discussion with management and our Directors, through our Annual Shareholders’ Meeting, investor briefings, and hosting specific events for key stakeholders.

4 Integrating sustainability into strategy

At Mercury, we are committed to evolving our culture and moving our business towards being a more adaptive organisation, ensuring we achieve our business goals and thrive in the continually changing environment in which we operate.

We also take an integrated approach to managing our business and place sustainability at the centre of what we do. Sustainability is integrated into our strategic framework and shows up under each of our value drivers in the following ways:

For our Customers:

- > We strive to be a trusted provider of essential services to our customers.
- > We care for all our customers and will take initiative to support our vulnerable customers.
- > We aim to provide a seamless experience for our customers across our product suite.

Within our Partnerships:

- > We strive to further develop our understanding of Te Ao Māori and take the views of our iwi partners into account in our decision making.
- > We participate in public policy development and relevant forums and consultations on key industry matters, respecting the interests and views of others.
- > We maintain dialogue with regulators, consumer and industry organisations for the long-term benefit of customers and the country, paying particular attention to the low-carbon transition.

In relation to Kaitiakitanga (Guardianship):

- > We recognise the unique relationships we hold that allow Mercury access to natural resources.
- > We commit to managing natural resources in a sustainable and efficient manner to support the low-carbon transition.
- > We are committed to understanding, managing, mitigating, and where possible enhancing, the environmental and cultural impacts of our activities.
- > Wherever we operate, we seek to develop enduring relationships with the communities in which we operate based on trust, respect and understanding.

For our People:

- > We are committed to excellence in the management of our work environment and the provision of health and safety systems for all employees, contractors and visitors.
- > We work to retain, develop and attract people with the right knowledge, skills and attitude to contribute to our culture.
- > We provide employees with opportunities to enhance their skills and capabilities, enabling them to develop fulfilling careers and to maximise their contribution to our business.
- > We pay our employees a fair wage.



- > We believe that inclusion, equity and diversity in our workforce is key to a succeeding culture.
- > We treat our employees with respect and consideration, maintaining a work environment free from discrimination or harassment, and taking action to remove barriers to success.
- > In accordance with New Zealand labour laws, we protect the rights of our employees to freedom of association, collective bargaining and limits on working hours.

Commercially:

- > We operate our business in accordance with best practice and endeavour as a minimum to act at all times in compliance with laws, regulations, health and safety best practice, consents and contractual obligations.
- > We assess the implications of our business decisions for our stakeholders and aim to balance social, environmental and economic impacts accordingly.
- > We are honest, keep our promises and demonstrate our commitment to the Company's values in all that we say and do.
- > We secure and develop reliable, economic, renewable electricity generation capacity to support New Zealand's decarbonation goals and sustainable energy future.
- > We understand the vital role electricity plays in our society and will look to diversify and expand our generation portfolio where appropriate.
- > We manage the sourcing and awarding of contracts in a commercial, sustainable and non-discriminatory manner and treat suppliers fairly and with integrity.
- > We recognise that in doing work on the Company's behalf, our suppliers and business partners can be considered an extension of our business and therefore must be expected to adhere to acceptable business performance standards, including with regard to environmental performance, labour practices and human rights.

Acting with these principles in mind contributes to the United Nations Sustainable Development Goals (SDGs) of which SDG7: Affordable and Clean Energy; SDG8: Decent Work and Economic Growth and SDG11: Sustainable Cities and Communities.

5 Policy review

The Board will review this policy as required but at least every two years.

