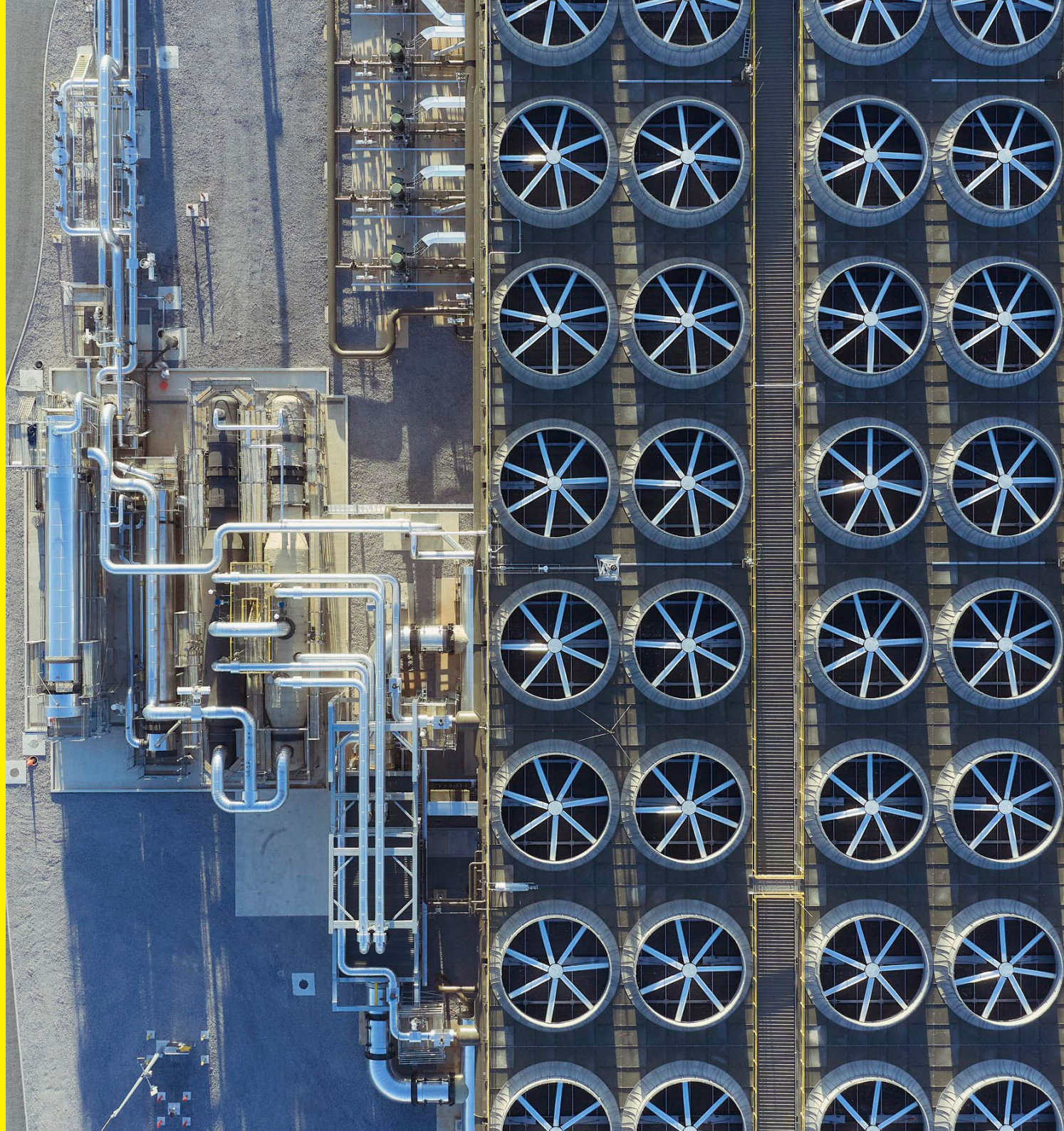


MERCURY NZ LIMITED

CLIMATE ACTION PLAN

2026-2030

Published 18 August 2026





ABOUT THIS PLAN

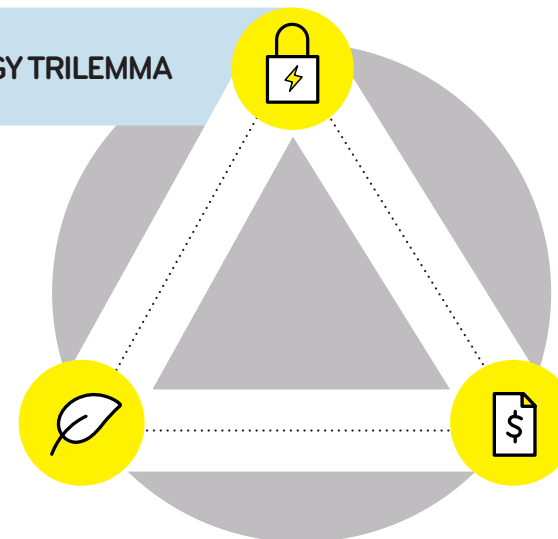
Our Climate Action Plan sets out the actions we are taking to reduce emissions, support the energy transition, and track progress against our emission reduction targets and priorities that matter most.

New Zealand's legislated target to reach net zero greenhouse gas emissions, other than biogenic methane, by 2050, will depend heavily on electrification supply and increased renewable electricity, making the energy transition central to our role in the future energy system.

As New Zealand transitions to a lower-emissions future, the challenge is not only to reduce emissions, but to do so in a way that maintains security of supply and supports affordable energy. If this balance is not achieved, the transition could become more difficult, more costly, and less inclusive.

This plan sits within the broader energy trilemma, where sustainability, security, and equity must all be considered together. It focuses most directly on the sustainability dimension, outlining the actions we are taking to reduce emissions, while recognising the importance of secure and affordable energy.

THE ENERGY TRILEMMA



ENERGY SECURITY

Energy security is about having enough electricity available when and where it is needed, even during times of high demand or unexpected disruption. It is a critical part of building a resilient energy system and gives people and businesses confidence to electrify.



ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is about reducing emissions and supporting a more sustainable energy system. Our Climate Action Plan focuses on this dimension of the trilemma.



ENERGY EQUITY

Energy equity is about ensuring access to affordable energy so that households, businesses, and communities can thrive. It recognises that for the transition to succeed, it must also be fair and inclusive.



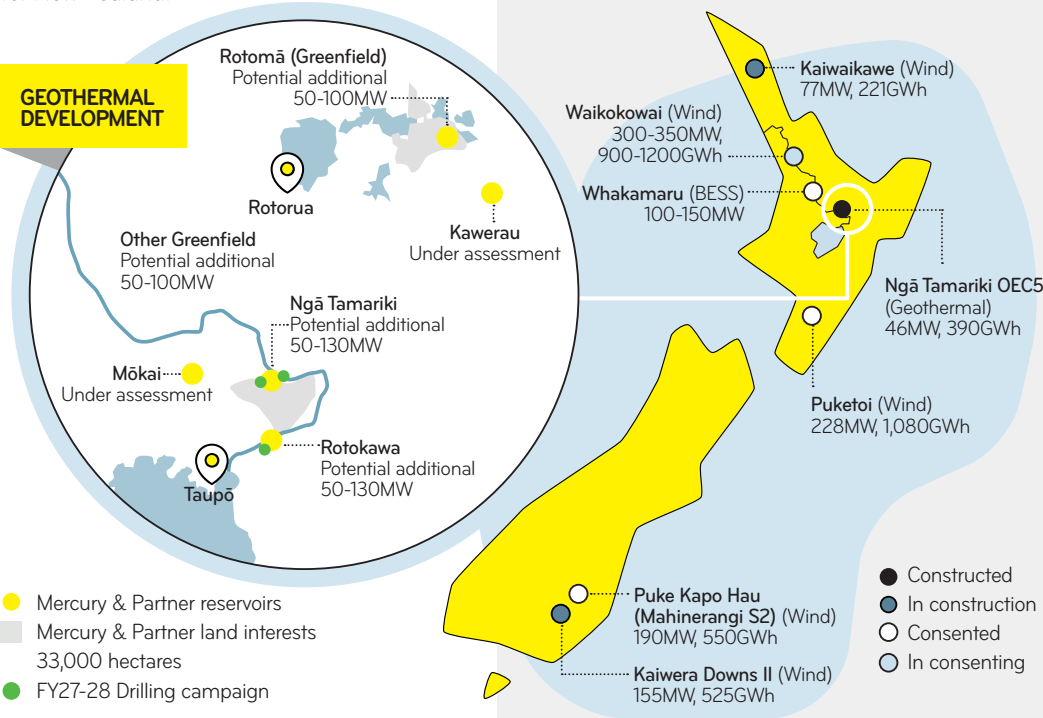


OUR KEY AREAS OF FOCUS

We are focusing on the areas where we can have the greatest impact - actions that support not only our own decarbonisation, but also the wider energy system's transition to a lower-emissions future.

Three key priority areas stand out based on their material impact and alignment with our long-term strategy: building and maintaining renewable generation, reducing our carbon footprint, and supporting customer decarbonisation.

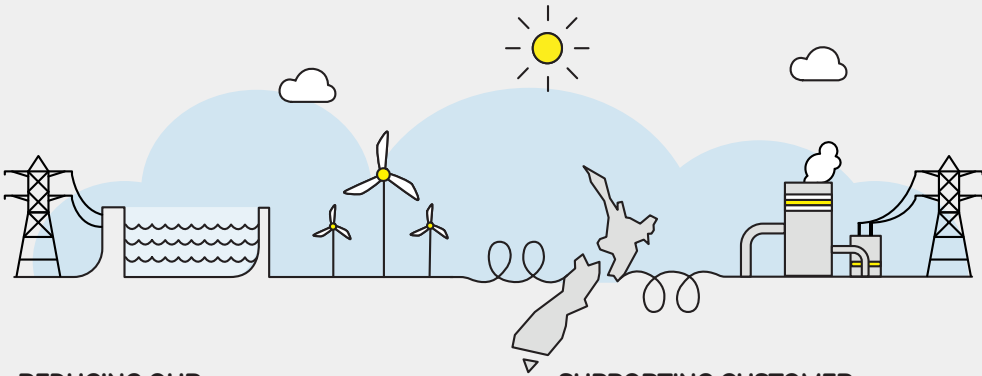
These are the areas where we're best placed to influence meaningful change for New Zealand.



BUILDING AND MAINTAINING RENEWABLE GENERATION

Building renewable generation is the material way we are contributing to the sustainability dimension of the energy trilemma.

This reflects the role we play in supporting a lower-emissions energy future by expanding renewable electricity supply, investing in renewable generation projects, and maintaining the generation assets that remain critical to New Zealand's transition. It also includes progressing geothermal appraisal drilling and development to support our next phase of renewable generation growth.



REDUCING OUR CARBON FOOTPRINT

Around half of our total greenhouse gas emissions come from geothermal generation, with fugitive geothermal emissions making up most of our Scope 1 emissions.

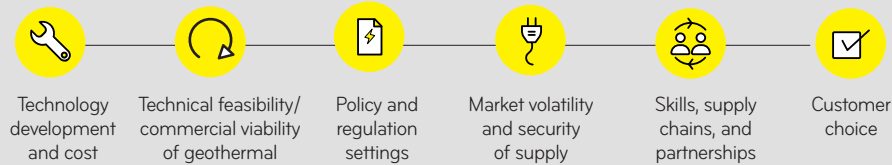
Reducing these emissions, particularly through the reinjection of non-condensable gases (NCG), is therefore a central focus of our decarbonisation approach.

SUPPORTING CUSTOMER DECARBONISATION

We recognise the role we can play in helping households and businesses navigate lower-emissions energy choices.

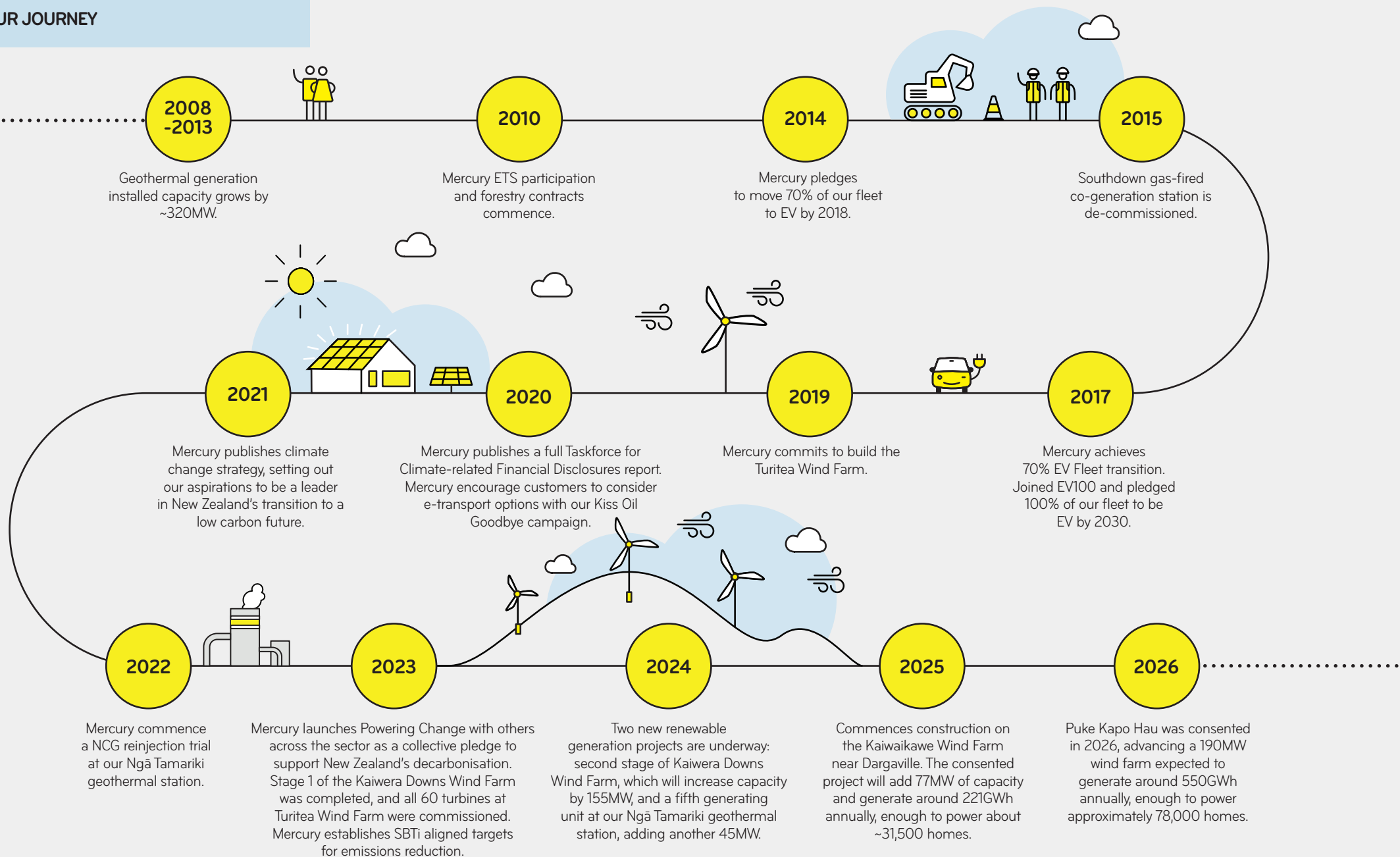
We are undertaking residential electrification trials, seeking to improve information to support customer electrification decisions, supporting large customers to electrify over time and are engaging across the value chain, including with suppliers, to enable emissions reductions beyond our own operations.

WHAT COULD AFFECT PROGRESS





OUR JOURNEY



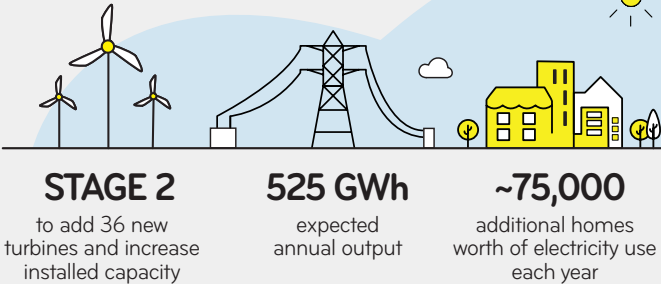


OUR PROGRESS IN FY26

In FY26, we made practical progress across the three areas where we can have the greatest impact: building and maintaining renewable generation, reducing our own emissions, and supporting customer decarbonisation. Together, these actions support our transition to a lower-emissions future and contribute to global efforts to limit warming to 1.5°C.

BUILDING AND MAINTAINING RENEWABLE GENERATION

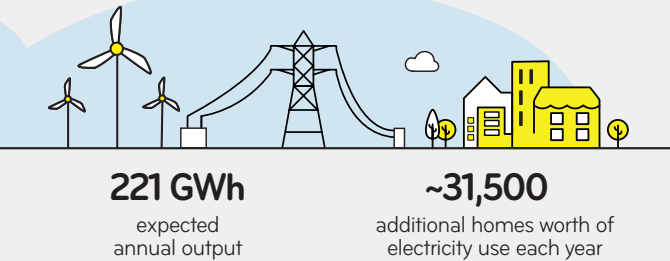
KAIWERA DOWNS WIND FARM



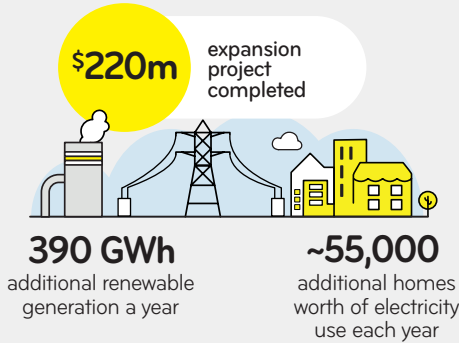
\$773m

committed to new renewable generation projects

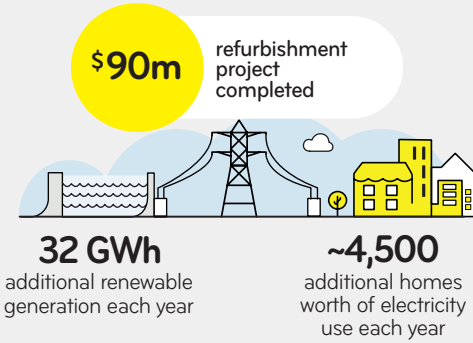
KAIWAIKAWE WIND FARM



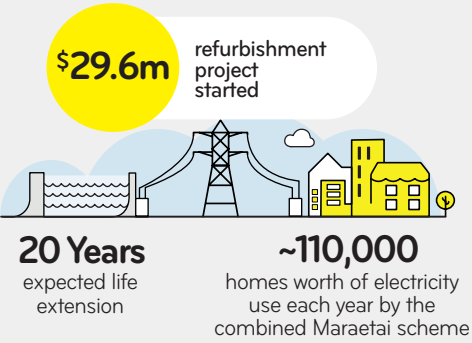
NGĀ TAMARIKI GEOTHERMAL STATION



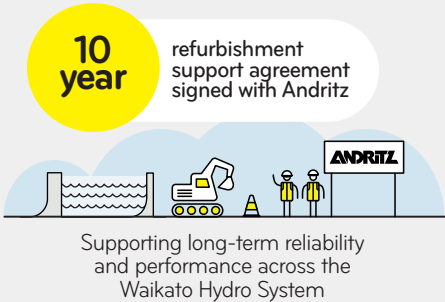
KARĀPIRO HYDRO STATION



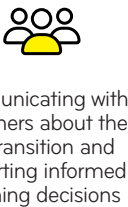
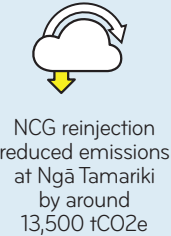
MARAETAI II HYDRO STATION



WAIKATO HYDRO SYSTEM



REDUCING MERCURY'S CARBON FOOTPRINT



SUPPORTING CUSTOMER DECARBONISATION



OUR UPDATED EMISSIONS
REDUCTION TARGETS

Our emissions reduction targets set out what we aim to reduce and by when, providing measurable milestones to track progress. Clear targets give key stakeholders, such as investors, regulators, and customers confidence in our decarbonisation pathway and help identify and manage transition risks.

Our approach is to set emissions reduction targets aligned to our strategy and supported by an action plan. We committed to set near- and long-term emissions reduction targets using tools provided by the Science Based Targets initiative (SBTi) in FY23.

In FY26 we have updated our targets to incorporate updated methodology and the lessons learned from progressing our initial targets. We now have a more mature technical evidence base and a clearer understanding of delivery challenges which we have used to inform our updated targets. We continue to use SBTi tools, greenhouse gas accounting principles, and target setting principles to inform our approach, while recognising that SBTi's Power Sector Net-Zero Standard and the way it applies in practice continues to evolve. Our long-term targets set our science-informed ambition, while our near-term targets set a more immediate delivery pathway to 2030. The updated targets clarify what we will deliver and when, and will be supported by reporting that helps stakeholders track our progress.

We track performance against our targets through Mercury's Greenhouse Gas Emissions Inventory, which is prepared in accordance with the Greenhouse Gas Protocol, using FY22 as a base year so emissions can be compared consistently over time.

SCOPE 1	
Reduction in electricity generation emissions intensity per MWh, from an FY22 base year	
NEAR-TERM REDUCTION	
Basis: Mercury Modelled Pathway	
FROM	70% by 2030
TO	41% by 2030
LONG-TERM REDUCTION	
Basis: SBTi Corporate Net Zero Tool	
UNCHANGED	70% by 2040

WHY OUR TARGETS
HAVE BEEN UPDATED

SBTi's updated strategy and Net-Zero Standard recognise that emissions reduction targets need to be grounded in what can practically be delivered, with more focus on progress reporting and implementation challenges.

Since setting the original targets, we have gained practical insight from the early phases of Non-condensable gas (NCG) reinjection work, feasibility studies, and development planning, giving us a clearer view of what can be delivered by 2030.

The new targets reflect this, while recognising that some future reductions will depend on technology, market conditions, and wider system change. We will continue to monitor emerging technologies, including whether carbon capture could become more practical as the technology develops, and as more low-cost renewable electricity becomes available to help power it.

We developed our updated targets using the Science Based Targets initiative's (SBTi) Corporate Net-Zero tool and Corporate Near-Term tool, applying SBTi's 1.5°C pathways where relevant, alongside Mercury's own modelling, operational assumptions, and insight from the geothermal gas reinjection programme. These updated targets have not been validated or approved by SBTi.

SCOPE 2	
Absolute reduction in purchased electricity emissions, from an FY22 base year	
NEAR-TERM REDUCTION	
Basis: SBTi Corporate Near-Term Tool	
UNCHANGED	42% by 2030
LONG-TERM REDUCTION	
Basis: SBTi Corporate Net Zero Tool	
FROM	90% by 2040
TO	90% by 2050

These technologies are still developing and are not currently included in our emissions reduction pathway.

Our long-term Scope 1 target remains unchanged at a 70% reduction by 2040. Our near-term generation emissions intensity target has been reduced to a 41% reduction by 2030 from an FY22 base year. As the reinjection programme has progressed, practical learning from reinjection performance, feasibility studies and future development planning has given us a clearer view of what can credibly be delivered by 2030. This new target reflects an FY26 technical assessment of the geothermal NCG reinjection pathway across our geothermal generation sites.

For Scope 2, our near-term target remains unchanged at a 42% reduction by 2030, while our long-term target date has moved from 2040 to 2050. This better reflects the longer-term pathway for Scope 2 emissions and recognises that the impact of proposed changes to the GHG Protocol's Scope 2

SCOPE 3	
Absolute reduction in emissions from gas sold to customers, from an FY22 base year	
NEAR-TERM REDUCTION	
Basis: SBTi Corporate Near-Term Tool	
FROM	42% by 2030
TO	34% by 2030
LONG-TERM REDUCTION	
Basis: SBTi Corporate Net Zero Tool	
FROM	90% by 2040
TO	90% by 2050

guidance remains unclear, including the treatment of renewable energy certificates, which can currently be used to reduce Scope 2 emissions by matching electricity use with renewable generation. The revised standard is expected to be published no earlier than late 2027 and, depending on the final requirements, could affect the delivery pathway for our Scope 2 target.

For Scope 3, our near-term gas sales target has moved from a 42% reduction to a 34% reduction by 2030 from an FY22 base year, reflecting the latest SBTi methodology published in April 2026 for calculating near-term targets. The reduction level for our long-term Scope 3 target remains 90%, with the target date moving from 2040 to 2050 to better reflect the long-term pathway for our gas sales emissions. This has been influenced by increasing uncertainty arising over the course of FY26 in New Zealand's gas sector as indigenous gas supply declines, major fields mature, and customers transition away from gas at different rates.



OUR 2026-2030 ACTION PLAN

This brings together the next stage of activity across our key areas of focus. It shows how the progress made this year connects to the actions we expect to progress next year, and how those actions support our line of sight to 2030.

Our approach is to keep moving forward in the areas we can influence directly, while continuing to build the partnerships, evidence, and capability needed to support longer-term change.

IMPORTANT INFORMATION

This forward-looking information forms part of the Mercury 2026 Climate Action Plan and reflects the current Mercury view of activities to 2030 and beyond. It is based on current plans, assumptions and expectations as at publication in 2026.

It is not a guarantee of future delivery or outcomes, and actual performance or outcomes may differ materially from that described. There are many factors which could impact outcomes, including climatic, government, consumer and market factors outside of Mercury's control. Mercury has prepared this information with due care and has used its best efforts to provide a reasonable basis for forward-looking information. Mercury will not be liable for reliance placed on forward-looking information by any third party.

OUR NEXT PHASE OF ACTION

OUR FY27 ACTIONS

BUILDING AND RETAINING RENEWABLE GENERATION

We expect to progress actions that support our renewable generation portfolio, and which improve and maintain asset performance for future growth.

- Complete construction of Kaiwera Downs Wind Farm Stage 2 and Kaiwaikawe Wind Farm and move both projects into operation.
- Progress Puke Kapo Hau, the Stage 2 development of Mahinerangi Wind Farm, toward a final investment decision.
- Continue the Maraetai II refurbishment programme with Andritz by completing Units 9 and 10 and commencing work on Unit 8.
- Progress the FY27-FY28 geothermal appraisal drilling campaign to advance feasibility for potential extensions at Ngā Tamariki and Rotokawa.
- Continue assessing renewable generation and storage options that could support Mercury's pathway to 2030.

REDUCING OUR CARBON FOOTPRINT

We expect to progress actions that support reductions in our geothermal emissions and the emissions sources we can directly influence.

- Improving reinjection performance, testing capacity, and progressing work needed to support higher reinjection levels at Ngā Tamariki over time.
- Progress feasibility and business case work for Rotokawa Geothermal Station, including requirements for a first phase of NCG reinjection.
- Bring Kaiwera Downs Stage 2 and Kaiwaikawe Wind Farm into operation, supporting a reduction in Scope 1 emissions intensity by increasing renewable generation.
- Build better insight into employee commuting patterns to understand the impact of lower-emissions travel choices.

PATHWAY TO 2030

Beyond these projects, we expect to continue progressing a range of renewable generation and storage options that could support our renewable generation ambition. This includes Waikokowai and Puketoi Wind Farms, Whakamaru Battery Energy Storage System (BESS), solar Power Purchase Agreement (PPA) opportunities and brownfield geothermal options.

The final mix will depend on project readiness, demand, consenting, commercial value and delivery conditions.

PATHWAY TO 2030

Our focus will be on scaling the most credible geothermal emissions reduction options, particularly at Ngā Tamariki and Rotokawa. Progress will depend on reinjection performance, reservoir conditions, infrastructure requirements and business case approvals.

We expect to continue refining our Scope 1 pathway as our understanding improves, while growing the role geothermal generation plays in providing reliable renewable electricity for New Zealand. We will also continue to explore the role that biogas and biomethane could play in reducing emissions from gas sales, including where working with others may help future supply options develop over time.



OUR 2026-2030 ACTION PLAN

How we will track delivery.

We will track delivery of this plan through:

- monitoring emissions performance against our updated Scope 1, Scope 2, and Scope 3 targets
- tracking project milestones for committed renewable generation, hydro refurbishment, and geothermal NCG reinjection
- measuring customer decarbonisation activity, including electrification support, demand flexibility and lower-emissions gas options where electrification is not yet practical
- reviewing annually through management, Risk Management Committee, Audit and Financial Risk Committee, and the Board, as part of Mercury's climate-related disclosure process
- assessing capital allocation through Mercury's investment approval framework, with major projects assessed against strategic fit, risk, returns, deliverability, and balance sheet capacity
- reporting progress through annual climate-related disclosures and updating the pathway as assumptions, technologies, and delivery conditions evolve.

OUR NEXT PHASE OF ACTION

OUR FY27 ACTIONS

SUPPORTING CUSTOMER DECARBONISATION

We expect to progress actions that support customers through the gas transition and help reduce reliance on fossil gas where practical.

- Deliver customer communications to support informed energy choices through the gas transition.
- Complete and review residential electrification trials to identify key customer barriers, costs and support needs.
- Engage with developers and customers on opportunities to reduce new reliance on fossil gas where practical.
- Assess credible biogas and biomethane supply options.
- Engage with regulators, sector participants, and other stakeholders on settings that support practical customer decarbonisation.

PATHWAY TO 2030

From 2028 to 2030, we expect to use the insights from FY27 to shape the next phase of customer decarbonisation activity.

Our focus is expected to remain on supporting customers to electrify where practical, reducing new reliance on fossil gas where lower-emissions alternatives are available, and assessing whether credible biogas and biomethane supply options can develop at sufficient scale.



