CLIMATE STATEMENT 2026

TE TAUĀKI ĀHUARANGI

Our Climate Statement outlines how we are delivering on our purpose in the face of climate change, by identifying and responding to climate-related risks and opportunities (CRROs) across our business. We detail our approach across strategy, risk, governance, and metrics, in line with the Aotearoa New Zealand Climate Standards, presenting our evolving understanding of climate change on our business. The Climate Statement incorporates our Greenhouse Gas Inventory.

Our strategy is designed to build earnings resilience through operating our assets well, growing renewable generation, allocating capital with discipline, and actively managing climate-related risks, positioning us to support customer decarbonisation.

READ MORE PG03

Our climate-related opportunities include the low-carbon transition driving growth in demand for electrification, capital markets interest in low-carbon operations, and growing demand for smart energy solutions.

READ MORE PG11

Climate-related risks include greater variability in weather patterns affecting hydro generation, growing atmospheric/ storm intensity which affects generation assets, changing market and policy settings, and global supply chain constraints.

READ MORE PG07

We have updated our emissions reduction targets to reflect updated methodology, more mature technical evidence, and lessons learned while progressing our initial targets. The updated targets provide a clearer view of what we will deliver and when.

READ MORE PG14

Our scenario analysis includes testing the resilience of our strategy across different time horizons.

READ MORE PG17

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MERCURY AND CLIMATE CHANGE

Mercury NZ Limited is a Climate Reporting Entity under the Financial Markets Conduct Act 2013. This Climate Statement has been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS) and is for the 2026 Financial Year

FY26 Climate Statement

SCOTT ST JOHN
CHAIR

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18 AUGUST 2026

IMPORTANT INFORMATION FOR READERS

Mercury has used best efforts in the preparation of this Climate-Related Disclosure to provide accurate information as at 18 August 2026 but cautions reliance being placed on representations that are necessarily subject to significant risks, uncertainties or assumptions.

This Climate-Related Disclosure contains forward looking statements, including climate-related metrics, climate scenarios, estimated climate projections, targets, assumptions, forecasts, and statements of Mercury's future intentions. These statements necessarily involve assumptions, forecasts and projections about Mercury's present and future strategies and the environment in which Mercury will operate in the future, which are inherently uncertain and subject to limitations, particularly as to inputs, available data, and information which is likely to change. Mercury has used its best efforts to provide a reasonable basis for forward-looking statements but is constrained by the novel and developing nature of this subject matter. Climate-related forward-looking statements may therefore be less reliable than other statements Mercury may make in its annual reporting.

Descriptions of the qualitative and quantitative, current and anticipated financial and other impacts of climate change draw on and/or represent estimated figures only. In particular, the risks and opportunities described in this report, and the forecast emissions reductions, may not eventuate or may be more or less significant than anticipated.

There are many factors that could cause Mercury's actual results, performance or achievement of climate-related metrics (including targets) to differ materially from that described, including climatic, government, consumer, and market factors outside of Mercury's control.

Nothing in this Climate-Related Disclosure should be interpreted as capital growth, earnings, or any other legal, financial, tax, or other advice or guidance.

INTRODUCTION

OUR PURPOSE

Tiakina te anamata, mā te tūhono i ngā tāngata me ngā wāhi o te inamata.

Taking care of tomorrow: connecting people and place today.

This Climate Statement outlines how we are delivering on our purpose in the face of climate change by identifying and responding to climate-related risks and opportunities (CRROs) across our business.

We see ourselves as a key enabler of the transition to a low-carbon future. Climate change is integrated into our purpose and strategy, influencing our investment decisions, risk management, and the way we work with our customers, partners, and other stakeholders. The transition requires a transformation of the energy system and we are playing a leading role in building that future through our renewable generation pipeline, demand-side innovation, and partnerships.

The environment in which we operate continues to evolve, in particular:

- Growing evidence that recent global temperatures have exceeded 1.5°C above pre-industrial levels, while significant changes are still required at pace to align activity with a 1.5°C pathway.
- Increasing electricity demand over time with electrification and digital infrastructure investment reinforces the need for additional renewable generation, subject to contracting, timing, and market conditions.
- A changing regulatory and policy landscape, with an increased focus on ensuring that security of supply and access to affordable energy is maintained while the sector navigates the transition to a low-carbon future.

As New Zealand transitions to a low-carbon future and more renewables are introduced to our energy system, we are conscious that electricity supply needs to stay reliable and affordable. In the near-term, our energy system faces challenges to security of supply, including a shortage in domestic natural gas and a risk of prolonged dry weather leading to lower hydro lake levels. This means that thermal fuel, such as coal or potentially imported LNG, is likely to continue to play a supporting role to ensure the security of the broader energy system in the near-term, particularly in those dry years when hydro lakes are low.

Our primary role is to accelerate renewable supply while supporting an orderly transition that maintains security and affordability for customers and continuing to operate in a financially prudent way. In the near term, this includes supporting sector-wide security arrangements, while continuing to invest in renewable generation and demand-side flexibility.

We are focused on ensuring that our business is resilient and successful through the transition by actively identifying and managing the climate-related risks we face, while pursuing the opportunities that the energy transition unlocks.

This Climate Statement outlines our approach across strategy, risk, governance, and metrics, in line with the Aotearoa New Zealand Climate Standards, and reflects our evolving understanding of the impacts of climate change on our business.

SUMMARY OF KEY POINTS

Key changes since our FY25 climate statement

- Greenhouse Gas Inventory is included in the Climate Statement.
- We adjusted the scenarios and CRROs based on internal engagement and data reviews.
- The emissions reduction targets have been updated to reflect updated SBTi methodology, what we have learned through delivery, and a clearer view of what is achievable by 2030.

Our scenarios have four different pathways

- Teal where global temperature increase is limited to 1.5°C (after an overshoot to 1.6°C).
- Purple where global temperature increase is limited to 2.5°C.
- Amber where global temperature increase is limited to 3°C.
- Maroon where global temperature increase is greater than 3°C.

Based on our scenarios

- We identified material CRROs that could affect our business and captured our view of material climate-related current impacts to us.

Our material climate-related risks

- Greater variability in weather patterns (including more frequent high inflow events and droughts) may reduce hydro generation flexibility and increase trading risk.
- Growing intensity of atmospheric conditions (including storm events) may cause disruption to assets.
- Market and policy settings may prioritise different aspects of the energy trilemma as we transition to a low-carbon future.
- Global decarbonisation constraints (supply chain, labour, and infrastructure) may delay renewable development.

Our material climate-related opportunities

- The low-carbon transition may lift electricity demand.
- Capital markets may support investing in low-carbon operations.
- The low-carbon transition may drive demand for smart energy solutions and new products and services.

We are continuing to take action to reduce our own emissions and support the transition to a lower-emissions future. Further details are outlined in our FY26 Climate Action Plan.

STRATEGY

Our strategy is shaped by the risks and opportunities of climate change. As we transition to a low-carbon future, our focus is on delivering reliable and affordable renewable energy, while supporting customers, communities, and shareholders through this change.

TRANSITION PLAN ASPECTS OF OUR STRATEGY

Our strategy is designed to build earnings resilience through renewable generation growth, disciplined capital allocation, and active management of climate-related risks. This positions us to support customer decarbonisation while maintaining financial discipline through the transition and reflects our business model and strategy, which are designed to respond to our identified climate-related risks and opportunities. Our generation assets produce electricity from 100% renewable sources: hydro, geothermal, and wind, across 19 power stations nationwide. We are also a retailer of electricity, gas, broadband and mobile services. We serve more than 900,000 customer connections across electricity, gas, telecommunications, and mobile, supported by ~1,300 permanent employees. For more information on Our Business Model see page 4 of our FY26 Integrated Report.

Climate change considerations have shaped the development of key aspects of our strategy – our purpose, FY30 Priorities, FY35 Aspirations, and our strategic objectives. Our strategy is aligned to our key value drivers, namely, Kaitiakitanga/Stewardship, Kiritaki/Customer, Kōtuitanga/Partnerships, Ngā Tāngata/Our People, and Arumoni/Commercial. These value drivers guide our transition plan by focussing action on the areas most critical to our business as we navigate the low-carbon transition.

We recognise that the most significant contributions we can make to the energy transition are to deliver more reliable and renewable energy to power Aotearoa, and to accelerate the shift to a low-carbon future by working with customers to support decarbonisation. We also need to reduce our own emissions, align financial growth with the transition, and develop a high-performing workforce with the capabilities required to deliver successfully. The actions described below support our response to our material CRROs, including building renewable generation, managing hydrological variability and physical asset risks through our asset management and risk processes, supporting customer electrification and demand flexibility, engaging on policy settings, strengthening supplier relationships, and maintaining access to sustainable finance.

FY35 ASPIRATIONS	FY30 PRIORITIES	STRATEGIC OBJECTIVES
KAITIAKITANGA/Stewardship Our assets and the natural environment are thriving.	**Deliver more reliable and renewable energy** Taking care of our generation assets and actioning options for growth.	**Generation development uplift**
KIRITAKI/Customer Customers are at the heart of what we do.	**Accelerate the shift to a low-carbon future** Leading the transition by creating solutions for customers to electrify and support the development of a smart energy system.	**Capture energy transition growth**
KŌTUITANGA/Partnerships We are the trusted partner of choice.	**Create success with others** Having a deliberate focus on deepening trust with key relationships to achieve shared goals.	**Earn trust and enable growth through partnerships**
NGĀ TĀNGATA/Our People We learn and grow to realise our full potential.	**Perform with an inclusive, connected culture** Unleashing an inclusive, curious and connected culture to lift business performance.	**Connected and high-performing culture**
ARUMONI/Commercial We are leaders in commercial growth.	**Achieve what matters most through financial growth** Achieving sustainable performance to invest in the future and drive value.	**Earnings transformation**

THE TRANSITION PLAN ASPECTS OF OUR STRATEGY ARE:

KAITIAKITANGA STEWARDSHIP

Delivering more reliable and renewable energy.

Developing more reliable renewable energy is one of the most meaningful ways we can support a low-carbon economy. We are focused on developing a diverse pipeline of wind, geothermal, and solar opportunities to support future demand and electrification, while continuing to invest in existing assets that remain critical to reliable energy supply.

Bringing large-scale projects to market involves navigating consenting challenges, policy and regulatory change, supply chain constraints, demand, and global competition for renewable technology. Our decisions are also guided by our emissions reduction targets and include initiatives such as reinjection of non-condensable gases (NCG) at our geothermal sites.

Examples of how our strategy and business model are evolving include:

- Building a renewable generation pipeline that is diverse in location and energy source. In FY26, we completed the expansion of Ngā Tamariki Geothermal Station, completed construction of Stage 2 of Kaiwera Downs Wind Farm and commenced generation at Kaiwaikawe Wind Farm.

- Improving the performance, flexibility, and lifespan of our assets, including a $29.6 million, four-year refurbishment of Maraetai II Hydro Station, which will improve the station's operational reliability and extend its life by 20 years.
- Reducing operational emissions through initiatives such as capturing and reinjecting non-condensable gases (NCG) at Ngā Tamariki Geothermal Station. In FY26, we invested approximately $1.3 million in this initiative, with an estimated 13,490 tCO_2e abated. We also commissioned the fifth generation unit (OEC5) at the station, adding 46MW of renewable baseload capacity through the $220 million expansion project.
- Strengthening supply chain resilience through supplier collaboration with existing and potential new suppliers.
- Working with regulators and sector partners to improve consenting processes and align renewable development with environmental and planning standards.
- Enabling greater demand flexibility to support system efficiency and better align electricity demand with renewable generation.

In FY26, 99% of our growth capital expenditure (CAPEX), i.e. $560 million, was allocated to renewable generation development, reflecting disciplined capital allocation. We have dedicated teams focused on generation development and the management of our portfolio.

KIRITAKI CUSTOMER

Accelerating the shift to a low-carbon future.

We are committed to supporting customers through the energy transition, recognising that electrification, affordability, and access to new technologies affect people in different ways. As demand increases, particularly from electric vehicles and new electricity uses, we are focused on empowering customers with the tools, information, and support they need to successfully navigate this shift.

Examples of how our strategy and business model are evolving include:

- Delivering a retail gas strategy that supports the reduction of our scope 3 emissions by helping customers understand their energy options and transition pathways.
- Working with Intellihub and Bluecurrent to scale smart hot water management, resulting in 50,000 connected cylinders over winter 2026. This supports demand flexibility and help manage peak electricity demand.
- Trialling Rinnai's GridSmart device to test the technology and better understand how smart hot water cylinders can increase demand flexibility while helping ensure customers have reliable access to hot water.
- Entering long-term electricity supply agreements with industrial customers, including Datagrid, to support new electricity demand and provide greater confidence for renewable generation investment.
- Launching Flex Rates, time-of-use plans which give residential customers and small and medium-sized business customers greater control over electricity spend while helping manage load on distribution networks.
- Delivering material support to social retailers, Nau Mai Rā and Toast Electric, providing care beyond our own customer base. This included 59GWh volume sold to social retailers in FY26.

We have dedicated teams focused on new propositions, hardship support, and community engagement to ensure our services meet evolving needs.


WAIPIPI WIND FARM

THE TRANSITION PLAN CONT.

KŌTUITANGA PARTNERSHIPS

Creating success with others.

Strong partnerships are essential to our climate transition. We work closely with iwi, regulators, advocacy groups, communities, and industry to navigate the complexity of the energy transition. By working together, we aim to support effective policy, maintain social licence, and share the benefits of decarbonisation, supporting long-term value creation for shareholders and broader stakeholders.

Examples of how our strategy and business model are evolving include:

- ↗ Deepening engagement with iwi and hapū where our assets are located to support long-term, values-aligned relationships.
- ↗ Supporting local communities through initiatives such as our Community Funds, which support projects and organisations that contribute to community wellbeing in regions where we operate.
- ↗ Advocating for policy settings that enable renewable development, operational flexibility, and equitable transition outcomes.
- ↗ Participating in sector forums to support resilience, security of supply, and system-level planning.
- ↗ Strengthening partnerships with community providers that support customers.
- ↗ Supporting new and existing customers with decarbonisation opportunities as well as new demand sources.

We have dedicated teams focused on building and maintaining trusted partnerships. This includes teams focused on iwi relations, regulatory affairs, and community engagement, working across the business to deliver outcomes aligned to our strategy that benefit both our shareholders and the communities we serve.

NGĀ TĀNGATA OUR PEOPLE

Performing with an inclusive, connected culture.

Developing a capable, resilient, high-performing and inclusive workforce is essential to our long-term success in a low-emissions future. As CRROs evolve, so do our people, through the development of future skills, climate literacy, and strong engagement with our identity, attitude and purpose. We are committed to attracting, retaining, and growing the widest possible pool of talent to build the workforce of the future, one that reflects the communities we serve and brings a diversity of perspectives to guide and deliver meaningful change.

Examples of how our strategy and business model are evolving include:

- ↗ Investing in learning and development to build the capability required to deliver renewable generation projects and support the transition to a low-emissions energy system.
- ↗ Building workforce and asset management capability to support long-term sustainable performance.
- ↗ Supporting the wellbeing, inclusion, and adaptability of our people through targeted programmes such as the Safety Intelligence Programme, a framework designed to raise the standard of workplace safety by making safety clear, human, and effective, while embedding capability into everyday practice.
- ↗ Embedding our climate considerations into decision-making through ongoing education, engagement, and leadership across the business.
- ↗ Building an inclusive workforce that leverages diverse backgrounds, perspectives, and capabilities, strengthening leadership to deliver on our strategic priorities.

We have dedicated teams focused on talent development, organisational capability, and internal engagement supporting our broader people development programme.

ARUMONI COMMERCIAL

Achieving what matters most through financial growth.

Our commercial strategy reflects shifting market dynamics and growing demand for sustainable, low-emissions operations. Our long-term earnings growth is supported by disciplined investment in renewable generation, matched to demand growth, while actively managing market volatility, weather-related variability, and policy uncertainty. We recognise capital markets' preference for climate-aligned investments, which is expanding access to green finance and reinforcing the value of sustainable operations.

Examples of how our strategy and business model are evolving include:

- ↗ Updating our Green Financing Framework which supports green bonds and loans, enabling financing and refinancing of eligible projects.
- ↗ Considering CRROs when making investment decisions and evaluating our portfolio.
- ↗ Offering Power Purchase Agreements (PPAs) to support electrification and attract new load. In FY26, this included a 15-year, 140MW Power Purchase Option Agreement (PPOA) with Datagrid.
- ↗ Strengthening financial management to better address weather, regulatory, and market volatility.
- ↗ Building commercial capability to identify revenue opportunities from increasing electricity demand driven by electrification.

We are investing in the tools and processes needed to manage climate-related financial risks and capture emerging opportunities. We have commercial teams focused on pricing and forecasting, contributing toward our long-term financial resilience and ability to thrive in a low-carbon economy.

OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

The following tables detail material CRROs and their anticipated unmitigated impacts (the term 'unmitigated' refers to the potential financial impact if no management actions are taken, and the risk materialises without additional interventions). The likelihood and anticipated impact of these is based upon our risk matrix (details in the Risk Section). We have calculated the reasonably expected anticipated financial impact of each material CRRO, considering a range of factors. Where an impact pathway would be material but not reasonably expected to occur, or if the information available is highly uncertain, we have provided commentary to explain what we have considered.

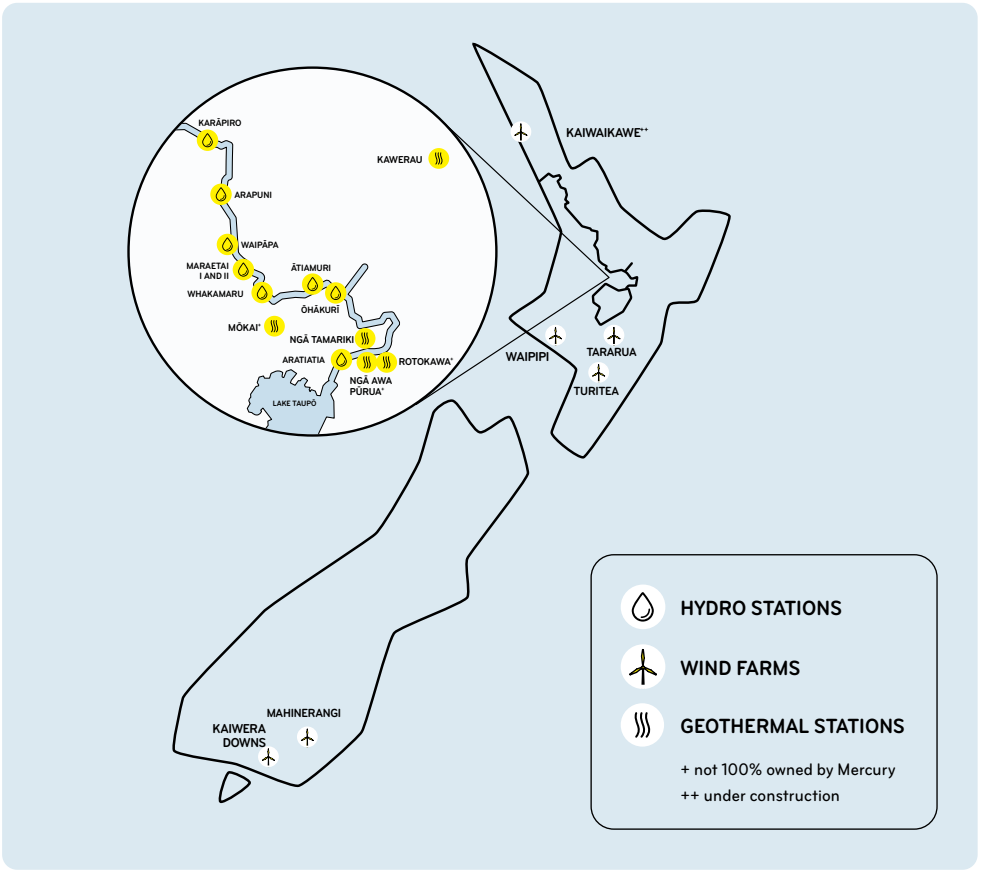
The anticipated impact ranges for our CRROs have been aligned to the financial impact ranges in our Risk Management Framework to support consistency across reporting periods. These ranges are less than $75k, $75k-$750k, $750k-$7.5m, $7.5m-$75m, $75m-$750m, and greater than $750m. This approach reflects indicative risk assessment ranges intended to show the general quantum of potential impact, rather than precise forecasts. These ranges should not be read as forecasts, guidance or expected earnings impacts. They are designed to support risk assessment, planning, and governance, while avoiding a false sense of accuracy. For more information on risks, see the Risk section of this Climate Statement.

CRROs have been identified by considering our four scenarios over a 30-year time horizon. In doing this, we considered all parts of our value chain—including upstream, operational, and downstream activities (without any exclusions). For physical risks, this included considering how climate hazards may affect us through changes to inflows, physical damage to assets, disruption to access or surrounding infrastructure, reduced ability to export generation, increased costs, and changes to generation revenue.

CRROs influence strategic business decisions across multiple functions and are reflected in our planning processes through:

- The setting of strategic objectives and performance incentives in the Group Scorecard each financial year.
- The application of our Risk Management Framework to assess physical risks to generation plant and assets and prioritising any required mitigation work in business plans.
- The deployment of capital and funding for the development of new renewable generation.
- The consideration of portfolio risks when progressing new generation development.

When allocating capital, we consider climate-related transition impacts, such as decarbonisation initiatives and emissions reductions pathways, given their significance on future electricity demand growth. We also account for CRROs over multiple time horizons in developing our capital investment plans. All our material CRROs are relevant to the energy sector in New Zealand.



Our time horizons for scenario analysis and CRROs align with our business planning and strategy processes:

CURRENT: LESS THAN 1 YEAR	SHORT-TERM: 1 TO 3 YEARS	MEDIUM-TERM: 3 TO 10 YEARS	LONG-TERM: 10 TO 30 YEARS
Aligning to immediate planning and operational considerations.	Aligning with our 3-year business planning cycle.	Aligning with our strategy and strategic scenarios.	Aligning with the expected useful life of new generation development.

OUR CLIMATE-RELATED RISKS

Greater variability in weather patterns (including more frequent high inflow events and droughts) may reduce hydro generation flexibility and increase trading risk.

ARATIATIA RAPIDS

RISK TYPE: Chronic Physical.

LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

TIME HORIZON: Current, short, medium, long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to long-term (1–30 years).

CURRENT | SHORT | MEDIUM | LONG-TERM

IMPLICATIONS:

More volatile catchment inflows from changing and increasingly extreme weather patterns, including changing rainfall patterns, make it more difficult to optimally manage hydro storage. This manifests through increased risk of spill during high inflow events and reduced generation volumes during low inflow periods and droughts, as well as potential biosecurity and water quality challenges (e.g. algal blooms or invasive species), along the Waikato Hydro Scheme. During low inflow periods and droughts, this risk is further heightened as other stakeholders along the catchment may also seek access to water. More volatile catchment inflows may also affect spot prices in a highly renewable electricity market, with dry periods potentially contributing to higher prices and high inflow periods potentially resulting in lower prices due to increased renewable generation. This variability in prices and generation heightens our trading risk.

ASSESSMENT METHODOLOGY:

We considered two impact pathways - drought and extreme wet events.

For droughts, our methodology estimated lost revenue from reduced hydro generation due to projected increases in dry days (<1mm rainfall) around Taupō, based on Earth Sciences New Zealand's RCP* 4.5 climate projections. Generation loss is calculated against precipitation projection and using national average wholesale electricity prices from Electricity Authority data (2004–2026).

For extreme wet events (>25mm rainfall), our approach considered both potential increased short-term generation energy margin impacts and associated increased spillway repair, maintenance, and spillway upgrade costs. Inputs included projected rainfall from Earth Sciences New Zealand's Zone 1 data, historical price trends, and internal CAPEX and maintenance estimates.

Both approaches assumed nominal impacts using average prices, which may have masked intra-year volatility. Limitations included reliance on regional RCP* data (rather than SSPs*), internal assumptions, and a lack of granularity, making outputs more suitable for sensitivity analysis and indicative planning than precise forecasting.

FINANCIAL METRICS: An aggregate of: net decrease in energy margin, increase in spillway repairs, maintenance, and upgrade costs.

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m annualised over the short to long-term.

MANAGEMENT RESPONSE:

- We manage our peak customer sales commitments by adopting a portfolio approach that integrates generation development, existing operations, and financial hedging, aiming to balance sales with our physical generation and financial contract purchases to maintain resilience during dry hydrological conditions.
- Our environmental and planning teams engage with governing and consenting bodies, iwi, and catchment partners to manage the operational impacts of lake storage levels and ensure we have operational flexibility to manage inflow variability on the Waikato Hydro System, including during high inflow events.
- We are collaborating with other sector participants to explore options to improve security of supply and grid flexibility during periods of hydrological variability and dry-year risk.

MATERIAL CURRENT IMPACTS:

- There were no material impacts on repairs and maintenance or additional upgrade capital costs in FY26.

*For more information on RCPs and SSPs, view the Datasets and Models Used section of this Climate Statement.

OUR CLIMATE-RELATED RISKS CONT.

Growing intensity of atmospheric conditions (including storm events) may cause disruption to assets.

RISK TYPE: Acute Physical.

LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

TIME HORIZON: Current, short, medium, long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to long-term (1–30 years).*

CURRENT | SHORT | MEDIUM | LONG-TERM

IMPLICATIONS:

Increasing intensity of acute physical hazards, including high-intensity rainfall, flooding, high wind events and fire conditions, may lead to physical damage to generation and telco assets, disrupt access to these assets, or affect surrounding infrastructure and network connections.

These hazards may result in repair costs, lost generation revenue, reduced ability to operate or maintain affected sites, or reduced ability to export generation from affected stations on the Waikato Hydro System.

NGĀ TAMARIKI GEOTHERMAL STATION

ASSESSMENT METHODOLOGY:

We considered several impact pathways to assess the risk based on internal data and historical climate events - transmission line failure from storm or wind-related damage, transformer failure from flooding, compromised units or stations from physical damage or disrupted access, and catastrophic cascade dam failure.

For transmission line failure, we modelled the impact of the transmission line connecting to our largest hydro station failing. Lost generation revenue was calculated by multiplying average output by wholesale prices and a 1.5-month outage period.

For transformer failure due to flooding, we used a similar approach, extending the modelled outage period to 3.5 months, reflecting a conservative approach, as well as considering additional spillway capital reinvestment required as a result of increased spilling during high flow events.

We also considered compromised units or stations, and catastrophic cascade dam failure. However, these pathways were not reasonably expected and deemed too rare for financial quantification but underscore the criticality of maintenance and compliance with safety standards. These are not included in our anticipated impact range.

Across all pathways, outputs are directionally indicative, relying heavily on internal data due to limited external benchmarks.

FINANCIAL METRICS: An aggregate of: decrease in energy margin, increase in spillway repairs and maintenance and increase in CAPEX reinvestment (frequency).

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m annualised over the short to long-term.

MANAGEMENT RESPONSE:

- We regularly assess physical risks to generating plant and assets as a reasonable and prudent asset owner / operator and will mitigate risks of damage as they arise.
- We have a dam safety programme, including annual and 5-yearly external reviews, and continue to work to gain insight into the impacts of climate change on flood risks.
- We maintain a portfolio of geographically dispersed and fuel diverse generation assets which reduces impacts arising from localised storm events that could cause asset damage.
- We carry insurance cover that mitigates some of the financial impacts of replacing damaged assets and for significant business interruption events.
- Operational teams actively monitor weather forecasts and manage hydro reservoirs and other generation assets proactively to mitigate the impact of extreme weather events.

MATERIAL CURRENT IMPACTS:

- Recent flooding events impacted two hydro stations, resulting in roading repairs at Maraetai, and inventory write-offs at Ātiamuri. The combined financial impact is below our materiality threshold.

* This year the time horizon over which the risk becomes material has been updated and is short to long-term, rather than medium to long-term as previously disclosed in FY25.

OUR CLIMATE-RELATED RISKS CONT.

Market and policy settings may prioritise different aspects of the energy trilemma as we transition to a low-carbon future.

RISK TYPE: Transition.

LIKELIHOOD: This risk is assessed as being highly likely (10-30% probability in any given year) to materialise.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to long-term (1–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM

IMPLICATIONS:

Without clear and considered policy settings, the rate of electrification of industrial process heat and transport could fall behind projections. Other policy reforms could adversely impact our ability to progress our generation pipeline, such as Resource Management Act reforms favouring other environmental protection over mitigating climate impacts. Specifically, this could include declining demand growth, loss of investor confidence, increased costs, delayed or declined renewable generation consents, delayed renewable electricity generation capacity development, security of supply issues (electricity and gas), changes to carbon unit pricing and the emissions trading scheme, and market intervention that negatively impacts asset valuations. We also recognise the role that we and the broader market have to play in contributing to balancing the energy trilemma as we navigate the transition.

WAIKATO RIVER

ASSESSMENT METHODOLOGY:

We considered the following impact pathways - constrained demand from electrification, delays in consenting new renewable generation projects, and government-imposed price caps.

For constrained demand from electrification, lost revenue was estimated by modelling reduced electricity uptake across transport and industrial sectors, using internal demand forecasts and national electrification scenarios. The impact was expressed as a range, reflecting uncertainty in demand outcomes and price responses.

For delays in consenting new renewable generation projects, we used qualitative insights due to limitations in quantifying the financial impact. Directionally, the potential cost was assessed by estimating foregone revenue from delayed project commissioning using internal forecasts of generation output and wholesale price assumptions. However, this result is shared for information only, given the high uncertainty around timing, project prioritisation, and regulatory outcomes. It is not included in our anticipated impact range.

For government-imposed price caps, we used qualitative insights as quantification was limited by the unpredictability of price cap levels and duration. We note that price caps would likely reduce market revenues and undermine investment signals. This result is shared for information only, given the high uncertainty of information available and as it would not be reasonably expected to occur. It is not included in our anticipated impact range.

Across all impact pathways, financial outcomes are indicative only, subject to evolving policy direction and market responses, and best used for stress testing and strategic planning.

FINANCIAL METRICS: Net decrease in energy margin.

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m annualised over the short to long-term.

MANAGEMENT RESPONSE:

- We engage on policy settings that will support a successful transition for New Zealand, and manage carbon inventory to ensure compliance with emissions obligations while limiting exposure to carbon price movements.
- We support decarbonisation opportunities with existing and new commercial and industrial (C&I) customers as well as providing renewable energy options for new demand sources, such as data centres.
- We maintain a broad range of renewable electricity generation development options that can be brought to market in different demand scenarios.
- We actively engage with regulators and other external stakeholders to increase the understanding that renewable electricity is a key enabler of the transition to a low-carbon economy, and to promote regulatory settings that support the development of renewable electricity.

MATERIAL CURRENT IMPACTS:

- No material current impacts have been identified in FY26.

OUR CLIMATE-RELATED RISKS CONT.

Global decarbonisation constraints (supply chain, labour and infrastructure) may delay renewable development.

RISK TYPE: Transition.

LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to medium-term (1–10 years).*

CURRENT	SHORT	MEDIUM	LONG-TERM

IMPLICATIONS:

Constrained global supply of renewable generation technology (i.e. wind turbines, substation equipment) and skilled labour shortage could cause construction delays and capital cost overruns. This may be exacerbated by global data centre growth, geopolitical tensions, and the recent uptick in renewable generation investment globally making it challenging for manufacturers to meet that demand. In this context, the New Zealand market is unattractive compared to larger countries due to its relatively small market and remoteness. On a local level, transmission and distribution constraints may impact our ability to connect new renewable generation.

MAHINERANGI WIND FARM

ASSESSMENT METHODOLOGY:

We considered the following impact pathways - longer lead times to commission projects and constraints in transmission and distribution infrastructure by third parties.

For longer lead times to commission projects, we calculated the foregone revenue and delayed capital expenditure from postponed generation due to global supply shortages and long-lead times, constraints in skilled labour, and geopolitical tensions. Generation volumes were based on internal forecasts, while wholesale prices were derived from historical demand-weighted averages published by the Electricity Authority. Capital overruns were informed by industry reports and historical project performance.

For constraints in transmission and distribution infrastructure by third parties, our methodology similarly estimated the revenue loss from delayed grid connections, factoring in timing assumptions from regulatory approvals and infrastructure investment commitments (e.g. Transpower's $392.9 million grid investment).

However, this result is shared for information only given insufficient information available, and is not included in our anticipated impact range.

Our pathways considered the financial impact of inflationary pressures on capital expenditure. Limitations included reliance on internal data, variability in delay duration, and lack of granular external data on future infrastructure readiness, making outputs indicative for strategic planning rather than precise forecasting.

FINANCIAL METRICS: An aggregate of: net decrease in energy margin, potential repairs and maintenance for existing assets and increased capital expenditure due to overruns.

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m per annum.

MANAGEMENT RESPONSE:

- We manage our generation development pipeline to time procurement and development at favourable periods and with sufficient lead time to minimise unplanned delays.
- We focus on key supplier relationship planning and management.
- We proactively engage with potential new suppliers to the region to broaden the supply chain.

MATERIAL CURRENT IMPACTS:

- No material current impacts have been identified in FY26.

* This year the time horizon over which the risk becomes material has been updated and is short to medium-term (1-10 years), rather than short to long-term as previously disclosed in FY25.

OUR CLIMATE-RELATED OPPORTUNITIES

The low-carbon transition may lift electricity demand.

OPPORTUNITY TYPE: Transition.

LIKELIHOOD: This opportunity is assessed as being almost certain (>30% probability in any given year) to materialise.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH OPPORTUNITY BECOMES MATERIAL: Short to long-term (1–30 years).*

CURRENT	SHORT	MEDIUM	LONG-TERM

IMPLICATIONS:

Increased demand for renewable electricity, due to decarbonisation of transport and industrial conversion in New Zealand and globally, may provide greater opportunities to build renewable generation capacity and increase sales volumes. Global growth in AI and data centres is also contributing to increased electricity demand, reinforcing the need for additional generation capacity.

WAIPIPI WIND FARM

ASSESSMENT METHODOLOGY:

We considered four key impact pathways: industrial conversion, demand stimulation (including from data centres), uptake of biogas and biomass, and low-emissions solutions.

For industrial conversion, we used Transpower growth forecasts alongside expected average wholesale electricity prices to estimate incremental revenue.

For demand stimulation, we considered the additional demand from electrification and the increase in data centres in a highly electrified scenario.

For biomass, our modelling focused on industrial uptake Energy Efficiency and Conservation Authority (EECA) projection and its potential to either supplement or compete with electricity demand, depending on policy and technology developments.

For biogas, our modelling focused on transitioning mass-market gas customers to biogas.

For low-emissions solutions, we considered the increased uptake of renewable energy certificates (RECs), and the evolution of carbon markets.

Across these pathways, we used internal price path assumptions and strategic insights from internal and external analysis. Limitations include the forward-looking nature of assumptions, uncertainties in demand timing, pace of technology adoption, and future pricing dynamics, making outputs most suitable for directional planning and investment prioritisation.

FINANCIAL METRICS: Increase in electricity margin.

ANTICIPATED IMPACT RANGE: Major: $75m-750m per annum.

MANAGEMENT RESPONSE:

- We look to secure resource consents for generation development projects ahead of expected increased demand.
- We ensure there is a broad pipeline of development opportunities and maintain strong relationships with generation equipment suppliers.
- We continue to explore additional sources of demand, actively partnering with existing and new stakeholders to support renewable growth ambition.

MATERIAL CURRENT IMPACTS:

- There have been no material current impacts in FY26.

* This year the time horizon over which the opportunity becomes material has been updated and is short to long-term (1–30 years), rather than medium to long-term as previously disclosed in FY25.

OUR CLIMATE-RELATED OPPORTUNITIES CONT.

Capital markets may support investing in low-carbon operations.

OPPORTUNITY TYPE: Transition.

LIKELIHOOD: This opportunity is assessed as being likely (1-10% probability in any given year) to materialise.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH OPPORTUNITY BECOMES MATERIAL: Long-term (10–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM

IMPLICATIONS:

Our profile as a renewable electricity generator could lead to potential reduced capital costs and favourable valuation premium as capital markets reflect societal desire to invest in the transition to a low-carbon economy. While green financing can provide somewhat modest funding advantages, the larger opportunity may arise through improved equity valuation as investors favour companies with stronger renewable portfolios and decarbonisation strategies.

NGĀ AWA PŪRUA GEOTHERMAL STATION

ASSESSMENT METHODOLOGY:

We considered two impact pathways as to how our renewable energy profile could positively influence investor sentiment, namely, lower capital costs, and a favourable valuation premium.

For lower capital costs, we modelled a reduction in basis points for bond issuances and loans, reflecting investor preference for low-emissions-aligned investments. This assumption was based on internal assessments of market trends and stakeholder engagement. Our modelling calculated the savings from these basis point reductions over our expected debt portfolio.

For a favourable valuation premium from stronger climate positioning, we considered peer valuation indicators, renewable exposure, and broader investor sentiment toward low-carbon infrastructure. Enterprise value was calculated using market capitalisation and net debt, and EBITDAF was sourced from public disclosures and analyst consensus. The resulting multiple gap (e.g., 1.5x–2.0x) was applied to our EBITDAF to estimate the potential uplift in enterprise value. A conservative realisation factor (e.g., 10–30%) has been applied to reflect execution risk and market variability and is anticipated to materialise over a long-term horizon. However, our assessment was limited by the lack of consistent external benchmarks, structural business differences, and broader market factors unrelated to Environmental, Social, and Governance (ESG) strategy and relies heavily on internal data and judgement.

FINANCIAL METRICS: An aggregate of: decrease in cost of capital and favourable valuation premium.

ANTICIPATED IMPACT RANGE: Major: $75m-750m - prolonged impact.

MANAGEMENT RESPONSE:

- We have issued Green Bonds and continue to communicate our low-carbon generation profile to the investor community, including research analysts and organisations that assess sustainability performance.
- We continue to engage with investors, research analysts, and sustainability rating agencies to ensure our low-carbon profile remains relevant in evolving capital markets.
- We actively communicate our renewable generation profile and investment proposition to support investor understanding of our position in the low-carbon transition.
- We monitor developments in sustainable finance to identify new funding mechanisms beyond Green Bonds.

MATERIAL CURRENT IMPACTS:

- No material current impacts have been identified in FY26.

OUR CLIMATE-RELATED OPPORTUNITIES CONT.

The low-carbon transition may drive demand for smart energy solutions and new products and services.

OPPORTUNITY TYPE: Transition.

LIKELIHOOD: This opportunity is assessed as being almost certain (>30% probability in any given year) to materialise.

TIME HORIZON: Medium and long-term.

TIME HORIZON OVER WHICH OPPORTUNITY BECOMES MATERIAL: Long-term (10–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM

IMPLICATIONS:

Electrification and demand flexibility may create demand for tailored energy solutions that help customers optimise electricity use and support a more efficient system. Solutions for our industrial customers can create new business models, increase electricity sales, and support further renewable generation development, strengthening collaboration between energy providers and industrial users as electrification progresses. Enabling demand-side flexibility for customers can reduce cost of sales, enhance customer value, and support a more efficient, renewables-based electricity system.

ASSESSMENT METHODOLOGY:

We considered two impact pathways: energy management services from electric vehicles (EVs), and distributed energy resources (DERs).

For EVs, we projected the growth rate for EVs based on government adoption targets and historical uptake rates. Our analysis considered load shifting benefits, vehicle-to-grid solutions, and accelerated EV customer growth.

For DERs - such as energy management solutions, and flexible demand - our analysis considered the load shifting benefits of these.

Across the pathways, we have leveraged on internal estimates, price path assumptions, and external and internal analysis. Key limitations include the forward-looking nature of assumptions, uncertainties in policy incentives and technology uptake, customer adoption rates, DER integration costs, and evolving regulatory frameworks, making this assessment most suitable for scenario testing and strategic planning.

FINANCIAL METRICS: Increase in energy margin.

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m per annum.

MANAGEMENT RESPONSE:

- We are developing and implementing an electrification strategy for our C&I customers.
- We are investing in capability to manage energy and demand-side flexibility.
- We are actively seeking innovation opportunities to develop new energy solutions for customers.
- We engage on regulatory and market developments that support demand-side flexibility, including opportunities for C&I customers.

MATERIAL CURRENT IMPACTS:

- No material current impacts have been identified in FY26. Demand growth remains an important long-term opportunity, but current-year impacts have not exceeded our materiality threshold.

WHAKAMARU HYDRO STATION

OUR CLIMATE TARGETS

We use emissions reduction targets to guide action, support climate-related decision-making, and track our progress over time.

In FY23 we first committed to setting near and long-term emissions reduction targets using tools provided by the Science Based Targets initiative (SBTi). In FY26, we have updated our targets to incorporate updated methodology and the lessons learnt 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.

Our targets continue to be aligned to our strategy and informed by SBTi tools, greenhouse gas accounting principles, and target-setting principles. We have used SBTi tools, and methodologies that are designed to support 1.5°C-aligned target setting, alongside Mercury's modelling, operational assumptions, and insight from our programme of work to date. It is our view that by achieving our SBTi-aligned long-term climate targets, we are playing our part in contributing to the global effort to limit warming to 1.5°C.

We measure progress against an FY22 base year using emissions data from our Greenhouse Gas Emissions Inventory, which is prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition).

Using a fixed base year allows us to compare emissions consistently over time and assess whether our actions are reducing emissions across our operations and value chain. FY22 remains the base year under our updated targets.

Our Climate Action Plan outlines the actions we are taking to support a low emissions future and to reduce GHG emissions in the areas where we have the greatest ability to influence outcomes. Our emissions reduction targets focus on reducing gross emissions, and we do not intend to use offsets to achieve our near-term and long-term targets.

Our targets cover emissions across our value chain. This includes:

- ↗ Scope 1: Direct GHG emissions from sources that are operationally controlled by Mercury.
- ↗ Scope 2: Indirect emissions from the generation of electricity consumed at Mercury's facilities.
- ↗ Scope 3: Indirect emissions that occur from gas we sell to customers.

OUR CLIMATE TARGETS CONT.

WHY OUR TARGETS HAVE CHANGED

Our updated targets maintain our long-term decarbonisation direction, while reflecting what can practically be delivered, particularly where some reductions depend on technologies, market conditions, and wider system changes that are still developing.

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 credibly be delivered by 2030. We are engaging directly with SBTi as it updates its power sector guidance, including how this may apply to geothermal generation emissions and support a potential future validation pathway.

The changes we have made to our targets, effective as at the date of this Climate Statement are:

- ↗ Scope 1 - Our long-term Scope 1 target remains unchanged at a 70% reduction by 2040. The near-term generation emissions intensity target has been updated to a 41% reduction by 2030 from an FY22 base year. This reflects an FY26 technical assessment of the geothermal NCG reinjection pathway across our geothermal generation stations. 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.
- ↗ Scope 2 - 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 guidance, including the treatment of renewable energy certificates, remains unclear. 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.
- ↗ Scope 3 - The near-term gas sales target has moved from a 42% absolute reduction to a 34% absolute reduction by 2030 from an FY22 base year, reflecting SBTi's Corporate Net-Zero Standard V1.3.1 published April 2026 for calculating absolute reduction targets. The long-term target remains a 90% absolute reduction, 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 increased uncertainty in New Zealand's gas sector since we last set our targets, as indigenous gas supply declines, major fields mature, and customers transition away from gas at different rates.

We remain supportive of science-based target-setting approaches and will continue to monitor SBTi guidance as it evolves, particularly for geothermal generation in New Zealand's highly renewable electricity system. We are not seeking SBTi validation of the updated targets at this time.

Our Emission Reduction Targets

	SCOPE 1 Reduction in electricity generation emissions intensity per MWh, from an FY22 base year	SCOPE 2 Absolute reduction in purchased electricity emissions, from an FY22 base year	SCOPE 3 Absolute reduction in emissions from gas sold to customers from an FY22 base year
Near-term reduction	Basis: Mercury Modelled Pathway From: 70% by 2030 **To: 41% by 2030**	Basis: SBTi Corporate Near-Term Tool Unchanged: **42% by 2030**	Basis: SBTi Corporate Near-Term Tool From: 42% by 2030 **To: 34% by 2030**
Long-term reduction	Basis: SBTi Corporate Net Zero Tool Unchanged: **70% by 2040**	Basis: SBTi Corporate Net Zero Tool From: 90% by 2040 **To: 90% by 2050**	Basis: SBTi Corporate Net Zero Tool From: 90% by 2040 **To: 90% by 2050**

In the last three years, our progress against these targets was:

	SCOPE 1 Reduction in electricity generation emissions intensity per MWh, from an FY22 base year	SCOPE 2 Absolute reduction in purchased electricity emissions, from an FY22 base year	SCOPE 3 Absolute reduction in emissions from gas sold to customers from an FY22 base year
FY24	• 1.7 tCO_2e/GWh decrease from base year • 6.45% decrease in emissions intensity from base year	• 11 tCO_2e decrease from base year • 0.52% absolute reduction from base year	• 3,168 tCO_2e decrease from base year • 2.29% absolute reduction from base year
FY25	• 2.3 tCO_2e/GWh decrease from base year • 8.90% decrease in emissions intensity from base year	• 230 tCO_2e increase from base year • 10.83% absolute increase from base year	• 14,418 tCO_2e decrease from base year • 10.43% absolute reduction from base year
FY26	• 6.6 tCO_2e/GWh decrease from base year • 25.67% decrease in emissions intensity from base year	• 567 tCO_2e decrease from base year • 26.71% absolute reduction from base year	• 18,476 tCO_2e decrease from base year • 13.36% absolute reduction from base year

Further detail on the actions supporting our targets is provided in our Climate Action Plan.

OUR SCENARIOS

SCENARIO DEVELOPMENT PROCESS

We have a single, integrated set of scenarios to explore a range of plausible futures in order to assess the resilience of our business model and strategy to climate-related risks and opportunities. In line with NZ CS, we consider four scenarios: one limiting global temperature increase to 1.5°C, one exceeding 3°C, and two that assess alternative pathways for New Zealand's transition to a low-carbon future. These are reviewed annually and monitored to reflect new developments and signals. These scenarios have been selected to reflect a range of plausible futures across macro drivers, such as geopolitical tensions, technology advancements, and inequity within New Zealand. We have chosen to have four scenarios so that we do not default to a central or 'most likely' pathway when considering what could occur in the future.

The climate aspects of these scenarios were initially developed with support from third-party consultants and continue to be refined by our Climate Working Group each year. This group is led by the Strategy and Corporate Affairs Team and involves a cross-functional team, including representatives from Finance, Wholesale Markets, Transformation, People, Customer, Generation, and Generation Development. Including the strategy function ensures the fundamental objective of climate-related scenario analysis to bolster the resilience of our strategy is achieved, and includes team members who engage externally with suppliers, customers, iwi partners, councils, and industry groups. Insights from this process can inform and influence strategic investments and operational decisions. We have previously collaborated with external stakeholders, including through the Energy and Telecommunications Sector climate-related scenarios development, to test and validate our scenarios, risks and opportunities, and identify any gaps in our analysis.

Our scenario analysis continues to be guided by the focal question: "What climate-related risks and opportunities are affecting Mercury now and could plausibly affect Mercury over the short, medium and long terms?"

We applied the STTEEP (Social, Technological, Te Ao Māori, Economic, Environmental, Political) framework to structure thinking, supported by external datasets and models to enrich our scenarios (captured in the Datasets and Models Used section). We did not undertake our own modelling in the construction of our scenarios.

The boundary for our scenario analysis includes all of our New Zealand operations, subsidiaries, joint ventures, and investments. Our investment in Energy Source LLC and ES Minerals LLC was not considered to meet our materiality threshold. We assess upstream and downstream value chain impacts, including key suppliers, partners, and customers.

Each year, we undertake a comprehensive review of the climate-related aspects of our scenarios as part of our annual scenario cycle.

This process included multiple workshops with internal subject matter experts across business units to review and update the key drivers of our scenarios and make amendments to our scenarios and assess and revise CRROs, including identifying potential new ones. We also sense-check time horizons, initial materiality assessments, and management actions with CRRO owners, reflect on real-world events and whether any anticipated impacts have begun to materialise (current impacts), and conduct financial quantification of material CRROs and impacts with the Finance team to inform final materiality assessment.

WAIPAPA HYDRO STATION

SCENARIO ANALYSIS

We recognise the importance of scenario analysis in assessing CRROs and testing the resilience of our strategy across different time horizons. Our scenarios can be found below. To support transparency and informed decision-making, we conduct an annual in-depth review of climate-related aspects.

OUR SCENARIOS	1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
	Global temperature increases are limited to 1.5 degrees by 2100 (after an overshoot to 1.6 degrees)	**Global temperature increases are limited to 2.5 degrees by 2100**	**Global temperature increases are limited to 3 degrees by 2100**	**Global temperature increases by 3+ degrees by 2100**
Scenario narrative	A globally coordinated push for climate action limits warming to below 1.5°C, after an overshoot to 1.6°C. Historic inaction and increasing climate impacts force rapid emissions cuts, driven by strong-handed policy, creating both equity tensions and innovation. A global carbon price accelerates renewable investment and early demand-driven equipment cost spikes ease as supply expands. While the pathway is not smooth, New Zealand builds a more sustainable and socially supported energy system through electrification and the adoption of smart demand technologies.	A fractured world and rising inequality shape a polarised transition. New Zealand balances East–West tensions but ultimately aligns with Western powers, impacting trade. Technology advances benefit wealthier nations and households, while energy volatility and grid instability deepen inequity. Deindustrialisation accelerates as fossil fuels exit and Methanex closes by 2030. AI-driven energy optimisation cuts costs for some, but others face price shocks, prompting government intervention. Job losses from automation fuel distrust in AI and social unrest. Climate impacts are felt, especially in poorer areas lacking access to technologies. The energy system transforms, but its benefits are uneven and shaped by division.	Global climate cooperation continues, but technological progress slows, driving a strained path to a low-carbon future. A carbon market lifts prices and drives action, but surging demand triggers supply shortages and cost blowouts, slowing New Zealand's renewables rollout. Capital retreats and opposition grows, as government underwrites offshore wind, supports system flexibility mechanisms and restructures the market. Intensifying storms strain infrastructure. High living costs push workers offshore, while climate refugees arrive. Rising inequity shifts decision-making power, with parties that have enduring relationships and co-governance arrangements with iwi better placed to progress, while others face greater consenting and social licence challenges. The transition grinds forward, shaped by intervention and social and economic divides.	Global cooperation unravels as war and protectionism stall climate action. Emissions climb, pushing warming beyond 3°C. New Zealand is hit hard — trade shrinks, climate shocks batter infrastructure, and food and energy insecurity rises. With multilateralism gone, governments act alone. New Zealand centralises assets to manage volatility, but political fragmentation blocks long-term planning. Affordability dominates policy, not emissions. Workforce tensions and unresolved iwi and hapū rights and interests in water and geothermal resources add pressure. Vulnerable customers become the majority. The energy system adapts reactively — not through innovation or strategy — as worsening climate impacts outpace fragmented, short-term governance.
Key data points – global impacts				
Temperature increase (2081 – 2100, relative to 1850 – 1900)[1]	1.4°C (after an overshoot to 1.6 °C)	2.2°C	2.7°C	3.6°C
Technology change[2]	Fast	Fast	Slow	Slow
Negative emissions technologies	Medium–high use	Medium use	Low–medium use	Low use
Key data points – New Zealand impacts				
Average number of hot days (above 25°C) (for the period 2031 – 50, average across regions)[3]	25 hot days	27 hot days	27 hot days	30 hot days
Renewable energy percentage of total consumption in 2050[4]	89%	87%	74%	46%
Reference scenarios/ data sources	SSP1-1.9 RCP2.6 CCC Tailwinds NGFS Net Zero 2050	SSP4-3.4 RCP4.5 CCC Further Technology Change NGFS Delayed Transition	SSP2-4.5 RCP4.5 CCC Headwinds NGFS Nationally Determined Contributions	SSP3-7.0 RCP8.5 CCC Current Policy Representation NGFS Current Policies

[1] Shared Socioeconomic Pathways (SSP) information sourced from IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V. et al (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, p. 14. (ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf) and SSP Public Database, Version 2.0 (ssp.legacy.ece.iiasa.ac.at/legacy-sspdb/dsd?Action=htmlpage&page=welcome)

[2] Network for Greening the Financial System (NGFS) scenario information from the Scenarios Portal (ngfs.net/ngfs-scenarios-portal)

[3] RCP (Representative Concentration Pathways) information applied to New Zealand by Ministry for the Environment 2018. Climate Change Projections for New Zealand: Atmosphere Projections Based on Simulations from the IPCC Fifth Assessment, 2nd Edition. Wellington: Ministry for the Environment (environment.govt.nz/assets/Publications/Files/Climate-change-projections-2nd-edition-final.pdf)

[4] CCC (Climate Change Commission) as in 'Chapter 12:Long Term Scenarios to meet the 2050 target' (climatecommission.govt.nz/public/Evidence-21/Evidence-CH-12-Long-term-scenarios-to-meet-the-2050-target.pdf)

OUR SCENARIOS	1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
Climate impacts	Extreme weather is more frequent, causing damage and loss of life. Adaptation technologies have helped, but disruption persists. Pre-emptive relocation progresses slowly due to political sensitivity. Climate-resilient housing drives densification as communities move from high-risk zones, while insurance retreat and affordability concerns rise in vulnerable areas. Communities influence retreat plans, but the pace causes tension. Hydrological patterns become more volatile, with short periods of intense inflows leading to increased operational spill despite stable long-term averages. Occasional extreme wind events require more frequent curtailment of wind turbines in exposed areas.	Climate impacts are widespread, particularly in poorer areas where adaptation technologies are not in use. Insurers increasingly withdraw from high-risk areas, whilst investment concentrates in well-planned, resilient areas, deepening social and economic divides. Water scarcity grows as the hydrological cycle changes, leading to contestability for uses. More frequent extreme wind events place greater stress on wind assets and increase the need for curtailment. Slips, flooding, and fire events disrupt access to hydro and geothermal sites more often, complicating maintenance and response activities.	Climate events are expensive and disruptive as technological solutions lag and government support remains limited. Water scarcity intensifies creating contestability for uses. Investors retreat from at-risk areas, lowering property values and deteriorating housing stock. Poor land-use regulation results in energy shortages in rural areas, where renewable generation and network support is limited. Insurer withdrawal and expensive managed retreat place growing financial strain on communities. Hydrological extremes become more frequent, with intense inflows causing spill and prolonged droughts reducing generation capacity, often coinciding with lower wind output. Storm-driven wind turbine damage and outages increase, adding operational and maintenance pressure.	Disruptive and expensive events that damage infrastructure are frequent. Retreat from coastal and high-risk areas has begun, with wealthier households relocating to climate-resilient areas, pushing up living costs due to limited government coordination. Insurance disappears from exposed zones, forcing managed retreat for the wealthy, while others are left behind. Hydrological changes cause water scarcity, increasing competition for non-hydro uses and reducing year-round hydro generation. Low inflow periods more often coincide with low wind output, escalating reliability challenges. Storms cause widespread damage to wind turbines, transmission lines and access roads, delaying maintenance and increasing system fragility.
Energy pathways: Grid demand	High demand is driven from industry, transport decarbonisation and AI adoption including increase in data centres. Peak shaving and demand response (smart DER) are used efficiently to help manage the grid effectively. Higher summer temperatures contribute to increased cooling demand, reinforcing the importance of flexible demand management during periods of inflow variability.	Grid electricity use is down (despite AI uptake driving additional grid demand) due to an increase in DER and loss of industry. Climate-related outages lead some households to adopt solar-and-battery systems primarily for resilience, widening the difference in equity between higher- and lower-income customers. Smart grid management optimises supply and demand, reducing reliance on centralised power generation.	High demand is driven by transport decarbonisation as more transport activity shifts from fossil fuels to electricity. Demand-side flexibility remains minimal and is only used in emergencies (much like today).	Electricity demand has been stagnant-to-declining due to a limited industry decarbonisation, slow EV uptake and low adoption of AI. Gas continues to be used quite extensively, reducing the extent to which demand shifts on to the electricity system.
Energy pathways: Grid supply	Fossil fuels are phased out, but the energy transition in New Zealand is initially tempered as high global demand drives up the cost of renewable energy equipment. As equipment costs rise, large-scale storage projects become more economically viable and attract renewed interest. The lights stay on, but wholesale prices remain volatile until storage solution technology catches up to requirements and then prices level off to become internationally competitive. Hydro assets are required to ramp more frequently to support growing wind generation, increasing wear on ageing assets. Lake Taupō's consented operating limits constrain flexibility compared to other storage schemes.	Fossil fuels and thermal generation have been retired. The system is under-resourced and unreliable, with security of supply remaining a concern in dry years. More volatile hydro inflows make generation less predictable, increasing pressure on storage management during dry years. Retail prices are moderate to low due to price regulation, however wholesale price volatility has increased and adds to the cost to supply customers. This keeps New Zealand prices internationally competitive, but has a negative impact on competition.	A low-carbon energy system has been achieved with grid scale wind and other renewable solutions enabling this. Blended fossil and bio-gas is used to help manage extreme peaks and security, though security of supply remains a concern in dry years. Wholesale volatility increases with intermittent renewables resulting in wholesale pricing increasing in excess of global trends and New Zealand becoming increasingly less competitive. Ageing hydro and wind assets face greater operational stress from more frequent ramping and storm-related outages, increasing maintenance requirements. Regional environmental limits, including lake-level constraints and localised erosion or foundation risks, restrict responsiveness during periods of volatility.	Fossil fuels remain with limited growth in renewables. Security of supply is undermined by global conflict and extreme weather, which disrupt supply chains, delay new generation and maintenance, and increase the risk of outages. Wholesale volatility remains. Government funded large-scale storage is used to help meet peak demand and cover dry years once they have been built. Prices are low and managed through long-term central buyer contracts. Average wholesale prices rise with uncertainty around delivery of new supply and increasing thermal fuel cost. This increase and uncertainty around the future state of the market causes industry to close and move offshore. Centralised storage and generation assets become increasingly vulnerable to climate-related damage, creating a system that is more centralised but also more fragile.
Resource and technology constraints	Global competition and supply chain pressures increase costs. New Zealand faces skills shortages, infrastructure bottlenecks, and cost-of-living pressures, though long-term investment continues. In response, New Zealand begins to innovate, developing local capabilities and smarter deployment strategies to mitigate supply chain constraints and build greater resilience into the transition.	There are significant supply chain disruptions, limiting access to critical materials for clean energy technologies. Access to natural resources is often contested and involves a drawn-out process. Adaptation through technology is prioritised over emissions mitigation, progressing steadily but nearing its limits. Periods of global oversupply occasionally emerge as some countries slow climate investment, creating short windows where renewable equipment becomes more accessible to those with capital and established social licence.	Physical resources are difficult to access due to global demand and remain costly, although some supply is available from global sources. A stronger focus on iwi rights and interests makes partnership and co-governance arrangements increasingly important for access to water and steam. Limited technology reduces the ability to adapt to climate events effectively. Climate pressures intensify the focus on locally tailored resilience outcomes.	Access to knowledge and technology is difficult and expensive. Physical resources are challenging to access due to protectionism, war-time supply chain constraints and global demand, and take longer to arrive at higher prices. Limited technology reduces the ability to adapt to climate events at pace. Repairs to hydro, wind and transmission infrastructure are frequently delayed by repeated extreme weather and constrained global supply chains, prolonging outages and reducing system resilience.

OUR SCENARIOS	1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
Consumer needs	Consumers value climate solutions, but cost-of-living pressures dominate decision-making. Demand exists, but affordability concerns lead to slow widespread adoption of green products.	Significant wealth divide in society between rich and poor, with vastly different needs. Demand for green products is divided. A segment of consumers invests in solar, batteries and other backup technologies to improve household resilience, while others remain exposed to outages and price volatility.	As the wealth gap increases, demand for green products is divided.	Financial hardship has created a large price sensitive segment focused on the basics. There is a culture of conserving, repairing, and reusing limited resources. Demand for green products is low, and only adopted by those that can afford it. Some higher-income households and businesses invest in off-grid systems to secure reliability, further fragmenting access to dependable energy services.
International climate commitments	Off the back of delayed implementation countries are coordinating and increasing their ambition to achieve net zero targets. Some global agreements and commitments are achieved, but not all. Coordination across nations faces challenges. New Zealand emissions budgets are met but involve additional costs or delays.	Countries are working towards agreements and commitments, but progress is slower than expected. New Zealand emissions budgets are met at considerable expense, with significant trade-offs required.	Countries work individually without a globally coordinated response. Progress is slow or non-existent, and commitments may have been abandoned. New Zealand emissions budgets are not met or have been revised to the point of losing significance.	Countries work individually with minimal progress on a coordinated response. Commitments are often fragmented or abandoned. New Zealand emissions budgets lose significance.
Government and policy settings for renewable energy	Governments introduce strong handed policies to achieve a 1.5-degree future, creating uncertainty for industry and communities. In New Zealand, rapid regulatory shifts drive emissions reductions, including enabling Fast-track renewable energy development. Social licence is impacted as a result.	International and New Zealand regulatory settings for renewable energy somewhat constrain development and further drive uptake of DER. Wealthier nations invest in energy research and renewable technology. New Zealand's government introduced price caps in the energy sector to help the growing vulnerable segment. Government policy drives technology uptake to increase electrification in select areas, but costs are impacting customers at an uncontrolled rate.	International and New Zealand regulatory settings for renewable energy delay development. Government-backed mechanisms and underwritten offshore wind are operated to achieve government objectives, and government has forcibly split gentailers. Supply chains are impacted by uncoordinated international incentives to invest in clean energy. Emissions Trading Scheme (ETS) policy settings fail to reward decarbonisation, and government policy is slow to enable a cost-effective and coordinated transition.	International regulatory settings for renewable energy obstruct development. There is a lack of coordination and cooperation internationally. Geopolitical tensions increase driving protectionism, impacting supply chains and the development of renewable technology. Government centralises ownership of key infrastructure, including energy and telecommunications. Reactive, poorly executed regulation generates unintended consequences. Limited alternatives for gas within the sector exacerbate challenges, prompting government intervention to ensure New Zealand's security of supply.
Energy sector social licence	Relationships between iwi and hapū, communities, the energy sector, and government are tested by the pace and scale of change. While indigenous rights and input remain a focus, engagement processes are sometimes rushed, leading to contested outcomes and challenges to social licence. Consenting becomes more politicised as pressure to meet climate targets grows, and trust is challenging to maintain. Social licence varies across projects and regions, requiring increased investment in relationship building and transparency. Expectations from iwi and hapū continue to strengthen in hydro and geothermal regions, particularly in relation to kaitiakitanga, water stewardship, and the distribution of benefits.	Input from iwi and hapū, local communities, and other stakeholders are considered, though not fully integrated into decision-making processes. This partial engagement creates challenges in navigating consenting processes, requiring trade-offs. Social licence is partially established, but lingering concerns limit the pace of progress in the energy transition. Disparities between asset performance and the socioeconomic vulnerability of local communities heighten scrutiny and increase expectations of iwi and hapū and community partners.	Stakeholder engagement is fragmented and inconsistent, with limited coordination across diverse groups, including iwi and hapū, local communities, and regulatory bodies. Frequent reforms to consenting processes create uncertainty. As inequity rises, the role of iwi and hapū in resource decision-making strengthens, and parties with established co-governance arrangements are better placed to progress. Others face greater social licence challenges. As a result, electrification and renewable development is slow and costly, with ongoing effort required.	Engagement with stakeholders, including local communities, iwi and hapū, is minimal and often contentious. A lack of recognition for diverse rights and perspectives contributes to adversarial relationships. Consenting processes are disrupted, highly contested and prone to repeal. The absence of social licence results in widespread opposition, delaying renewable generation development. Unresolved iwi and hapū rights and interests in water and geothermal resources contribute to prolonged disputes, with limited progress toward stable co-governance arrangements.
Carbon sequestration from afforestation	Carbon sequestration from afforestation is used extensively to offset emissions during the transition, with a heavy reliance on fast-growing exotic species. While this provides a quick fix for meeting short-term targets, it raises growing concerns about negative impacts on biodiversity, water systems, and rural communities.	Carbon sequestration from afforestation has been utilised for emissions reduction, along with technological and nature-based solutions as they become available.	Carbon sequestration from afforestation has been widely deployed, being gradually superseded by technological and nature-based solutions.	Carbon sequestration from afforestation is utilised at a local level, without effective global coordination and certification.
Nature-based solutions	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions will be neither reliable nor scalable for meaningful climate mitigation. They become fragile, reactive tools with localised benefits, not dependable levers for global decarbonisation.
Negative emissions technology	Effective negative emissions technology has been developed and widely deployed.	Effective negative emissions technology has been developed and deployed.	The development of negative emissions technology is slower than expected, delaying development.	Negative emissions technology has not been developed.

OUR SCENARIOS CONT.

DATA SETS AND MODELS USED

We considered several external data sources and models to inform our understanding of CRROs. These data sets supported both qualitative insights and quantitative assessments, including financial quantification. For physical risks, we considered publicly available New Zealand climate projection data, including precipitation, wet day, and temperature projections, alongside internal asset, generation and financial data. We recognise that physical risk assessment remains an evolving area and that some available data is regional rather than asset-specific. Where outputs are subject to high levels of uncertainty or lack location-specific granularity, we have treated the results as indicative and used them for sensitivity analysis, strategic planning, and risk prioritisation rather than precise forecasting. We will continue to assess whether more current, higher-resolution or location-specific data becomes available for future reporting periods.

Key sources included:

- Shared Socioeconomic Pathways (SSPs) in the IPCC Sixth Assessment Report on Climate Change to inform our consideration of global socioeconomic changes and data points such as global temperature changes.
- Network for Greening the Financial System (NGFS) Scenarios and analysis to inform our consideration of global physical climate risks and policy and technology trends in different scenarios.
- Representative Concentration Pathways (RCPs) in the IPCC Fifth Assessment Report on Climate Change and Ministry for the Environment and NIWA Climate Change Projections for New Zealand to inform our consideration of New Zealand-specific impacts under different pathways. These provided data points, such as the increased number of hot days, and were a key input to our financial quantification.
- Climate Change Commission Long Term Scenarios to meet the 2050 target to inform our consideration of how different scenarios could play out in New Zealand, including for renewable energy.
- Climate Change Projections for New Zealand from Earth Sciences New Zealand, the Ministry for the Environment and Stats NZ, including localised precipitation, and wet day projections, which supported the quantification and assessment of CRROs and scenarios.
- Ministry for the Environment's Climate Change Projections Summary Dashboard, based on NIWA regional climate modelling, to support workshop discussion of regional climate hazards and potential asset exposure and inform qualitative assessment and scenario discussion.
- Historical wholesale price trends from the Electricity Authority New Zealand, economic modelling from BERL (Business and Economic Research Limited) on the economic impact of electricity price changes and electricity cost and price monitoring from Ministry of Business, Innovation & Employment, which informed our understanding of market and customer-related risks.
- Research commissioned by the Parliamentary Commissioner for the Environment on the economics of electricity pathways, which provided insights into long-term system costs and transitions.
- Global analysis of renewable energy project commissioning timelines from ScienceDirect to inform expectations around average delivery durations and common causes of delay across technologies and jurisdictions.
- Challenges impacting the delivery of renewable energy projects from McCullough Robertson to support our understanding of current infrastructure constraints and external risks to timely project delivery.
- The impact of planning and regulatory delays for major energy infrastructure from EcoStor GmbH to highlight system-wide consenting and regulatory barriers that affect infrastructure rollout.

OUR APPROACH TO ASSESSING MATERIALITY

Under NZ CS 3, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users (existing and potential investors, lenders, and other creditors) make on the basis of an entity's Climate-Related Disclosures (CRDs).

The principle of considering the impact of information on capital allocation decisions of end users is broadly consistent with the materiality principle applicable to preparing financial statements and the continuous disclosure rules under the NZX Listing Rules.

Our approach to assessing the materiality of information included in this Climate Statement, including CRROs, is to consider whether the information or the way in which information is presented could influence the decisions of users of our Climate Statement. When assessing materiality, we evaluate both quantitative and qualitative factors using our risk matrix.

- Quantitative assessment: any quantitative impact using 2% of EBITDAF (Earnings before net interest expense, tax expense, depreciation and amortisation, unrealised change in the fair value of financial instruments, gain on sale and impairments) (rounded, this equates to $20 million), as a threshold figure for materiality. This is the same quantitative materiality threshold used for preparing our financial statements.
- Qualitative assessment: whether the information could influence the decisions of primary users, regardless of its quantitative impact, due to the nature of the information and/or circumstances. Aligned to our risk framework, we consider impacts to:
  - Health and safety
  - Legal requirements
  - Regulatory and environmental compliance
  - Our reputation
  - Operations and people

More broadly, we consider the general interpretation of the type of information and whether the lack of information could be material. We follow a four-step process to assess materiality of information in the preparation of Climate-Related Disclosures:

1. Identify: information that is potentially material using our risk matrix, considering both requirements of the NZ CS and knowledge and information needs of primary users.
2. Assess: both qualitative and quantitative factors.
3. Organise: prepare clear and concise disclosures.
4. Review: internally (and externally if useful).

METRICS AND TARGETS

	SCOPE 1	SCOPE 2 (Location-based)	SCOPE 3
Base year FY22 (tCO_2e)	222,736	2,123	165,746
FY24 (tCO_2e)	239,574	2,112	174,597
FY25 (tCO_2e)	216,995	2,353	205,443
FY26 (tCO_2e)	196,291	1,556	234,557

Mercury's Greenhouse Gas Emissions Inventory is included in this Climate Statement and has been measured and prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The inventory section provides further information on the methods, assumptions, limitations, and uncertainties used in calculating our emissions.

This Metrics and Targets section focuses on the targets and other climate-related metrics we use to measure and manage our CRROs, including physical risk exposure, transition risk exposure, climate-related opportunities, capital deployment, internal emissions price, and remuneration.

Our gross emissions continue to be primarily driven by scope 1 emissions, which represented approximately 45% of our total emissions profile in FY26. In FY26, our gross emissions were 432,404 tCO_2e (FY25: 424,791 tCO_2e; FY24: 416,283 tCO_2e), and our scope 1 emissions were 196,291 tCO_2e (FY25: 216,995 tCO_2e; FY24: 239,574 tCO_2e). Over the past decade, our gross emissions have declined significantly, driven by the closure of our Southdown gas-fired power station in FY16, the natural decline in fugitive geothermal emissions, and our continued investment in geothermal NCG reinjection.

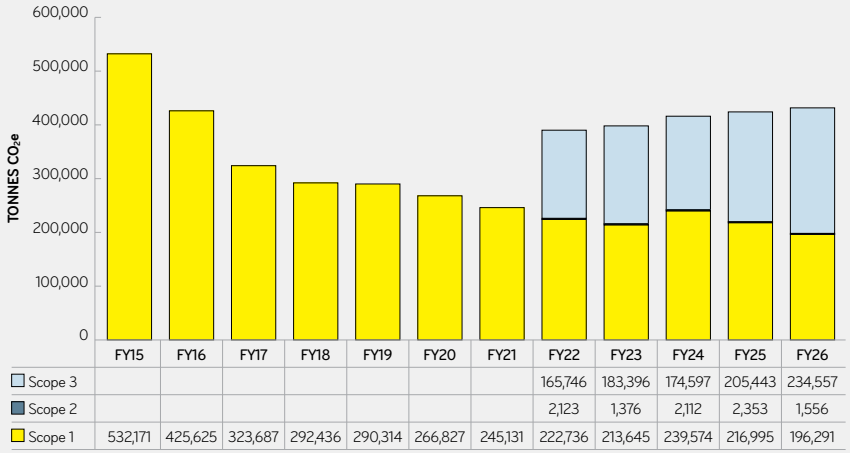
Our emissions intensity for FY26 was 0.0191 kg CO_2e/kWh (FY25: 0.0234 kg CO_2e/kWh; FY24: 0.0240 kg CO_2e/kWh), representing an 18% decrease from FY25 and a 26% decrease compared with our FY22 base year. This movement reflects higher hydro generation this year and lower emissions from geothermal generation. Since FY15, our emissions intensity has decreased by 73%.

Scope 3 emissions from total gas sales now make up approximately 28% of our total gross emissions. In FY26, Scope 3 emissions from total gas sales were 119,803 tCO_2e, representing a year-on-year decrease of approximately 3.3% from FY25.

Capital goods emissions also increased in FY26, primarily reflecting construction activity across our major renewable generation projects. This subcategory includes construction emissions from Stage 2 of Kaiwera Downs Wind Farm, Kaiwaikawe Wind Farm, and the Ngā Tamariki Geothermal Station expansion. With construction activity for both wind farms concentrated in FY26, associated emissions are expected to have peaked in the current year and to decline materially in FY27 as the projects are completed.

Under the New Zealand Emissions Trading Scheme, we surrender New Zealand Units (NZUs) to meet compliance obligations associated with our geothermal emissions. This is separate from our emissions reduction targets. We continue to manage our future NZU requirements through a range of

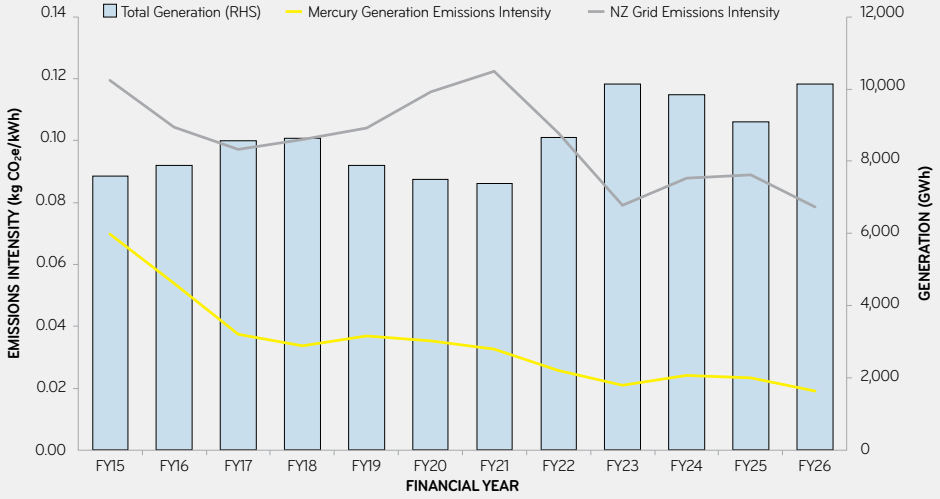
Emissions



	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Scope 3								165,746	183,396	174,597	205,443	234,557
Scope 2								2,123	1,376	2,112	2,353	1,556
Scope 1	532,171	425,625	323,687	292,436	290,314	266,827	245,131	222,736	213,645	239,574	216,995	196,291

Data from FY2015 to FY2021 presented in this graph has not been subject to assurance procedures.

Emissions Intensity



METRICS AND TARGETS CONT.

supply arrangements and investments, while gas sales-related obligations are managed through our gas supply arrangements.

Mercury's gross Scope 1, Scope 2, and Scope 3 emissions, emissions intensity, consolidation approach, emission factors, global warming potentials, exclusions, methods, assumptions, limitations, uncertainty, and base year restatements are set out in the Greenhouse Gas Emissions Inventory section of this Climate Statement, on page 29.

MEASURING OUR IMPACT – CROSS INDUSTRY MEASURES AND OTHER ACTIVITY METRICS

In addition to emissions metrics, we continue to use the International Sustainability Standards Board (ISSB) sector metrics for Electric Utilities and Power Generators to guide how we report on activity metrics relevant to the management of CRROs. These metrics have been assessed for their materiality to us, and the relevant metrics are disclosed in the table below.

Our geothermal generation relies on the careful management of geothermal fluid, extracting it for electricity generation and reinjecting it underground to help sustain the resource. In FY26, geothermal water take and injection remained broadly consistent with previous years, reflecting stable operations across our geothermal generation sites.

We are a non-consumptive user of water through our hydro power stations. Water passes through turbines or is spilled, continuing its journey downstream.

Hydro water flow is measured using a combination of turbine flow and spill flow. Turbine flow is calculated based on megawatt output and flow ratings, while spill flow is estimated using water level measurements and the position of spill gates when water bypasses the turbines. Both are combined to report total non-consumptive water use. In FY26, non-consumptive hydro water use rose considerably, reflecting increased water flows through our hydro system.

We do not extract water from regions with High or Extremely High baseline water stress, and there were no incidents of non-compliance with water quantity permits from operational sites during FY26.

FUGITIVE EMISSIONS

Fugitive emissions are unplanned gas releases, mainly from our geothermal operations, and small amounts of sulphur hexafluoride (SF_6) and refrigerant gases used in equipment.

Water use	FY22	–	FY24	FY25	FY26
Geothermal					
Total Take (Tonnes)	77,525,296		80,693,877	81,372,706	81,487,938
Total Reinjection (Tonnes)	65,738,230		68,195,047	68,761,444	69,215,202
Hydro					
Non-consumptive water use (Mm^3)	6,527		7,200	6,075	8,697

MAHINERANGI WIND FARM

METRICS AND TARGETS CONT.

EXPOSURE OF OUR ASSETS AND ACTIVITIES TO CLIMATE RISKS AND OPPORTUNITIES

We acknowledge the impact of physical risks, transition risks, and climate-related opportunities on our assets and therefore business activities. Unless otherwise stated, these impacts have not changed over the preceding two years.

Physical Risk Vulnerability:

In prior years, we disclosed that 100% of our generation assets and related business activities were vulnerable to acute physical risks. In FY26, we refined this metric to focus on generation assets, which represent the most material component of our exposure to physical climate risks, to better reflect differences in vulnerability by asset type, hazard, and geography. The metrics below relate to the material physical risks disclosed in the Strategy section and provide a current-period view of exposure and vulnerability of our generation sites. They should be read alongside the relevant physical risk disclosures, noting that the nature and degree of assessment differs by hazard, asset type and location.

Using generation site count as the current-period basis of measurement:

- 47% of our generation sites (hydro) are vulnerable to drought and changing inflow conditions.
- 26% of our generation sites (wind) are vulnerable to extreme wind events.
- 100% of our generation sites are exposed to extreme rainfall and flooding impacts on site access, surrounding infrastructure or network connections, although the degree of exposure varies by location.

This reflects the location of our hydro assets on the Waikato River, geothermal assets in the central North Island, and wind assets in Manawatū, South Taranaki, Otago, and Southland, together with publicly available New Zealand climate projections.

Our broader business activities, including retail and corporate functions, are also exposed to physical risks, primarily through impacts on infrastructure, supply chains and customer demand. However, these are not currently quantified and are instead assessed qualitatively. We are continuing to enhance our understanding of how these risks may evolve over time. Details on identified material risks are disclosed in the Strategy section of this Climate Statement.

Transition Risk Vulnerability:

Our assets and business activities are vulnerable to transition risks as described below. The metrics below relate to the material transition risks disclosed in the Strategy section and provide a current-period view of exposure and vulnerability across our assets and business activities. They should be read alongside the relevant transition risk disclosures, noting that the nature and degree of assessment differs by transition risk driver, asset type, and business activity.

- All of our geothermal generation assets, comprising 23% of our generation assets recognised in our FY26 financial statements, produce geothermal emissions that are vulnerable to transition risks in the form of rising NZU carbon prices in the event that geothermal emissions are unable to be captured and/or reinjected.
- All of our generation portfolio is vulnerable to climate transition risk from regulatory settings impacting the balance of the energy trilemma. Our generation development portfolio is vulnerable to risks arising from regulatory settings constraining renewable electricity development.
- All of our gas sales activities, comprising 4.5% of FY26 revenue, are vulnerable to transition risks in changes in regulatory settings and/or changes in consumer preferences away from fossil fuels.

All, (i.e. 100%), of our existing electricity generation assets are considered aligned with climate-related opportunities as enablers in New Zealand's low-carbon transition. This metric relates to the material climate-related opportunity disclosed in the Strategy section that the low-carbon transition may lift electricity demand. It should be read alongside the relevant opportunity disclosure, noting that the nature and degree of opportunity varies by future demand scenario.

The majority of our capital deployment is aligned with climate-related opportunities. Growth capital expenditure allocated to new renewable generation development totalled $153 million in FY24, $347 million in FY25 and $560 million in FY26 (99% of growth CAPEX in FY26). We are also currently pursuing climate-related opportunities to reduce emissions through developing reinjection of geothermal non-condensable gases.

We use the Carbon NZU spot price to value our inventory of carbon units. As at 30 June, the Carbon NZU spot price was FY26: $54/t, FY25: $59/t, FY24: $50/t. We also have an internal emissions price forecast – a metric representing the cost per metric tonne of CO_2e, which guides decision-making within our operations. This forecast informs strategic decisions related to buying and selling carbon units and serves as an input for business cases where they impact our GHG profile. We assess opportunities across various carbon forward curve scenarios for up to 15 years into the future. These ranges, adjusted for inflation, were FY26: $37/t-$100/t, FY25: $46/t - $130/t, FY24: $44/t - $127/t.

The volatile carbon prices over the past years have been primarily due to regulatory measures and balancing market demand and supply for carbon units. Long term, the carbon price is expected to increase, reflecting a growing emphasis on reducing GHG emissions.

The alignment of management remuneration to our CRROs is discussed in the Governance section of this Climate Statement.


NGĀ TAMARIKI GEOTHERMAL STATION

GOVERNANCE

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Mercury Board, assisted by two Board committees, the Audit and Financial Risk Committee (AFRC) and the Safety and Enterprise Risk Committee (SERC), has oversight of CRROs and CRDs.

The AFRC has delegated authority from the Board to oversee the preparation of CRDs, including the identification of CRROs. The AFRC also oversees the establishment and maintenance by management of a suitable system of controls for managing climate-related risks, including the keeping of proper CRD records. The AFRC meets quarterly and, where necessary, receives reports with updates on CRROs and CRDs. Members of the Strategy and Corporate Affairs Team attend these meetings to facilitate feedback and discussion. The AFRC endorses and the Board approves these CRDs each year.

The SERC more widely oversees and monitors our Risk Management Framework and risk assurance and internal audit activity. Climate-related risks are incorporated into our risk registers and are reviewed by the SERC as part of its oversight of our top enterprise risks. In FY26, climate-related risks were considered by the SERC at its May meeting as part of the annual Risk Management Framework review and management's Consolidated Risk Reporting.

The Board approves charters for the AFRC and SERC to govern their annual programme of work. Committee Chairs deliver verbal updates at each Board meeting on relevant discussions and decisions reached at committee meetings, and the minutes of each committee meeting are provided to all directors.

Sustainability and Kaitiakitanga / Stewardship are embedded in our operating model, strategy, and existing governance structures. Accordingly, the Board has not established a separate sustainability sub-committee.

The Board is responsible for monitoring strategy implementation and performance. Quarterly, the Board discusses relevant external environment developments and progress towards our FY30 Priorities, including relevant climate-related changes and elements of our CRROs. These discussions are guided by reference to Strategic Monitoring Reports and performance reports prepared by management. The Board also receives regular updates from the Chief Strategy and Corporate Affairs Officer on progress against our Scope 1, 2, and 3 emissions reduction targets within our sustainability quarterly updates. For more detail on these targets, refer to the Metrics and Targets section of this Climate Statement.

Climate considerations informed the reset of our long-term aspirations in FY23, the reset of our three-year objectives in FY24, and the reset of the broader strategy in FY25. In FY26, we updated our strategic objectives to recognise the progress we had made. Our climate-related opportunities are reflected in our FY30 Priorities to "Deliver more reliable and renewable energy" and "Accelerate the shift to a low-carbon future".

SKILLS AND COMPETENCIES TO PROVIDE OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Through the Nominations and Corporate Governance Committee, the Board regularly assesses its skills and competencies and monitors skills required for succession planning purposes. Competencies relating to the climate and environment are specifically considered, and the Board Skills Matrix includes the following as a key skill of the Board: "Climate, environmental and natural resources stewardship, including water, land, biodiversity, emissions reduction, adaptation/resilience, sustainability reporting, and climate-related financial risk. Ability to govern Mercury's kaitiakitanga obligations while balancing reliable renewable growth, resource access, community expectations, and long-term asset resilience". In FY26, two directors were assessed as having "substantial" competency in this area, two directors with "medium" competency and three directors with "some" competency. Director competency in this area is demonstrated through governance or executive experience in climate, environment, water/natural resources, sustainability reporting, adaptation, infrastructure resilience, or resource stewardship.

In particular, Mercury's Board includes:

- One director with extensive New Zealand and international experience working in climate change and sustainability, including as the Global Sustainable Development Leader of an overseas company reporting annually under the United Nations Global Compact and working with international groups on sustainable infrastructure matters;
- Another director who has previously served on the steering committee of Chapter Zero New Zealand, a global network of directors committed to climate action and who holds the Institute of Director's (IoD) Climate Governance Credential;
- A third director with several previous and current executive and governance roles across sustainability-focused businesses and governance committees and who has completed the IoD's advanced Climate Governance programme; and
- Two further directors who have completed the Governing Natural Capital Course hosted by Deloitte and the Aotearoa Circle.

The Board also draws on internal and external expertise and advice as required to stay up to date with current information and enable appropriate and informed oversight of CRROs.

In FY25, management engaged PwC to support the financial quantification of climate-related risks and to build internal capability in assessing their potential organisational impacts. This work was utilised and reported back to directors and the Board through the AFRC. Updates on climate-related trends are also included as part of quarterly Strategic Monitoring Reports presented to the Board.

MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board delegates all operational matters to the Chief Executive, including the management of CRROs.

The Chief Strategy and Corporate Affairs Officer and her team facilitate the preparation of climate-related disclosures, including identifying metrics and targets, and reporting on progress against those targets. The wider management team is responsible for ensuring that CRROs and their current impacts are effectively identified, assessed, and managed across the business. Our annual CRDs are prepared by management, reviewed through the Risk Management Committee (RMC) and AFRC governance process, and approved by the Board before publication.

The key inputs this year were:

- Analysis by the cross-functional Climate Working Group, which conducted workshops to update and refine our scenarios, risks, opportunities, and current impacts and
- Financial quantification of our risks and opportunities.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) is accountable for implementing the Board approved Risk Management Policy. The RMC's mandate is to establish and promote risk awareness among all staff, implement and communicate effective risk management and internal control frameworks, regularly monitor, report, and review risk activities, and ensure sufficient business resources for effective risk management. Where material, risks and issues are escalated to the RMC.

The RMC includes the ELT, the Head of Risk Assurance, and the General Counsel, and is chaired by the Chief Executive. The RMC meets approximately 10 times per year.

ARATIATIA RAPIDS

GOVERNANCE CONT.

MANAGEMENT REMUNERATION IS LINKED TO MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The remuneration of the Chief Executive and the ELT is linked to our strategic objectives, purpose and goals. The Short-Term Incentive (STI) component of remuneration is set as a percentage of the executive's base salary and for FY26 was set at 50% for the Chief Executive (FY25 50%; FY24 60%) and up to 50% for other ELT members (FY25 40%; FY24 35%). A proportion (70% for the Chief Executive and 70% for other ELT members in FY26) of the STI is related to a shared set of Group Key Performance Indicators (KPIs) that form our Group Scorecard and are aligned with our strategic objectives. Climate-related KPIs have been a consistent component of our Group Scorecard, comprising 10% in FY26 on the basis of the KPI most directly aligned to the prior-year Climate scorecard category, compared to 15% in FY24, and 10% in FY25.

In FY26, this KPI related to accelerating the shift to a low-carbon future. The FY26 Group Scorecard also included a separate KPI relating to delivery of generation development projects under "Deliver more reliable and renewable energy", which is shown in the table below as it supports Mercury's transition strategy. For FY27, the relevant KPIs are grouped under one combined objective covering delivery of reliable and renewable energy and accelerating the shift to a low-carbon future.

The approach to executive remuneration, including the incorporation of climate-related KPIs in the STI scorecard, is overseen by a committee of the Board, the People and Performance Committee (PPC). Progress against the Group Scorecard is monitored by the Finance Team and reported to the PPC quarterly. The PPC reviews annual STI performance appraisal outcomes for all members of the ELT, including the Chief Executive, and endorses these for Board approval.

FY25 – 27 Three-Year Objective	FY25 KPI	FY26 KPI	FY27 KPI
Deliver more reliable and renewable energy and accelerate the shift to a low-carbon future	• Generation availability target met • Deliver two of three outcomes: advancement of new demand or commercial and industrial electrification; progress emissions reduction; Sector and Government Energy Transition Framework	• Delivery of generation development projects • CO_2e emissions, firming capacity and demand capacity from electricity and the energy system	• Advancing the Plan to 3.5TWh of new renewable energy production by 2030

GOVERNANCE CONT.

Management and Governance Meetings in FY26-27

	BOARD	AUDIT AND FINANCIAL RISK COMMITTEE	MANAGEMENT
	BOARD	**AUDIT AND FINANCIAL RISK COMMITTEE**	**RISK MANAGEMENT COMMITTEE**
AUG 25	Board Meeting; Discuss external changes and progress toward our strategic objectives, approve FY25 Climate Statement	Review and endorsement of the FY25 Climate Statement, GHG Inventory and Climate Action Plan	
OCT 25			Review of our approach to CRDs against market practice
NOV 25	Strategy Day; Discuss external changes. Board Meeting; Discuss progress toward our strategic objectives, and strategic opportunities, including climate-related ones	Review of our approach to CRDs against market practice	
DEC 25	Board meeting; Discuss progress toward our strategic objectives and sustainability quarterly update		
JAN 26			Update and endorsement of the FY26 Climate Scenario Analysis and CRRO identification
FEB 26	Board meeting; Discuss external changes and progress toward our strategic objectives	Update on FY26 Climate Scenario Analysis and CRROs identification	
MAR 26	Board meeting; Discuss progress toward our strategic objectives and sustainability quarterly update		
APR 26	Discuss sustainability quarterly update		Initial review of the FY26 Climate Statement (including GHG Inventory)
MAY 26	Strategy Day; Discuss external changes. Board meeting; Discuss progress toward our strategic objectives, and strategic opportunities, including climate-related ones	Initial review of the FY26 Climate Statement (including GHG Inventory)	
JUN 26	Board meeting; Discuss progress toward our strategic objectives and sustainability quarterly update	Further review of the FY26 Climate Statement (including GHG Inventory) and Climate Action Plan	Further review of the FY26 Climate Statement (including GHG Inventory) and Climate Action Plan
JUL 26			Final review of the FY26 Climate Statement, GHG Inventory and Climate Action Plan
AUG 26	Board Meeting; Approval of the FY26 Climate Statement (including GHG Inventory) and Climate Action Plan	Final review and endorsement of the FY26 Climate Statement, (including GHG Inventory) and Climate Action Plan	

GOVERNANCE CONT.

Overview and Relationship Between Responsibilities of Our Board, Sub-Committees and Management

BOARD

OUR BOARD

- Approves scenarios, strategy, Risk Management Policy, and targets
- Receives quarterly updates on progress against emissions reductions targets
- Receives updates from Committee Chairs
- Approves statutory reporting, including CRDs
- Approves management STI outcomes

COMMITTEES

AUDIT AND FINANCIAL RISK COMMITTEE (AFRC)

- Oversees and monitors financial and climate-related risk
- Oversees CRROs and CRDs
- Oversees controls for managing climate-related risks and keeping of CRD records

SAFETY AND ENTERPRISE RISK COMMITTEE (SERC)

- Oversees and monitors all other risks (i.e. other than financial, climate-related and people)
- Oversees Risk Management Framework and risk assurance and internal audit activity

PEOPLE AND PERFORMANCE COMMITTEE (PPC)

- Oversees and monitors people risk
- Oversees climate-related KPIs in the management Group Scorecard
- Endorses STI outcomes for Board approval

CHIEF EXECUTIVE

CHIEF EXECUTIVE

- All operational matters are delegated to the Chief Executive by the Board, including responsibility for risk management.
- Oversees implementation through the Executive Leadership Team, Risk Management Committee and business areas, with reporting to the Board and Committees as appropriate.

MANAGEMENT

EXECUTIVE LEADERSHIP TEAM (ELT)

- Embeds climate change into risk management, business strategy and planning, budgeting processes, and frameworks
- Identify, consider, and monitor CRROs, reporting to the AFRC, SERC, and the Board
- Ensures business areas identify, manage, and escalate risks appropriately
- Implement risk mitigation strategies
- Reviews quarterly sustainability updates
- Monitors emerging risks and opportunities
- Prepares and presents climate-related risk reports to the SERC and AFRC (as appropriate), including actions taken to mitigate risks

RISK MANAGEMENT COMMITTEE (RMC)

- Committee of the ELT and Risk Assurance Team, General Counsel, chaired by the Chief Executive
- Oversees risk reporting from the Risk Assurance Team (who report to the Chief Financial Officer)
- Promotes risk awareness and appropriate risk management
- Monitors and reviews risk activities at approximately 10 meetings each year
- Reporting of business risk is coordinated through the Risk Assurance Team and Head of Risk Assurance. Climate-related risks and opportunities are reported to the RMC by the Strategy and Corporate Affairs Team
- Engages third-party experts for services such as auditing, specific climate research or strategic management consulting when appropriate

OPERATIONS

STAFF

Identification and day-to-day management of CRROs is dispersed throughout Mercury

RISK MANAGEMENT

PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Risk management is integral to our business. Our Risk Management Policy, supported by a suite of risk management tools and practices, embeds enterprise risk management competence across the business. This ensures we have a consistent method of identifying, assessing, controlling, monitoring, and reporting on the potential risks to our business and to the achievement of our strategy.

Our Climate Working Group supports the identification of climate-related risks through scenario analysis, internal stakeholder engagement, and external data reviews (see the Scenario Analysis section in this Climate Statement). The relevant risk owners then assess risks using the defined risk assessment criteria, and relevant data to understand whether potential risks are material and to understand the likelihood and impact of these risks. In FY26, we built on the financial quantification work undertaken in FY25. This informed the assessment of our CRROs, with anticipated financial impact ranges remaining aligned to the financial ranges in our Risk Management Framework.

Annually, climate-related risks are classified and assessed alongside other types of risks using a common methodology (our risk matrix assigns risk levels based on a combination of likelihood and impact scoring – shown below). Our risk matrix requires consideration of both estimated quantitative impacts, such as loss of revenue or increases in costs, and qualitative impacts, such as loss of social licence, or reputational impacts. The likelihood is measured against the probability of a risk occurring in any given year.

To determine materiality of CRROs, we assess whether the information or the way in which information is presented could influence the decisions of users of our Climate Statement, considering both quantitative (financial impacts) and qualitative factors (non-financial impacts).

Climate-related risks disclosed in our Climate Statement are integrated into our enterprise risk management framework via the risk register. These are assigned to relevant business units, which are responsible for developing mitigation strategies and reporting on progress.

		IMPACT					
		Insignificant	**Minor**	**Moderate**	**Significant**	**Major**	**Fundamental**
LIKELIHOOD	**Almost Certain**						
	Highly Likely						
	Probable						
	Possible						
	Unlikely						
	Rare						

RISK MANAGEMENT FRAMEWORK

Our Board approved Risk Management Framework aligns with Aotearoa New Zealand Standard AS/NZS ISO 31000 Risk Management – Principles and Guidelines. It helps us to identify different categories of risk – health, safety and wellbeing, compliance, operational, reputational, financial and people risks.

Climate-related risks are fully integrated into our enterprise Risk Management Framework with oversight from the RMC, AFRC and SERC. This ensures they are actively monitored and managed across the business. These risks are monitored using our risk register and are reassessed on an ongoing basis to reflect changes in external factors, regulatory developments, and business conditions. More information on our risk management approach can be found in the Assurance and Managing Risk Section of our Corporate Governance Statement on our website.

MANAGING CLIMATE-RELATED RISKS

The day-to-day management of climate-related risk occurs across various business units including Wholesale Markets, Generation, Generation Development, Customer, Finance and Legal, and Sustainability, with escalating responsibilities up to the RMC. The SERC and AFRC oversee the appropriate management of our climate-related risks and the implementation of effective systems of control, assurance, reporting, policies, and procedures in place.

In relation to markets, our Wholesale Markets and Finance teams manage risks and opportunities presented by:

- ↗ The electricity market—we continually model scenarios of resource availability, electricity market supply and demand, and adjust our approach accordingly.
- ↗ The carbon market—we are involved in forest carbon investments and have long-term contracts in place.

Regulatory risks and opportunities are managed by the Strategy and Corporate Affairs team. We engage in broader regulatory and sector work where climate-related considerations arise, including Electricity Authority work programmes to support market arrangements that enable a more renewable future.

Physical risks and opportunities from climate change fall into acute (event-driven), such as increased severity of extreme weather events, and chronic (longer-term shifts in precipitation and temperature and increased variability in weather patterns, such as sea level rise). We continue to monitor proposed methodologies for climate change risk assessment and adaptation planning, both nationally and internationally.

We have models of storm events experienced within the Waikato Hydro System (WHS) and we work in partnership with Waikato Regional Council to engage in periodic training exercises and flood simulations to educate and familiarise our staff and council staff on the management of storms and flood risks.

We continue to refine and mature our climate-related scenario analysis to assess the impacts of our changing climate on our assets and business while working with research organisations to improve the quality of our climate data, including potential future inflows to the WHS. During FY26, we continued to develop a tool commissioned by the Dam Safety Hydrology Group to incorporate climate change into flood modelling for the Waikato Hydro catchments. The tool can now support climate change assessments of potential flood levels out to 2100.

GREENHOUSE GAS EMISSIONS INVENTORY

This section forms our GHG Emissions Inventory[1] for the financial year ended 30 June 2026. It brings the information previously published in our standalone GHG Emissions Inventory Report into this Climate Statement, creating a single source of emissions data.

REPORTING PERIOD

Our GHG emissions have been measured and prepared in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The inventory supports Mercury's disclosures under the Aotearoa New Zealand Climate Standards, including NZ CS 1 and NZ CS 3.

This inventory covers the reporting period 1 July 2025 to 30 June 2026. Comparative data is presented for FY2022 to FY2025 where available and relevant to support trend analysis and base year comparison.

CONSOLIDATION APPROACH

We apply the operational control consolidation approach to our GHG inventory to determine organisational boundaries. This allows us to focus on the emissions where we have operational control and can investigate the potential to manage and reduce these. The table below sets out how each entity is treated.

Our organisational boundary determines the parameters for GHG reporting and is set with reference to the GHG Protocol. The boundary encompasses the operations owned and controlled by Mercury, our subsidiaries, associate companies, and joint ventures.

EMISSIONS ASSESSMENT AND MATERIALITY

We assess our business activities and facilities for emissions sources using the GHG Protocol. Emissions sources from prior years are maintained unless the associated business activity or facility has ceased or been divested.

We consider Scope 1 and Scope 2 emissions as material. For Scope 3 emissions, we may exclude categories where emissions are estimated as being below 5% of total emissions across all categories, provided the total excluded emissions do not exceed 5% of all emissions.

ORGANISATIONAL BOUNDARIES

100% of emissions from Mercury NZ Limited, Mercury Geothermal Limited, TPC Holdings Limited, Rotokawa (Joint Venture), Ngā Awa Pūrua (Joint Venture), and NOW New Zealand Limited are included within Mercury's operational boundary and therefore reported within Scope 1, Scope 2, and Scope 3 emissions.

EnergySource LLC, EnergySource Minerals LLC, and Forest Partners Limited Partnership are outside Mercury's operational control and are treated as Scope 3, Category 15 emissions based on the percentage of interest held. These have been assessed as immaterial.

Table 1: Summary Of Entities and Treatment of Joint Ventures

Entity	Principal Activity	Type	Interest Held as at 30 June 2026	Country
Mercury NZ Limited	Electricity generation (hydro, wind, and geothermal), electricity, gas and telco retail	Listed Company (NZX Main Board and ASX Foreign Exempt Listing)	100%	New Zealand
Mercury Geothermal Limited	Electricity generation (geothermal)	Subsidiary	100%	New Zealand
TPC Holdings Limited	Investment holding	Associate	25%	New Zealand
Rotokawa (Joint Venture)	Steamfield operation	Joint Operation	64.8%	New Zealand
Ngā Awa Pūrua (Joint Venture)	Electricity generation	Joint Operation	65%	New Zealand
NOW New Zealand Limited	Broadband retail	Subsidiary	100%	New Zealand
EnergySource LLC	Investment holding	Joint Venture	20.86%	United States
EnergySource Minerals LLC	Mineral extraction	Joint Venture	9.68%	United States
Forest Partners Limited Partnership	Forestry management	Associate	10%	New Zealand

[1] All emissions figures are gross emissions unless stated otherwise. They exclude removals and exclude the purchase, sale or transfer of GHG offsets or allowances. Scope 2 emissions are calculated using the location-based method.

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

Table 2: Summary of Mercury's Emissions

Scope	Category	FY2022 tonnes CO_2e	FY2023 tonnes CO_2e	FY2024 tonnes CO_2e	FY2025 tonnes CO_2e	FY2026 tonnes CO_2e
Scope 1 - direct emissions	Geothermal emissions for exported power	222,345	212,382	236,307	212,531	193,714
Sub-total generation emissions		222,345	212,382	236,307	212,531	193,714
Scope 1 - direct emissions contd.	Mobile combustion (vehicle fleet)	246	398	335	123	502
	Stationary combustion (generation site plant and equipment)	93	462	2,927	4,314	2,000
	Fugitive emissions (sulphur hexafluoride (SF6) releases)	52	403	5	0	49
	Refrigerant gases	-	-	-	27	26
Total Scope 1		**222,736**	**213,645**	**239,574**	**216,995**	**196,291**
Scope 2 - indirect emissions	Electricity consumption (location-based)	2,123	1,376	2,112	2,353	1,556
Total Scopes 1 and 2		**224,859**	**215,021**	**241,686**	**219,348**	**197,847**
Scope 3 - indirect emissions	Purchased Goods and Services	6,584	9,029	9,378	14,155	12,361
	Capital Goods	20,549	37,177	28,732	66,192	100,302
	Fuel and energy related activities: Transmission and distribution losses	124	104	190	186	118
	Fuel and energy related activities: Huntly Strategic Reserve	-	-	-	-	1,177
	Business travel and accommodation	210	1,176	1,186	1,049	796
	Use of sold products (gas and LPG sales)	138,279	135,910	135,111	123,861	119,803
Total Scope 3		**165,746**	**183,396**	**174,597**	**205,443**	**234,557**
Total All Scopes		**390,605**	**398,417**	**416,283**	**424,791**	**432,404**

Note: Data from FY2022 to FY2024 for Purchased Goods and Services and Capital Goods presented in table 2 has not been subject to assurance procedures.

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

EMISSION FACTORS AND GWP SOURCES

GHG specific information

Our GHG emissions are converted to tonnes of carbon dioxide equivalent (tCO_2e) using relevant emission factors and global warming potential (GWP) rates. Emission factors are sourced from physical sampling for geothermal fugitive emissions, New Zealand Government guidance, IPCC publications, Thinkstep documents, and other recognised GHG emissions databases, where relevant.

GWP rates are sourced from the latest Ministry for the Environment guidance, and Thinkstep documents, based on AR5. In previous years, direct methane emissions from geothermal sources were converted using different GWP rates due to variations in calculation methodologies. These methodologies have now been aligned.

EMISSIONS INTENSITY

Our emissions intensity for FY2015, the base year (i.e., FY2022), and FY2025 to FY2026 are shown in Table 3 and Figure 1. Our emissions intensity is impacted by the volatility of hydro and wind generation. The intensity calculation uses gross Scope 1 generation emissions only, no adjustments have been made in relation to NZUs surrendered under the NZ ETS.

GHG EMISSIONS CALCULATIONS AND RESULTS

Emissions source data sets were gathered from across the business from metered consumption points, financial records, and from specific third-party suppliers such as liquid fossil fuel providers. The factors required to calculate the associated emissions are sourced from:

- Analysis of physical samples (for geothermal fugitive emissions only).
- New Zealand Government guidance documents published by the Ministry for the Environment (MfE) - MfE Measuring Emissions: Measuring Emissions Catalogue 2026.
- Thinkstep-anz. (2024). Emission Factors for New Zealand: Greenhouse Gas Emission Intensities for Commodities and Industries. v1.1. Wellington: thinkstep-anz.

Following these calculations, our emissions profile is dominated by Scope 1 emissions, namely fugitive emissions from geothermal electricity generation, which account for approximately 45% of all emissions. Scope 3 emissions from subcategories Purchased Goods and Services, Capital Goods, and Use of sold products are also significant sources of emissions.

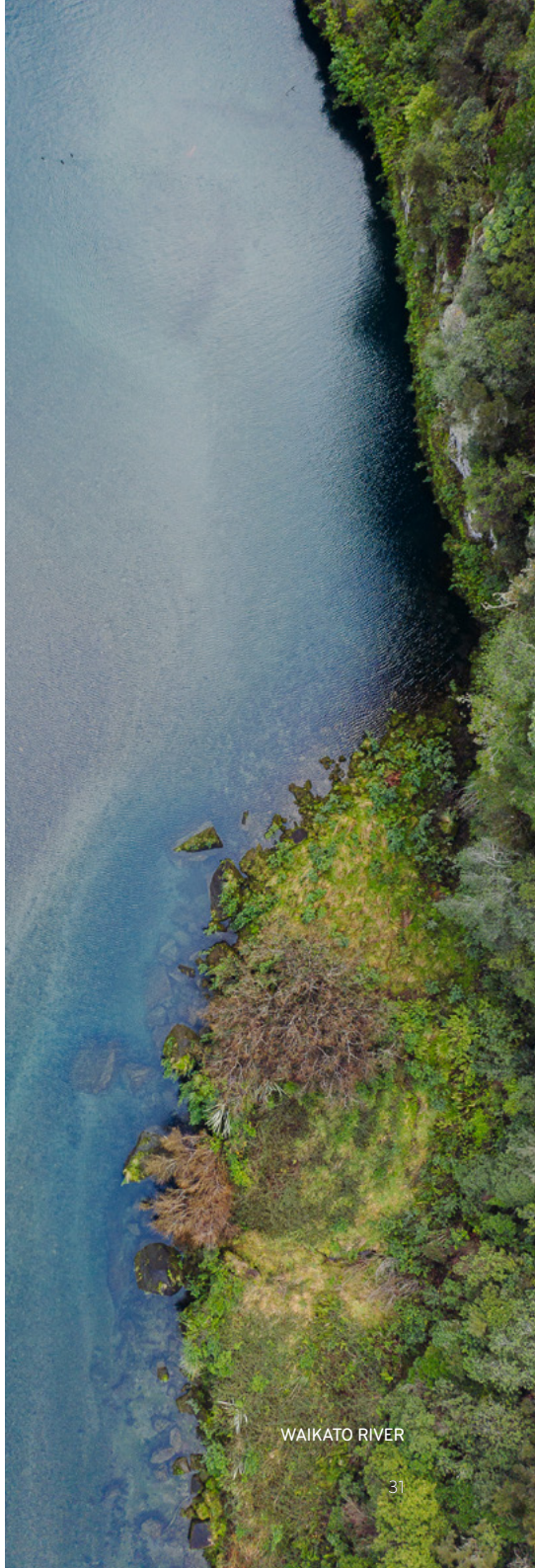
Table 3: GHG Emissions, Reductions and Intensity Calculations for Mercury's Electricity Generation

GHG Holdings	FY2015	FY2022	FY2025	FY2026
Scope 1 - Direct Emissions from generation (tCO_2e)	529,900	222,345	212,531	193,714
Total annual reductions (tCO_2e)	-	19,199	23,776	18,817
Total reductions from FY2015 (tCO_2e)	-	307,555	317,369	336,186
% Reduction from FY2015 (tCO_2e)	-	58.04%	59.89%	63.44%
Total Generation (GWh)	7,583	8,656	9,081	10,146
Emissions Intensity (kg CO_2e/kWh)	0.070	0.026	0.023	0.019
Emissions Intensity NZ grid electricity[2] (kg CO_2e/kWh)	0.120	0.103	0.089	0.079
Emissions Intensity reduction from FY2022 base year	-	-	8.90%	25.67%
Emissions Intensity reduction from FY2015	-	63.30%	66.57%	72.72%

[2] The NZ grid Electricity Emissions Intensity is based on MfE advised figures. The FY figure is calculated by averaging the emissions intensities from that and the previous calendar years. The FY26 figure is based on CY2025 only.

Data from FY2015 presented in table 3, has not been subject to assurance procedures.

FY16-FY21 information is presented in Appendix B.



WAIKATO RIVER

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

EMISSIONS INCLUSIONS

Table 4: Summary of Emissions Source Inclusions

Scope	Category	GHG emission source	Facilities included	Data source	Data collection unit	Method, data quality, uncertainty (qualitative)
Scope 1	Fugitive emissions	Fugitive emissions from geothermal generation	Kawerau, Mōkai, Ngā Awa Pūrua, Ngā Tamariki, Rotokawa	Records from sites, submitted as part of NZ ETS requirements for the Government	Geothermal Resources	Emissions factors (EFs) from NZ EPA. Captured by the geothermal resources team, audited by Deloitte for ETS use, high quality data
Scope 1	Sulphur Hexafluoride (SF6) releases	SF6 releases during operations	Kawerau, Mōkai, Ngā Awa Pūrua, Ngā Tamariki, Rotokawa, Arapuni, Aratiatia, Ātiamuri, Karāpiro, Maraetai I and II, Ōhākurī, Waipāpa, Whakamaru	Maintenance records (SF6 top ups)	Asset Management Team	EFs from MfE guidance documents. Review of calendar year records, reasonable data quality, medium level of uncertainty due to use of calendar year for financial year
	Mobile combustion	Vehicle fleet fuel	Vehicle fleet	Fuel cards cover most of fuel purchases, there will be a limited number of purchases made by staff using cash/card	Finance	EFs from MfE guidance documents. Review of fuel card records, good data quality, very low level of uncertainty
	Stationary combustion	Fuel used in generators and on-site plant and equipment	Kawerau, Mōkai, Ngā Tamariki, Rotokawa, Ngā Awa Pūrua. Aratiatia, Arapuni	Delivery company data and finance records	Finance	EFs from MfE guidance documents. Review of delivery company data, good data quality
	Refrigerant Gases	Hydrofluorocarbons (HFCs) from air-conditioning systems	All generation sites and office locations	Records from sites	Facilities	EFs from MfE guidance documents.
Scope 2	Electricity – Offices and other sites	Electricity consumed in offices and internal sites	Auckland, Wellington, Taupō, Rotorua, Hamilton, Tauranga, Oamaru, Palmerston North	Electricity internal customer category in financial records, electricity bills for facilities billed through agents	Customer	EFs from MfE guidance documents. Calculation based on internal invoicing with some estimation, low level of uncertainty
Scope 2	Electricity generation sites	Grid electricity consumed at generation sites	Hydro, geothermal, and wind	SCADA extract	Technology	EFs from MfE guidance documents. Calculation based on recorded revenue meter data, low level of uncertainty but some lines consumption may not be Mercury's

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

EMISSIONS INCLUSIONS CONT.

Table 4: Summary of Emissions Source Inclusions cont.

Scope	Category	GHG emission source	Facilities included	Data source	Data collection unit	Method, data quality, uncertainty (qualitative)
Scope 3: Subcategory 1 – Purchased Goods & Services	Operational goods and services	Emissions associated with acquiring operational goods and services	All	Operational expense data from Mercury's finance system	Finance	EFs from Thinkstep-anz documents. Calculations based on internal finance data. Low level of uncertainty
Scope 3: Subcategory 2 – Capital Goods	Capital Goods	Embodied emissions from procurement of capital goods and related expenditures	All	Capital expenditure data from Mercury's finance system	Finance and supplier provided data	EFs from Thinkstep-anz documents. Calculations based on internal finance data and supplier data. Moderate level of uncertainty
Scope 3: Subcategory 3 – Fuel and energy related activities	Transmission and distribution losses for imported electricity	Transmission and distribution losses for imported electricity	Generation sites, offices and other internal sites	Electricity invoicing, internal customer category, and SCADA extracts	Customer and Technology	EFs from MfE guidance documents. Calculation based on internal invoicing with some estimation and recorded revenue meter data, low level of uncertainty
Scope 3: Subcategory 3 – Fuel and energy related activities	Electricity supply and security arrangements	Emissions from third-party electricity generation purchased by Mercury and sold to customers	Captured by Wholesale	Wholesale records of annual exercised volumes, electricity generated, and coal used	Wholesale	EFs from MfE guidance documents. MSO and HFO use the NZ Grid Average factor, while HSR uses the relevant industrial coal factor or the default where coal type is unknown. Good data quality, with moderate uncertainty where the electricity source or coal type is unknown.
Scope 3: Subcategory 6 – Business travel	Business travel, accommodation	Emissions from flights, accommodation, and car rentals	All	Flight, accommodation, and car rental reports	Travel service provider	EFs from MfE guidance documents. Calculation based on flights and accommodation invoicing, good data quality, low level of uncertainty
Scope 3: Subcategory 6 – Business travel	Mileage	Emissions from staff business travel using private vehicles	All	Mileage expense claim reports	Finance	EFs from MfE guidance documents. Calculation based on spend-based assessment of mileage expenses, moderate level of uncertainty
Scope 3: Subcategory 11 – Use of sold products	Use of sold products (including distribution losses)	Gas purchased (reticulated gas only)	Captured by Customer	Reticulated gas invoices from direct purchases and nomination report	Customer	EFs from MfE guidance documents. Invoiced volumes and traded nominations provided by Customer so high-quality data, carbon is included in the credits required to be surrendered under the NZ ETS
Scope 3: Subcategory 11 – Use of sold products	Use of sold products	LPG purchases	Captured by Customer	LPG invoices	Customer	EFs from MfE guidance documents. Invoiced volumes from purchase invoices so high-quality data

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

EMISSIONS EXCLUSIONS

The emissions sources listed in table 5 below are excluded from our GHG inventory report because they are considered immaterial in the context of the inventory or may not be applicable.

Table 5: Emissions Source Exclusions

Scope	GHG emission source	Facilities included / description	Assessment / Reason for exclusion
Scope 3: Subcategory 4 Upstream transportation and distribution	Emissions associated with purchased transport and distribution services, e.g. freight, postage, courier	N/A	Assessed as below materiality threshold, high level of data uncertainty
Scope 3: Subcategory 5 Waste generated in operations	Emissions associated with waste to landfill from offices and wastewater treatment	All	Assessed as below materiality threshold, high level of data uncertainty
Scope 3: Subcategory 7 Employee commuting	Emissions associated with employee travel to and from work	All	Assessed as below materiality threshold
Scope 3: Subcategory 8 Upstream leased assets	Emissions associated with telecommunications network from leased assets	All	Assessed as below materiality threshold
Scope 3: Subcategory 9 Downstream transportation and distribution	Emissions associated with non-Mercury purchased transportation and distribution services of products to customers	N/A	Assessed and considered not applicable as we do not conduct business activities in this area
Scope 3: Subcategory 10 Processing of sold products	Emissions associated with processing of sold products	N/A	Assessed and considered not applicable as our sold products do not undergo further processing
Scope 3: Subcategory 12 End-of-life treatment of sold products	Emissions associated with end-of-life of broadband routers and household appliances	N/A	Assessed as below materiality threshold
Scope 3: Subcategory 13 Downstream leased assets	Agricultural emissions	We lease small landholdings near our generation facilities to local farmers mainly for grazing	Assessed as below materiality threshold
Scope 3: Subcategory 14 Franchises	Emissions from operations of franchises	N/A	Assessed and considered not applicable as Mercury does not grant franchise licenses
Scope 3: Subcategory 15 Investments	Emissions from companies that Mercury provides capital and/or financing services to	EnergySource LLC, EnergySource Minerals LLC, Forest Partners Limited Partnership	Assessed as below materiality threshold

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

NOTABLE CHANGES IN EMISSIONS

The most notable change in this year's inventory is the increase in capital goods emissions. This reflects the high level of construction activity across our renewable generation projects, including Stage 2 of Kaiwera Downs Wind Farm, Kaiwaikawe Wind Farm, and the Ngā Tamariki Geothermal Station expansion. Capital goods emissions are expected to reduce materially in FY27 as these projects are completed.

A new emissions category, fuel-and energy-related activities, has also been included in FY26. This captures emissions associated with electricity generated by third parties, purchased by us and sold to customers. These emissions have previously been below our materiality threshold and have not been separately disclosed. Following our agreements supporting the continued operation of Huntly's Rankine Units and the establishment of a strategic fuel reserve from 2026, we have included this category in the inventory and expect to continue reporting it going forward.

Our two largest emissions categories, geothermal generation and the use of sold products from gas sales, both decreased in FY26. This reflects a reduction in emissions from the two sources that continue to make up the majority of our gross emissions profile.

Our geothermal fugitive emissions and emissions intensity by station for the past eight years are shown in Figures 1 and 2 below. The results show how emissions performance has changed over time across our geothermal stations. Data presented for FY19 to FY21 in Figures 1 and 2 has not been subject to assurance procedures.


MŌKAI GEOTHERMAL STATION

Figure 1: Geothermal Emissions Intensity by Station

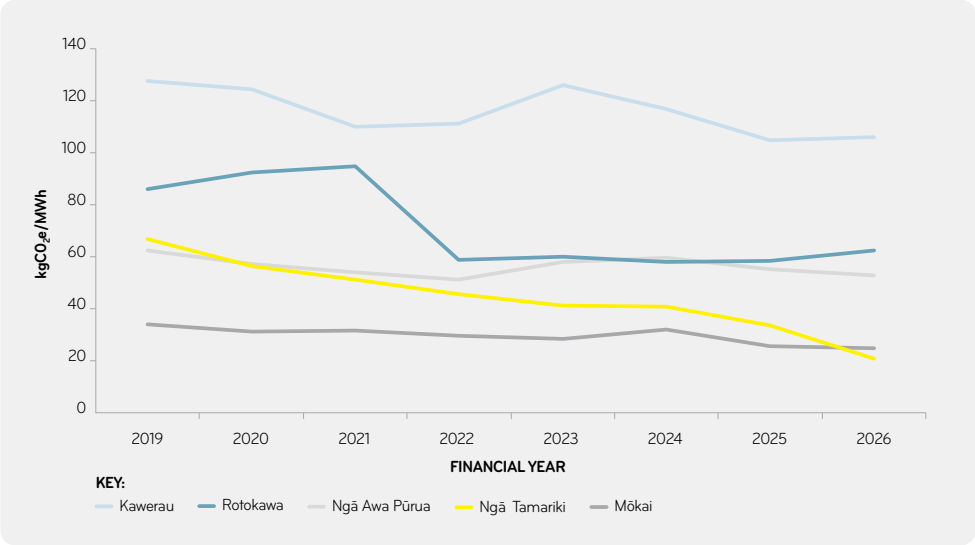
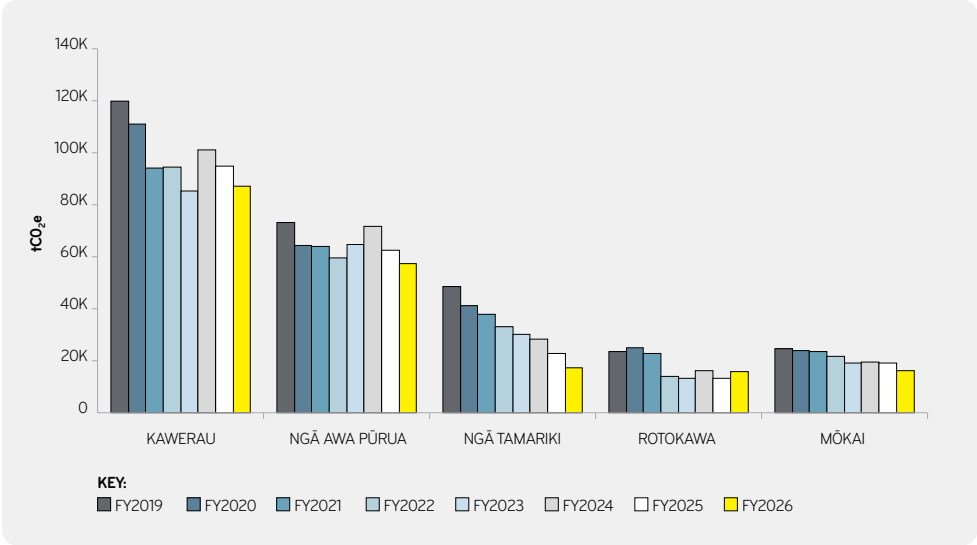


Figure 2: Geothermal Emissions by Station



GREENHOUSE GAS EMISSIONS INVENTORY CONT.

THE BASE YEAR, COMPARATIVES, AND ANY RESTATEMENTS

The chosen base year is 1 July 2021 to 30 June 2022 and is unchanged from previous reports. In line with the GHG Protocol, additional Scope 3 categories Purchased Goods and Services and Capital Goods have been retrospectively applied to the FY2022 base year and subsequent reporting years following the finalisation of calculation methodologies. Emissions reported for FY26 have been assured, whereas historical emissions for Purchased Goods and Services and Capital Goods for FY2022 to FY2024 have not yet been subject to assurance.

These updates have increased Scope 3 emissions for FY2022 by approximately 19%, and contributed to a higher total emissions figure, ensuring consistency and comparability across all reporting periods. Table 3 in this report compares our direct emissions over the past two financial years to our FY2022 base year as well as to FY15, when we began measuring CO2. This comparison highlights the improvements and progress we have made since 2015.

DATA COLLECTION

We have developed robust GHG information systems to record fugitive emissions from geothermal generation, which makes up most of our carbon footprint and have been required to meet our obligations under the NZ ETS since 2010. These unique emission factors for geothermal are subject to external audit and assurance. The preparation of this emissions inventory report has prompted collation of additional, less material, data sets in a way that ensures ongoing conformance with the GHG Protocol. Future emissions inventory reports will follow the same data collection and collation process, with opportunities taken to improve data integrity, completeness, and emissions reporting accuracy. Additional data required to produce this emissions inventory comes from internal operational data, with data sets around scope 2 and 3 emissions sourced from specific providers, internal financial records, and, where available, supplier provided emissions data. Quantification of the associated emissions currently uses spreadsheets to relate consumption and usage to emissions factors. Emissions factors are sourced from either New Zealand Government guidance documents, IPCC publications, or recognised GHG emission databases.

Appendix A - Historical Data - GHG Emissions Inventory Summary

Scope	Category	FY2015 Tonnes C02e	FY2016 Tonnes C02e	FY2017 Tonnes C02e	FY2018 Tonnes C02e	FY2019 Tonnes C02e	FY2020 Tonnes C02e	FY2021 Tonnes C02e
Scope 1 – Direct Emissions	Geothermal emissions for exported power	362,375	361,553	321,565	291,950	289,776	265,212	241,544
	Thermal combustion (gas-fired generation)	167,525	63,518	-	-	-	-	-
Sub-total Generation Emissions		**529,900**	**425,071**	**321,565**	**291,950**	**289,776**	**265,212**	**241,544**
Scope 1 – Direct Emissions Continued	Mobile combustion (company vehicle fleet)	461	492	485	449	458	281	316
	Stationary combustion (generation site plant and equipment)	1,712	36	1,611	27	70	85	63
	Fugitive emissions (SF6 releases)	98	26	26	10	10	1,249	3,208
Scope 2 – Indirect Emissions	Electricity consumption (location based)	n/r	n/r	n/r	n/r	n/r	n/r	n/r
Total Scopes 1 and 2		**532,171**	**425,625**	**323,687**	**292,436**	**290,314**	**266,827**	**245,131**
Scope 3 – Indirect Emissions	Use of sold products (gas sales)	57,293	54,513	57,356	63,392	62,009	67,104	66,576
	Transmission and distribution losses for electricity consumption	n/r	n/r	n/r	n/r	n/r	n/r	n/r
Total All Scopes		**589,464**	**480,138**	**381,043**	**355,828**	**352,323**	**333,931**	**311,707**

Data from FY2015 to FY2021 presented in Appendix A has not been subject to assurance procedures.

GREENHOUSE GAS EMISSIONS INVENTORY CONT.

IMPACT OF UNCERTAINTIES

Our GHG emissions inventory follows the GHG Protocol, using calculation methods based on the quality of available data and the significance of each emissions source. The most significant sources of emissions are fugitive geothermal sources at geothermal generation sites and emissions from the use of sold products (gas), both of which have low levels of uncertainty. Geothermal steam data is gathered and recorded internally at each site, the associated emissions factors are subject to independent assurance. Gas sales data is gathered from gas measuring systems that are subject to New Zealand gas measurement technical standards. Capital goods and purchased goods and services represent the next largest source of emissions, calculated for the first time in FY25.

A spend-based method was used for purchased goods and services, while a hybrid method was applied to capital goods, combining finance system data with supplier-provided emissions estimates for key construction materials. Emission factors from the 2022 Thinkstep-ANZ data set were used, with adjustments based on the latest CPI data to reflect current pricing. Basic price emission factors were selected to reflect business-to-business procurement. For spend under $200,000, we applied an average emissions factor based on the ratio of emissions to spend over $200,000.

We have used turbine-specific data from our wind supplier's life cycle assessment (LCA), focusing on the turbine only figure. The estimate from the LCA has been adjusted to align with a cradle-to-gate boundary for capital goods which excludes emissions from operations and end-of life. We acknowledge that both spend-based, and supplier-derived methods carry high levels of uncertainty due to generalised emissions factors, boundary assumptions, and product variation. We are focused on improving data quality over time, including reducing reliance on spend-based methods by using more accurate data based on quantities or supplier information where possible. Mercury operates various facilities, including offices, internal sites, and generation sites, for which Scope 2 imported electricity and refrigerant gas emissions are calculated.

There are uncertainties in our calculation approach for these facilities as we rely on estimations based on employee numbers and usage data from offices where information is available, in the absence of comprehensive site-specific data. Our scope 3 emissions from business travel comprise air travel, accommodation, and staff mileage. Air travel and accommodation are derived from a third-party report, and staff mileage is derived from our staff mileage claims. We reconcile these invoices against our business travel spend to ensure there are no significant discrepancies. While these uncertainties exist, we consider that the impact on our overall emissions reporting is not material. We do, however, acknowledge these limitations and will continue to work on improving data accuracy and reliability.

Appendix B - Historical Data - GHG Emission, Reductions and Intensity Calculations for Mercury's Electricity

GHG Metrics	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Scope 1 – Direct Emissions from Generation (tC02e)	425,071	321,565	291,950	289,776	265,212	241,544
Total Annual Reductions (tC02e)	104,829	103,506	29,615	2,174	24,564	23,668
Total Reductions from FY2015 (tC02e)	104,829	208,335	237,950	240,124	264,688	288,356
% Reduction from FY2015 (tC02e)	20%	39%	45%	45%	50%	54%
Total Generation (GWh)	7,891	8,571	8,640	7,874	7,503	7,386
Emissions Intensity (kg C02e/kWh)	0.054	0.038	0.034	0.037	0.035	0.033
Emissions Intensity NZ Grid Electricity* (kg C02e/kWh)	0.104	0.097	0.101	0.104	0.115	0.119
Emissions Intensity Reduction from FY2022 Base Year	-	-	-	-	-	-
Emissions Intensity Reduction from FY2015	23%	46%	52%	47%	49%	53%

* The NZ grid Electricity Emissions Intensity is based on MfE advised figures. The FY figure is calculated by averaging the emissions intensities from that and the previous calendar years. Data from FY2016 to FY2021 presented in Appendix B has not been subject to assurance procedures.

The Audit Office
Te Mana Arotake

Independent Limited Assurance Report

To the Shareholders of Mercury NZ Limited

Under section 461ZH(3) of the Financial Markets Conduct Act 2013, the Auditor-General is the assurance practitioner of Mercury NZ Limited (the Company) and its subsidiaries and controlled entities (together referred to as the Group). The Auditor-General has appointed me, Matthew Cowie, using the staff and resources of Ernst & Young, to carry out a limited assurance engagement, on his behalf, on the greenhouse gas (GHG) emissions information disclosed in the Group's Climate Statement (GHG disclosures), for the year ended 30 June 2026.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's GHG disclosures within the scope of our limited assurance engagement (as outlined below) for the year ended 30 June 2026, are not fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

Scope of the engagement

The GHG disclosures below are within the scope of our limited assurance engagement:

- The gross emissions, in metric tonnes of carbon dioxide equivalent, classified as Scope 1, Scope 2 (location-based) and Scope 3, on page 21.
- The statement describing the standard(s) that the GHG emissions have been measured in accordance with, on page 21, to the extent this pertains to Scope 1, Scope 2 (location-based) and Scope 3 GHG emissions.
- The statement on the consolidation approach used to consolidate GHG emissions on page 29, to the extent this pertains to Scope 1, Scope 2 (location-based) and Scope 3 GHG emissions.
- The sources (or references to sources, where applicable) of Scope 1, Scope 2 (location-based) and Scope 3 emission factors and the global warming potential rates used, on page 31.
- The summary of specific exclusions of Scope 1, Scope 2 (location-based) and Scope 3 emissions sources, including facilities, operations or assets with a justification for their exclusion, on page 34.
- The description of the methods and assumptions used (including the rationale for doing so, where applicable) to calculate or estimate Scope 1, Scope 2 (location-based) and Scope 3 GHG emissions, and the limitations of those methods, on pages 32 to 33 and 37.
- The description of any uncertainties relevant to the Group's quantification of its Scope 1, Scope 2 (location-based) and Scope 3 GHG emissions, including the effects of these uncertainties on GHG disclosures, on pages 32 to 33 and 37.

Other matters

As explained in the footnotes to Table 2: Summary of Mercury's Emissions on page 30 and Appendix A – Historic Data – GHG Emissions Inventory Summary on page 36, emissions for Scope 3 - Purchased Goods and Services, and Capital Goods from FY2022 to FY2024 as well as FY2015 to FY2021 emissions summary data has not been subject to assurance procedures. As such, it is not covered by our assurance conclusion. Our conclusion is not modified in respect of this matter.

Certain comparative information, being the Group's FY22 – FY24 GHG disclosures on page 21 was assured by Ernst & Young in the firm's own capacity. Ernst & Young expressed unmodified reports dated 22 May 2023, 11 August 2023 and 20 August 2024 respectively.

The 2025 comparative information for the GHG disclosures on page 21 was assured by Ernst & Young on behalf of the Auditor-General.

Key matters

Key matters are those matters that, in our professional judgement, were of most significance in carrying out this limited assurance engagement on the Group's GHG disclosures for the current year.

Key matters were addressed in the context of our limited assurance engagement on the Group's GHG disclosures, and in forming our conclusion thereon. We do not provide a separate conclusion on these matters.

The key matters are described below:

Description of key matter	How we addressed this matter
Spend-based methods used in measurement of Scope 3, Category 1 - Purchased Goods and Services and Category 2 - Capital Goods	
As disclosed on page 33 and 37 of the Climate Statement, the Group measured the GHG emissions from Scope 3, Category 1 - Purchased Goods and Services and Category 2 - Capital Goods, in part, using the spend-based calculation method per the GHG Protocol. These Scope 3 components make up approximately 26% of the Group's total GHG emissions and approximately 48% of Scope 3 emissions for the period ended 30 June 2026. This method estimates emissions by multiplying the value of purchased goods and services and capital goods with relevant emission factors. This approach carries an inherent uncertainty which may result in significant differences between estimated and actual emissions. Future changes to the calculation method or assumptions could lead to material changes and restatements of previously reported amounts.	In reviewing the Group's measurement and disclosure of Scope 3 emissions using spend-based methods, we: • Gained an understanding of the spend-based calculation method, assumptions and estimation uncertainties through enquiries of management. • Considered the alignment of the Group's methodology with the GHG Protocol. • Considered the reasonableness of the selected emission factors and their application. • Performed analytical procedures on the spend amounts on purchased goods and service and capital goods used in the calculations. • Reviewed the adequacy of the disclosures related to the calculation method, assumptions and uncertainties in estimating these emission sources, included on page 33 and 37 of the Climate Statement.
Scope 1 – Geothermal emissions	
Geothermal generation is a material source of electricity generation for the Group and accounts for approximately 45% of the Group's total GHG emissions for the period ended 30 June 2026. These emissions are calculated by measuring the volume of steam flows by plant and applying a Unique Emissions Factor (UEF) for each plant. Since the Group owns and operates the geothermal plant infrastructure, it conducts the steam flow measurements. The UEFs used are calculated internally based on the properties of the geothermal steam for each plant. The steam properties are determined by testing of samples taken throughout the year by a third party. Where the properties of a plant's geothermal steam materially deviates from the prior year, these emissions factors are externally assured by a third party.	In reviewing the Group's measurement and disclosure of Scope 1 – Geothermal emissions, we: • Gained an understanding of the calculation method, assumptions and estimation uncertainties through enquiries of management. • Performed analytical review procedures on the steam flow data which is collated from meters at each relevant plant and obtained explanations from management on any unexpected patterns or anomalies. • Considered the UEFs used, including reviewing any changes in the properties of the geothermal steam. • Reviewed the capabilities, competence and objectivity of the third party which performs the testing of the geothermal steam properties. • Reviewed the adequacy of the disclosures related to the calculation method, assumptions and uncertainties in estimating this emission source, included on page 32 and 36 of the Climate Statement.

The board of directors' responsibilities

Subparts 2 to 4 of Part 7A of the Financial Markets Conduct Act 2013 set out requirements for a climate reporting entity in preparing a climate statement, which includes proper record keeping, compliance with the climate-related disclosure framework and subjecting it to assurance.

The Aotearoa New Zealand Climate Standards have been issued by the External Reporting Board as the framework that applies for preparing and presenting a climate statement or group climate statement. The board of directors of the Group is therefore responsible for preparing and fairly presenting a Group climate statement for the year ended 30 June 2026, in accordance with those standards.

The board of directors is also responsible for the design, implementation, and maintenance of internal control relevant to preparing the climate statement that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Section 461ZH of the Financial Markets Conduct Act 2013, requires the GHG disclosures included in the Group's Climate Statement to be the subject of an assurance engagement.

Aotearoa New Zealand Climate Standards 1 *Climate-related disclosures*, paragraph 25 requires such an assurance engagement at a minimum to be a limited assurance engagement, and paragraph 26 specifies the scope of the assurance engagement on GHG disclosures.

To meet this responsibility, we planned and performed procedures (as summarised below), to provide limited assurance in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, and International Standard on Assurance Engagements (NZ) 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the New Zealand Auditing and Assurance Standards Board.

Summary of work performed

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above:

- We obtained, through enquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Scope 1, Scope 2 (location-based) and Scope 3 disclosures. We did not evaluate the design of particular control activities or obtain evidence about their implementation.
- We evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- We performed analytical procedures on particular emission categories by comparing the expected GHG emissions to recorded GHG emissions and made inquiries of management to obtain explanations for any significant differences we identified.
- We evaluated the appropriateness of the emission factors applied.
- We evaluated the overall presentation and disclosure of the Scope 1, Scope 2 (location-based) and Scope 3 disclosures.
- Obtained director representation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Inherent limitations

As outlined on pages 32 to 33 and 37, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Other information

The Integrated Report and Climate Statement within it contains information other than the GHG disclosures and the assurance report thereon. The board of directors is responsible for the other information.

Our assurance engagement does not extend to any other information included, or referred to, in the Integrated Report on pages 1 to 93, 30 to 96 and 100 to 102, and therefore, no conclusion is expressed thereon, apart from our opinion on the financial statements. We read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the GHG disclosures, or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated.

Where such an inconsistency or misstatement is identified, we are required to discuss it with the board of directors and take appropriate action under the circumstances, to resolve the matter. There are no inconsistencies or misstatements to report.

Independence and quality management

We complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. These principles for example, do not permit us to be involved in the preparation of the current year's GHG information as doing so would compromise our independence.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) and Professional and Ethical Standard 4 *Engagement Quality Reviews* (PES 4) issued by the New Zealand Auditing and Assurance Standards Board.

PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. PES 4 deals with an engagement quality reviewer's appointment, eligibility, and responsibilities.

In addition to this engagement, we have carried out assignments in the areas of financial statement audit, interim financial statements review, agreed upon procedures and other assurance engagements which are compatible with the independence requirements. Other than this engagement and these assignments, we have no relationship with or interests in the Group or any of its subsidiaries.

Matthew Cowie
Ernst & Young Limited
On behalf of the Auditor-General
Auckland, New Zealand
18 August 2026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