CLIMATE STATEMENT 2025

TE TAUĀKI ĀHUARANGI

In this section we cover how we consider climate change, across our strategy, risk management, and metric and targets, and how our governance bodies oversee and manage the associated climate-related risks and opportunities.

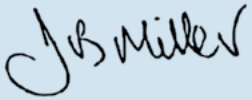
CONTENTS

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 2025 Financial Year.

FY25 Climate Statement

SCOTT ST JOHN
CHAIR



JAMES MILLER
CHAIR, AUDIT AND FINANCIAL RISK COMMITTEE

19 AUGUST 2025

IMPORTANT INFORMATION FOR READERS

Mercury has used best efforts in the preparation of this Climate-Related Disclosure to provide accurate information as at 19 August 2025 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're 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.

Since our 2024 Climate Statement, the environment that we operate within has evolved. There is growing evidence that the world has already surpassed a 1.5°C future, with significant changes required at pace to bring activity in line with this future. We are also seeing rapid growth in artificial intelligence, with opportunities across our business as we understand the potential requirement for more electricity and explore opportunities to improve our operations. The regulatory and policy landscape is also changing, with 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 we transition to a low carbon future and introduce more renewables into the broader New Zealand 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, 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 our hydro lakes are low.

While the energy Mercury's generation assets produce is from 100% renewable sources, we may from time-to-time support system-wide initiatives to ensure security and resilience of supply from a range of sources which may include non-renewable sources. To play our part in supporting the broader New Zealand energy system security and affordability, we have signed agreements with Genesis and others to support the continued operation of the Huntly Power Station's Rankine Units and establishment of a strategic fuel reserve from 2026. Solutions like these, and others, will enable New Zealand to transition to a low-carbon future in a more confident and affordable way.

We are also focussed on ensuring that our business is resilient and successful through the transition. This means 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 climate change on our business.

SUMMARY OF KEY POINTS

Key changes since our FY24 climate statement

- We have reordered our Climate Statement to improve the flow of information.
- We introduced a new Purple scenario (replacing our previous Blue scenario), reflecting a decarbonising world that is geopolitically fragmented, undergoing rapid technological advancement, and rising inequality.
- We expanded our scope 3 emissions reporting to include capital goods, purchased goods and services, and investments.
- We progressed quantifying the financial impact of our CRROs, including initial estimates and assessment methodologies.

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 these 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 are those arising from

- Greater variability in weather patterns (including more frequent high inflow events and droughts) that reduces hydro generation flexibility and profitability and heightens trading risk.
- Growing intensity of atmospheric conditions (including storm events) that cause asset damage.
- Market and policy settings failing to balance the energy trilemma as we transition to a low-carbon future.
- Global decarbonisation causing supply chain and labour constraints delaying development.

Our material climate-related opportunities are those arising from

- The low-carbon transition lifting electricity demand.
- Capital markets tilting towards investing in low-carbon operations.
- The low-carbon transition driving demand for smart energy solutions and new products and services.

We are continuing to explore our activity to reduce our own emissions and mitigate climate change. Further details are outlined in our FY25 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

We are well set up to navigate the energy transition, and our business model and strategy are resilient to our climate-related risks and set us up well to pursue our climate-related opportunities.

Our generation assets produce electricity from 100% renewable sources: hydro, geothermal and wind. We are also a retailer of electricity, gas, broadband and mobile services. We serve over 906,000 customer connections across electricity, gas, telecommunications, and mobile, supported by 1,364 permanent employees and 19 power stations nationwide. For more information on Our Business Model see page 4 of our FY25 Integrated Report.

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

We are aware that the most significant contributions we can make to the energy transition is to deliver more reliable and renewable energy to power Aotearoa, and to accelerate the shift to a low-carbon future by working with our customers and supporting them in their efforts to decarbonise. We also need to play our part in reducing our own emissions, ensuring our approach to financial growth is aligned with the transition, and developing a high-performing workforce with the right capabilities we need to successfully deliver.

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.	**Rebuild sector confidence**
Ngā Tāngata/Our People We learn and adapt to realise our full potential.	**Perform with an adaptive culture enabled by technology** Unleashing an inclusive, curious and connected culture enabled by technology 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.

Delivery of more renewable generation is one of the most meaningful ways we can contribute to a low-carbon economy. We are focussed on developing a diverse pipeline of wind, solar, and geothermal projects 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 non-condensable gases re-injection at our geothermal sites.

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

- Building a project pipeline that is diverse in both location and renewable energy source. In FY25, this included starting development of Kaiwaikawe Wind Farm, which will generate up to 77MW once complete in 2026.
- Offering Power Purchase Agreements (PPAs) to support electrification and attract new load.
- Upgrading our assets, such as the ~$90 million Karāpiro Hydro Station refurbishment and climate-informed dam safety improvements.
- Capturing and re-injecting non-condensable gases at Ngā Tamariki Geothermal Station, to reduce our scope 1 emissions. To date we have invested approximately $4.5 million on this initiative, with an estimated 13,000 tCO2e abated in the last two years.
- Building workforce and asset management capability to support long-term sustainable performance.
- Strengthening supply chain resilience through supplier collaboration.
- Working with regulators and sector partners to improve consenting processes and align renewable development with environmental and planning standards.

In FY25, 100% of our growth capital expenditure (CAPEX) i.e. $347 million, was allocated to renewable generation development, demonstrating our commitment to building more renewable generation in New Zealand. We have dedicated teams focussed 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 focus 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 providing customers with information about their energy options.
- Developing customer energy management capabilities by enabling smart control of household appliances, beginning with hot water cylinders to optimise energy use, maintain network stability, and unlock future demand flexibility.
- Entering long-term electricity supply agreements with industrial customers, including Fonterra, to support their electrification of process heat and contribute to industrial emissions reductions.
- Providing usage monitoring tools and tips, empowering customers to make informed decisions about their energy consumption.
- Strengthening customer care through increased understanding of hardship, direct support, and partnerships with others.
- Collaborating across the sector provide transparency around price changes during the transition and participating in sector wide initiatives to provide solutions to the affordability challenge.

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

NGĀ TĀNGATA OUR PEOPLE

Performing with an adaptive and inclusive culture enabled by technology.

Developing a capable, resilient, high performance and inclusive workforce is essential to our long-term success in a low-emissions future. As CRROs evolve, so must our people, through the development of future skills, climate literacy, and strong engagement with our Identity, Attitude and Purpose. We are committed to attracting and growing talent from the widest possible pool 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 grow climate-related capability across roles and functions.
- Supporting the wellbeing, inclusion, and adaptability of our people through targeted programmes.
- Embedding our climate priorities through ongoing education and engagement.
- Creating pathways to attract, retain and grow talent, with a focus on leadership and high performance.

We have dedicated teams focussed on talent development, organisational capability, and internal engagement, working to ensure people are empowered to deliver a resilient, low-carbon future.

KŌTUITANGA PARTNERSHIPS

Creating success with others.

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

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

- ↗ Deepening engagement with iwi and hapū across our asset footprint to support long-term, values-aligned relationships.
- ↗ 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 focussed on building and maintaining trusted partnerships. This includes teams focussed on iwi relationships, 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.

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 driven by investments in new renewable generation to meet growing electricity demand, while actively managing risks such as market volatility, weather-related variability, and policy uncertainty. We observe 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:

- ↗ Exploring green financing options to support eligible projects and aligning with evolving investor expectations.
- ↗ Considering CRROs when making investment decisions and evaluating our portfolio.
- ↗ Strengthening financial management to better address weather, regulatory, and market volatility.
- ↗ Building commercial capability to identify revenue opportunities from new and emerging sources of electricity demand.

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

Ground breaking with Ngāti Tahu-Ngāti Whaoa in preparation for a Pou (carving) to be erected near Ohakuri Hydro Station.

OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

The tables on the following pages 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. We have calculated the reasonably expected anticipated financial impact of each material CRRO, considering a range of factors outlined in the following tables. 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 range 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, greater than $750m. This approach reflects indicative estimates intended to show the general quantum of impact, rather than precise forecasts, helping to inform decision-making while avoiding a false sense of accuracy. For more information on risks, please 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, operation and downstream activities (without any exclusions).

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

- the setting of strategic objectives and performance incentives in the Executive Scorecard each financial year;
- the application of our Risk Management Framework to assess physical risks to generating 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; and
- 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 of our material CRROs are relevant to the energy sector in New Zealand.


Kaiwera Downs Wind Farm.

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) REDUCES HYDRO GENERATION FLEXIBILITY AND PROFITABILITY AND HEIGHTENS TRADING RISK

IMPLICATIONS:
More volatile catchment inflows from changing and increasingly extreme weather patterns makes 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 and potential biosecurity and water quality challenges (e.g., algal blooms or invasive species). During low inflow periods and droughts this is further heightened as other stakeholders along the catchment may also seek access to water. More volatile catchment inflows may also have an impact on spot prices in a highly renewable market. Volatile and high prices heighten our trading risk.

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

RISK TYPE: Chronic Physical.

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

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 NIWA's RCP 4.5 climate projections. Generation loss is calculated against precipitation projection and using national average wholesale electricity prices from EA data (2004–2025).

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 NIWA'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.
- Our environmental and planning teams engage with governing and consenting bodies to manage the operational impacts of lake storage levels and ensure we have the operational flexibility that we need on the Waikato Hydro System. We also maintain close relationships with iwi to understand their view and work together on solutions.
- We are collaborating with other sector participants to explore options to improve security of supply and grid flexibility.

MATERIAL CURRENT IMPACTS:
- The recent dry year sequence reduced inflows across key catchments, limiting hydro generation output and resulting in an estimated ~$100 million impact on energy margin. We note however, that dry year sequences have always occurred and it is not feasible to determine the extent attributable to climate change.
- Low inflows and increased reliance on renewables have heightened market volatility, leading to elevated trading risk and pricing uncertainty as well as a reliance on thermal back-up across the electricity market.
- There were no material impacts on repairs and maintenance or additional upgrade capital costs related to this event for the year.

GROWING INTENSITY OF ATMOSPHERIC CONDITIONS (INCLUDING STORM EVENTS) THAT CAUSE ASSET DAMAGE

IMPLICATIONS:
Increasing intensity of storm events, floods and high wind events may lead to physical damage to generation assets and telco assets resulting in costs to repair and lost generation revenue. Increasing storm intensities and/or higher likelihood of heating and fires and/or other extreme atmospheric conditions may lead to severe damage to electricity transmission and distribution systems resulting in us being unable to export from stations.

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

RISK TYPE: Acute Physical.

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

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Medium to long-term (3–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM

ASSESSMENT METHODOLOGY:
We considered several impact pathways to assess the risk based on internal data and historical climate events - transmission line failure, transformer failure, compromised units or stations, 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 outage period to 3.5 months for conservatism, 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 medium 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 geographically dispersed and fuel diverse generation fleet which reduces impacts arising from locational-specific 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.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

*This year the anticipated impact range has been updated and is an annualised figure, rather than per event as previously disclosed in FY24.

OUR CLIMATE-RELATED RISKS CONT.

MARKET AND POLICY SETTINGS FAIL TO BALANCE THE ENERGY TRILEMMA AS WE TRANSITION TO A LOW-CARBON FUTURE

IMPLICATIONS:
Without clear and considered policy settings, the rate of electrification of industrial process heat and transport could fall behind projections or other policy reforms could adversely impact our ability to progress our generation pipeline, such as RMA reforms could favour 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, 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.

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

RISK TYPE: Transition.

TIME HORIZON: Short, medium and long-term.

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

CURRENT	SHORT	MEDIUM	LONG-TERM

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 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:
- Engage on policy settings that will support a successful transition for New Zealand.
- Supporting decarbonisation opportunities with existing and new commercial and industrial (C&I) customers as well as new demand sources, such as data centres.
- Maintain a broad range of renewable electricity generation development options that can be brought to market in different demand scenarios.
- 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 promote regulatory settings that support the development of renewable electricity.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

* The disclosed financial impact range for this risk was revised between FY24 and FY25 from $75–$750 million to $7.5–$75 million. The change in FY25 is because we financially quantified reasonably expected pathways only. We provided information only on pathways where there was high uncertainty of information and/or were not reasonably expected to occur.

GLOBAL DECARBONISATION CAUSING SUPPLY CHAIN AND LABOUR CONSTRAINTS DELAYING DEVELOPMENT

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

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

RISK TYPE: Transition.

TIME HORIZON: Short, medium, long-term.

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

CURRENT	SHORT	MEDIUM	LONG-TERM

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 increase capital expenditure due to overruns.

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m p.a.

MANAGEMENT RESPONSE:
- Manage our generation development pipeline to time procurement and development at favourable periods and with sufficient lead time to minimise unplanned delays.
- Key supplier relationship planning and management.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

OUR CLIMATE-RELATED OPPORTUNITIES

THE LOW-CARBON TRANSITION LIFTS ELECTRICITY DEMAND

IMPLICATIONS:
Increased demand for renewable electricity due to decarbonisation of transport and process heat and increased data centres in New Zealand, may provide greater opportunities to build renewable generation capacity and increase sales volumes.

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

OPPORTUNITY TYPE: Transition.

TIME HORIZON: Medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Medium to long-term (3–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM
		■	■

ASSESSMENT METHODOLOGY:
We considered four key impact pathways: process heat electrification, demand stimulation (including from data centres), uptake of biogas and biomass, and low-emissions solutions.

For process heat, 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 focussed on industrial uptake (EECA projection) and their 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 have leveraged on internal price path assumptions, and strategic insights from external and internal analysis. Limitations include 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 directional planning and investment prioritisation.

FINANCIAL METRICS: Increase in electricity margin.

ANTICIPATED IMPACT RANGE:
Major: $75m-750m p.a.

MANAGEMENT RESPONSE:
- We look to secure resource consents for generation development projects ahead of expected increases in demand.
- Ensure 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 our social licence to operate and develop.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

CAPITAL MARKETS TILT TOWARDS INVESTING IN LOW-CARBON OPERATIONS

IMPLICATIONS:
Our profile as a renewable electricity generator leads to reduced capital costs and favourable valuation premium as capital markets reflect societal desire to invest in the transition to a low-carbon economy.

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

OPPORTUNITY TYPE: Transition.

TIME HORIZON: Short, medium and long-term.

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

CURRENT	SHORT	MEDIUM	LONG-TERM
	▨	▨	■

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, our Enterprise Value (EV)/EBITDAF multiple was benchmarked against peers with higher renewable exposure and stronger ESG alignment. EV 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 medium to long-term horizon.

However, our assessment was limited by the lack of consistent external benchmarks, structural business differences and broader market factors unrelated to 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 looked to leverage our renewable profile in issuing Green Bonds and promote our low-carbon generation profile to research analysts and sustainability rating agencies.
- 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 monitor developments in sustainable finance to identify new funding mechanisms beyond Green Bonds.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

OUR CLIMATE-RELATED OPPORTUNITIES CONT.

THE LOW-CARBON TRANSITION DRIVES DEMAND FOR SMART ENERGY SOLUTIONS AND NEW PRODUCTS AND SERVICES

IMPLICATIONS:
The electrification of industry and growing demand for smart energy solutions is driving demand for tailored energy solutions and creating opportunities for new products and services that help customers optimise their electricity use. 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.

Enabling demand-side flexibility for customers can reduce cost of sales, enhance customer value, and support a more efficient, renewables-based electricity system.

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

OPPORTUNITY TYPE: Transition.

TIME HORIZON: Medium and long-term.

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

CURRENT	SHORT	MEDIUM	LONG-TERM

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 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 p.a.

MANAGEMENT RESPONSE:
- We are developing an electrification strategy for our C&I customers.
- We are investing in capability to manage energy/demand-side flexibility.
- We are actively seeking out new innovation opportunities.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

Ngā Tamariki Geothermal Station.

OUR CLIMATE TARGETS

We have committed to setting both near-term and long-term company-wide emissions reduction targets in line with science-based net-zero, using the Science Based Targets initiative (SBTi). These targets were developed using SBTi tools and approved by the Board. The SBTi framework applies a sectoral decarbonisation approach, aligning emissions reductions across industries with a global pathway that limits warming to 1.5°C above pre-industrial levels. It is our view that by meeting SBTi criteria we are playing our part in contributing to the global effort to limit warming to 1.5°C.

Our Climate Action Plan outlines in detail the actions that we are taking to work towards a 1.5-degree future and play our part in reducing greenhouse gas emissions by reaching Net Zero by 2040.

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

In FY25, we completed a full materiality assessment of our scope 3 emissions categories, in line with the New Zealand Climate Standards. This led to the inclusion of emissions from capital goods, purchased goods and services, and investments in our inventory. These additions have improved the completeness and transparency of our reporting, resulting in an increase in disclosed scope 3 emissions for the year. This broader view will support a more informed approach to managing emissions across our value chain.

We are currently in the process of verifying our targets with SBTi. We anticipate that our targets may change because of this verification process as well as our efforts to expand the scope 3 emissions that we report on. As we navigate this process, we will continue to ensure we are playing our part in contributing to a successful transition.

IMPACT OF ADDITIONAL SCOPE 3 EMISSIONS

		FY22 Tonnes CO2e	FY23 Tonnes CO2e	FY24 Tonnes CO2e
Total Scope 3	Original	138,591	137,159	136,335
	Updated	165,746	183,396	174,597

	SCOPE 1	SCOPE 2	SCOPE 3 Use of Sold Products (Natural Gas Sales)
Near-term/ Interim Target FY30	70% reduction in emissions intensity (in kgCO2e/kWh) from base year*	42% absolute reduction from base year	42% absolute reduction from base year
Long-term Target FY40	70% reduction** in emissions intensity (in kgCO2e/kWh) from base year	90% absolute reduction from base year	90% absolute reduction from base year

*Base year for our emissions is FY22.

**Our 2040 scope 1 emissions intensity target is equivalent to our 2030 scope 1 emissions intensity target as the targeted 2030 emissions reduction will already reduce our Scope 1 emissions intensity to the level required by the SBTi for our 2040 target.

Note: These targets are subject to change through the validation process with SBTi. We do not currently use emissions offsets and, in alignment with the SBTi framework, we do not intend to use offsets to achieve interim targets. Offsets may be used for persistent emissions that are unable to be abated for final targets, or for broader purposes outside of achieving interim targets.

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

	SCOPE 1	SCOPE 2	SCOPE 3 Use of Sold Products (Natural Gas Sales)
FY23	• 4.7 tCO2e/GWh decrease from base year • 18.39% decrease in emissions intensity from base year	• 747 tCO2e decrease from base year • 35.19% absolute reduction from base year	• 2,369 tCO2e decrease from base year • 1.71% absolute reduction from base year
FY24	• 1.7 tCO2e/GWh decrease from base year • 6.45% decrease in emissions intensity from base year	• 11 tCO2e decrease from base year • 0.52% absolute reduction from base year	• 3,168 tCO2e decrease from base year • 2.29% absolute reduction from base year
FY25	• 2.3 tCO2e/GWh decrease from base year • 8.90% decrease in emissions intensity from base year	• 230 tCO2e increase from base year • 10.83% absolute increase from base year	• 14,418 tCO2e decrease from base year • 10.43% absolute reduction from base year

Please see our FY25 Climate Action Plan for more information on the actions we are taking to reduce our emissions.

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 update our scenarios quarterly and 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 has managed to limit warming to below 1.5°C, after an overshoot to 1.6°C. Historic inaction, and increasing climate impacts, forced rapid emissions cuts, driven by strong-handed policy. This policy fuelled tensions over equity and social licence, as well as significant innovation. A global carbon price accelerated renewable investment, with early demand-driven equipment cost spikes eventually giving way to better access and affordability as supply caught up. While the path has not been smooth, New Zealand gradually built a more sustainable and socially supported energy system through electrification and the adoption of smart demand technologies.	A fractured world and rising inequality shaped a polarised transition. New Zealand initially balanced East–West tensions but ultimately aligned with Western powers, impacting trade. Rapid tech advances benefited wealthier nations and households, while energy volatility and grid instability deepened inequity. Deindustrialisation accelerated as fossil fuels exited and Methanex closed by 2030. AI-driven energy optimisation cut costs for some, but others faced price shocks, prompting rushed government intervention. Job losses from automation fuelled distrust in AI and social unrest. Climate impacts were widely felt, especially in poorer areas lacking access to new technologies. Though the energy system transformed, its benefits were uneven, shaped by fragmentation and division.	Global climate cooperation continued, but technological progress slowed, driving a costly, strained path to a low-carbon future. A global carbon market lifted prices and drove action but surging global demand triggered supply shortages and cost blowouts, slowing New Zealand's renewables rollout. Capital retreated and opposition grew, so the government underwrites offshore wind, built large-scale batteries, and restructures the market. Intensifying storms strained ageing infrastructure. High living costs pushed skilled workers offshore, while climate refugees arrived. Rising inequity shifted power - co-governance partners gained ground, while those without iwi relationships faltered. The transition ground forward, shaped by intervention, disruption, and growing social and economic divides.	Global cooperation unravelled as war and protectionism stalled climate action. Emissions climbed, pushing warming beyond 3°C. New Zealand was hit hard - trade shrank, climate shocks battered infrastructure, and food and energy insecurity rose. With multilateralism gone, governments acted alone. NZ centralised energy assets like large-scale batteries to manage volatility, but political fragmentation blocked long-term planning. Affordability dominated policy, not emissions. Workforce tensions and unresolved iwi rights added pressure. Vulnerable customers became the majority. The energy system adapted reactively - not through innovation or strategy, but through crisis response - as worsening climate impacts outpaced fragmented, short-term governance.
Key datapoints – 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 datapoints – 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 (tntcat.iiasa.ac.at/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/explore)

[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)

* For more information on the change of this scenario from Blue to Purple, please see the Scenario Development Process section of this Climate Statement.

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. New technologies have helped adaptation, but disruption persists. Pre-emptive relocation is underway, but it is politically sensitive. Climate-resilient housing contributes to densification as communities move from high-risk zones. Insurance retreat and affordability concerns rise in vulnerable areas. Communities shape retreat plans, but the pace of causes tension.	We have been able to navigate to a less than 2.5-degree future and new technologies have emerged to help mitigate disruption caused by climate change. However, the impacts of climate change are widely felt, particularly in poorer areas where these technologies are not in use. Insurers increasingly withdraw from high-risk areas. Investment occurs in well-planned, resilient areas, driving growth and wealth creation for those positioned to benefit. There is increased water scarcity as the hydrological cycle changes, leading to contestability for uses.	We have been able to navigate to a less than 3 degrees future, however, significant climate events are expensive and disruptive as technological solutions are not adequate and there is little government support. There is greater water scarcity as the hydrological cycle changes, leading to contestability for uses. Investors pull back from at-risk areas, resulting in a decline in 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 withdrawals and costly managed retreat place economic stress on communities, increasing pressure on the Government to respond.	Highest physical climate risk, with warming on track for a 3+ degree future. Disruptive and expensive events that damage infrastructure are frequent. The retreat from the ocean has begun, and wealthier individuals move to climate-resilient areas, driving up housing costs due to limited planning and coordination from the government. Extreme weather events are very common, with worsening drought and flooding conditions, which puts the resilience of natural capital and energy systems under stress. Insurance is no longer available in high-risk areas. Those who could afford to move have relocated, while others are left behind. Hydrological changes cause water scarcity, increasing competition for non-hydro uses and reducing year-round hydro generation.
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 Distributed Energy Resources (DER)) are used efficiently to help manage the grid effectively.	Grid electricity use is down (despite AI uptake driving additional grid demand) due to an increase in DER and loss of industry. Smart grid management optimises supply and demand, reducing reliance on centralised power generation.	High demand is driven by transport decarbonisation. Demand-side flexibility is minimal and only used in emergencies (much like today).	Electricity demand has been stagnant-to-declining due to a lack of industry decarbonisation, slow EV uptake and low adoption of AI. Gas is still used quite extensively.
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.	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. 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, however, 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.	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 will be 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 sees industry close and move offshore.
Macroeconomic trends: 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.	Physical resources were challenging to access due to global demand, however, are now available from global sources, but are still costly. Strong focus on iwi rights and interests makes co-governance essential to accessing water or steam. Limited technology reduces the ability to adapt to climate events effectively.	Access to knowledge and technology is difficult and expensive. Physical resources are challenging to access due 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.
Policy and socioeconomic assumptions: Consumer needs	Consumers value climate solutions, but cost-of-living pressures dominate decision-making. Demand exists, but affordability leads 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.	As the wealth gap increases, demand for green products is divided.	Financial hardship has created a large price sensitive segment focussed 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.

Continued over page

OUR SCENARIOS	1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
Policy and socioeconomic assumptions: 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.
Policy and socioeconomic assumptions: 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. Large-scale batteries 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.
Policy and socioeconomic assumptions: Energy sector social licence	Relationships between iwi, 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.	Input from iwi, local community and other stakeholders are considered, though not fully integrated into decision making processes. This partial engagement leads to 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.	Stakeholder engagement is fragmented and inconsistent, with limited coordination across diverse groups, including iwi, local communities, and regulatory bodies. Frequent reforms to consenting processes create uncertainty. However, as inequity rises, Iwi influence strengthens and co-governance partners move ahead, while others lose social licence. As a result, electrification and renewable development is slow and costly, with ongoing effort required.	Engagement with stakeholders such as local community and iwi, 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.
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 was slower than expected, leading to its delayed deployment.	Negative emissions reduction technology has not been developed.

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 quarterly 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. We 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 is 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 apply the STEEP (Social/Technological/Economic/Environmental/Political) framework to structure thinking, supported by external data, published reference scenarios and models to enrich our scenarios (captured in the Datasets and Models Used section on the following page). 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 is led by the Sustainability Team and involves a cross-functional Climate Working Group, which includes representatives from Finance, Wholesale Markets, People Experience and Technology, Customer, Generation, and Generation Development. It also includes the strategy function, ensuring that 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.

This process included multiple workshops with internal subject matter experts across business units to:

- ↗ Review and update our driving forces and make amendments to our scenarios.
- ↗ Assess and revise CRROs including identifying new ones.
- ↗ Sense-check time horizons, initial materiality assessments, and management actions with risk and opportunity owners.
- ↗ Reflect on real-world events and whether any anticipated impacts have begun to materialise (current impacts).
- ↗ Conduct financial quantification of material risks, opportunities and impacts with the Finance team to inform final materiality assessment.

This process also saw the replacement of the FY24 Blue scenario with a new Purple scenario to better capture a plausible future where geopolitical fragmentation, rapid technology advancement, and rising inequity occur. This decision was based on observed shifts in global trends.


Waikato River.

OUR TIME HORIZONS FOR BOTH SCENARIO ANALYSIS AND CRROS ALIGN WITH OUR BUSINESS PLANNING:

CURRENT:
LESS THAN 1 YEAR

Tying to immediate planning and operational considerations.

SHORT-TERM:
1 TO 3 YEARS

Aligning with our 3-year business planning cycle.

MEDIUM-TERM:
3 TO 10 YEARS

Corresponding to our long-term strategy and strategic scenarios.

LONG-TERM:
10 TO 30 YEARS

Aligning with the expected useful life of new generation development.

DATASETS AND MODELS USED

In undertaking scenario analysis, we considered several external data sources and models to inform our understanding of CRROs. These datasets supported both qualitative insights and quantitative assessments, including financial quantification. 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.
- 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 the role of renewable energy.
- 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.
- Climate Change Projections for New Zealand from NIWA, the Ministry for the Environment and Stats NZ, including localised precipitation and wet day projections, which supported the identification and assessment of CRROs.
- Historical wholesale price trends from the Electricity Authority New Zealand and economic modelling from BERL (Business and Economic Research Limited) on the economic impact of electricity price changes, 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 Econstor to highlight system-wide consenting and regulatory barriers that affect infrastructure rollout.

OUR APPROACH TO ASSESSING MATERIALITY

Under NZ CS3, 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 up, 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 our circumstances. Aligned to our risk framework, we consider impacts to:
  - Health and safety
  - Legal requirements
  - Regulatory and environmental compliance
  - Our reputation
  - Operations and people

And 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

MEASURING OUR IMPACT – EMISSIONS

We produce an annual Greenhouse Gas Emissions Inventory Report 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, which are available on our website. This provides further information on the methods, assumptions, and limitations used in calculating our emissions, including the uncertainties inherent in our approach.

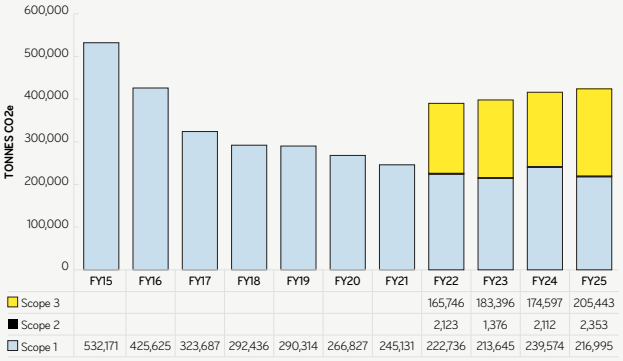
A summary of our FY25 emissions, with comparisons to our base year, is shown below:

	SCOPE 1	SCOPE 2 (Location-based)	SCOPE 3
Base year FY22 (tCO2e)	222,736	2,123	165,746
FY23 (tCO2e)	213,645	1,376	183,396
FY24 (tCO2e)	239,574	2,112	174,597
FY25 (tCO2e)	216,995	2,353	205,443

Our gross emissions continue to be primarily driven by scope 1 emissions, which represent approximately 51% of our total emissions profile. In FY25, our gross emissions were 424,791 tCO2e and our scope 1 emissions were 216,995 tCO2e. 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 our geothermal non-condensable gas reinjection.

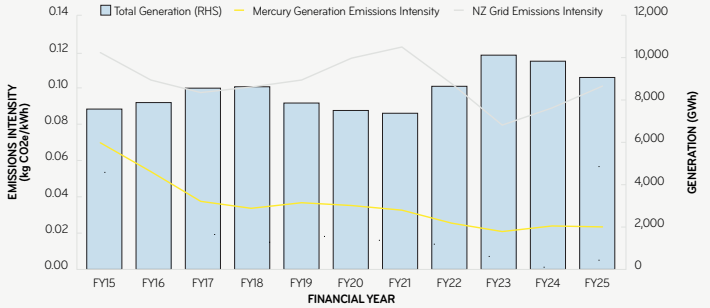
A summary of our FY25 and previous years' GHG emissions and emissions intensity are shown in the graphs below:

EMISSIONS



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

EMISSIONS INTENSITY



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

Our emissions intensity for FY25 was 0.023kg CO2e/kWh, representing an 8.9% decrease compared to our base year, and 66.5% decrease since FY15. As in previous years, our emissions intensity has continued to trend downward, supported by a growing share of wind generation from both newly constructed and acquired sites.

FY25 data also reflects the completion of our scope 3 materiality assessment and an updated methodology for calculating scope 2 emissions. These changes have led to revisions in our reported emissions and improved the accuracy of our overall greenhouse gas inventory.

FY24 scope 3 emissions increased by 38,262 tCO2e, representing a change of approximately 28% on our previous scope 3 inventory. This is primarily due to the inclusion of emissions from purchased goods and services, and capital goods following our completed scope 3 materiality assessment under the New Zealand Climate Standards (NZCS). Capital goods alone now accounts for 66,192 tCO2e of our scope 3 emissions, capturing the embodied emissions from the development of Mercury's renewable generation assets, supporting infrastructure, and other major capital projects.

Scope 3 emissions from total gas sales now make up approximately 29% of our total gross emissions. In FY25, scope 3 emissions from total gas sales were 123,861 tCO2e, representing a year-on-year decrease of 8.33% from FY24.

Under the New Zealand Emissions Trading Scheme (NZ ETS), we surrender certified forestry-backed New Zealand Units (NZUs) to cover our geothermal emissions. These units have historically been sourced through long-term agreements with forestry owners, which are now nearing the end of their term and will be phased out. To support future NZU supply, we have invested in Forest Partners, a forestry investment fund. Gas sales-related emissions are covered through NZU surrender by our gas suppliers.

METHODS, ASSUMPTIONS AND LIMITATIONS

- Our emissions intensity calculation is based on gross scope 1 emissions and total generation output across all sites under our operational control. We do not adjust for part-ownership of geothermal stations or for any carbon credit surrenders or trading under the NZ ETS.
- In FY25, emissions from capital goods and purchased goods and services were calculated for the first time, and previous years' emissions were restated to include these categories. A spend-based method was used for purchased goods and services, while a hybrid approach was applied to capital goods, combining financial data with supplier-provided emissions estimates. While these methods provide valuable insights, they carry a higher degree of uncertainty. We are continuing to refine our approach by improving data quality and increasing the use of supplier or quantity-based information where possible.

For full details of our emissions data, methodology, consolidation approach, emission factors, global warming potentials, and exclusions, please refer to Sections 10 to 14 of our FY25 Greenhouse Gas Emissions Inventory Report.

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 FY25, we updated how we measure geothermal water use to improve accuracy and better align with how we report under our resource management consents. We now use measured flow data for each geothermal field. Water take and injection volumes are derived from flow meter data at station separators and individual injection wells, measured in tonnes. Previously, these figures were based on estimates from emissions data, measured in Mm^3.

This update also addresses a gap in the previous method, which excluded brine, resulting in under reporting volumes. Additionally, we switched to a mass-based unit of measurement to provide a more accurate view of geothermal water use, especially given the varying temperatures and two-way nature of the flows.

We are a non-consumptive user of water through our hydro power stations. Water passes through turbines or is spilled, continuing its journey downstream. The first half of 2023 saw significant rainfall across parts of the North Island, resulting in a temporary increase in hydro water use in FY23. Since FY23, non-consumptive water use has returned to typical levels, with FY25 usage falling below FY22.

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.

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 FY25.

FUGITIVE EMISSIONS

Fugitive emissions are unplanned gas releases, mainly from our geothermal operations and small amounts of sulphur hexafluoride (SF6) and refrigerant gases used in equipment. We report these emissions each year through our greenhouse gas inventory, which follows the Greenhouse Gas Protocol to make sure we're consistent and transparent.

Most of our fugitive emissions come from geothermal activity. These can vary depending on how our stations are running, especially during maintenance or changes in the geothermal field. SF6 and refrigerant gas emissions are much smaller.

The numbers below show the total fugitive emissions from all sources and our focus remains on finding ways to reduce them over time. Note the fugitive emissions table below doesn't include emissions from refrigerant gases between FY22 - FY24.

Fugitive emissions	FY22 (tCO2e)	FY23 (tCO2e)	FY24 (tCO2e)	FY25 (tCO2e)
Scope 1	222,397	212,785	236,312	212,558

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.

All, i.e. 100%, of our generation assets and related business activities are vulnerable to the physical risks of climate change such as extreme rainfall and flooding, which may impact access to sites and asset performance. Assets may also be affected by extreme wind events, drought, fire risk (including electrical faults or surrounding vegetation), and damage to transmission infrastructure. 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.

Our assets and business activities are vulnerable to transition risks as described below:

- All of our geothermal generation assets, comprising 22% of our generation assets recognised in our FY25 financial statements, produce fugitive 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 energy trilemma, e.g. through influencing carbon pricing in the NZ ETS which directly impacts the spot price of electricity. Our generation development portfolio is vulnerable to risks arising from regulatory settings constraining renewable electricity development.
- All of our gas sales activities, comprising ~3% of FY25 revenue, are vulnerable to transition risks in changes in regulatory settings and/or changes in consumer preferences away from fossil fuels. This impact increased in FY22 following the acquisition of the Trustpower retail business, including its gas customer base.

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. Increasing demand for renewable electricity has been identified as a material climate-related opportunity from which 100% of our renewable generation assets stand to benefit.

Water use	FY22	FY23	FY24	FY25
Geothermal				
Total take (tonnes)	77,525,296	73,333,716	80,693,877	81,372,706
Total injection (tonnes)	65,738,230	62,505,566	68,195,047	68,761,444
Hydro				
Non-consumptive water use (Mm^3)	6,527	10,785	7,200	6,075

The majority of our capital deployment is aligned with climate-related opportunities. Growth capital expenditure allocated to new renewable generation development totalled $155 million in FY23, $153 million in FY24, and $347 million in FY25 (100% of growth CAPEX in FY25). We are also 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. The monthly prices as of 30 June were FY25: 59/t, FY24: $50/t, FY23: $41/t. We also have an internal emissions price forecast – a metric representing the cost per metric tonne of CO2e, 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 FY25: $46/t - $130/t, FY24: $44/t - $127/t, FY23: $41/t - $117/t.

The volatile carbon prices over the past years have been primarily due to heightened 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 greenhouse gas emissions.

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

Waikato River.

GOVERNANCE

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board's responsibilities include approving clear strategic goals and the associated capital allocation, monitoring management's successful delivery against the strategy, ensuring there is integrity in the statutory reporting and establishing and overseeing effective audit, risk management and compliance processes.

The Board oversees our scenarios and discusses the scenarios, external environment developments (including relevant climate-related changes) and progress towards our FY30 Priorities. This happens on a quarterly basis with reference to Strategic Monitoring Reports prepared by management and in more detail at bi-annual Strategy Days. The Board also receives quarterly updates from the Chief Sustainability Officer, covering progress against our scope 1, 2 and 3 emissions reduction targets. For more detail on these targets, refer to the Metrics and Targets section of this Climate Statement.

Quarterly, management reviews our strategic framework with oversight from the Board. In doing so, they consider climate change trends, including our CRROs. These reviews are a key mechanism for assessing significant market changes, leading to the identification of new strategic risks and opportunities or a re-assessment of existing ones, and reflecting those appropriately into our strategy. Climate considerations informed the reset of our long-term aspirations in FY23, and our three-year objectives in FY24. In FY25, we reset our strategy, introducing strategic objectives that reflect the current areas of focus for the organisation. 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".

As outlined below, two committees of the Board assist with Board oversight of CRROs and CRDs: the Audit and Financial Risk Committee and the Safety and Enterprise Risk Committee. The Board approves charters for the AFRC and SERC to govern their annual programme of work. The AFRC and SERC are required to confirm to the Board annually that they have fulfilled the requirements set out in their Charter. In addition, at each Board meeting, the Board receives verbal updates from Committee Chairs on relevant discussions and decisions reached at committee meetings, and the minutes of each committee meeting are provided to all directors.

BOARD COMMITTEES

The Audit and Financial Risk Committee (AFRC) and the Safety and Enterprise Risk Committee (SERC) assist with Board oversight of CRROs and CRDs. This is a change from FY24, when the previous Risk Assurance and Audit Committee (RAAC) oversaw CRROs and CRDs. The SERC and AFRC were established and replaced the RAAC effective on 1 January 2025.

The AFRC plays a key role in overseeing CRROs and CRDs. The AFRC has delegated authority from the Board to oversee all CRDs, considering compliance with the NZ Climate Standards. The AFRC considers the CRROs identified by management when it reviews the CRDs. 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. While the Board has responsibility for climate-related opportunities in connection with its wider strategic oversight, the AFRC has delegated authority to oversee the identification of climate-related opportunities in connection with the CRDs.

Members of the Sustainability Team attend quarterly AFRC meetings, where necessary, to provide updates on CRROs, support discussion on CRDs, and facilitate feedback and discussion.

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 FY25, 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.

We do not currently see a need for a separate sustainability sub-committee of the Board as Sustainability and Kaitiakitanga/Stewardship are embedded in our operating model and strategy and addressed within existing governance structures.

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

The Board Skills Matrix includes 'Climate Change and natural resource management (including water)' as a key skill of the Board. Through the Nominations and Corporate Governance Committee, the Board regularly assesses its skills and competencies and monitors skills required for succession planning purposes. In FY25, 3 directors were assessed as having 'substantial' competency in this area as well as 2 directors with 'medium' competency and 3 directors with 'some' competency.

In FY21, when we first began reporting against Task Force on Climate-related Financial Disclosures (TCFD) framework, the Board held an externally facilitated deep dive into the regulatory, economic, and legal aspects of CRROs.

The Board draws on internal and external expertise and advice as required to stay up to date with current information to 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 reported back to directors and the Board through the AFRC.

Management also includes updates on climate-related trends, data and information as part of quarterly Strategic Monitoring Reports presented to the Board. This aims to ensure that the Board receives and discusses key changes in this area and stays abreast of the latest information and trends.

Currently, one director holds the Institute of Directors Climate Governance Credential, demonstrating commitment to climate governance learning. Additionally, two of our directors have previously served on the steering committee of Chapter Zero New Zealand, a global network of directors committed to climate action. Two directors have also completed the Governing Natural Capital Course hosted by hosted Deloitte and the Aotearoa Circle.

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

The Board delegates responsibility for developing and recommending strategies to identify, assess and manage CRROs to the Chief Executive and the ELT. The ELT also focuses on improving climate-related reporting and disclosure, including identifying proposed metrics and targets. These processes are facilitated by the Chief Sustainability Officer and their team.

Management 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 with a primary governance pathway, via the AFRC, to the Board.

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, supported by independent third-party advice and guidance.

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 Risk Assurance Officer and the General Counsel and is chaired by the Chief Executive. The RMC meets approximately 10 times per year, including prior to each AFRC and SERC meeting, the relevant meetings are on the following page.

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 FY25 was set at 50% for the Chief Executive and up to 40% for other ELT members. This compares to 60% and 35% respectively in FY24 and FY23. A proportion (70% for the Chief Executive and 50% for other ELT members in FY25) of the STI is related to a shared set of Group Key Performance Indicators (KPIs) that form our scorecard and are aligned with our three year objectives. Climate-related KPIs have been a consistent component of this scorecard, comprising 15% of the total STI weighting in FY23 and FY24, and 10% in FY25. This change was due to an increased STI weighting on Commercial initiatives reflecting the Board's focus for FY25, of which climate remains a priority.

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 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.


Turitea Wind Farm.

FY22 – 24 Three-Year Objective	FY24 KPI
Play a leading role in New Zealand's successful transition to a low carbon economy	Role in electricity sector transition progress
Create executable options for new growth	Progress on non-condensable gas reinjection

FY25 – 27 Three-Year Objective	FY25 KPI	FY26 KPI
Delivering more reliable and renewable energy to power Aotearoa	Generation availability target met	Delivery of generation development projects
Accelerating the shift to a low-carbon future	Deliver two of three outcomes of: • advancements of new demand or Commercial and Industrial electrification • Progress emission reduction • Sector and Government Energy Transition Framework	CO2e emissions, firming and demand capacity from electricity and energy system

MANAGEMENT AND GOVERNANCE MEETINGS IN FY25

	AUG 24	OCT 24	NOV 24	JAN 25	FEB 25	APR 25	MAY 25	JUN 25	AUG 25
BOARD	Board Meeting; discuss scenarios, external changes and progress toward our three-year objectives, approve FY24 Climate Statement		Strategy Day; discuss scenarios, external changes and progress toward our three-year objectives, discuss strategic opportunities, including climate-related ones		Board Meeting; discuss scenarios, external changes and progress toward our three-year objectives	Board Meeting; discuss sustainability quarterly update	Strategy Day; discuss scenarios, external changes and progress toward our three-year objectives, discuss strategic opportunities, including climate-related ones		Board Meeting; approval of the FY25 Climate Statement, GHG Inventory and Climate Action Plan
RAAC	Review and endorsement of the FY24 Climate Statement		Review of our approach to CRDs against market practice	**AFRC**	Update on FY25 Climate Scenario Analysis and risk and opportunity identification		Initial review of the FY25 Climate Statement and Climate Action Plan	Further review of the FY25 Climate Statement and Climate Action Plan	Final review and endorsement of the FY25 Climate Statement, GHG Inventory and Climate Action Plan
RMC		Review of our approach to CRDs against market practice		Update and endorsement of the FY25 Climate Scenario Analysis and risk and opportunity identification		Initial review of the FY25 Climate Statement and Climate Action Plan		Further review of the FY25 Climate Statement and Climate Action Plan	Final review of the FY25 Climate Statement, GHG Inventory and Climate Action Plan

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 Climate-related Disclosures (CRDs)
- Approves management STI outcomes

COMMITTEES

AUDIT AND FINANCIAL RISK COMMITTEE (AFRC)

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

SAFETY AND ENTERPRISE RISK COMMITTEE (SERC)

- Oversees Risk Management Framework and risk assurance and internal audit activity
- Oversees enterprise risks

PEOPLE AND PERFORMANCE COMMITTEE

- Oversees climate-related KPIs in the management STI scorecard
- Endorses STI outcomes for Board approval

MANAGEMENT

CHIEF EXECUTIVE AND 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 (reports 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 Risk Assurance Officer. Climate-related risks and opportunities are reported to the RMC by the Sustainability 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 climate-related risks 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 risk management competence across the enterprise. This ensures a consistent method of identifying, assessing, controlling, monitoring and reporting on potential risks to our business and to the achievement of its plans.

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) as well as the relevant business owners of these risks. The risk owners then assess risks using defined enterprise impact and likelihood criteria, and relevant data to understand whether potential risks are material and to inform our view of the likelihood and impact of these risks. In FY25, we made progress towards a more detailed financial quantification process, which informed the assessment of our CRROS. The anticipated financial impacts ranges disclosed for our CRROs, are 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, which 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 taking place 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 Risk Management Committee, 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.

MANAGING CLIMATE-RELATED RISKS

The day-to-day management of climate-related risk occurs across various business units such as Wholesale Markets, Generation, Generation Development, Customer, Finance 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 Sustainability team. In FY25, we made a submission to the Ministry for the Environment regarding the government's proposals for the second Emissions Reduction Plan. We have engaged in broader Electricity Authority work programmes to transition the existing market arrangements to enable a more renewable future. Alongside this, we maintain active involvement in ongoing government processes to create a framework for climate adaptation.

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 the Waikato Regional Council to engage in 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.

Shape the future with confidence

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 (the Group). The Auditor-General has appointed me, Matthew Cowie, using the staff and resources Ernst & Young Limited, 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) and additional disclosures (as described in 'scope of the engagement' section below), for the year ended 30 June 2025.

Scope of the engagement

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

- The gross emissions, in metric tonnes of carbon dioxide equivalent, classified as Scope 1, Scope 2 (calculated using the location-based method) and Scope 3, on page 17 of the Climate Statement.
- The statement describing that GHG emissions have been measured 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 on page 17 of the Climate Statement.
- The approach used to consolidate GHG emissions (operational control) on page 7 of the GHG Emissions Inventory report.
- The sources (or references to sources, where applicable) of emission factors and the global warming potential rates used, on pages 11 to 12 and pages 15 to 16 of the GHG Emissions Inventory report.
- The summary of specific exclusions of Scope 1, Scope 2 (calculated using the location-based method) and Scope 3 emissions sources, including facilities, operations or assets with a justification for their exclusion, on page 13 of the GHG Emissions Inventory report.
- The description of the methods and assumptions used (including the rationale for doing so, where applicable) to calculate or estimate Scope 1, Scope 2 (calculated using the location-based method) and Scope 3 GHG emissions, and the limitations of those methods, on page 17 of the Climate Statement and pages 11 to 12 and page 14 of the GHG Emissions Inventory report.
- The description of any uncertainties relevant to the Group's quantification of its Scope 1, Scope 2 (calculated using the location-based method) and Scope 3 GHG emissions, including the effects of these uncertainties on GHG disclosures, on page 17 of the Climate Statement and pages 11 to 12 and page 14 of the GHG Emissions Inventory report.
- The explanation for base year GHG emissions restatements (where applicable) relating to Scope 1, Scope 2 (calculated using the location-based method) and Scope 3 emissions, on page 11 and 17 of the Climate Statement and page 4 of the GHG Emissions Inventory report.

As agreed in accordance with our letter of engagement on 09 June 2025, the scope of our limited assurance engagement also includes the following disclosures on pages 1 to 24 of the Climate Statement ('additional disclosures'):

- The disclosures in Mercury's Climate Statement required by NZ CS which are not subject to mandatory assurance.

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 and additional disclosures within the scope of our limited assurance engagement for the year ended 30 June 2025, are not fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

Other matter

The comparative information, being the restated 2022 – 2024 GHG disclosures Scope 3, Category 1 – Purchased Goods and Services and Category 2 – Capital Goods on page 11, has not been subject to assurance. As such, it is not covered by our assurance conclusion.

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 GHG disclosures and the additional disclosures for the current year.

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

The key matters are described on the following page:

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Spend-based methods used in measurement of Scope 3 purchased goods and services and capital goods

Description of key matter

As disclosed on page 11 and 17 of the Climate Statement and page 4 of the GHG Emissions Inventory report, the Group measured the GHG emissions from Scope 3 – Purchased goods and services and Capital goods, in part, using the spend-based calculation method per the GHG Protocol. These Scope 3 components make up approximately 19% of the Group's total GHG emissions and approximately 39% of Scope 3 emissions for the period ended 30 June 2025. This method estimates emissions by multiplying the value of purchased goods and services and capital good 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.

How we addressed this matter

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.
- Reviewed the categorisation of the Group's expenditures on goods and services and capital goods.
- Reviewed the adequacy of the disclosures related to the calculation method, assumptions and uncertainties in estimating this emission source, included on page 12 and 14 of the GHG Emissions Inventory report.

Scope 1 – Geothermal emissions

Description of key matter

Geothermal generation is a material source of electricity generation for the Group and accounts for approximately 50% of the Group's total GHG emissions for the period ended 30 June 2025. 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 deviates more than 5% from the prior year, these emissions factors are externally assured by a third party.

How we addressed this matter

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.
- Compared the relationship between external electricity generation volumes to the steam flow data and obtained explanation 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 11 and 14 of the GHG Emissions Inventory report.

Shape the future with confidence

The board of directors' responsibilities

Subparts 2 to 4 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. The board of directors of the Group is therefore responsible for preparing and fairly presenting a climate statement for the year ended 30 June 2025, 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.

NZ CS1 *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. We also agreed to provide limited assurance on the additional disclosures in accordance with our letter of engagement on 09 June 2025.

To meet these responsibilities, 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*, International Standard on Assurance Engagements (ISAE) (NZ) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* 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, Scope 3 and additional 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 evaluated whether the assumptions applied when developing estimates are appropriate and had been consistently applied.
- We performed analytical procedures on particular emission categories and additional disclosures by comparing the expected GHG emissions and additional disclosures to recorded GHG emissions and additional disclosures and made inquiries of management to obtain explanations for any significant differences we identified.
- We evaluated the appropriateness of a limited number of emission factors applied in the Scope 1, Scope 2 and Scope 3 measurement process.
- We evaluated the overall presentation and disclosure of the Scope 1, Scope 2, Scope 3 and additional disclosures against the requirements of the Aotearoa New Zealand Climate Standards.
- 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 page 17 of the Climate Statement and pages 11 to 12 and page 14 of the GHG Emissions Inventory report, 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.

As discussed on page 01 of the Climate Statement, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Climate Statement contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Other information

The Integrated Report contains information other than the GHG disclosures and additional 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 01 to 64 and 94 to 142 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 and additional 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.

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with confidence

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* issued by the New Zealand Auditing and Assurance Standards Board (PES 4). 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 those independence requirements. Other than this engagement and these assignments, we have no relationship with or interests in the Group.

Matthew Cowie
Ernst & Young Limited
On behalf of the Auditor-General

Auckland, New Zealand
19 August 2025


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