



OUR ANNUAL SHAREHOLDERS' MEETING.

As an owner of Mercury NZ Limited, you are invited to our Annual Shareholders' Meeting.

Our 2021 Annual Shareholders' Meeting is being held online only via a virtual meeting.

Because of the COVID-19 pandemic, we will be holding the meeting online only. We apologise for this, but due to the Alert Level restrictions in place on the date of this notice, uncertainty as to how and when these restrictions may change, and the potential risks to the health of the meeting attendees, we believe this is in everyone's best interests.

Date: Thursday 23 September 2021

Time: 10am (NZ time)

Virtual meeting: <https://meetnow.global/nz>

Important Details: You can attend the meeting virtually through the Computershare Meeting Platform <https://meetnow.global/nz>.

To access the meeting:

- click '**Go**' under the Mercury meeting and then
- click '**Join Meeting Now**'
- Select '**Shareholder**' on the login screen and enter your **CSN/Securityholder Number** and **post code** (or country of residence if outside of New Zealand)

LETTER FROM THE CHAIR.

Dear Shareholder,

I am pleased to invite you to our 2021 Annual Shareholders' Meeting (ASM) hosted online on 23 September. We look forward to updating our owners on the Company's business performance and strategic priorities. I am disappointed that we cannot host you in person this year, but with the current nature of the COVID-19 pandemic in New Zealand and uncertainty as to how and when Alert Levels may change, I believe that a virtual meeting is the best course of action for both our people and our shareholders.

As part of the formal business for the meeting, there are two resolutions relating to the re-election of current directors (Mike Taitoko and me), along with one resolution for the election of Dennis Barnes, who was appointed to the Board with effect from 1 September. Any newly appointed director is required by our constitution to retire prior to the next ASM and stand for election by shareholders.

Directors' fees

The other resolution relates to a proposal to increase the total annual remuneration available to your Board of directors.

An appropriate fee structure is important to ensure that Mercury is able to attract and retain directors with the skills and experience necessary to govern the business and achieve our strategic objectives.

An increase to directors' fees was last sought, and approved, at our ASM in 2015.

We have sought independent advice from PwC on where Mercury's current directors' fees sit relative to comparable listed companies – businesses that have a similar scale and level of complexity to Mercury. That advice indicates our current fee levels are well below the market median of the comparator group. A summary of the PwC Report is included with this Notice of Meeting. We have also consulted with various shareholder representatives, including the New Zealand Shareholders' Association.

Having regard to the relativity of our current fee levels, and based on our consultation with shareholder representatives, your Board considers it is appropriate to seek an increase in directors' fees. The increase proposed to that part of the pool available for scheduled fees is based on CPI since fees were last increased in 2015.

The detail of the proposed change is outlined in the explanatory notes in this Notice of Meeting. The increase is proposed to take effect from 1 October 2021.

Retirement of Keith Smith

Finally, at the end of the ASM, Keith Smith will retire after 12 years as a director. Keith has served as Chair of our Risk Assurance and Audit Committee for over 10 years. His broad experience in a range of industries has been invaluable for Mercury. In addition, he has been instrumental in the evolution of Mercury's risk management framework. On behalf of the Board, I would like to thank Keith for his significant contribution to the Board and to Mercury.

Your Board looks forward to hosting you at the virtual meeting. You can also cast a postal or proxy vote for the meeting (either by post or online).

Yours sincerely



PRUE FLACKS // CHAIR

BUSINESS.

A. CHAIR'S WELCOME AND STRATEGIC OVERVIEW

B. CHIEF EXECUTIVE'S REPORT ON FINANCIAL AND BUSINESS PERFORMANCE

C. ORDINARY RESOLUTIONS

The following ordinary resolutions will be voted on at the meeting:

Resolution 1: Election of Dennis Barnes

That Dennis Barnes (appointed by the Board as a director with effect from 1 September 2021), who retires and is eligible for election, be elected as a director of the company.

Resolution 2: Re-election of Prue Flacks

That Prue Flacks, who retires and is eligible for re-election, be re-elected as a director of the company.

Resolution 3: Re-election of Mike Taitoko

That Mike Taitoko, who retires and is eligible for re-election, be re-elected as a director of the company.

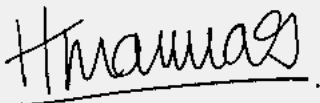
Resolution 4: Directors' fees

That the total annual remuneration payable to all directors be increased by \$94,400, from \$991,000 to \$1,085,400 with effect from 1 October 2021.

D. OTHER BUSINESS

To consider any other matter raised by a shareholder at the meeting.

By order of the Board



HOWARD THOMAS
COMPANY SECRETARY

31 August 2021

EXPLANATORY NOTES.

RESOLUTION 1: ELECTION OF DENNIS BARNES AS DIRECTOR

Under the NZX Listing Rules, any person appointed as a Mercury director by the Board must retire at our next Annual Shareholders' Meeting. If they wish, they may seek election.

Dennis Barnes was appointed as a director by the Board with effect from 1 September 2021 and is therefore required to retire at the 2021 Annual Shareholders' Meeting. Dennis is eligible and is seeking election.

Dennis is an Independent Director (as determined by the Board, applying the definition in the NZX Listing Rules) and he stands for election with the unanimous support of the Board.

DENNIS BARNES APPOINTED WITH EFFECT FROM 1 SEPTEMBER 2021

Dennis Barnes joins the Mercury Board with effect from 1 September 2021. He was most recently Chief Executive of Contact Energy, a nine year role during which he led Contact Energy's investment in renewable energy and flexible generation (including construction of the Te Mihi geothermal power station, the development of the Tauhara field and the introduction in 2011 of the Ahuroa gas storage facility and Stratford peaking plant). Before this role, Dennis managed Origin Energy's significant portfolio of wholesale markets activities.



RESOLUTIONS 2 AND 3: RE-ELECTION OF PRUE FLACKS AND MIKE TAITOKO AS DIRECTORS

Under the NZX Listing Rules, a Mercury director must not hold office (without re-election) past the third Annual Shareholders' Meeting following the director's appointment, or 3 years, whichever is longer. If they wish, they may seek re-election.

Prue Flacks and Mike Taitoko are retiring in 2021, and are both seeking re-election. Prue and Mike are Independent Directors (as determined by the Board, applying the definition in the NZX Listing Rules) and each stand for re-election with the unanimous support of the Board.

PRUE FLACKS APPOINTED MAY 2010

Last re-elected September 2018

Prue Flacks joined the Mercury Board in May 2010 and was appointed Chair of the Board in September 2019. Prue is a professional director with experience across a range of industries. She was formerly a commercial lawyer and a partner in the national law firm Russell McVeagh for 20 years. Her expertise included corporate and regulatory matters, corporate finance, capital markets and business restructuring. Prue is currently a director of Chorus and is a chartered member of the Institute of Directors and was formerly a director of Bank of New Zealand, and Chair of Queenstown Airport Corporation. Prue is a member of our Risk Assurance & Audit Committee and People & Performance Committee and Chair of our Nominations Committee.



MIKE TAITOKO APPOINTED AUGUST 2015

Last re-elected September 2018

Mike Taitoko joined the Mercury Board in August 2015. He is a leading advisor on Māori economic development and has well-established networks in Māoridom. Mike has strong commercial skills in the application of digital technologies and is the co-founder and CEO of Takiwā, a technology company commercialising cloud-based geospatial analytics services. He was formerly a Director of Auckland Tourism Events and Economic Development (ATEED). Mike is a member of our People & Performance Committee.



RESOLUTION 4: DIRECTORS' FEES

It is proposed that the total pool of directors' fees be increased as follows:

- the total pool of directors' fees be increased by \$94,400 from \$991,000 to \$1,085,400 (a 9.5% increase) with effect from 1 October 2021;
- of this total pool, \$1,045,400 will be allocated to directors' scheduled board and committee fees (this reflects an increase of 8.2% from \$966,000);
- on an annual basis directors may determine the allocation of all or part of the balance of the total pool, being \$40,000, to compensate directors for significant additional attendances and workload for the purposes of specific projects. This reflects an increase from \$25,000.

At the conclusion of the meeting, Mercury will have eight directors in office that the updated total fee pool will apply to.

The current and proposed fee levels are summarised in the following table. The proposed allocation of the increase moves the ratio of Chair to Non-Executive Director fee towards a more typical 2:1, which takes into account the greater workload of the Chair and that the Chair does not receive additional remuneration for committee work or for special projects. The proposed allocations are indicative as the Board retains discretion to determine how fees are allocated amongst the directors.

Role	Current Fee	New Fee
Board Chair	\$180,000	\$205,000
Non-Executive Director	\$98,000	\$103,000
Chair Risk Assurance & Audit Committee	\$26,000	\$28,000
Member Risk Assurance & Audit Committee	\$10,000	\$13,000
Chair People & Performance Committee	\$20,000	\$20,400
Member People & Performance Committee	\$8,000	\$10,000
Chair Nominations Committee	\$0	\$0
Member Nominations Committee	\$4,000	\$6,000
Pool for additional attendances	Up to \$25,000	Up to \$40,000
Total pool	\$991,000	\$1,085,400

The proposed increase in directors' fees has the unanimous support of the Board.

The NZX Listing Rules require that remuneration of directors be authorised by an ordinary resolution.

Voting restrictions apply to this resolution.

See next page for further details.

IMPORTANT INFORMATION

PERSONS ENTITLED TO VOTE

Voting on all resolutions put before the meeting will be by poll. **Voting entitlements for the meeting will be fixed as at 5pm (NZ time) on Tuesday 21 September 2021.** Only people registered as shareholders at that time will be able to vote at this meeting and only on their shareholdings at that time.

HOW TO ATTEND THE MEETING

Shareholders can attend the meeting virtually through the Computershare Meeting Platform <https://meetnow.global/nz>. To access the meeting, click 'Go' under the Mercury meeting and then click 'Join Meeting Now'. Select 'Shareholder' on the login screen and enter your **CSN/Securityholder Number** and **post code** (or country of residence if outside of New Zealand).

By using the meeting platform, you will be able to watch the meeting, vote and ask questions online using your smartphone, tablet or desktop device. Please refer to the enclosed Virtual Meeting Guide for more information. You will need the latest version of Chrome, Safari, Edge or Firefox to access the meeting. Please ensure your browser is compatible.

PROXIES AND CORPORATE REPRESENTATIVES

Any shareholder entitled to vote at the meeting may appoint a proxy (or representative, in the case of a corporate shareholder) to attend and vote on their behalf. A proxy does not have to be a Mercury shareholder. You may appoint the Chair of the meeting or any director as your proxy. The Chair of the meeting and the directors will vote in favour of resolutions marked 'Proxy's Discretion', even if they have an interest in the outcome of the resolution (other than in respect of resolution 4, to which voting restrictions apply).

If you have ticked the 'Proxy's Discretion' box and your named proxy does not attend the meeting or you haven't named a proxy, the Chair of the meeting will act as your proxy.

POSTAL VOTING

You can cast a postal vote instead of attending the virtual meeting or appointing a proxy to attend. Howard Thomas, the Company Secretary, has been authorised by the Board to receive and count postal votes at the meeting.

PROXY AND POSTAL VOTING FORM

A Voting/Proxy Form is attached to this Notice of Meeting. Completed Voting/Proxy Forms must be received at Computershare Investor Services, no later than 10am (NZ time) on Tuesday 21 September 2021.

Any Voting/Proxy Form received after that time will not be valid for the meeting. Please see the Voting/Proxy Form for more information on how to return your proxy or postal vote.

ONLINE PROXY AND POSTAL VOTING

Proxy appointments or postal votes can be lodged online at www.investorvote.co.nz

To vote online you must enter your CSN/Securityholder number, post code/Country of Residence and the secure access Control Number that is located on the front of your Voting/Proxy Form or advised in the email notification you received.

To cast a postal vote or appoint a proxy, select your preferred voting method and follow the prompts online.

RESOLUTIONS

Resolutions 1, 2, 3 and 4 are ordinary resolutions, meaning that they can be approved by a simple majority (more than 50%) of the votes cast.

VOTING RESTRICTIONS

In accordance with the NZX Listing Rules, each director and all Associated Persons of each director (as that term is defined in the NZX Listing Rules) is disqualified from casting a vote on resolution 4, other than where the vote is cast by a director or an Associated Person of a director as proxy for a person who is entitled to vote, in accordance with express directions on the Voting/Proxy Form to vote for or against the resolution. Any votes otherwise cast on resolution 4 by a director or an Associated Person of a director will be disregarded by Mercury.

SHAREHOLDER QUESTIONS

Shareholders attending using the online platform will have the opportunity to ask questions during the meeting.



NOTICE OF REPORT AVAILABILITY

Our Annual and Interim Reports are, or will be, available on our website www.mercury.co.nz/investors

If you would like to receive free printed copies or electronic copies of our Annual and Interim Reports, please email ecomms@computershare.co.nz at any time.

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