



STOCK EXCHANGE LISTINGS: NZX (MCY) / ASX (MCY)

## NEWS RELEASE

### Notice of Annual Shareholders' Meeting

**31 August 2021** – Notice of Annual Shareholders' Meeting 2021

The following materials relating to Mercury's 2021 Annual Shareholders' Meeting are shortly being sent to Mercury Shareholders:

- Notice of Meeting 2021
- Voting/Proxy Form 2021
- Mercury NZ Limited non-executive directors' fees benchmarking summary report from PwC dated 10 June 2021
- Virtual Meeting Guide 2021

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.

#### ENDS

**Howard Thomas**

General Counsel and Company Secretary  
Mercury NZ Limited

**For investor relations queries, please contact:**

Tim Thompson  
Head of Treasury and Investor Relations  
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Attachments:

- Notice of Meeting 2021
- Voting/Proxy Form 2021
- Mercury NZ Limited non-executive directors' fees benchmarking summary report from PwC dated 10 June 2021
- Virtual Meeting Guide 2021

#### ABOUT MERCURY NZ LIMITED

Mercury's mission is energy freedom. Our purpose is to inspire New Zealanders to enjoy energy in more wonderful ways and our goal is to be New Zealand's leading energy brand. We focus on our customers, our people, our partners and our country; maintain a long term view of sustainability; and promote wonderful choices. Mercury is energy made wonderful.

Visit us at: [www.mercury.co.nz](http://www.mercury.co.nz)





# 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.

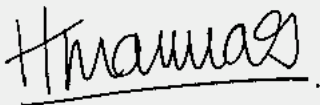
### **Resolution 4: Directors' fees**

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](http://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](http://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](mailto:ecomms@computershare.co.nz) at any time.

### > MERCURY NZ LIMITED

33 BROADWAY, NEWMARKET, AUCKLAND 1023, NEW ZEALAND  
PHONE +64 9 308 8200

MERCURY.CO.NZ



**SAMPLE ONLY**

#### Lodge your postal vote or proxy



**Online**  
www.investorvote.co.nz



**By Mail**  
Computershare Investor Services  
Private Bag 92119, Auckland 1142, New Zealand

#### For all enquiries contact Computershare



**By Phone**  
+64 9 488 8777



**By Email**  
corporateactions@computershare.co.nz

The 2021 Annual Shareholders' Meeting of Mercury NZ Limited (Mercury) will be held online on **Thursday 23 September 2021 at 10am (NZ time)**. For reasons associated with the COVID-19 pandemic, it will be held as a virtual meeting only through the Computershare Meeting Platform <http://meetnow.global/nz>. Shareholders can attend and vote at the meeting online in accordance with the instructions below and as set out in the Virtual Meeting Guide. If you propose not to attend the meeting, but wish to appoint a proxy, please complete this form in accordance with the instructions below.



**www.investorvote.co.nz**

Lodge your proxy online, (24/7 access) by 10am (NZ time) on Tuesday 21 September 2021

Your secure access information

**Control Number:**

**CSN/Securityholder Number:**

To vote online you will need the above Control Number, your CSN/Securityholder Number and post code or country of residence if you reside outside of New Zealand.

#### Smartphone?

Scan the QR code to vote now.



**To be effective as a postal vote or proxy, the Voting/Proxy Form must be received by 10am (NZ time) on 21 September 2021.**

#### VOTING

You are entitled to one vote for every fully paid share you hold in Mercury at 5pm (NZ time) on Tuesday 21 September 2021. Voting at the meeting will be by way of a poll (which the Chair of the meeting will call at the start of the meeting). You may cast a postal vote or appoint a proxy to vote on your behalf.

**Because of the COVID-19 pandemic, we will be holding the meeting online (virtually) only. We apologise for this, but due to the changing nature of Alert Level restrictions in place across New Zealand and to the potential risks to the health of meeting attendees we believe this is prudent.**

#### 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 this 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.

#### HOW TO VOTE

##### Attending the Meeting virtually

If you propose to attend the meeting, please read the enclosed Virtual Meeting Guide before the meeting. You can participate in 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.

To vote by postal vote or appoint a proxy instead, please either complete the process online or return this form. Please read the instructions below before completing this form.

##### Postal Vote (refer to Step 1 overleaf)

The Company Secretary has been authorised by the Board to receive and count postal votes at the meeting.

If you return your postal vote without indicating how you wish to vote on a resolution, you'll be treated as not voting on that resolution.

##### Appointment of Proxy (refer to Steps 1 & 2 overleaf)

You may appoint a proxy (or, in the case of a corporate shareholder, a representative) to attend on your behalf. A proxy does not need to be a Mercury shareholder. You may direct the proxy on how to vote on some or all resolutions or leave a decision, some decisions or all decisions to the proxy's discretion – do this by ticking the 'Proxy Discretion' box.

Any votes where you have directed the proxy by ticking the 'For', 'Against' or 'Abstain' boxes will be counted as postal votes, so you don't need to worry if your proxy is unable to make it to the meeting.

You may appoint the Chair of the meeting or any director as your proxy. To do this, enter 'the Chair' or the director's name in the space allocated in 'Step 2' of this form. The Chair of the meeting and the directors will vote for 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. As noted above, the Chair will vote for those resolutions (other than in respect of resolution 4, to which voting restrictions apply).

#### HOW TO SIGN

##### Individual

Where a shareholder is an individual, this Voting/Proxy Form must be signed by you or someone you authorise to sign for you.

##### Companies

Where a shareholder is a company, this Voting/Proxy Form must be signed by a director or someone the company authorises to sign for it.

##### Trusts

Where a shareholder is a trust, this Voting/Proxy Form should be signed by at least one trustee and in accordance with the relevant trust deed (using the rules for an individual or a company, as applicable).

##### Partnerships

Where a shareholder is a partnership, this Voting/Proxy Form should be signed by at least one partner in accordance with the rules governing the partnership (using the rules for an individual or a company, as applicable).

##### Joint Shareholders

At least one joint shareholder should sign this Voting/Proxy Form (on behalf of all joint shareholders). If a joint shareholder votes differently from another joint shareholder, the vote of the shareholder named first in the share register will be counted.

##### Power of Attorney

If this Voting/Proxy Form is completed by an attorney, the power of attorney or a certified copy must, unless already provided to Mercury, accompany the Voting/Proxy Form together with a completed certificate of non-revocation of authority.

##### Body Corporate

Where a body corporate is appointing a representative to act on its behalf, pre-registration will not be required. Instead it will be sufficient for the appointed person to produce reasonable evidence at the meeting of his or her authority to represent the body corporate, as well as a completed copy of this Voting/Proxy Form.

> TURN OVER TO COMPLETE THE FORM TO VOTE

## > STEP 1: VOTING INSTRUCTIONS/VOTING PAPER

Cast a postal vote, or instruct your proxy to vote, by placing a tick in the relevant box. Tick one box only in respect of each resolution. If you are appointing a proxy and want your proxy to decide how to vote on a resolution, please mark the box 'Proxy's Discretion'. Each director stands for election and re-election with the unanimous support of the Board.

Resolutions	For	Against	Abstain	Proxy's Discretion
1. To elect Dennis Barnes as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Prue Flacks as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mike Taitoko as a director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To increase the total pool of directors' fees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## > STEP 2: APPOINTMENT OF A PROXY

If you mark any of the boxes above 'Proxy's Discretion', you must also appoint a proxy (although if you have marked 'For', 'Against' or 'Abstain', these will be counted as postal votes whether or not your proxy attends the meeting). Even if you cast a postal vote, you may also appoint a proxy to attend the virtual meeting on your behalf by filling out this section. You can choose the Chair of the meeting or any director to be your proxy.

I/We

the above named shareholder/shareholders of Mercury NZ Limited

hereby appoint: \_\_\_\_\_  
(full name of proxy)

of \_\_\_\_\_  
(full address) Note: Leave blank if appointing the Chair or a director as your proxy

\_\_\_\_\_  
(email) Note: Leave blank if appointing the Chair or a director as your proxy

\_\_\_\_\_  
(phone number) Note: Leave blank if appointing the Chair or a director as your proxy

Or failing that person \_\_\_\_\_  
(full name of proxy)

of \_\_\_\_\_  
(full address) Note: Leave blank if appointing the Chair or a director as your proxy

\_\_\_\_\_  
(email) Note: Leave blank if appointing the Chair or a director as your proxy

\_\_\_\_\_  
(phone number) Note: Leave blank if appointing the Chair or a director as your proxy

as my/our proxy to vote for me/us on my/our behalf as directed above and on any other matter to be put to the Annual Shareholders' Meeting of Mercury to be held online on Thursday 23 September 2021, 10am and at any adjournment or postponement of this meeting.

If your proxy is not the Chair or a director and you do not provide contact details for your proxy, we cannot guarantee that your proxy will be virtually admitted to the meeting.

## > SIGNATURE OF SHAREHOLDER(S)

THIS SECTION MUST BE COMPLETED

Shareholder 1

Shareholder 2

Shareholder 3

Contact Name \_\_\_\_\_ Daytime Phone \_\_\_\_\_ Date \_\_\_\_\_

Shareholders can still join the Annual Shareholders' Meeting online, even if they have appointed a proxy, although they will be unable to vote if a proxy has been appointed.



# Mercury NZ Limited

## Non-executive directors' fees benchmarking Summary

10 June 2021





Chris Place  
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**PricewaterhouseCoopers**  
15 Customs Street West  
Auckland  
New Zealand  
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Prue Flacks  
Board Chair  
Mercury NZ Limited  
Auckland

cc Howard Thomas

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Dear Prue

**Non-executive directors' fees benchmarking summary report for Mercury NZ Limited**

We are pleased to provide our market benchmarking summary report for directors' fees at Mercury NZ Limited (Mercury). Market data has been sourced from publicly available information. The comparator group is as listed in the Appendix to the summary.

Thank you for the opportunity to assist Mercury with this exercise.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Chris Place', with a small flourish at the end.

Chris Place  
Partner

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# 1. Independence declaration

PwC's Reward Services team has been engaged by Mercury's Board of Directors (the Board) to provide independent remuneration benchmarking services in relation to Mercury's Directors' fees (the Services).

As lead engagement Partner for the provision of the Services to the Board, I declare that no influence has been brought to bear upon me or, to the best of my knowledge and belief, any member of the PwC Reward Services team, by any Board member, employee or executive of Mercury or any other party regarding the Services or outcomes of the Services.

Dated: 10 June 2021

A handwritten signature in blue ink, appearing to read 'Chris Place', with a small dot at the end.

Chris Place

Partner  
PricewaterhouseCoopers

## 2. Summary

The table provided below summarises market remuneration data for directors' fees from a comparator group of 15 New Zealand companies (primarily NZX-listeds), selected by the Mercury Board for the purposes of this exercise.

The basis for the comparator group composition was comparable market capitalisation, together with inclusion of relevant industry comparators. Median market capitalisation across the sample is \$5,867 million, compared to Mercury's market capitalisation of \$9,284 million. Details of the comparator group are provided in Appendix 1. Comments are provided on the following page.

### Executive summary table:

Position	Sample size	Market median	Mercury current fees	Comparison to the median
Chair <sup>1</sup>	15	234,800	180,000	77%
NED <sup>2</sup>	15	114,000	98,000	86%
Chair of Risk Assurance & Audit <sup>3</sup>	13	35,000	26,000	74%
Chair of People & Performance Committee <sup>4</sup>	10	24,700	20,000	81%
Member of Risk Assurance & Audit Committee <sup>5</sup>	11	17,600	10,000	57%
Member of People & Performance Committee <sup>6</sup>	10	13,400	8,000	60%
Total approved pool fee <sup>7</sup>	14	1,347,200	991,000	74%
Total fees paid <sup>8</sup>	15	1,056,400	932,578	88%

<sup>1</sup> Analysis of all 15 companies in the sample. The majority of Chair roles receive no committee fees, with the base fee recompensing all Board contribution/roles held.

<sup>2</sup> Analysis of base NED fees for all 15 companies in the comparator group.

<sup>3</sup> Analysis of each of the 13 companies that had this role/paid additional remuneration to this role.

<sup>4</sup> Analysis of each of the 10 companies that had this role/paid additional remuneration to this role. Some companies combined this committee portfolio e.g. People & Remuneration Committee, Remuneration & Nomination Committee etc. Analysis above is of the committee fee portion only.

<sup>5</sup> Analysis of each of the 11 companies that had this role/paid additional remuneration to this role.

<sup>6</sup> Analysis of each of the 10 companies that had this role/paid additional remuneration to this role.

<sup>7</sup> Analysis of each of the 14 companies where a pool fee is set/disclosed.

<sup>8</sup> Analysis for the 15 companies which disclosed actual fees paid. NB this is the only data where temporary reductions to fees due to impacts resulting from COVID-19 may feature in our analysis. Policy fees (on which the majority of the analysis is based), do not reflect/capture these temporary discounts.

Data is current to the end of May and has been sourced from publicly available information, including annual reports and NZX disclosures.

## 2. Summary (continued)

As a comment in relation to Mercury's relativity to the peer group, we note that three comparators in the peer group are larger and twelve are smaller than Mercury by market capitalisation. While ideally a peer group should be made up of a relatively evenly weighted mix of companies both larger and smaller than the subject company (to avoid distorting the data toward either larger or smaller companies), due to Mercury's scale relative to other companies on the NZX, this is not achievable.

The Mercury peer group is accordingly heavily weighted to smaller companies than Mercury by market capitalisation and gross assets, and for total revenue, eight of the companies are smaller than Mercury and seven are larger. Market capitalisation in our experience is the metric which most closely correlates to NED fees. Mercury's relative scale is therefore one of the factors the Board should take into account when assessing the market data provided.

A further factor for the Mercury Board to consider in assessing comparable market NED fee data in the context of the New Zealand market, is that any peer group which includes Genesis, Meridian and Port of Tauranga includes three companies (effectively 20% of a peer group of 15) that, for various historic reasons, have depressed NED fee data relative to comparable companies in the general listed company market. This inevitably has an impact on the market data outcomes. The table below summarises the impact on the median for Chair, Non-executive Director and Total Fee Pool in percentage terms if these three companies were to be removed from the sample. In summary the median would increase across all three data points as shown, in a range of 2.2% to 8.0%.

Percentage increase to median of the market data if Genesis, Meridian and PoT were to be removed from the sample		
Chair	NED	Pool fee
+2.2%	+6.7%	+8.0%

\* For clarity, all of the data throughout the report is based on the full comparator group of 15 i.e. including Genesis, Meridian and Port of Tauranga. The table above demonstrates (for those observations where all/most of the 15 companies reported data), the increase to the median data *if* the analysis did not include these three companies' data.

**Where the Board chooses to position its fees against the market data will depend on the Board's view of the above factors, the overall relevance of the comparator group and specifically Mercury's perceived relative complexity of operations, scale, ranking (by scale) and risk profile as compared with the comparator companies.**



# Appendix

Appendix 1      Comparator Group

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# Appendix 1 – Comparator Group

Organisation name	Market Capitalisation (\$ millions) - 29/04/2021	Company total revenue (\$ millions)	Company total gross assets \$ millions)
Fisher & Paykel Healthcare Corporation Limited (NZSE:FPH)	20,740	1,264	1,435
Meridian Energy Limited (NZSE:MEL)	13,863	3,405	9,623
Auckland International Airport Limited (NZSE:AIA)	10,985	567	9,297
Spark New Zealand Limited (NZSE:SPK)	8,280	3,623	4,347
Fonterra	7,486	20,975	17,916
Mainfreight Limited (NZSE:MFT)	7,119	3,095	2,305
Ryman Healthcare Limited (NZSE:RYM)	6,985	424	7,677
Contact Energy Limited (NZSE:CEN)	5,867	2,073	4,896
Fletcher Building Limited (NZSE:FBU)	5,860	7,309	8,778
The a2 Milk Company Limited (NZSE:ATM)	5,642	1,731	1,453
Infratil Limited (NZSE:IFT)	5,100	1,369	7,585
Port of Tauranga Limited (NZSE:POT)	4,979	302	1,817
Vector Limited (NZSE:VCT)	4,120	1,294	6,381
Genesis Energy Limited (NZSE:GNE)	3,558	2,592	4,582
Chorus Limited (NZSE:CNU)	3,057	960	5,642
<b>Mercury NZ Limited (NZSE:MCY)</b>	<b>9,284</b>	<b>1,768</b>	<b>6,885</b>

Source: Market capitalisation data: [www.nzx.com](http://www.nzx.com) April 2021, revenue and total assets data was taken from the latest annual reports

# Thank you

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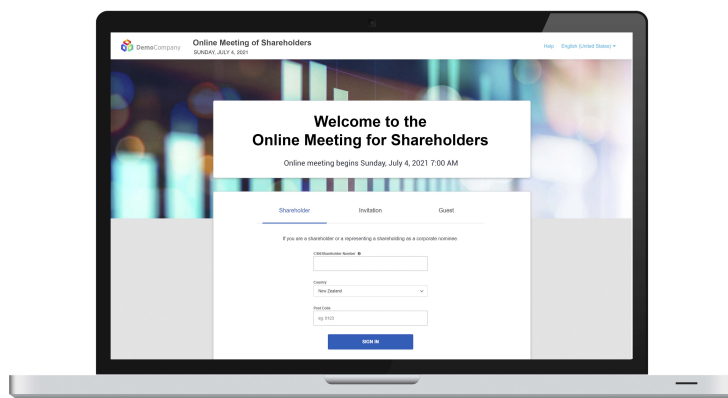
# HOW TO PARTICIPATE IN VIRTUAL/HYBRID MEETINGS

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### Access

Access the online meeting at <https://meetnow.global/nz>, and select the required meeting. Click 'JOIN MEETING NOW'.

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Select 'Shareholder' on the login screen and enter your CSN/Holder Number and Post Code. If you are outside New Zealand, simply select your country from the drop down box instead of the post code. Accept the Terms and Conditions and click Continue.

#### **If you are a guest:**

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