

Via email: sustainability@xrb.govt.nz

30 September 2026

Tēnā koutou External Reporting Board,

MERCURY NZ LIMITED SUBMISSION ON THE DRAFT CLIMATE REPORTING ROADMAP

Mercury NZ Limited (Mercury) welcomes the opportunity to comment on the External Reporting Board's (XRB's) draft climate reporting roadmap. Mercury is an electricity generator and multi-product retailer, listed on the NZX and foreign-exempt listed on the ASX. We first included a TCFD index in our FY2019 Annual Report and now use ISSB industry guidance and four enterprise-wide scenarios across strategy, risk management and climate reporting.

Our position at a glance

- > We support the strategic direction: an IFRS S2-based end state, closer harmonisation with Australia, a long transition with optional early adoption, and Option 2 for industry-based metrics.
- > We recommend that IFRS S2 remain the starting point, with departures limited to those required by New Zealand law or supported by a compelling New Zealand-specific reason. Any departure should preserve international comparability wherever practicable and avoid disproportionate ongoing reporting effort. On that basis, we support retaining a minimum of three scenarios and ask for focused implementation support.

Align by default; modify only where justified

IFRS S2 should be the anchor standard. NZ IFRS S2 should remain as closely aligned as possible, with modifications limited to those required by New Zealand law or supported by a compelling reason grounded in New Zealand's reporting practice or market context. New Zealand-specific content should therefore be limited to matters such as applying the standard alongside the NZ Emissions Trading Scheme, domestic climate targets and New Zealand legislation - not retained simply because it already exists.

Each difference should be necessary for the New Zealand context or demonstrably improve the information available to primary users. The benefit should be proportionate to any ongoing reporting effort.

Alignment would improve comparability and let New Zealand entities draw on a wider pool of systems, guidance and expertise. Duplicate Australian climate-reporting obligations are not currently a direct issue for Mercury. Our support for trans-Tasman harmonisation is pragmatic: climate reporting is resource-intensive, and interoperable requirements, an updated comparison tool and continued exploration of mutual recognition can reduce unnecessary effort for the market as a whole.

Preserve useful sector and scenario information

Industry-based metrics. We support Option 2: retain the IFRS S2 requirement to disclose relevant industry-based metrics, but make the ISSB guidance optional. Mercury uses the Electric Utilities and Power Generators guidance as an input, then applies materiality to our generation and retail activities. Some metrics are useful; others may not fit our business or the New Zealand market. Option 2 preserves decision-useful sector information and the IFRS S2 structure without forcing entities to apply irrelevant guidance.



Scenario analysis. We support retaining a minimum of three scenarios, including 1.5°C and at least 3°C outcomes, with entities free to use more. Mercury uses four enterprise-wide scenarios across strategic planning, risk management and climate reporting. In our experience, three or more scenarios avoid a binary “good/bad” framing and reduce the risk that a central pathway is treated as the expected outcome. Scenario analysis is most useful as a strategic stress test. Retaining this requirement would be a focused New Zealand addition, supported by practical reporting experience, while preserving the overall IFRS S2 architecture.

Make transition practical and proportionate

We support the proposed long transition and optional early adoption. Even for a mature reporter, implementation will require a detailed gap assessment and changes to systems, controls, evidence and governance. Mercury already uses the GHG Protocol; the likely burden is the additional evidence needed to support more detailed disclosures, including Scope 3 categories where calculations rely partly on spend-based data, supplier estimates and emissions factors.

To support consistent implementation, we recommend that the XRB provide:

- > a requirement-by-requirement NZ CS-to-NZ IFRS S2 transition matrix and an updated NZ IFRS S2–AASB S2 interoperability tool;
- > practical guidance and electricity-sector examples on connected information, current and anticipated financial effects, and IFRS S2 proportionality mechanisms, without turning examples into additional rules;
- > clear early-adoption, comparative-information and implementation lead-time requirements, with targeted, time-limited relief only where a genuinely new NZ IFRS S2 requirement depends on historical information that cannot reasonably be reconstructed; and
- > a clear explanation of how any New Zealand modifications affect an entity’s ability to state compliance with the ISSB’s climate-related requirements.

Conclusion

Mercury supports the roadmap’s strategic direction. The strongest outcome would be an internationally aligned standard, with only clearly justified New Zealand additions or changes, and practical support that enables reliable implementation without unnecessary effort.

Thank you for the opportunity to provide feedback. We look forward to ongoing engagement as the climate reporting framework evolves.

Yours sincerely

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