NEW ZEALAND C&ESG RESEARCH

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Carbon & ESG Ratings of NZ Companies
2025 Methodology

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This document explains the Forsyth Barr C&ESG (Carbon, Environmental, Social, Governance) ratings methodology in full. It should accompany all Forsyth Barr reports that include information on our C&ESG ratings.

Introduction

This document outlines the methodology for the construction of the 2025 Forsyth Barr C&ESG ratings for NZ companies.

The C&ESG information we are collecting

Our ratings act as C&ESG due diligence on NZ companies and sit alongside our fundamental investment research analysis. The data collected can:

1. Provide insight into how a company is preparing for a low-carbon future.
2. Be a measure of a company's competitive positioning on C&ESG matters.
3. Supplement a screen for quality.
4. Help to identify areas of risk beyond traditional financial analysis that may warrant further investigation.

The C&ESG information can help to understand whether companies are meeting best-practice standards, managing C&ESG risks and opportunities, and positioning themselves for a low-carbon, more sustainability-focused future.

Our expectations of corporate activity regarding C&ESG practices are outlined in the table below.

Figure 1. Our 2025 C&ESG expectations of NZ corporations

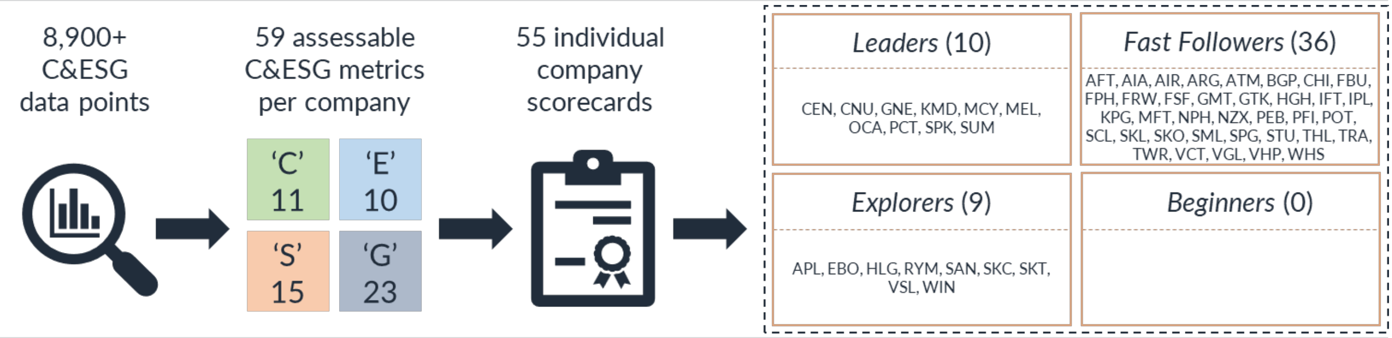
Category	Example expectations of companies
Carbon	▪ Have a good understanding of, and be proactively managing, any physical and transition risks or opportunities associated with climate change. ▪ Clearly explain how the company plans to transition to a lower-carbon future over time. ▪ Understand how its business model might be affected by changing consumer preferences in relation to sustainability. ▪ Meet the requirements of the Aotearoa New Zealand Climate Disclosure Standards. ▪ Have a credible net-zero commitment and emissions-reduction plan in place. ▪ Provide evidence that absolute carbon emissions are stabilising or declining.
Environment	▪ Have minimal negative impact on the environment as a result of operations. ▪ Minimise the use of finite natural resources and work to reverse the degeneration of ecosystems. ▪ Measure and monitor the consumption of water (when material), waste that goes to landfill, and recycling efforts. ▪ Have good policies in place to help drive a circular economy and protect biodiversity.
Social	▪ Have a positive impact on the communities that surround company operations, and support surrounding communities to thrive. ▪ Maintain and build on trusted relationships with clients, communities, iwi, and other stakeholders. ▪ Ensure committed and proud employees. ▪ Measure and monitor health and safety incidents and the risk of modern slavery. ▪ Be aware of, and manage, potential ESG issues in supply chains. ▪ Have good policies in place to measure and monitor impact.
Governance	▪ Adhere to best-practice corporate governance standards and act with integrity at all times. ▪ Ensure sustainability is integrated into the heart of business models. ▪ Proactively manage issues such as data security, privacy, and responsible tax governance. ▪ Ensure the company evolves as required in terms of C&ESG practices.

Source: Forsyth Barr analysis

Insights

This year we collected more than 8,900 pieces of C&ESG data. We use the data we collect to create a scorecard for each company: it classifies them as a Leader, Fast Follower, Explorer, or Beginner. In the interests of best practice, we make the scorecards and methodology publicly available, along with a report that summarises the results. This transparency is crucial as we tackle the well-known challenges of ESG ratings.

Figure 2. Creating our C&ESG ratings



Source: Forsyth Barr analysis

There are countless C&ESG data points that can be collected. We've taken the time to think through what data will add valuable insights to our view of a company. We have applied a materiality lens by focusing on information that can highlight where risks and opportunities may lie, along with a best-practice lens to help us understand the maturity level—or how far advanced a company is—in its positioning for a carbon-constrained, sustainability-focused future. Appendix A shows the full set of information collected, explains why we are collecting it, and outlines our scoring methodology.

Figure 3. General characteristics of the Leaders, Fast Followers, Explorers and Beginners

C&ESG rating threshold	Maturity level	Description
>75.0%	Leader	▪ Full sustainability strategy in operation for multiple years, often having been updated and refined over time. ▪ Detailed and full set of C&ESG metrics collected. ▪ Predominantly meeting best-practice standards. ▪ Recognises key C&ESG risks and opportunities and is managing them. ▪ Well versed on stakeholder demands and how they are evolving. ▪ Understands its potential positive and negative impacts on the environment, economy, and people, including human rights. ▪ The transition to become a 'sustainable' company is well underway. ▪ Actual greenhouse gas emissions are stabilising or trending down. ▪ Taking a leadership position in some of the less well-understood elements of the sustainability agenda.
52.5% - 75.0%	Fast Follower	▪ Earlier-stage sustainability strategy but quickly catching the Leaders. ▪ Partial collection of C&ESG metrics, potentially with a focus on one of the C, E, S, or G categories. ▪ Sometimes meets best-practice standards. ▪ Has a handle on key C&ESG risks and opportunities and has started measuring C&ESG performance but is not yet seeing deep progress on sustainability results. ▪ The low-hanging fruit or quick wins on the sustainability agenda have predominantly been met. ▪ The company may be working towards meeting some of the more challenging aspects of sustainability—for example, evolving a culture. ▪ The transition to become a 'sustainable' company is more a vision than a reality.
37.5% - 52.5%	Explorer	▪ Earlier stage of adopting or implementing a sustainability strategy. ▪ Few C&ESG metrics collected, with a short history. ▪ On the journey towards meeting some best-practice standards.
<37.5%	Beginner	▪ First sustainability strategy under discussion or not yet in existence. ▪ Reporting few C&ESG metrics. ▪ At the very beginning of the ESG journey.

Source: Forsyth Barr analysis

Methodology changes—2025

Since the inception of this project in 2022, we have deliberately increased our expectations of companies as our insights have deepened and as we have identified new ways to better assess the quality of responses. We continue to move from a focus on inputs and policy to one on outcomes and action. This continues in 2025. However, this year we made a deliberate effort to keep changes minimal as we seek to better understand how the market is progressing on C&ESG. We remain committed to being fully transparent with our methodology and the company scorecards.

Within this context, the methodology is continually refined each year. The principles that sit behind the changes include:

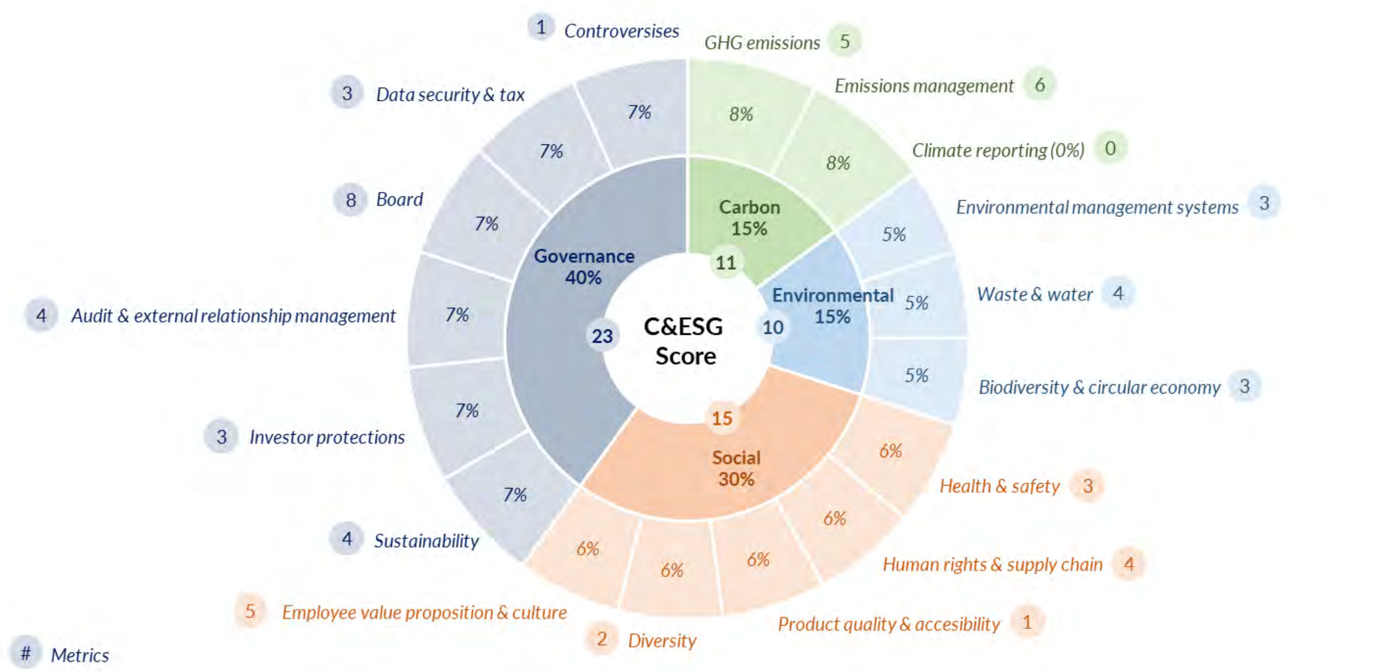
- Every year we seek to reduce the number of questions to lighten the reporting burden on companies.
- We will evolve the questions based on insights and experiences gained from the previous year(s).
- We will only add new questions if they tackle the changing agenda in this quickly evolving space.
- We will remove questions if the majority of the market is responding the same way.
- We will remove questions if regulation drives the practice we are seeking to understand.

In 2025, we have:

- Added no new questions.
- Removed five questions that were deemed unnecessary, have now become legal obligations, or were not giving us the insights we hoped for.
- Slightly amended seven questions to clarify the question, better differentiate scoring, or include insights from our recent research report titled *Governing NZ Listed Companies—Navigating Shifting Winds*, published 17 June 2025.
- Made minor amendments to some categories and to some sub-indicator weightings.

We reduced the overall number of metrics from 68 to 59.

Figure 4. C&ESG data collected



Source: Forsyth Barr analysis

Figure 5. C&ESG metric changes, by year

Category	2022	2023	2024	2025
Carbon	18	15	14	11
Environmental	13	10	10	10
Social	21	18	16	15
Governance	28	26	26	23
Total	**80**	**69**	**66**	**59**

Source: Forsyth Barr analysis

Figure 6. Carbon methodology changes (2024 to 2025)

Category	Change	2024 indicator	2025 indicator	Question	Comments
Carbon	Removed	C3.2		If a target is in place, is the target based on an absolute emissions and/or an emissions-intensity measure?	Not necessary. If targets are SBTi, the target is appropriately strong.
	Amended	C3.4	C3.3	From: Is there a clearly defined climate transition plan in place outlining the strategy to meet emissions reduction targets? To: Has the company provided a climate transition plan?	Clarification.
	Removed	C4.1		Has the company outlined how its assessment of climate-related risks and opportunities serves as an input to capital deployment and funding decisions?	Not necessary. Now driven by compliance.
	Removed	C4.2		Has the company publicly announced any new projects or partnerships (over the last 12 months) that will result in significant (≤-10%) emissions reductions?	Deleted. This is not something that can be assessed on an annual basis.
	Weighting	n/a			Due to the removal of three questions, we have merged the subsections from three to two. The weights of each subsection change from 33% to 50%.

Source: Forsyth Barr analysis

Figure 7. Environment methodology changes (2024 to 2025)

Category	Change	2024 indicator	2025 indicator	Question	Comments
Environment		No changes			

Source: Forsyth Barr analysis

Figure 8. Social methodology changes (2024 to 2025)

Category	Change	2024 indicator	2025 indicator	Question	Comments
Social	Amended	S3.1	S3.1	Have there been any unplanned product or service faults (including cyber incidents or data-privacy breaches) resulting in, for example, disruption to operations or recalls (including FDA-regulated products if relevant), in the last three years?	Added allowance for 'Within range of expectations' to receive full points. Scoring changed as follows: No or within range of expectations = 1 Yes = 0
	Amended	S5.1	S5.1	Does the company publicly report its gender pay gap?	Added scoring (was not scored in 2024): Y=1, N=0

Source: Forsyth Barr analysis

Figure 9. Governance methodology changes (2024 to 2025)

Category	Change	2024 indicator	2025 indicator	Question	Comments
Governance	Amended	G1.3	G1.3	Has the company committed to voluntarily putting its executive remuneration report forward for a shareholders vote?	Added scoring (was not scored in 2024): Y=1, N=0
	Moved	G2.1	G1.4	Does the company have B Corporation, Future-Fit (or equivalent) certification?	Integrated into G1 section to reflect our preference for emphasis elsewhere in Governance.
	Removed	G4.3		Does the company publicly disclose its direct lobbying activities?	Did not gain the insight we hoped for.
	Moved	G7.1	G4.4	Has the company received external assurance of its sustainability report or disclosures?	Moved from Assurance & Ethics sub-section to Audit and External Relationships section
	Amended	G5.2	G5.2	We added the below questions to: Is the CEO also the Chair? 1. Has the Chair been the CEO previously? 2. Has the CEO been the CFO previously?	Scoring amended to No = 1 Yes Chair has been CEO / CEO has been CFO = 0 Yes CEO/Chair same person = -1
	Removed	G5.7		Does the company have a policy for maintaining a well-balanced Board?	Deleted. This question is not needed. The questions on board independence give us enough information.
	Amended	G5.9	G5.8	From: Does the Board undertake an annual self-review process To: Does the Board undertake an annual self-review process and is this made publicly available?	Scoring changed to reflect our preference that a summary of the findings of the board self-reviews is made available to shareholders: Yes, process undertaken and findings are made public = 1 Yes, process undertaken but findings are not made public = 0.5 No = 0
	Amended	G7.1	G7.1	Renamed last sub-section *Controversies*. Previously, this section was called *Assurance & Ethics*. There is now only one indicator in this category, after moving the sustainability assurance question to the *Audit & External Relationship* section. As this is a negative-scoring question, it signals our view that this metric draws out particularly poor practices.	Insights from our report titled *Governing NZ Listed Companies—Navigating Shifting Winds*, published on 17 June 2025 may shape our judgement.

Source: Forsyth Barr analysis

Data sourcing

Forsyth Barr collects all data itself from publicly available sources. Companies were asked to review the information and provide any additional data. If information was not publicly available, the Forsyth Barr team cited evidence before awarding points.

Coverage

The universe of companies we rated decreased from 61 to 55. We ceased coverage of Comvita (CVT), Delegat's Group (DGL), My Food Bag (MFB), New Zealand King Salmon (NZK), and Restaurant Brands (RBD), given our analysts no longer cover them from an equity research perspective. We also ceased coverage of Manawa Energy (MNW) following the completion of its sale to Contact Energy (CEN).

Weighting between C, E, S, and G

The sector weightings remain the same, unchanged since inception in 2022. The default weights between C, E, S, and G are 15%, 15%, 30%, and 40% respectively.

Good corporate governance is equally important across all sectors. Reflecting this, we have allocated a weighting of 40% to the corporate governance metrics in our rating methodology.

Within E, we have separated out the C element, given the current focus and importance of transitioning to a low-carbon economy. Within the default setting, we believe the C element of E to represent approximately 50% of the weighting. Therefore, within the default, we assign 15% to C and 15% to the remaining E metrics.

Figure 10. C&ESG sector weightings

	C	E	S	G
Default weightings	**15**	**15**	**30**	**40**
Aged care	15	15	30	40
Agriculture	20	20	20	40
Consumer	15	15	30	40
Financials	15	15	30	40
Healthcare	10	10	40	40
Industrials	20	20	20	40
Infrastructure	20	20	20	40
Property	20	20	20	40
Technology	10	10	40	40
Utilities	20	20	20	40

Source: Forsyth Barr analysis

Accounting for differences in the importance of C&ESG metrics

Metrics of particular importance

Within the framework there are seven metrics which, we believe, warrant a negative score because they draw out particularly poor practices by companies. The metrics have remained the same since inception of the project. They are as follows:

- Have there been any workplace fatalities in the last five years?
- Does the company own any proven or probable fossil fuel reserves?
- Does the company have share classes with different voting rights?
- Is there any evidence of significant unequal treatment of minority shareholders in any equity raises in the last three years?
- Is the CEO also the Chair?
- Is the auditor tenure greater than 10 years?
- Has the company avoided major controversies in the last five years, as well as acted with integrity in both financial and non-financial reporting?
  - This year we included some insights from our recent research report titled, *Governing NZ Listed Companies—Navigating Shifting Winds*, published 17 June 2025.

Metrics of variable importance to a sector

The metrics, indicator weightings, and scoring in the scorecard are consistent across the market, except for the questions relating to water consumption where, in 2024, we applied a materiality lens for the first time. Reducing water consumption is important for companies with high water usage in production processes. For sectors such as software development, where operations are not water-intensive, water reduction is less critical and often immaterial. Initially, we let companies choose whether water is material to their operations. We then used our sector analysts' discretion as a sense check for what the companies elected.

We acknowledge that there are instances when some information is more important for some sectors than others. We have reflected this dynamic in the C, E, and S weightings assigned to each sector.

Emerging metrics

The framework also recognises that there may be some metrics that are of growing importance. We may want to include these metrics in the methodology, even if we acknowledge it is not yet common practice and quality data may be lacking. The annual review of our methodology enables monitoring of these emerging issues. Where relevant, a case can be made for including a new metric within the methodology. In some instances, we may choose to include a new question but not score it.

What do we do if we don't have the required information?

Given our engagement with companies on the accuracy and completeness of data, there are now very few data gaps. As we are now in our fourth year of collecting C&ESG data, our expectations are clearly articulated. Companies are not awarded points if there are data gaps.

C&ESG ratings calculations

The metrics used in calculating the C&ESG scores are detailed in Appendix A. With the exception of the seven metrics outlined above (that can result in a negative score), each of the metrics is scored on a scale of 0–1. Scores of 0 (the worst score a company can receive for a metric) add nothing to a company's overall C&ESG rating, while a score of 1 (the best score a company can receive for a metric) adds positively to a company's C&ESG rating.

Where a metric has a yes/no answer, the scoring is binary: 0 for the negative answer and 1 for the positive answer.

Where a metric is quantitative and/or more nuanced, companies are able to score partial marks within the scale of 0–1, relative to their proximity to best practice.

For the seven metrics where negative scoring is possible, the scoring ranges from -1 to +1.

The C, E, S, and G scores are each calculated (as a default) by equally weighting all topic areas within the score and, within each topic area, equally weighting the individual metrics. For example, within the C score, there are 11 (scored) metrics collected across two topic areas. Each of the two topic areas contributes 50% towards the C score. Within that, in the 'GHG emissions' topic area, each of the five metrics contributes up to 1/5 or 20% of the group weight of 50%.

The weightings within each category are reviewed annually. The weightings between each sub-category remain at the discretion of Forsyth Barr. Each year, small changes are made to the methodology, reflecting insights gained from the previous year, our own research, and our intentionally increased focus on outcomes. Weightings can be viewed on the scorecards.

Process for developing the scorecards

Information is sourced from Forsyth Barr's own data-collection avenues. Each company is given an opportunity to review, add, and amend the data collected and its scorecard.

Figure 11. Our data collection process

Source: Forsyth Barr analysis

Quality threshold overwrite

Forsyth Barr reserves the right to apply a quality-threshold overwrite at any point in the process of assessing a company's C&ESG information. This gives us the right to veto a company's response if we feel it is undermining the integrity of the framework.

This override is used only in exceptional circumstances, and it is a temporary solution until the framework can evolve to capture the information in the appropriate way. It is important for Forsyth Barr, given how quickly data in this space is evolving.

Appendices

Appendix A: 2025 full methodology

Carbon methodology

Figure 12. Climate reporting

C1	Metric	Scoring	Explanation
C1.1	Is the company a Climate Reporting Entity required to prepare climate-related disclosures in accordance with the Aotearoa NZ Climate Disclosure Standards?	Not scored Yes No	Climate Reporting Entities (CRE) are: (1) All registered banks, credit unions, and building societies with total assets of more than $1 billion. (2) All managers of registered investment schemes (other than restricted schemes) with greater than $1 billion in total assets under management. (3) All licensed insurers with greater than $1 billion in total assets or annual premium income greater than $250 million. (4) Listed issuers of quoted equity securities with a combined market price exceeding $60 million. (5) Listed issuers of quoted debt securities with a combined face value of quoted debt exceeding $60 million. (6) Authorised bodies that are managers of registered schemes and operate under the licence of another manager, where the total assets under that licensee (including assets of all authorised bodies) exceed $1 billion. This metric is not scored.

Source: Forsyth Barr analysis

Figure 13. GHG emissions

C2	Metric	Scoring	Explanation
C2.1	For how long have scope 1 and 2 CO_2e (tonnes) been tracked, measured, and publicly reported by the company?	≥ 5 years = 1 4 years = 0.8 3 years = 0.6 2 years = 0.4 1 year = 0.2 Not reported = 0	Reporting of scope 1 and 2 CO_2e data over a period of time shows how much carbon (equivalent) a company is emitting and how this is changing over time. Investors use scope 1 and 2 information alongside other data (for example, revenue) to calculate portfolio carbon metrics, including carbon-intensity measures, weighted average cost of carbon, and financed emissions.
C2.2	If at least five years of scope 1 and 2 emissions data are available, are scope 1 and 2 emissions decreasing, stable, or increasing over the last five years?	Decreasing (≤-10%) = 1 Stable (between +/-10%) = 0.5 Increasing (≥+10%) = 0 Not five years of data = 0	Looking at how absolute emissions data is changing over time allows us to assess whether the volume of emissions generated is decreasing and whether it is aligned with New Zealand's net zero target, emissions-budget requirements, and the Paris Agreement requirements. It is calculated as the percentage change of average absolute emissions in FY-5 and FY-4 compared with FY-1 and FY0.
C2.3	If at least five years of scope 1 and 2 emissions data are available, is carbon intensity decreasing, stable, or increasing?	Decreasing (≤-10%) = 1 Stable (between +/-10%) = 0.5 Increasing (≥+10%) = 0 Not five years of data = 0	Monitoring how carbon intensity changes over time can also be a signal of which companies are most exposed to transition risks. It is calculated as the percentage change of average carbon intensity (using revenue as the denominator) in FY-5 and FY-4 compared with FY-1 and FY0.
C2.4	Has the company identified and publicly disclosed its most material scope 3 emission sources?	Yes = 1 No = 0	While reporting on scope 3 emissions is on the rise, we recognise there are many inconsistencies across sectors in what their material scope 3 emission sources are. Disclosing what a company's material scope 3 emission sources are can help investors assess how robust the company's scope 3 reporting is and whether there are any key omissions.
C2.5	For how long have scope 3 CO_2e (tonnes) been tracked, measured, and publicly reported by the company?	≥ 5 years = 1 4 years = 0.8 3 years = 0.6 2 years = 0.4 1 year = 0.2 Not reported = 0	Scope 3 emissions data is difficult to gather, and best practice for accounting for scope 3 is still being established for many industries. However, reporting on scope 3 should be encouraged, and the new climate disclosure requirements in NZ require climate reporting entities (CREs) to disclose this information. Developing a scope 3 inventory strengthens a company's understanding of its value-chain GHG emissions. For investors, scope 3 data can be assessed through a materiality lens, i.e. a large amount of scope 3 emissions can be a transition-risk signal.

Source: Forsyth Barr analysis

Figure 14. Emissions management

C3	Metric	Scoring	Explanation
C3.1	Does the company have an emissions-reduction target or net zero commitment in place?	Yes = 1 No = 0	If a company has an emissions-reduction target, we can draw insights on how dedicated the company is to making real inroads into reducing emissions. Setting ambitious targets now will catalyse change to protect and enhance business value in the long term. Net zero commitments strongly signal commitment to the transition to a lower-carbon economy.
C3.2	If a target is in place, is the target aligned with and/or verified by the SBTi (or similar) as a science-based target?	SBTi verified = 1 Verification pending, awaiting approval = 0.75 Aligned but not verified = 0.5 No = 0	An authentic emissions-reduction target will be based on science. A science-based target will be in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. It will include interim targets and also require the target to include scope 3 emissions.
C3.3	Has the company provided a climate transition plan?	Yes = 1 Yes but lacks detail = 0.5 N = 0	A clearly defined transition plan outlines which initiatives will be undertaken to meet targets and approximately how many greenhouse gas emissions will be reduced by each initiative. Public reporting on the role of future technology alongside decarbonisation pathways in a company's transition plan is crucial to help investors understand the realistic practicalities of transition plans. For full marks, we expect climate transition plans to inform primary users about the actions CREs will take to achieve their mitigation and adaptation targets, build resilience to critical uncertainties, and provide credibility to any claims and commitments made. This may include decarbonisation plans that are reliant on technical solutions and future technologies. Forsyth Barr reserves the right of judgement in assessing the level of detail in climate transition plans.
C3.4	Is the company already operating at net zero, and if so, how are offsets used to help meet targets?	Already net zero, quantity and type of offsets publicly reported = 1 Already net zero, quantity and type of offsets not publicly reported = 0.5 No = 0	Transparent disclosure of the quantity and quality of carbon offsets used for achieving net zero emissions by companies is vital. It enables stakeholders to assess the credibility and effectiveness of the offsets, ensuring genuine emission reductions and fostering trust. Such transparency encourages responsible action and supports the transition to a sustainable future.
C3.5	Has the company introduced the concept of a 'just transition' into its climate ambitions?	Yes = 1 No = 0	A just transition recognises the need to address social and economic inequalities that may arise from transitioning to a low-carbon economy. By considering the impacts on workers, communities, and vulnerable groups, companies can ensure that the transition is fair, equitable, and inclusive.
C3.6	Does the company own any proven or probable fossil fuel reserves?	No = 1 Yes = -1	Stranded assets are assets that become obsolete as a result of market, regulatory, or environmental changes. Proven and probable fossil fuel reserves can be at risk of becoming stranded, particularly if the agreements of the Paris Accord are met and more governments commit to serious climate action. We penalise companies owning fossil fuel reserves with a negative score as a signal of our view that this metric draws out particularly poor practice.

Source: Forsyth Barr analysis

Environmental methodology

Figure 15. Environmental management systems

E1	Metric	Scoring	Explanation
E1.1	Does the company have ISO 14001, EMS, Toitū Envirocare CarbonZero, or equivalent certification on all applicable sites?	Yes = 1 No = 0	ISO 14001 is an environmental management system (EMS) certification that sets requirements for achieving and maintaining environmentally sound standards of business. Toitū Envirocare certification acknowledges accurate measurement of greenhouse gas emissions and puts in place strategies to manage, reduce, and offset the impacts. Compliance with the programme is independently verified annually to maintain certification. A company that meets these certifications is serious about managing its adverse impact on the environment and is meeting established good practice.
E1.2	Has the company made commitments to new build or retrofit to meet level 4, 5, or 6 of the Green Star standard (or the equivalent Homestar standard, if relevant) in owned or leased buildings?	Green Star: 5 or 6 = 1 4 = 0.5 <4 = 0 Homestar: 8, 9 or 10 = 1 6 or 7 = 0.5 <6 = 0	Buildings and their construction account for as much as 20% of New Zealand's emissions. Committing to building standards gives a visible signal of a company's focus on its environmental footprint. To be certified to Green Star standards, a new commercial build or a major refurbishment must meet best-practice sustainable design and build benchmarks. A 4 Green Star rating is the minimum standard that can be certified and is deemed good practice. A 5 Green Star rating is deemed New Zealand Excellence. A 6 Green Star rating exemplifies world leadership. To be certified to Homestar standards, residential buildings (new or retrofit) must meet certain requirements. A 6 or 7 Homestar rating recognises a home that has been built above the current standards set by the New Zealand Building Code. An 8 or 9 Homestar rating meets best practice, and a 10 Homestar rating is world-leading.
E1.3	Has there been an environmental fine or breach (including any resource-consent discharge breaches, such as nutrient or harmful-substance discharges) in the last three years?	No = 1 Yes = 0	Reflecting on the cause, regularity, and size of environmental fines can provide insights into company culture and commitments to sustainability. Discharges can refer to runoff from farm fields and discharges into water or land (e.g. from fertilisers, animal waste, sewage, and other harmful substances). For agriculture companies, this area represents their largest impact on the environment. If a company breaches its consented amounts, this may affect future reapprovals, posing a risk to continued operations.

Source: Forsyth Barr analysis

Figure 16. Waste and water

E2	Metric	Scoring	Explanation
E2.1	Is there a commitment to reduce waste in place?	Yes = 1 No = 0	Waste is a large and important problem for New Zealand's environment. Internal waste-reduction initiatives for companies are good practice. Along with a commitment to reduce waste, having a plan to deliver this shows the company is aware of and seeks to improve its environmental impact and footprint.
E2.2	If there are five years of waste management data, is total waste to landfill decreasing, stable, or increasing?	Decreasing (≤-10%) = 1 Stable (between +/-10%) = 0.5 Increasing (≥+10%) = 0 Not five years of data = 0	From a sustainability perspective, we would like to see this metric reducing over time; in particular, we would like to see it reducing in line with waste-reduction commitments. It is calculated as the percentage change of average waste to landfill in FY-5 and FY-4 compared with FY-1 and FY0.
E2.3	Is water consumption material to the company's business operations and/or supply chain?	Not scored Yes No	Water-consumption reduction is important for companies with high water usage in production processes, regulatory pressures, and sustainability goals. For sectors such as software development, where operations are not water-intensive, water reduction is less critical and often immaterial. The significance of water use depends on an industry's dependency on water for production and its environmental impact. This metric is not scored.
E2.4	If water consumption is considered material to the company's operations, is the company currently implementing any water-stewardship practices to reduce water usage or improve water efficiency?	Yes = 1 No = 0	Historic droughts, more pronounced extreme weather events, and escalating water competition are all adding to the challenge of accessing a clean supply of water. Companies should be working to improve their water-consumption efficiency; this includes setting a target for doing so. This metric is only scored if water consumption is considered material to the company's operations.
E2.5	If water consumption is considered material to the company's operations, and if there are five years of water data, is total water use decreasing, stable, or increasing?	Decreasing (≤-10%) = 1 Stable (between +/-10%) = 0.5 Increasing (≥+10%) = 0 Not five years of data = 0	From a sustainability perspective, we would like to see this metric reducing over time; in particular, we would like to see it reducing in line with water-reduction commitments. It is calculated as the percentage change of average water use in FY-5 and FY-4 compared with FY-1 and FY0. This metric is only scored if water consumption is considered material to the company's operations.

Source: Forsyth Barr analysis

Figure 17. Biodiversity & circular economy

E3	Metric	Scoring	Explanation
E3.1	Is there a commitment by the company to preserve and protect biodiversity and/or natural ecosystems?	Yes = 1 No = 0	Biodiversity plays a crucial role in maintaining the health and resilience of ecosystems, as well as supporting the economies reliant on them. It is imperative for companies to establish a robust policy for effectively managing biodiversity risks, as this reflects responsible and sustainable practice.
E3.2	Does the company voluntarily report against the TNFD framework?	Reported = 1 Committed = 0.5 No = 0	Committing to voluntarily report against the Taskforce on Nature-related Financial Disclosures (TNFD) demonstrates dedication to addressing nature-related risks, enhances transparency and stakeholder trust, and attracts responsible investors. TNFD reporting enables effective risk management, supports strategic decision-making, and contributes to global efforts in valuing and protecting nature.
E3.3	Is the company actively engaged in implementing circular-economy principles into its business model?	Yes = 1 No = 0	The circular economy is a model that optimises resource use and minimises waste across the entire production and consumption cycles, emphasising sustainability and economic efficiency over time. It is a systems-solution framework based on three key principles, all driven by design: eliminate waste and pollution, keep products and materials in use, and preserve and regenerate natural systems. In a circular economy, resources are never abandoned to become waste or pollution. Currently, circular-economy commitments tend to be made only by sustainability leaders. When companies make commitments in this area, we gain an indication of their sustainability ambitions. Our definition of ‘actively engaged in implementing circular-economy principles into a business model’ means a company has made a public statement that it is actively embedding circular thinking into the design of its products and wider business processes.

Source: Forsyth Barr analysis

Social methodology

Figure 18. Health & safety

S1	Metric	Scoring	Explanation
S1.1	Does the company have safety management targets in place?	Yes = 1 No = 0	A company with a clear focus on safety will have safety-management targets in place, for example reductions in harmful incidents or zero tolerance for death.
S1.2	If there are five years of data on a measure of safety (e.g. LTIFR) collected by the company, is it decreasing, stable, or increasing?	Decreasing (≤-10%) = 1 Stable (between +/-10%) = 0.5 Increasing (≥+10%) = 0 Not five years of data = 0	When assessing safety performance, one of the most important KPIs to track is the lost-time injury frequency rate. The LTIFR formula is: ([Number of lost-time injuries in the reporting period] × 1,000,000) / (Total hours worked in the reporting period). We expect companies to be focused on keeping this low. Other safety measures are also acceptable. Companies should not only seek to keep injuries and resulting lost time low, but reduce them over time. Improving the safety of workers can have many benefits for a firm while also decreasing risks to all stakeholders. It is calculated as the percentage change of the measure of safety (e.g. LTIFR) in FY-5 and FY-4 compared with FY-1 and FY0.
S1.3	Have there been any workplace fatalities in the last five years?	No = 1 Yes = -1	A clear safety focus for employees is vital, and any deaths can highlight potential failures in company health and safety policies or a potential workplace-culture or management problem. We penalise companies that have had a workplace fatality (employee or contractor) with a negative score as a signal of our view that this metric draws out particularly poor practice.

Source: Forsyth Barr analysis

Figure 19. Human rights & supply chain

S2	Metric	Scoring	Explanation
S2.1	Does the company have a human rights policy?	Yes = 1 No = 0	Companies that openly state a commitment to respect, protect, and remedy human rights give a strong message that they understand the interdependencies between people and businesses and the risks associated with human-rights failures.
S2.2	Has the company identified where, across its business, there may be material risks of modern slavery?	Yes = 1 No = 0	In addition to a human-rights policy, a commitment to preventing modern slavery in the workplace and supply chain is an important measure, given the prevalence of modern slavery in the global economy. Australia has a law requiring companies to have a statement and willingness to prevent modern slavery; New Zealand, Canada, and the EU are currently drafting similar laws.
S2.3	Is the company an accredited living-wage employer?	Yes = 1 No = 0	A commitment to pay all employees at least the living wage, rather than the minimum wage, ensures all employees are able to pay for the necessities of life and participate as active citizens in the community.
S2.4	Is there a supply chain code of conduct?	Yes = 1 No = 0	In an environment that has become broadly globalised, company supply chains have become increasingly complex. Corporate performance can depend on a company's ability to control the reputational and quality risks that stem from its network of business partners. Responsible procurement and supply-chain management policies, such as supplier codes of conduct, are increasingly relied upon to manage risks that may be present in supply chains.

Source: Forsyth Barr analysis

Figure 20. Product quality & accessibility

S3	Metric	Scoring	Explanation
S3.1	Have there been any unplanned product or service faults (including cyber incidents or data-privacy breaches) resulting in, for example, disruption to operations or recalls (including FDA-regulated products, if relevant), in the last three years?	No or within range of expectations = 1 Yes = 0	Product or service faults that require the recall of products or disrupt operations can be of significant detriment to a brand and the level of trust associated with it. Along with being a costly exercise, they can also take up a significant amount of time for senior managers. Keeping an eye on the cause and regularity of these types of incidents may give some insight into the quality of a company. Food and Drug Administration (FDA) recalls are of particular concern for the relevant companies.

Source: Forsyth Barr analysis

Figure 21. Employee value proposition & culture

S4	Metric	Scoring	Explanation
S4.1	Is employee turnover measured and publicly reported?	Reported publicly = 1 Reported internally only = 0.5 No = 0	Employee turnover statistics indicate churn and can give a sense of how happy and fulfilled employees are working for a company.
S4.2	If employee turnover is reported:	Tally of S.4.2.1 and S. 4.2.2, equally weighted between questions, maximum of 1 point.	Measuring and tracking employee turnover statistics is important for companies, as it provides insights into workforce health, identifies potential issues, and allows for proactive intervention to improve retention and engagement. It helps evaluate the effectiveness of recruitment and retention strategies, enabling companies to optimise talent-management practices. Furthermore, turnover metrics have financial implications, making it crucial to analyse and mitigate the costs associated with turnover through informed decision-making.
S4.2.1	Is it <10%, <20%, >20%?	≤10% = 1 Between 10% and 20% = 0.5 ≥20% = 0	High employee turnover can indicate problems inside an organisation, whereas lower turnover can indicate higher loyalty and satisfaction with the company.
S4.2.2	If there is five years of employee turnover data, is it decreasing, stable, or increasing?	Decreasing (≤-10%) = 1 Stable (between +/-10%) = 0.5 Increasing (≥+10%) = 0 Not five years of data = 0	How employee turnover is changing over time can indicate whether a company is addressing any issues it may have and illustrate its focus on the importance of maintaining staff. It is calculated as the percentage change of employee turnover in FY-5 and FY-4 compared with FY-1 and FY0.
S4.3	Is there a contemporary parental leave policy?	Contemporary = 1 Modernised = 0.5 No = 0	Modern families do not fit into a single mould, so a progressive parental-leave policy will accommodate all and ensure fair treatment of employees during those special times in life. Modernised parental-leave policy: We expect a modernised parental-leave policy will go above and beyond statutory requirements and will include the following: extended leave benefits for both primary and secondary carers; voluntary KiwiSaver employer contributions during Government-paid parental leave; and the continued inclusion of employees on parental leave in remuneration reviews and in consideration for promotion opportunities. Contemporary parental-leave policy: We are trying to capture and reward outstanding policies that go well above statutory requirements, designed with talent attraction and retention in mind as well as employee loyalty. A fully contemporary parental-leave policy will have all the aspects of a modernised parental-leave policy and will have additional benefits, which include offering flexible working and/or additional paid leave on a temporary basis and voluntary KiwiSaver employer contributions during both company-paid and unpaid parental-leave periods. Additional aspects of contemporary parental-leave policies we would like to reward include equal paid parental leave (the same entitlement for primary carers and partners); offering employees support such as external coaching, parent networks, and refresher training; and access to employer-paid parental-leave entitlement in the event of a miscarriage, stillbirth, or loss of an infant child. Forsyth Barr retains discretion and judgement in determining whether a policy is fully contemporary.
S4.4	Does the company provide resources and support for employees' mental health and wellbeing, and is the company measuring the impact of its mental-health and wellbeing initiatives on productivity and/or retention?	Yes = 1 No = 0	Nearly half of all small-business owners work six or seven days a week to keep their business running. What is more, 88% of them miss out on family time because they are distracted by the business. Research from the New Zealand Institute of Economic Research (NZIER) shows that investing in staff wellbeing initiatives can have up to a 12:1 return on investment. Resources and support for mental health and wellbeing may include access to healthcare, wellness programmes, and mental-health services. Encouraging work–life balance and addressing workplace stress and burnout are also essential.

Source: Forsyth Barr analysis

Figure 22. Diversity

S5	Metric	Scoring	Explanation
S5.1	Does the company publicly report its gender pay gap?	Yes = 1 No = 0	Disclosing a company's gender pay gap promotes transparency, addresses pay disparities, enhances reputation, attracts diverse talent, and demonstrates a commitment to equality and social responsibility. We anticipate that New Zealand is likely to follow Australia's lead in mandating that companies publish their gender pay gaps.
S5.2	Does the company track and measure the proportion of women in management roles in relation to the proportion of women employees?	≤50% = 0 Between 50% and 80% = 0.5 80% ≤ X ≤ 120% = 1 Between 120% and 150% = 0.5 ≥150% = 0	Balanced gender diversity helps overcome gender biases and provides equal opportunities for career advancement, contributing to a fair and inclusive work culture. Additionally, gender-balanced representation in leadership positions serves as a role model for future generations and reinforces the principles of equality and equity within the organisation and society. It is calculated as the percentage of women in management roles divided by the percentage of total women employees.

Source: Forsyth Barr analysis

Governance methodology

Figure 23. Sustainability

G1	Metric	Scoring	Explanation
G1.1	Does the company integrate its sustainability strategy into its business-as-usual operations?	Yes = 1 No = 0	Analyst discretion required: A sustainability strategy integrated into the main company strategy indicates cohesive internal thinking and establishes a holistic approach to sustainability. A key indicator of a well-integrated strategy is the inclusion of ESG commentary throughout investor presentations, CEO or Chair statements in annual reports, and the strategy or business-model section of annual reports. This demonstrates a connected approach rather than having a separate, unlinked section on a website or in an annual report that lacks reference in broader company communications.
G1.2	Is remuneration for senior executives linked to achieving sustainability performance?	Part of annual performance appraisal and LTIP = 1 Part of annual performance appraisal or LTIP = 0.5 No = 0	Linking senior executives' remuneration to sustainability performance incentivises prioritisation of sustainability goals, fosters accountability, and drives meaningful change within the organisation.
G1.3	Has the company committed to voluntarily putting its executive remuneration report forward for a shareholder vote?	Yes = 1 No = 0	Voluntarily putting a remuneration report to a shareholder vote enhances transparency and accountability in a company. It allows shareholders to voice their opinions on executive compensation, fostering trust and aligning management's interests with those of the shareholders. This practice can improve corporate governance and strengthen investor relations by demonstrating a commitment to fair and responsible pay practices. This is common practice internationally and is a regulatory requirement in Australia.
G1.4	Does the company have B Corporation or Future-Fit (or equivalent) certification?	BCorp / Future-Fit = 1 Partial = 0.5 No = 0	B Corporation and Future-Fit certifications are indicative of companies meeting high standards of social and environmental performance and exhibiting transparency of information, which is necessary for a positive response to the challenges the world faces and the demand for improved sustainability practices.

Source: Forsyth Barr analysis

Figure 24. Investor protections

G2	Metric	Scoring	Explanation
G2.1	Does the company have share classes with different voting rights?	No = 1 Yes = -1	In some situations, different share classes with different voting rights may exist. For example, a company's founders, executives, or other large stakeholders may be assigned a class of common stock that has multiple votes for every single share of stock. This is often referred to as a super-voting multiple and can consist of 10 votes (or higher in some situations) per higher-class share. Super-voting shares give key company insiders greater control over the company's voting rights, its board, and corporate actions, creating a risk of influence that may not be in the interests of all shareholders.
G2.2	Is there potential for a 'blocking' shareholder?	Largest single shareholding: ≤10% = 1 Between 10% and 25% = 0.5 ≥25% = 0	Concentrated share ownership or a majority shareholding can indicate a risk that a larger shareholder influences the board and company management in a way that may not be in the interests of all shareholders.
G2.3	Is there any evidence of significant unequal treatment of minority shareholders in any equity raisings in the last three years?	No equity raises = 1 Positive = 1 Neutral = 0 Negative = -1	In our view, the capital-raising structure that is most fair to shareholders is a pro-rata offering, and ideally a traditional pro-rata, quoted, renounceable rights offer. However, in certain circumstances issuers can, and sometimes should, legitimately raise capital using non-pro-rata methods. Our judgement on whether there is unequal treatment of shareholders comes down to situations such as when non-renounceable or unlisted rights are issued with no platform to facilitate their trading, or if there is no bookbuild process for any unexercised rights. Other situations include offer structures such as placements that do not give all existing shareholders the right to participate proportionately, or placements offered at a discount and unaccompanied by a share purchase plan, rights issue, or retail offer. These types of structures may result in a direct value transfer to any new investors or, if underwritten, the offer underwriters. Over the COVID period, we saw the temporary emergence of placements with Accelerated Non-Renounceable Entitlement Offers (ANREOs). These were allowed by the regulator for a temporary period during an unprecedented time. We are of the view that COVID created exceptional circumstances where there was no option but to raise capital in an accelerated manner. Therefore, we have not penalised companies for ANREOs that took place while companies were dealing with COVID. Companies that have not raised equity in the last three years will receive 1 point so they are not negatively impacted by this metric.

Source: Forsyth Barr analysis

Figure 25. Audit & external relationship management

G3	Metric	Scoring	Explanation
G3.1	How long is the current auditor's tenure?	≤10 years = 1 >10 years = -1	Excessive tenure can create strong social and economic ties between auditors and companies, compromising the auditor's independence. To address this concern, the NZ Corporate Governance Forum recommends active consideration of audit firm rotation every 10 years. This practice helps maintain auditor independence and ensures robust financial reporting and oversight.
G3.2	What is the average proportion of total fees paid to the auditor for non-statutory audit services over the past three years?	≤40% = 1 Between 40% and 70% = 0.5 ≥70% (or not reported) = 0	In New Zealand, good practice is to outline a process the audit committee follows in managing the relationship with the auditor. FMA advice is that directors need to think carefully before asking or allowing audit firms to provide services in addition to the audit. Audit fees and non-audit service fees should be clearly outlined in financial statements. Additionally, we expect to see the separation of fees related to the audit of the GHG inventory from fees related to the statutory financial statements audit. Fee caps for non-audit services do exist in some jurisdictions. In Europe, there is a maximum of 70% of the average of the fees paid in the last three consecutive financial years for the statutory audit(s) of the audited entity and, where applicable, of its parent undertaking, its controlled undertakings and of the consolidated financial statements of that group of undertakings.
G3.3	Are all audit committee members non-executive directors?	Yes = 1 No = 0	The audit committee's role includes the oversight of financial reporting, the monitoring of accounting policies, the oversight of any external auditors, regulatory compliance, and the discussion of risk-management policies with management. Given this, the committee should maintain independence from the firm; this can be achieved by having non-executive members. The NZ Corporate Governance Forum guidelines suggest all members of the audit committee should be non-executive.
G3.4	Has the company received external assurance of its sustainability report or disclosures?	Limited or reasonable assurance across a range of sustainability-related disclosures = 1 Limited or reasonable assurance of the GHG Inventory only = 0.5 No = 0	External assurance of sustainability reports is vital for instilling confidence in new and qualitative sustainability information. It enhances credibility, validates data accuracy, and reinforces transparency, providing stakeholders with increased trust in the disclosed information.
G3.5	Is the company explicitly considering Iwi-specific considerations within its business operations?	Not scored Yes No	Considering Iwi-specific considerations within its business operations suggests cultural competence, in that the company's business practices and projects respect and preserve indigenous cultural heritage and traditions. This metric is not scored.

Source: Forsyth Barr analysis

Figure 26. Board

G4	Metric	Scoring	Explanation
G4.1	Do non-executive and independent board members comprise the majority of board members?	≥50% = 1 <50% = 0	Generally, board committees should be majority independent (global best practice) to gain true separation between management and governance. Independent directors bring 'outside' thinking that can enable a business to grow and develop a valuable long-term strategy.
G4.2	Is the CEO also the chair? Has the chair been the CEO previously?	No = 1 Yes chair has been CEO = 0 Yes CEO/chair same person = -1	The board is responsible for employing the CEO of the company and approving the business strategy. There should be a clear understanding of the division of responsibilities between the board and the executive. No one individual should have unfettered powers of decision. The chair also has a pivotal role navigating between the chief executive and the board. The balance between these roles is important. It works best if the roles of chair and CEO are clearly separated, and the chair is an independent director. We find independent thinking and constructive challenge can sometimes be compromised if the CEO becomes chair.
G4.3	What is the average tenure of current board members?	Between 3 years and 10 years = 1 ≤3 years = 0 ≥10 years = 0	Too short can suggest inexperience; too long can lead to entrenched views. CalPERS studies suggest that at >12 years' tenure, board members' independence is compromised. A study by NYU Stern found a 'stability premium' of outperformance for longer tenure. The NZ Corporate Governance Forum recommends that non-executive directors who have served longer than nine years should be subject to annual re-election. We note that NZX rules dictate that a director must not hold office without re-election past the third annual meeting following the director's appointment, or three years, whichever is longer.
G4.4	What is the average number of board member affiliations of non-executive board members?	≤3 = 1 Between 3 and 4 = 0.5 ≥4 = 0	This measure helps us to assess if individual board members have the time to commit to the company. It is a way to help assess board quality. Internationally, a maximum of four board affiliations is the standard. However, given the particular characteristics of the New Zealand market, we are of the view that NZ directors should be on a maximum of three boards only.
G4.5	How many directors are on the board?	<5 = 0 5 = 0.5 6 to 9 = 1 10 = 0.5 >10 = 0	Small boards may not have the diversity and depth of experience of larger boards. Boards that are too large may affect individual participation. Governance Today suggests eight–10 members as the optimal number. Given the size of New Zealand companies, we are of the view that six–nine members is optimal.
G4.6	Is a board skills matrix disclosed?	Yes = 1 No = 0	A skills matrix is one effective tool to demonstrate to shareholders how skills across the boardroom link to the oversight of company operations and strategy.
G4.7	Is the board's gender diversity sufficient?	Neither Gender > 2/3 of Board = 1 Either Gender ≥ 2/3 of Board = 0	Gender diversity on boards is important as it brings a broader range of perspectives, experiences, and expertise to decision-making processes, leading to better corporate governance and performance. It also promotes gender equality and provides opportunities for talented individuals, contributing to a more inclusive and equitable society.
G4.8	Does the board undertake an annual self-review process, and is this made publicly available?	Yes, process undertaken and findings are made public = 1 Yes, process undertaken, but findings are not made public = 0.5 No = 0	Undertaking an annual self-review process is important for the board as it promotes continuous improvement, identifies areas for development, and enhances decision-making and governance practices. It fosters accountability, transparency, and effective strategic oversight.

Source: Forsyth Barr analysis

Figure 27. Data security & tax

G5	Metric	Scoring	Explanation
G5.1	Is there a cybersecurity policy in place? If so, is there evidence the company has tested its cyber-resilience strategies in the last year?	Yes = 1 Yes: Policy is in place or testing is evident = 0.5 No = 0	A cybersecurity policy is important to set guidelines for how online systems and software should be used to minimise risk. Processes in place to protect the company, data, and assets should be outlined. A policy may also include expectations on using social media at work, rules for using emails, or guidance for safeguarding data.
G5.2	Is there a data privacy and protection policy in place? If so, is there evidence the company has tested its security measures in the last year?	Yes = 1 Yes: Policy is in place or testing is evident = 0.5 No = 0	Data privacy defines who has access to data, while data protection provides tools and policies to restrict access to the data. Compliance regulations help ensure that users' privacy requests are carried out by companies, and companies are responsible for taking measures to protect private user data. Data protection and privacy are particularly important for personal health information (PHI) and personally identifiable information (PII). By protecting data, companies can prevent data breaches, damage to reputation, and better meet regulatory requirements.
G5.3	Does the board have a tax-governing framework in place?	Yes = 1 No = 0	With growing scrutiny on companies' tax practices, including the location and fairness of tax payments, implementing a tax governance framework sends a signal that these concerns are being appropriately managed. The OECD and tax authorities have introduced various tools such as BEPS, local tax reforms, transparency measures, real-time reporting, and data analytics for targeted audits and investigations to ensure organisations pay the correct amount of tax. In New Zealand, the Inland Revenue Department has released a corporate tax governance checklist specifically for multinational boards, offering guidance in this area.

Source: Forsyth Barr analysis

Figure 28. Controversies

G6	Metric	Scoring	Explanation
G6.1	Has the company avoided major controversies in the last five years and acted with integrity in both financial and non-financial reporting?	Yes = 1 No (immaterial) = 0 No (material) = -1	This question acts as a 'catch-all' and is aimed at picking up examples of poor corporate governance or behaviour not otherwise captured in the methodology, for example: ▪ Recently reported underlying earnings versus audited net profit after tax with more than a 20% standard deviation, or been untimely or unbalanced with a disclosure. ▪ Moved to a more aggressive accounting practice. ▪ Made major restatements or write-downs signalling overvaluations or misjudged expectations. ▪ Other examples may include skipping or unnecessarily delaying an AGM, receiving regulatory penalties, facing lawsuits, or other controversies. A number of different issues could potentially be captured here, and it comes down to analysts' discretion as to what may be included. Insights from our report titled *Governing NZ Listed Companies—Navigating Shifting Winds*, published on 17 June 2025, may shape our judgement. We penalise companies that have not acted with integrity with a negative score. This signals our view that this metric draws out particularly poor practice.

Source: Forsyth Barr analysis

Appendix B: Metrics removed and reasons for removal

Figure 29. Metrics removed and reason for removal

Metric removed	Category	Reason for removal
2022		
Is there a health & safety policy?	S	Predominantly all companies responded positively.
Does the company track and measure ethnicity diversity metrics?	S	Replaced with: Does the company have a diversity and inclusion policy.
Any recent level 3, 4 or 5 controversies?	G	Predominantly all companies responded positively.
Has there been a breach of UN Global Compact principles or are they on the watch list?	G	Predominantly all companies responded positively.
Has the lead audit partner rotated in the last five years?	G	Defined in legislation driving all companies to respond positively.
Is auditor compensation for non-audit publicly reported?	G	Defined in legislation driving all companies to respond positively.
First quartile Bloomberg disclosure score?	G	Not needed given the depth of our methodology.
2023		
Has a physical risk and transition risk assessment been undertaken?	C	Regulation means all companies will answer this positively, receiving full points.
Does the company have a diversity and inclusion policy?	S	Predominantly all companies responded positively.
Is there a policy to manage community involvement?	S	Predominantly all companies responded positively.
Is the business model stakeholder centric?	S	Predominantly all companies responded positively.
How many anti-takeover devices are there?	G	Covered sufficiently by other metrics.
Is there a code of conduct governing interactions with elected officials?	G	Question was relevant for 2023, an election year. This year it was replaced with: Does the company publicly disclose its direct lobbying activities?
2024		
Has a physical risk and transition risk assessment been undertaken?	C	Regulation means all companies will answer this positively, receiving full points.
Does the company have a diversity and inclusion policy?	S	Predominantly all companies responded positively.
Is there a policy to manage community involvement?	S	Predominantly all companies responded positively.
Is the business model stakeholder centric?	G	Predominantly all companies responded positively.
How many anti-takeover devices are there?	G	Covered sufficiently by other metrics.
Is there a code of conduct governing interactions with elected officials?	G	Question replaced by: Does the company publicly disclose its direct lobbying activities?
2025		
If a target is in place, is the target based on an absolute emissions and/or an emissions intensity measure?	C	Not necessary. If targets are SBTi then the target is appropriately strong.
Has the company outlined how its assessment of climate-related risks and opportunities serves as an input to capital deployment and funding decisions?	C	Not necessary. Now driven by compliance.
Has the company publicly announced any new projects or partnerships (over the last 12 months) that will result in significant (≤-10%) emissions reductions?	C	Deleted. This is not something that can be assessed on an annual basis.
Does the company publicly disclose its direct lobbying activities?	G	Not gaining the insight we hoped for.
Does the company have a policy for maintaining a well-balanced board?	G	Covered sufficiently by other metrics.

Source: Forsyth Barr analysis

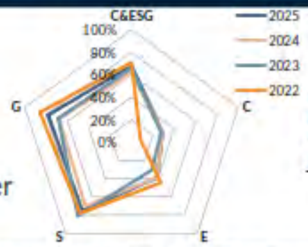
Appendix 3: Example scorecard

FORSYTH BARR

Company ticker: [redacted]

A-

Fast Follower



	Grade	Score	[redacted] Average	New Zealand Average	[redacted] Sector Weights
Carbon	D	29%	39%	64%	10%
Environmental	C-	39%	56%	54%	10%
Social	A	75%	57%	64%	40%
Governance	A+	78%	68%	67%	40%
Total	A-	68%	59%	64%	

Forsyth Barr Commentary

[redacted] has seen a solid improvement in 2025, up to A- from B overall. The improvement in its Governance ranking was the key contributor. With the appointment of [redacted] to the board late last year, [redacted] moves back into the best-practice range for a number of metrics, including: bringing the average tenure of current board members down to less than ten years; the board size moves from five to six; and gender diversity improves. [redacted] continues to score well on Social metrics, but its overall score is weighed down by being a laggard in Carbon and Environmental sections (both are very similar to last year and are low scores). There are little other noteworthy changes to call out within [redacted] scorecard, with minimal change relative to last year. More historical data will help its scores over time.

Carbon		Metric	Data	Score	Weight	Group Score	Group Wgt
Climate Reporting	C1.1	Is the company a Climate Reporting Entity, required to prepare climate-related disclosures in accordance with the Aotearoa NZ Climate Disclosure Standards?	Yes				
GHG Emissions	C2.1	For how long have scope 1 and 2 CO2e (tonnes) been tracked, measured and publicly reported by the company?	2 years	0.40	20.0%	8.0%	50.0%
	C2.2	If at least five years of scope 1+2 emissions data, are scope 1+2 emissions decreasing, stable, or increasing over the last five years?	< 5y data	0.00	20.0%		
	C2.3	If at least five years of scope 1+2 emissions data, is carbon intensity decreasing, stable, or increasing?	< 5y data	0.00	20.0%		
	C2.4	Has the company identified and publicly disclosed its most material scope 3 emission sources?	No	0.00	20.0%		
	C2.5	For how long have scope 3 CO2e (tonnes) been tracked, measured and publicly reported by the company?	0 years	0.00	20.0%		
Emissions Management	C3.1	Does the company have an emissions reduction target or net zero commitment in place?	Yes	1.00	16.7%	50.0%	50.0%
	C3.2	If a target is in place, is the target aligned with and/or verified by the SBTi (or similar) as a science-based target?	Aligned but not verified	0.50	16.7%		
	C3.3	Has the company provided a climate transition plan?	Plan in place - lacks detail	0.50	16.7%		
	C3.4	Is the company already operating at net zero and if so, how are offsets used to help meet targets?	No	0.00	16.7%		
	C3.5	Has the company introduced the concept of a 'just transition' into its climate ambitions?	No	0.00	16.7%		
	C3.6	Does the company own any proven or probable fossil fuel reserves?	No	1.00	16.7%		
C - Total							D (29%)

Environmental		Metric	Data	Score	Weight	Group Score	Group Wgt
Environmental Management Systems	E1.1	Does the company have ISO 14001, EMS, Toitū Envirocare carbonzero or equivalent certification on all applicable sites?	No	0.00	33.3%	33.3%	33.3%
	E1.2	Has the company made commitments to new build or retrofit to meet level 4, 5 or 6 of the Green Star (or equivalent Homestar if relevant) standard in owned or leased buildings?	No	0.00	33.3%		
	E1.3	Has there been an environmental fine or breach (including any resource consent discharge breaches such as nutrient or harmful substances discharges) in the last three years?	No	1.00	33.3%		
Waste & Water	E2.1	Is there a commitment to reduce waste in place?	Yes	1.00	50.0%	50.0%	33.3%
	E2.2	If there is five years of waste management data, is total waste to landfill decreasing, stable, or increasing?	< 5y data	0.00	50.0%		
	E2.3	Is water consumption material to the company's business operations and/or supply chain?	No	0.00	Not scored		
	E2.4	If water consumption is considered material to the company's operations, is the company currently implementing any water stewardship practices to reduce water usage or improve water efficiency?	Not material	0.00	0.0%		
	E2.5	If water consumption is considered material to the company's operations, and if there is five years of water data, is total water use decreasing, stable, or increasing?	Not material	0.00	0.0%		
Biodiversity & Circular Economy	E3.1	Is there a commitment by the company to preserve and protect biodiversity and/or natural ecosystems?	No	0.00	33.3%	33.3%	33.3%
	E3.2	Does the company voluntarily report against the TNFD framework?	No	0.00	33.3%		
	E3.3	Is the company actively engaged in implementing circular economy principles into its business model?	Yes	1.00	33.3%		
E - Total							C- (38.89%)

Social		Metric	Data	Score	Weight	Group Score	Group Wgt
Health & Safety	S1.1	Does the company have safety management targets in place?	Yes	1.00	33.33%	100.00%	20.00%
	S1.2	If there is five years of data on a measure of safety (e.g. LTIFR) collected by the company, is it decreasing, stable, or increasing?	Remained zero	1.00	33.33%		
	S1.3	Have there been any workplace fatalities in the last five years?	No	1.00	33.33%		
Human Rights & Supply Chain	S2.1	Does the company have a human rights policy?	Yes	1.00	25.00%	75.00%	20.00%
	S2.2	Has the company identified where, across its business, there may be material risks of modern slavery?	Yes	1.00	25.00%		
	S2.3	Is the company an accredited living wage employer?	No	0.00	25.00%		
	S2.4	Is there a supply chain code of conduct?	Yes	1.00	25.00%		
Product Quality & Accessibility	S3.1	Have there been any unplanned product or service faults (including cyber incidents or data privacy breaches) resulting in, for example, disruption to operations or recalls (including FDA regulated products if relevant), in the last three years?	No	1.00	100.00%	100.00%	20.00%
Employee Value Proposition / Culture	S4.1	Is employee turnover measured and publicly reported?	No	0.00	25.00%	50.00%	20.00%
	S4.2	If employee turnover is reported:					
	S4.2.1	Is it <10%, <20%, >20%?	Not reported	0.00	12.50%		
	S4.2.2	If there is five years of employee turnover data, is it decreasing, stable, or decreasing?	Insufficient data	0.00	12.50%		
	S4.3	Is there a contemporary parental leave policy?	Contemporary	1.00	25.00%		
	S4.4	Does the company provide resources and support for employees' mental health and well being, and is the company measuring the impact of its mental health/wellbeing initiatives on productivity and/or retention?	Yes	1.00	25.00%		
Diversity	S5.1	Does the company publicly report its gender pay gap?	No	0.00	50.00%	50.00%	20.00%
	S5.2	Does the company track and measure the proportion of women in management roles in relation to the proportion of women employees?	82.0%	1.00	50.00%		
S - Total							A (75%)

Governance		Metric	Data	Score	Weight	Group Score	Group Wgt
Sustainability	G1.1	Does the company integrate its sustainability strategy into its business-as-usual operations?	Yes	1.00	25.00%	37.50%	16.67%
	G1.2	Is remuneration for senior executives linked to achieving sustainability performance?	Part of annual appraisal	0.50	25.00%		
	G1.3	Has the company committed to voluntarily putting its executive remuneration report forward for a shareholders vote?	No	0.00	25.00%		
	G1.4	Does the company have B Corporation, Future-Fit (or equivalent) certification?	No	0.00	25.00%		
Investor Protections	G2.1	Does the company have share classes with different voting rights?	No	1.00	33.33%	66.67%	16.67%
	G2.2	Is there potential for a 'blocking' shareholder?	69.5%	0.00	33.33%		
	G2.3	Is there any evidence of significant unequal treatment of minority shareholders in any equity raisings in the last three years?	No equity raisings	1.00	33.33%		
Audit & External Relationship Management	G3.1	How long is the current auditor's tenure?	8	1.00	25.00%	87.50%	16.67%
	G3.2	What is the average proportion of total fees paid to the auditor for non-statutory audit services over the past three years?	0.7%	1.00	25.00%		
	G3.3	Are all audit-committee members non-executive directors?	Yes	1.00	25.00%		
	G3.4	Has the company received external assurance of its sustainability report or disclosures?	Reasonable - GHG inventory	0.50	25.00%		
	G3.5	Is the company explicitly considering Iwi specific considerations within its business operations?	No	0.00	Not scored		
Board	G4.1	Do non-executive and independent Board members comprise the majority of Board members?	66.7%	1.00	12.50%	93.75%	16.67%
	G4.2	Is the CEO also the Chair? Has the Chair been the CEO previously?	No	1.00	12.50%		
	G4.3	What is the average tenure of current Board members?	9.7	1.00	12.50%		
	G4.4	What is the average number of Board member affiliations of non-executive Board members?	2.0	1.00	12.50%		
	G4.5	How many directors are on the Board?	6	1.00	12.50%		
	G4.6	Is a Board skills matrix disclosed?	Yes	1.00	12.50%		
	G4.7	Is the Board's gender diversity sufficient?	33.3%	1.00	12.50%		
	G4.8	Does the Board undertake an annual self review process and is this made publicly available?	Yes - not public	0.50	12.50%		
Data Security & Tax	G5.1	Is there a cybersecurity policy in place? If so, is there evidence the company has tested its cyber resilience strategies in the last year?	Yes	1.00	33.33%	83.33%	16.67%
	G5.2	Is there a data privacy and protection policy in place? If so, is there evidence the company has tested its security measures in the last year?	Policy only	0.50	33.33%		
	G5.3	Does the Board have a tax governing framework in place?	Yes	1.00	33.33%		
Controversies	G6.1	Has the company avoided major controversies in the last five years as well as acted with integrity in both financial and non-financial reporting?	Yes	1.00	100.00%	100.00%	16.67%
G - Total							A+ (78.13%)

Appendix 4: Forsyth Barr Sector Classifications for C&ESG

The sector classification for our C&ESG ratings is slightly different to the official Global Industry Classification (GIC) sector classification. We believe this classification provides a better ability to compare and contrast for C&ESG data.

Figure 30. Stocks by sector

Industry	Company	Ticker
Aged Care	Oceania Healthcare	OCA
	Ryman Healthcare	RYM
	Summerset Group	SUM
Agriculture	The a2 Milk Company	ATM
	Fonterra	FSF
	Sanford	SAN
	Scales	SCL
	Synlait Milk	SML
Consumer	Briscoe Group	BGP
	Hallenstein Glasson	HLG
	KMD Brands	KMD
	SkyCity	SKC
	Sky TV	SKT
	Tourism Holdings	THL
	Turners Automotive	TRA
	The Warehouse Group	WHS
Financials	Heartland Group Holdings	HGH
	NZX	NZX
	Tower Ltd	TWR
Healthcare	AFT Pharmaceuticals	AFT
	EBOS Group	EBO
	F&P Healthcare	FPH
	Pacific Edge	PEB
Industrials	Air New Zealand	AIR
	Fletcher Building	FBU
	Freightways	FRW
	Mainfreight	MFT
	Skellerup Holdings	SKL
	Steel & Tube Holdings	STU
	Vulcan	VSL

Source: Forsyth Barr analysis

Figure 31. Stocks by sector, continued...

Industry	Company	Ticker
Infrastructure	Auckland Airport	AIA
	Channel Infrastructure	CHI
	Chorus	CNU
	Infratil	IFT
	Napier Port	NPH
	Port of Tauranga	POT
	Spark NZ	SPK
	Vector	VCT
Property	Asset Plus	APL
	Argosy Property	ARG
	Goodman Property Trust	GMT
	Investore	IPL
	Kiwi Property Group	KPG
	Precinct Properties NZ	PCT
	Property For Industry	PFI
	Stride Property	SPG
	Vital Healthcare	VHP
	Winton	WIN
Technology	Gentrack	GTK
	Serko	SKO
	Vista Group	VGL
Utilities	Contact Energy	CEN
	Genesis Energy	GNE
	Mercury	MCY
	Meridian Energy	MEL

Source: Forsyth Barr analysis

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