

Carbon & ESG Ratings of NZ Companies

Pendulum Keeps Swinging

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Against a backdrop of policy retrenchment, shifting global dynamics, and rapid technological change, companies are reassessing what it takes to transition to operate sustainably. While political rhetoric on ESG has cooled, corporate commitment to carbon reduction and transparent reporting predominantly remains, at least for now. Forsyth Barr's fourth annual C&ESG assessment tracks how NZ's listed companies are progressing with sustainability practices through a volatile environment—emerging from a prolonged economic downturn and navigating a regulatory pendulum that is yet to settle.



Based on over 8,900 C&ESG data points, our ratings include individual scorecards for 55 NZX-listed companies. The companies assessed represent ~96% of the NZX market capitalisation and ~13% of NZ's total greenhouse gas emissions. We classify each company as a Leader, Fast Follower, Explorer, or Beginner. All [scorecards](#) are publicly available, as is our [methodology](#). This transparency is essential to addressing the inherent complexities of ESG ratings. Key findings of the 2025 C&ESG report include:

- **The Leaders continue to progress despite political uncertainty. Elsewhere, progress is plateauing.** The easier gains have been achieved, and momentum has slowed among many Fast Followers and Explorers. Competing priorities, resource constraints, and shifting policy signals have driven consolidation, and in some cases, inaction—rather than innovation. The gap between the Leaders and the rest of the market continues to widen, signalling that although sustainability practices are now broadly embedded, meaningful advancement has become harder to achieve.
- **The importance of sound corporate governance is evident as concentrated ownership influences board and executive churn and companies under stress undertake dilutionary equity raises.** Several listed firms saw dominant shareholders exert influence—sometimes stabilising leadership, but sometimes causing disruption. Meanwhile, some companies under financial strain resorted to equity raises, with smaller investors being exposed to dilutionary outcomes. These developments reinforce that robust, independent governance remains fundamental to maintaining market confidence, particularly amid financial headwinds.
- **Emissions reductions are gaining traction. Over half of companies with five years of emissions data show declining emissions trends.** There is early evidence to demonstrate that sustained investment, credible targets, and transparent reporting are beginning to yield tangible results. Notably, many of the largest emitters—including Fonterra (FSF), Genesis Energy (GNE), Contact Energy (CEN), and Fletcher Building (FBU)—continue to align with science-based targets and Paris Accord pathways.

Utilities companies again dominate the rankings table with Meridian Energy (MEL) and Mercury (MCY) taking the top two spots. GNE and CEN are also in the Leader category. Impressively, MEL has remained at the top of the table for the fourth year running—since inception of our ratings. Summerset (SUM) moved into the third position this year, from 10th position last year. Commendably, Precinct Properties (PCT) remains a consistent top-five performer. The biggest improvers this year were Briscoe Group (BGP), Scales (SCL), and Serko (SKO), each demonstrating a determination to lift their rating year-on-year.

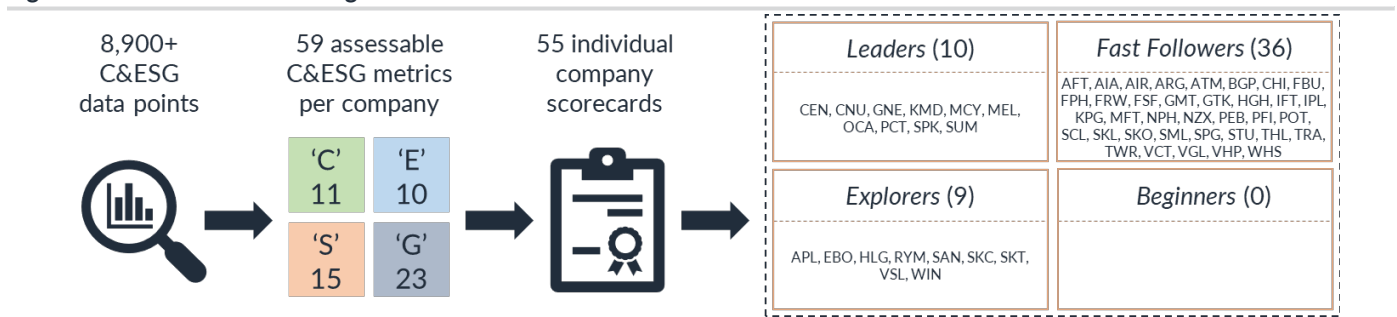
Executive summary

Shifts in economic policy, geopolitics, and technological disruption are continuously reshaping the investment landscape. The current explosive growth of artificial intelligence (AI), the reconfiguration of global trade and industrial policy, and deepening political polarisation have created a volatile environment for investors. Layered onto this turbulence is a backlash against ESG activities alongside the unwinding of climate-related policy commitments—this is particularly evident in NZ’s current policy direction.

This is our fourth annual assessment of how listed NZ companies are progressing with C&ESG activities. As investors and companies try to navigate this volatility and emerge from a prolonged economic downturn, this work provides a study of how the C&ESG practices of NZ companies are changing over time.

The data we collect acts as C&ESG due diligence on NZ companies and sits alongside our fundamental investment research analysis. It 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; and (4) help to identify areas of risk beyond traditional financial analysis that may warrant further investigation.

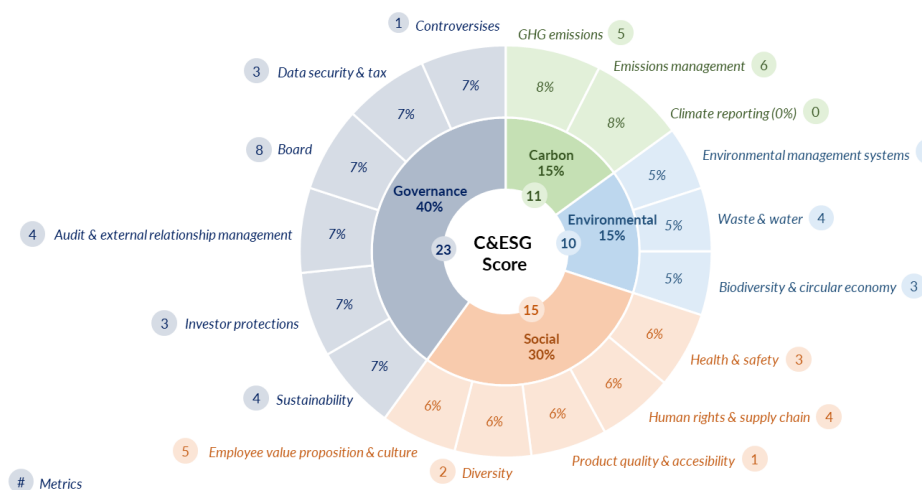
Figure 1. Our 2025 C&ESG ratings



Source: Forsyth Barr analysis

From ESG to C&ESG: A distinguishing characteristic between Forsyth Barr’s C&ESG ratings and other ESG rating providers is the separation of carbon (C) metrics from the environmental (E) section. We have found that C metrics dominate the constituent metrics of a typical E rating. We do not want to lose sight of the importance of other E matters, while also giving appropriate weight to the low-carbon transition currently underway.

Figure 2. C&ESG data collected



Source: Forsyth Barr analysis

We have found that:

- **Carbon** progress across NZ’s listed companies gained meaningful traction in 2025.
- While **environmental** performance improved modestly in 2025, there are signs of a plateau emerging.
- **Social** indicators advanced meaningfully in 2025, underpinned by steady gains across core metrics.
- Corporate **governance** standards were tested in 2025, reinforcing the need for shareholders to closely monitor factors such as concentrated ownership, board independence, and director capability and capacity.

The ESG landscape has shifted

NZ's climate agenda has entered a period of recalibration, reflecting a broader international pause and reset in sustainability ambition. The domestic policy focus has shifted toward pragmatism, balancing energy security and economic resilience against inflationary pressures, fiscal constraints, and geopolitical tensions. Globally, regional divergence is becoming more pronounced—Europe and parts of Asia remain steadfast in their ESG commitments, while the United States faces renewed political resistance following President Trump's return to power. For multinational businesses, this divergence presents a complex environment to navigate amid competing policy priorities.

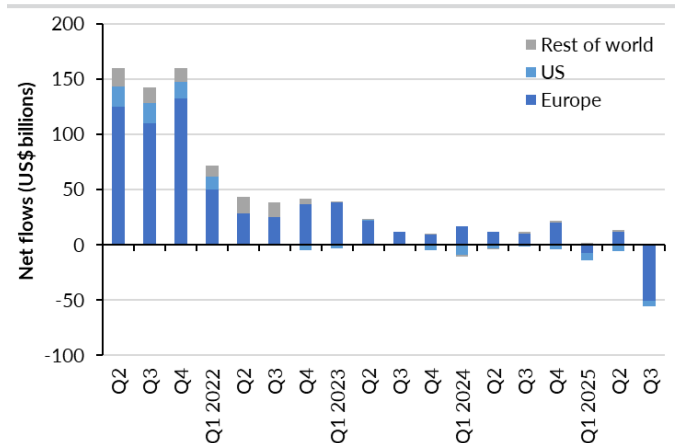
While the terms 'ESG' and 'sustainability' have become politicised in some circles, the underlying principles remain important. ESG extends well beyond carbon reduction to encompass the environmental, social, and corporate governance factors that can shape long-term business performance. The current backlash presents an opportunity to refocus on what matters most—credible progress, measurable outcomes, and transparent reporting.

In 2025, extreme weather events reinforced the need for resilience, adaptive infrastructure, and robust risk management. Heatwaves, floods, and droughts across regions including Europe, Asia, and the Americas disrupted energy, agriculture, and supply chains. NZ was not immune, with flooding, storm surges, and dry spells testing infrastructure built for a different era.

A successful transition from fossil fuels requires strategic foresight and coordinated planning. In mid-2025, NZ experienced a sharp rise in natural gas prices as a result of domestic gas production shrinking and winter demand intensifying. The resulting supply squeeze increased costs for industrial users and exposed vulnerabilities in electricity generation, where gas remains a critical backup to renewables. This underscores the operational and financial risks of delayed transition planning and the importance of managing energy security through the transition away from fossil fuels.

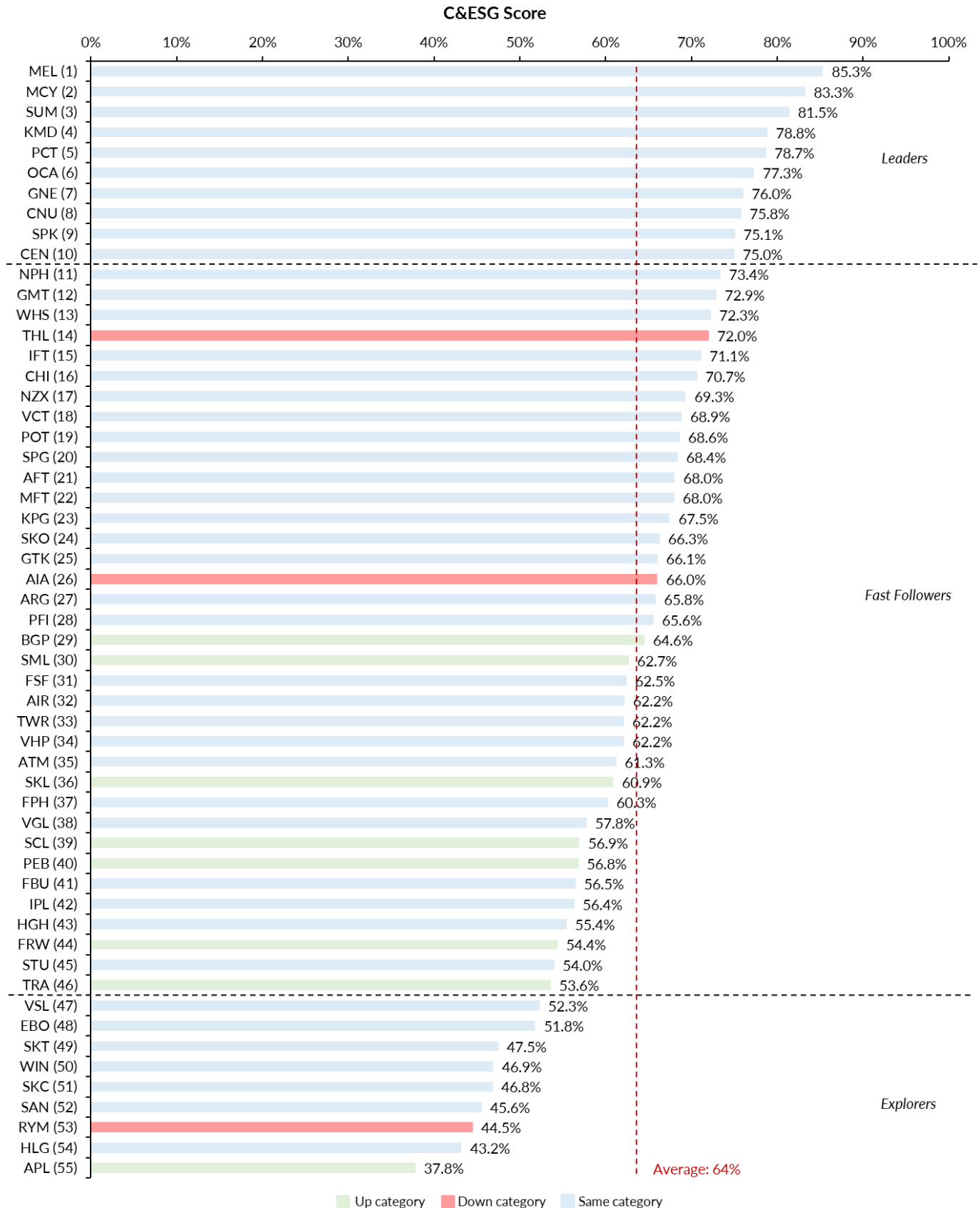
The challenge for investors is to distinguish transient policy noise from enduring structural shifts in energy, infrastructure, and corporate behaviour. The logic of sustainability as a central determinant of long-term value, risk, and resilience remains sound.

Figure 3. Sustainable fund flows have slowed but generally remain slightly positive ...



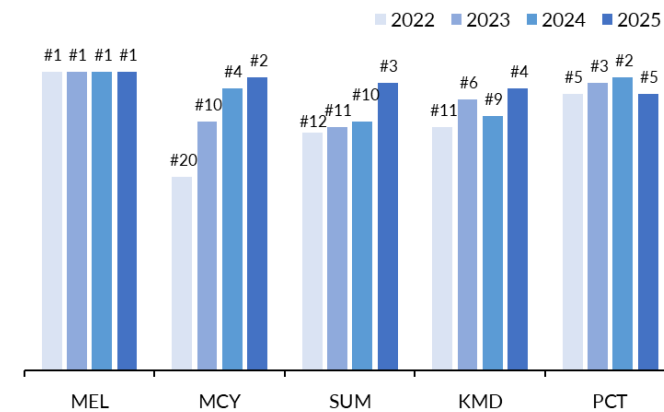
Findings snapshot

Figure 5. The state of play: Forsyth Barr's C&ESG ratings leaderboard for 2025



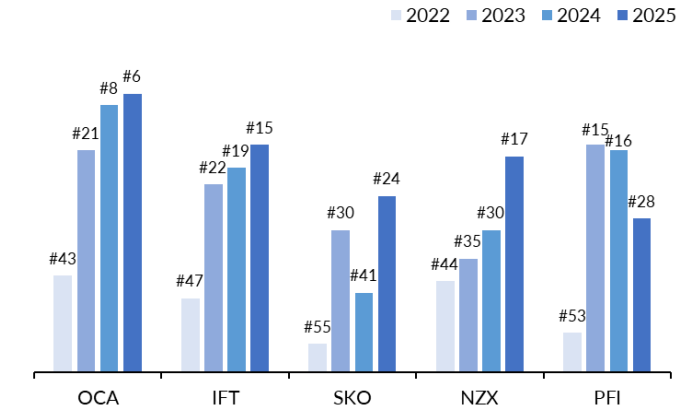
MEL deserves special recognition for maintaining its table-topping position for four consecutive years, since the ratings began—a notable achievement given the current backlash on ESG, the enhancements made to our methodology over the years, and our elevated performance expectations. **MCY** continued its upward rise, moving into second position (from third position last year and 10th position in 2023). **SUM** has jumped from 10th position last year to third position this year. Special mention goes to **PCT**, which has been a fixture in the top five since we began our C&ESG ratings.

Figure 6. 2025's top five C&ESG leaders blend enduring frontrunners with fresh ascenders



Source: Forsyth Barr analysis

Figure 7. Top five ranking climbers since inception showcase (mostly) steady progress



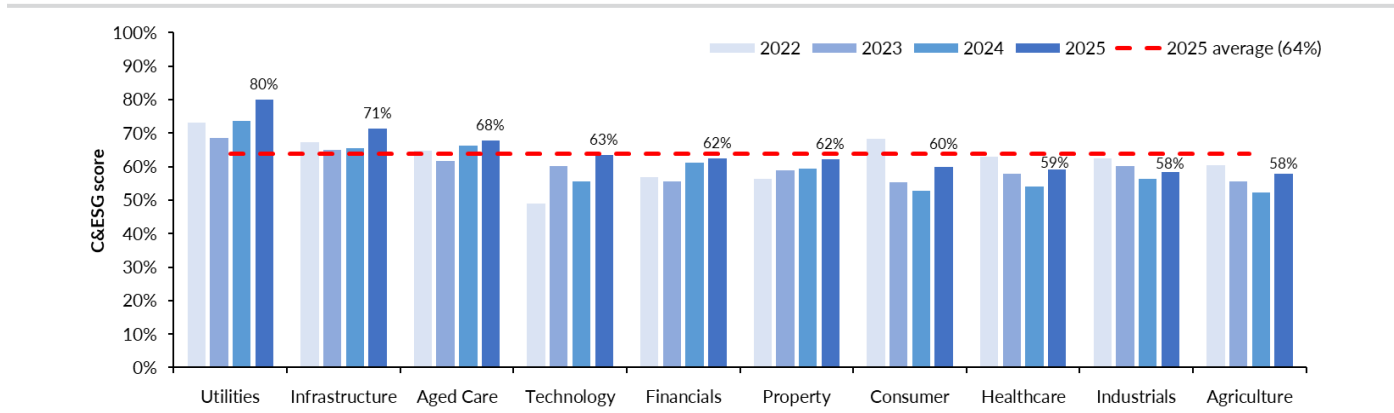
Source: Forsyth Barr analysis

The Leaders are ploughing on, despite policy uncertainty and international noise. We found that, predominantly, the Leaders and the fastest Fast Followers are continuing to run ahead, with those further down the table showing signs that progress is plateauing and, in some cases, stopping entirely. For many companies, competing priorities, resource constraints, a pragmatic approach to what can be achieved, and uncertainty around policy direction have led to consolidation rather than innovation. Transformative progress is now proving harder to sustain.

The biggest improver since the inception of our C&ESG ratings is Oceania Healthcare (OCA). Starting from a low base with a C+ score in 2022, this year OCA is in the Leader category for the second year running. Other notable improvers over that time period are Infratil (IFT), SKO, NZX Limited (NZX), and Property for Industry (PFI).

This is the first year we have not had any companies categorised as Beginners. The climate disclosures have had a significant impact, keeping companies focused on climate and sustainability more broadly. The raising of the thresholds for those companies required to report on climate means that of the 55 companies presently covered in our C&ESG ratings assessment, we estimate less than half will be required to report against the climate-related disclosure regime next year. Without the stick, we expect a pullback in ESG activity by the market in 2026.

Figure 8. Gentailers going strength to strength: 2025 C&ESG scores by sector



Source: Forsyth Barr analysis

The utilities sector was again the strongest-performing sector, with all four constituents (MEL, MCY, GNE, and CEN) now fixtures in the Leader category. Infrastructure jumped above aged care to take the second spot on a sector basis. We observe that sector movement has been fairly stable over the four years we have been assessing companies. Outside utilities, dispersion of sector scores is wide, revealing varying levels of commitment to the agenda.

Key themes

Carbon progress across NZ's listed companies gained meaningful traction in 2025. Over half of the companies with five-year datasets now show falling emissions trends. Participation in the Science Based Targets initiative (SBTi) also expanded, from 12 to 15 companies, including new participants Chorus (CNU), FBU, and MEL. Major emitters (FSF, GNE, CEN, and FBU) generally remain committed to Paris-aligned pathways, while MEL, Port of Tauranga (POT), Tourism Holdings (THL), and Kiwi Property Group (KPG) amended their targets to reflect practical transition constraints. The number of companies publishing climate transition plans (CTP) rose significantly, and the same eight entities still operate at net zero. Despite measurement complexity around scope 3 emissions, overall momentum suggests steady decarbonisation progress and a maturing market response to climate accountability.

Environmental performance improved modestly in 2025, but signs of stagnation are emerging. The number of companies committing to Green Star 6 projects held flat, while environmental fines fell to record lows. However, biodiversity and nature-related commitments stalled, with no increase in Taskforce on Nature-related Financial Disclosures (TNFD) uptake and fewer firms explicitly committed to protecting ecosystems. Waste tracking improved, though reductions remain limited. Overall, corporates are advancing compliance and sustainable building standards but have more work to do on protecting biodiversity, as well as resource efficiency.

Social indicators advanced meaningfully in 2025, underpinned by steady gains across bread-and-butter indicators. Companies strengthened parental leave and wellbeing initiatives, expanded modern slavery oversight, and lifted gender pay transparency. While we saw some serious workplace safety incidents in 2025, overall trends signal a maturing approach to social responsibility by companies.

Governance standards faced tests in 2025. Board refreshes, concentrated ownership, executive turnover, and equity raising pressures underscored the importance of independence and accountability. Nine companies now link both long- and short-term executive incentives to sustainability outcomes, while FBU and a2 Milk (ATM) remain the only issuers offering shareholders a 'say on pay'. Audit tenure risks persist, and transparency around board self-reviews remains limited, with only three companies publicly disclosing results. Major controversies at a handful of firms reminded investors that integrity and oversight remain critical pillars of corporate performance.

Figure 9. Carbon themes

53% of companies have a five-year declining trend in scope 1 and 2 emissions (versus 30% last year).

15/55 companies now have science-aligned emissions reductions targets which have been verified by the SBTi (up from 12 last year).

16/55 companies have climate transition plans which we have assessed as having sufficient detail, based on international best-practice.

4 companies moderated their emissions reduction targets.

8 companies that were operating at net zero carbon last year each continued to do so.

Source: Forsyth Barr analysis

Figure 10. Environmental themes

6 companies remain committed to reporting against the TNFD framework, though none have yet done so.

5 companies have been fined for environmental breaches in the last three years (down from nine last year).

71% companies have now been reporting their waste data for five years or more (up from 38% last year).

13 of these companies have a downward five-year trend in their waste data (versus seven last year).

Source: Forsyth Barr analysis

Figure 11. Social themes

71% of companies have human rights policies (up from 67% last year).

62% of companies publicly disclose their gender pay gap (up from 56% last year).

21 companies have parental leave policies we categorised as contemporary (up from 12 last year).

2 companies, unfortunately, reported workplace fatalities in 2025.

Source: Forsyth Barr analysis

Figure 12. Governance themes

9 companies have short- and long-term executive remuneration linked to the achievement of sustainability objectives (versus five last year).

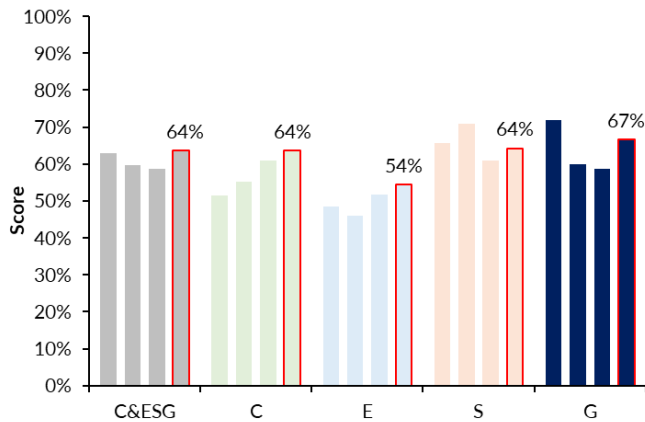
58% of companies have auditors with tenures greater than 10 years (versus 52% last year).

76% of companies' boards conduct annual self-reviews, though only three companies publicly publish the results.

4 companies fall short of best-practice standards requiring a majority of independent non-executive directors on the board

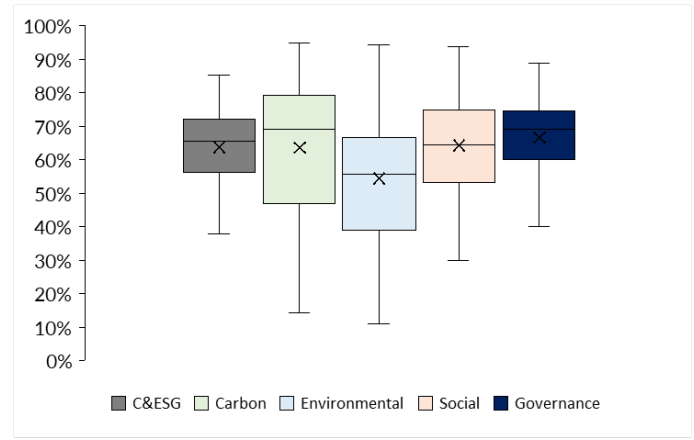
Source: Forsyth Barr analysis

Figure 13. Average overall and C, E, S & G scores through time



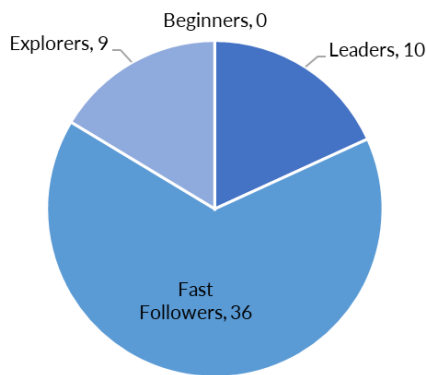
Source: Forsyth Barr analysis

Figure 14. Score distributions



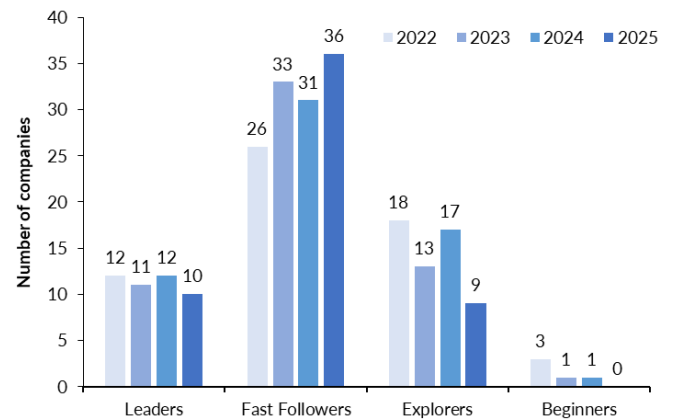
Source: Forsyth Barr analysis

Figure 15. Leaders, Fast Followers, Explorers, and Beginners ...



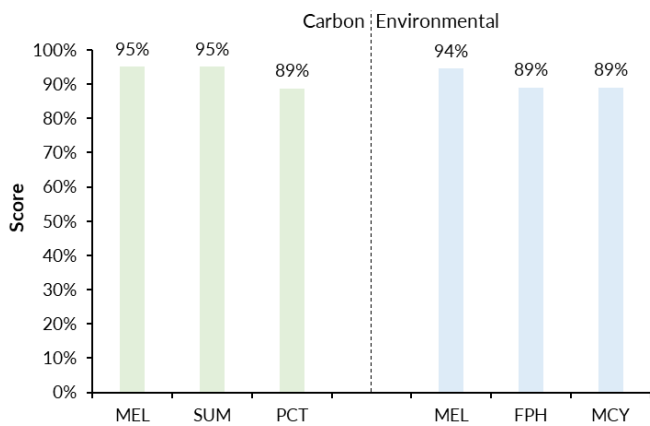
Source: Forsyth Barr analysis

Figure 16. ... through time



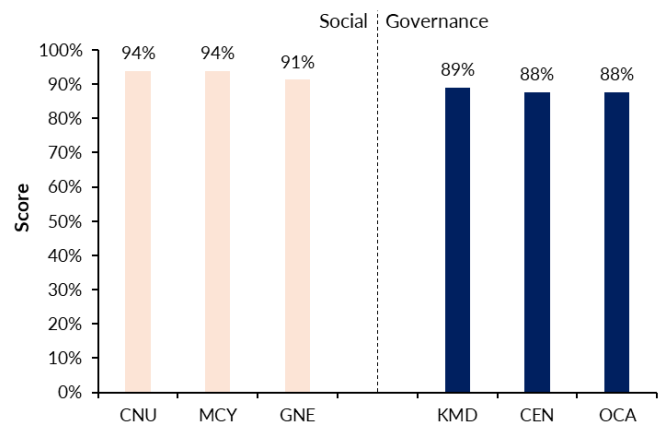
Source: Forsyth Barr analysis

Figure 17. Top three C & E scorers, 2025



Source: Forsyth Barr analysis

Figure 18. Top three S & G scorers, 2025



Source: Forsyth Barr analysis

Methodology changes were minimal this year. This year we kept the methodology as stable as possible so we could measure real progress. The main changes made were to the governance section as we incorporated findings from our recent paper *Governing New Zealand Listed Companies—Navigating Shifting Winds* (June 2025).

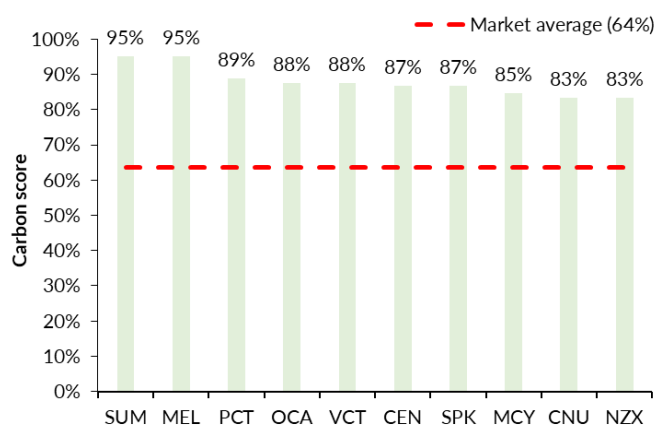
Detailed insights

Carbon: Emissions reductions gaining traction

Carbon scores continued to rise this year. With companies entering their third year of mandatory climate reporting, this was to be expected. All companies included in this assessment are Climate Reporting Entities (CREs). However, from next year, companies will only be required to report against the climate-disclosure standards if they have a market capitalisation greater than NZ\$1 billion. Of the 55 companies included in our ratings assessment, at present, we estimate only 26 will be CREs next year.

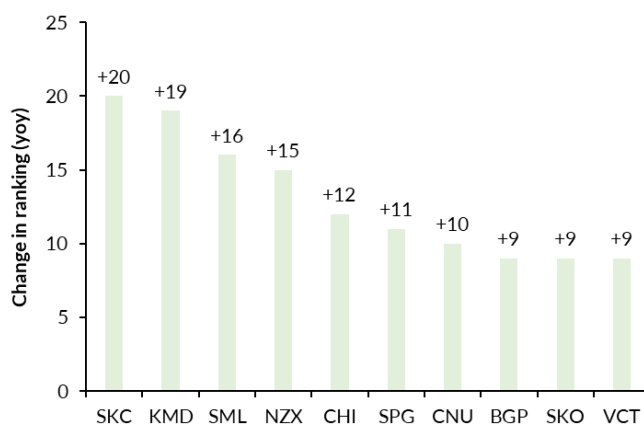
This year, SUM, MEL, PCT, Vector (VCT), CEN, and MCY retained their positions in the top 10 Carbon performers. OCA, Spark (SPK), CNU, and NZX are new entrants.

Figure 19. Top 10 Carbon performers



Source: Forsyth Barr analysis

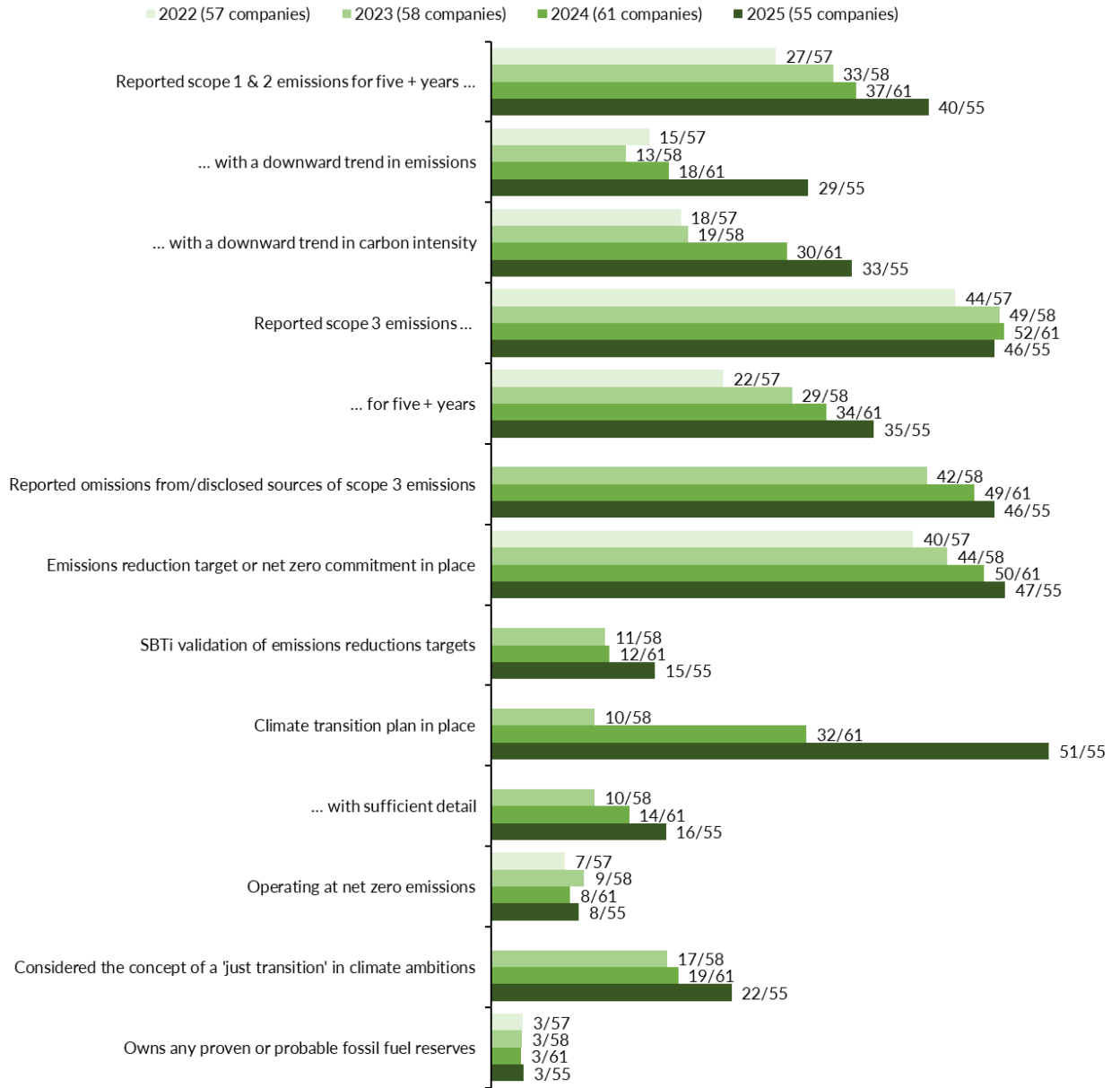
Figure 20. Top 10 Carbon improvers



Source: Forsyth Barr analysis

Methodology changes in the Carbon section were minimal this year. We removed questions that are now required by the climate disclosures, as we do not see benefit in positive scoring if disclosure is mandated.

Figure 21. Carbon insights

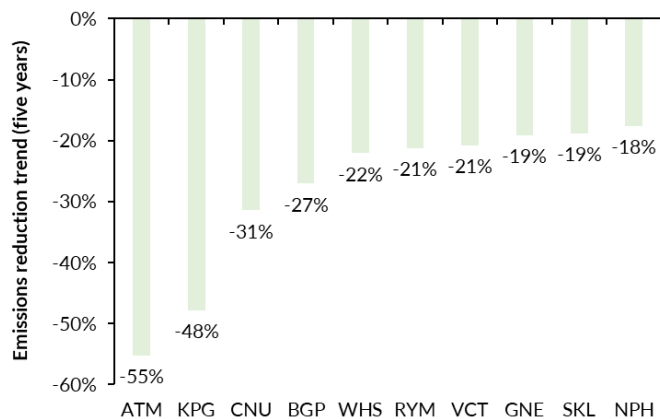


Source: Forsyth Barr analysis

Key conclusions

The work companies are putting into reducing emissions looks to be paying off. 40/55 companies have reported emissions for over five years and now 29 are showing a downward trend in absolute emissions, while 33 are showing a downward trend in carbon intensity. The companies making the greatest inroads with absolute-emissions reductions (scope 1 and 2) are: ATM, KPG, CNU, and BGP. We acknowledge VCT's efforts to decarbonise. This year, it achieved its 2030 emissions reduction target to be aligned with a 1.5°C world—five years early.

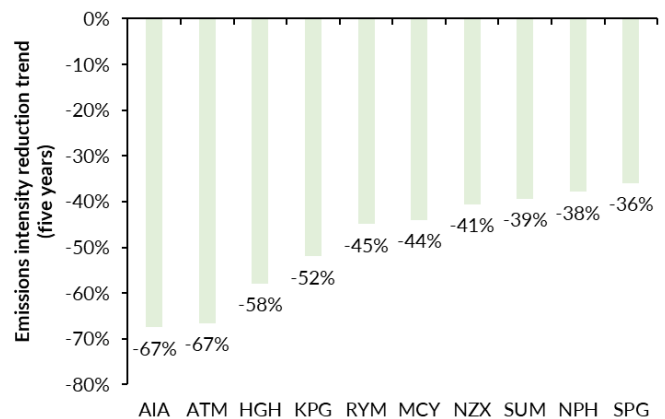
Figure 22. Five-year emissions (scope 1+2) trend, top 10 reducers



Source: Forsyth Barr analysis

Note: CHI & THL excluded. Trend calculated as the percentage change of average absolute emissions in FY-5 and FY-4 to FY-1 and FY0.

Figure 23. Five-year emissions intensity (scope 1+2) trend, top 10 reducers

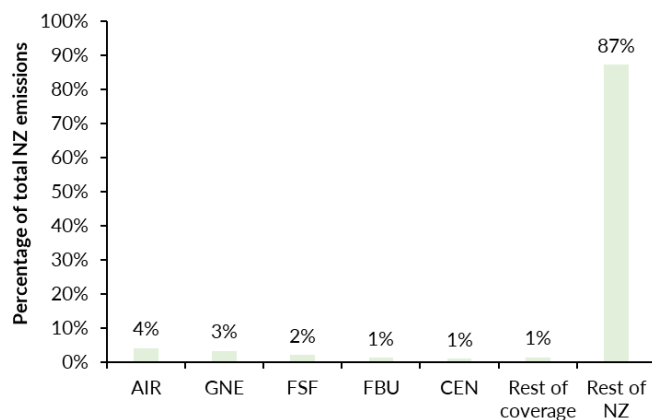


Source: Forsyth Barr analysis

Note: CHI & THL excluded. Trend calculated as the percentage change of average carbon intensity (using revenue as the denominator) in FY-5 and FY-4 to FY-1 and FY0.

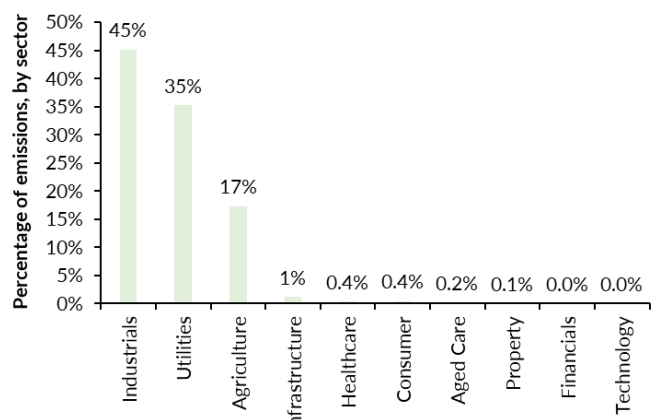
Emissions are relatively concentrated in NZ. The largest emitters include Air New Zealand (AIR), GNE, FSF, FBU, and CEN. This concentration highlights how decarbonisation is dependent on a small number of companies making significant progress. These five companies are showing mixed results in reducing their absolute emissions.

Figure 24. Percentage of NZ's total emissions (scope 1+2)



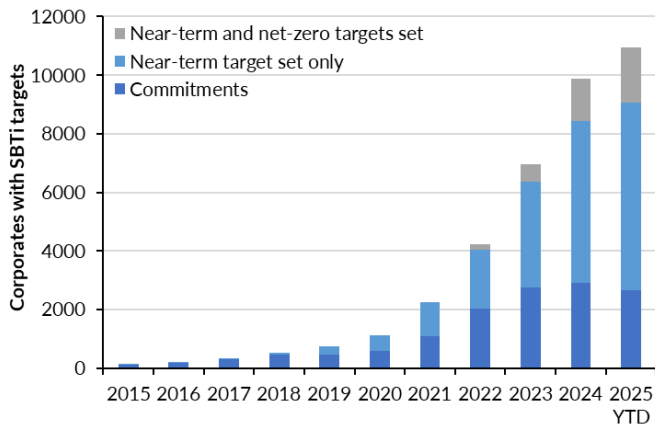
Source: StatsNZ, Forsyth Barr analysis

Figure 25. Portion of emissions (scope 1+2) by sector

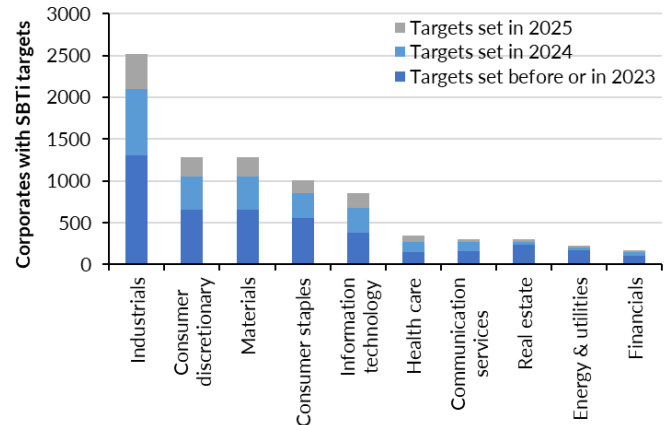


Source: Forsyth Barr analysis

The number of companies with verified science-based targets continues to grow—in NZ and globally. The Science Based Targets initiative (SBTi) is a framework that provides criteria for companies to develop science-based targets that contribute to keeping global temperatures well below 2°C above pre-industrial levels, in line with what is required to meet the objectives of the Paris Accord. We continue to be of the view that the SBTi is the most robust target-setting tool available to the global market. Despite noise around companies that have pulled out of the SBTi, it has continued to gain traction. Across the globe, ~11,000 companies have either already set emissions-reduction targets with the SBTi or have committed to set them. The number of companies with validated net zero targets had trebled by the end of the second quarter of 2025 compared to the end of 2023. SBTi targets now cover over 40% of global market capitalisation and a quarter of global revenue.

Figure 26. Companies with SBTi targets, globally


Source: Forsyth Barr analysis

Figure 27. SBTi targets by sector, globally


Source: Forsyth Barr analysis

Four of the five largest emitters in our coverage have emissions-reduction targets or commitments verified by the SBTi (GNE, FSF, FBU, and CEN). The odd one out is AIR, which notably withdrew its commitment to the SBTi last year. AIR's previous SBTi-approved target was to reduce carbon intensity (for 'well-to-wake' jet-fuel emissions) by -28.9% by 2030, compared to a 2019 baseline. In July 2024 the airline announced it would drop that target, citing delays in fleet renewal, limited availability of sustainable aviation fuel (SAF), and regulatory/policy barriers. On 1 May 2025 it released its revised '2030 emissions guidance', where it expects to reduce its net well-to-wake GHG emissions by -20% to -30% by 2030, again compared to 2019. AIR retained its longer-term goal of achieving net-zero carbon emissions by 2050.

Fifteen of the companies in our coverage now have their targets verified by the SBTi, up from 12 last year. The three newly verified companies are CNU, FBU, and MEL. An additional two companies are awaiting verification: MCY and PCT.

Figure 28. NZ companies with SBTi targets

2024			2025		
	Number	Company		Number	Company
Companies with targets verified by SBTi	12	CEN, FSF, FPH, GNE, IFT, KMD, OCA, RYM, SKC, SML, SPK, SUM		15	CEN, CNU, FPH, FBU, FSF, GNE, IFT, KMD, MEL, OCA, RYM, SKC, SML, SPK, SUM
Newly verified	3	FSF, OCA, RYM		3	CNU, FBU, MEL
Targets submitted and awaiting approval	2	MEL, MCY		2	MCY, PCT
Withdrawn from SBTi	1	AIR		0	
Science-aligned but not verified by SBTi	18	AFT, AIA, ATM, BGP, CNU, CVT, FBU, GMT, HGH, NZX, POT, SAN, SPG, THL, TWR, VCT, VGL, WHS		13	AFT, AIA, ATM, BGP, GMT, HGH, NZX, SAN, SPG, TWR, VCT, VGL, WHS
No targets	23			20	

Source: Forsyth Barr analysis

We note four companies have moderated their climate targets this year:

- **MEL:** Revised its 2030 targets, keeping the -50% scope 1 and 2 (market-based) cut by FY30 but changing scope 3 to an intensity target: -51.6% per MW of installed capacity by FY30. This replaces the prior -50% absolute scope 3 cut.
- **POT:** Revised its targets, moving from targeting a -5% annual reduction in the intensity of scope 1 and 2 and some scope 3 emissions, without relying on offsets, to: (1) a -15% reduction in absolute emissions by 2035; and (2) a -28% reduction in emissions intensity by 2035, using 2023 as the base year. Both targets relate to scope 1 and 2 emissions only. POT determined that near-term science-aligned targets were not a feasible option for the group at this stage.
- **THL:** Updated its methodology for calculating emissions, set a new base year, and set new targets relevant to these changes. The new targets do not include scope 3 due to a current lack of a viable pathway for THL to transition its fleet.
- **KPG:** Refreshed its sustainability strategy. Previously, KPG's ambitions included a broad target to become 'net carbon negative' by 2030 for scope 1, scope 2, and selected scope 3 emissions—meaning more offsets than emissions in that year via voluntary carbon credits. The revised strategy (covering 2025–2030) replaces the 'net carbon negative' phrasing with specific quantitative targets: e.g. a -20% reduction in operational GHG emissions (scope 1, scope 2, and selected scope 3) by 2030. In the new strategy, KPG places higher priority on climate-risk mitigation and adaptation—for example, targeting that 100% of assets have climate-risk plans by 2027, and that 100% of new developments be designed for climate resilience.

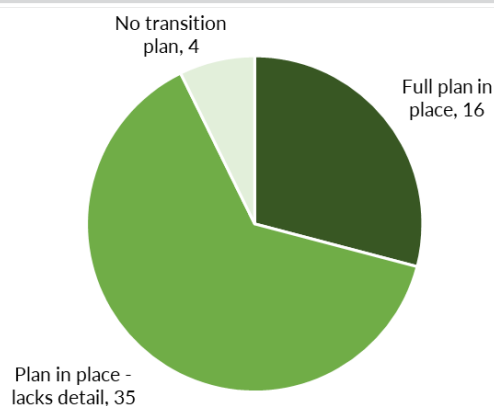
The revisions by POT and THL highlight the challenges that carbon-intensive industries have in transitioning to a low-carbon economy. For POT, shifting to electric or hybrid straddles, straddle carriers, stacking cranes, and tugs underscores a costly transition dependent on technologies still maturing. For THL, electrifying its fleet is not yet a viable option.

The number of companies disclosing climate-transition plans (CTPs) was the area of greatest improvement in the carbon section. This was as expected, with the end of the CTP adoption provision for mandatory climate reporting. This year we spent some time assessing whether CTPs provided us with sufficient detail. We based our assessment on some of the requirements of the International Sustainability Standards Board (ISSB) and looked for:

- Initiatives to show how a company will meet its targets.
- Reliance on current and future technology to meet targets.
- Clear and quantifiable decarbonisation pathways, linked to capital allocation.
- Adaptation and mitigation efforts.
- Commentary around the resilience of the business to withstand sudden and prolonged climate risks, including the resilience of supply chains.

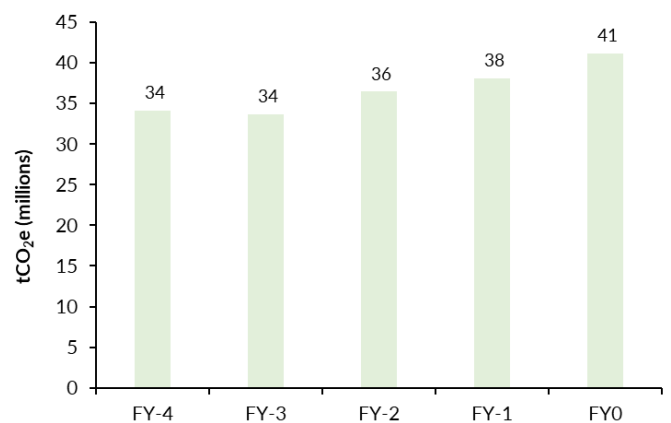
We recognise that what we were looking for in a CTP is different from guidance produced by the External Reporting Board (XRB) on transition planning. In our assessment we deemed the following 16 companies to have full CTPs: Auckland Airport (AIA), AIR, ATM, CEN, Channel Infrastructure (CHI), CNU, FSF, GNE, KPG, MCY, MEL, Napier Port (NPH), Stride Property (SPG), SPK, SUM, and VCT.

Figure 29. Our assessment of climate transition plan maturity



Source: Forsyth Barr analysis

Figure 30. Total reported scope 3 emissions in our coverage



Source: Forsyth Barr analysis

Other insights:

- **Eight companies continue to operate at net zero.** These are the same eight companies that stated they were operating at net-zero emissions last year: Argosy (ARG), Goodman Property (GMT), MEL, NZX, PCT, PFI, SkyCity (SKC), and SUM.
- **The number of companies considering the concept of a 'just transition' rose from 19/61 (2024) to 22/55 (2025).**

Scope 3 numbers continue to be a minefield to decipher. In our framework we reward companies that have been tracking, measuring, and reporting scope 3 emissions. To date, however, we haven't focused much on what the numbers tell us, mostly because it can be subjective as to what sources of emissions are included in figures. Additionally, data can be highly changeable as companies figure out ways to better collect and calculate data. We expect companies to be disclosing their most material scope 3 emissions sources. This enables the market to understand what goes into the numbers and, therefore, how comparable the numbers are.

Spotlight on KMD

KMD Brands (KMD) was the biggest improver in the Carbon category this year.

For Carbon, KMD moved from a B- in 2024 to an A in 2025. KMD showed improvement in the following areas:

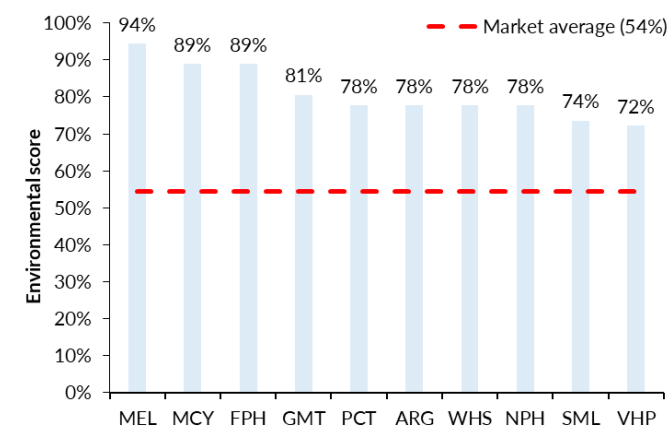
- Ticking over to five years of publicly reporting emissions data.
- Having a declining trend in absolute scope 1 and 2 carbon emissions over the last five years.
 - Showing the same trend for carbon intensity.
- Having now tracked, measured, and reported three years of scope 3 emissions.
- Providing a CTP, although it lacked some detail so it did not receive full marks.

Environmental: Improving but signs of stagnation emerging

The health of the environment and the health of the economy are interconnected. Businesses use natural resources as their raw materials, so when ecosystems break down or when biodiversity diminishes, there are implications for raw-material costs, as well as disruptions to business operations and supply chains. Finding a state where our demands on nature do not exceed its supply is becoming increasingly important. As awareness of the importance of nature to the economy grows, expectations on businesses to operate more sustainably increase.

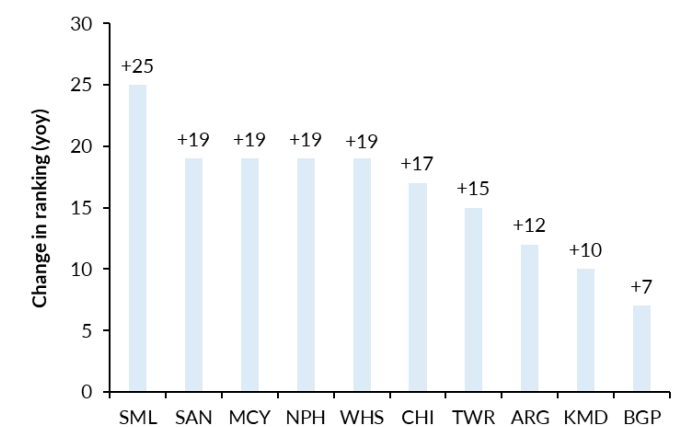
While the Environmental category continues to be the hardest section for companies to score well, scores generally continued to trend gradually upward. This year, MEL, Fisher & Paykel Healthcare (FPH), GMT, PCT, and Vital Healthcare (VHP) retained their positions in the top 10 Environmental performers. MCY, ARG, Warehouse Group (WHS), NPH, and Synlait Milk (SML) are new entrants. Special mention goes to MCY, which jumped to second place from being outside the top 10 last year. We made no changes to the Environmental methodology this year.

Figure 31. Top 10 Environmental performers



Source: Forsyth Barr analysis

Figure 32. Top 10 Environmental improvers



Source: Forsyth Barr analysis

Key conclusions

Global momentum on nature reporting is increasing rapidly, but NZ's uptake remains slow. NZ companies committed to voluntarily report against the TNFD remained stagnant this year at six. None of these six companies have yet reported against the regime. The TNFD seems to be gaining momentum internationally. This year, the TNFD reported that the number of organisations committed to making disclosures aligned with its recommendations rose to 733, marking a +46% increase since October last year. Japan is the country with the most adopters (210), followed by the UK (92) and Taiwan (34). In NZ, there is only one company—Lyttelton Port—that is officially recognised as a TNFD adopter.

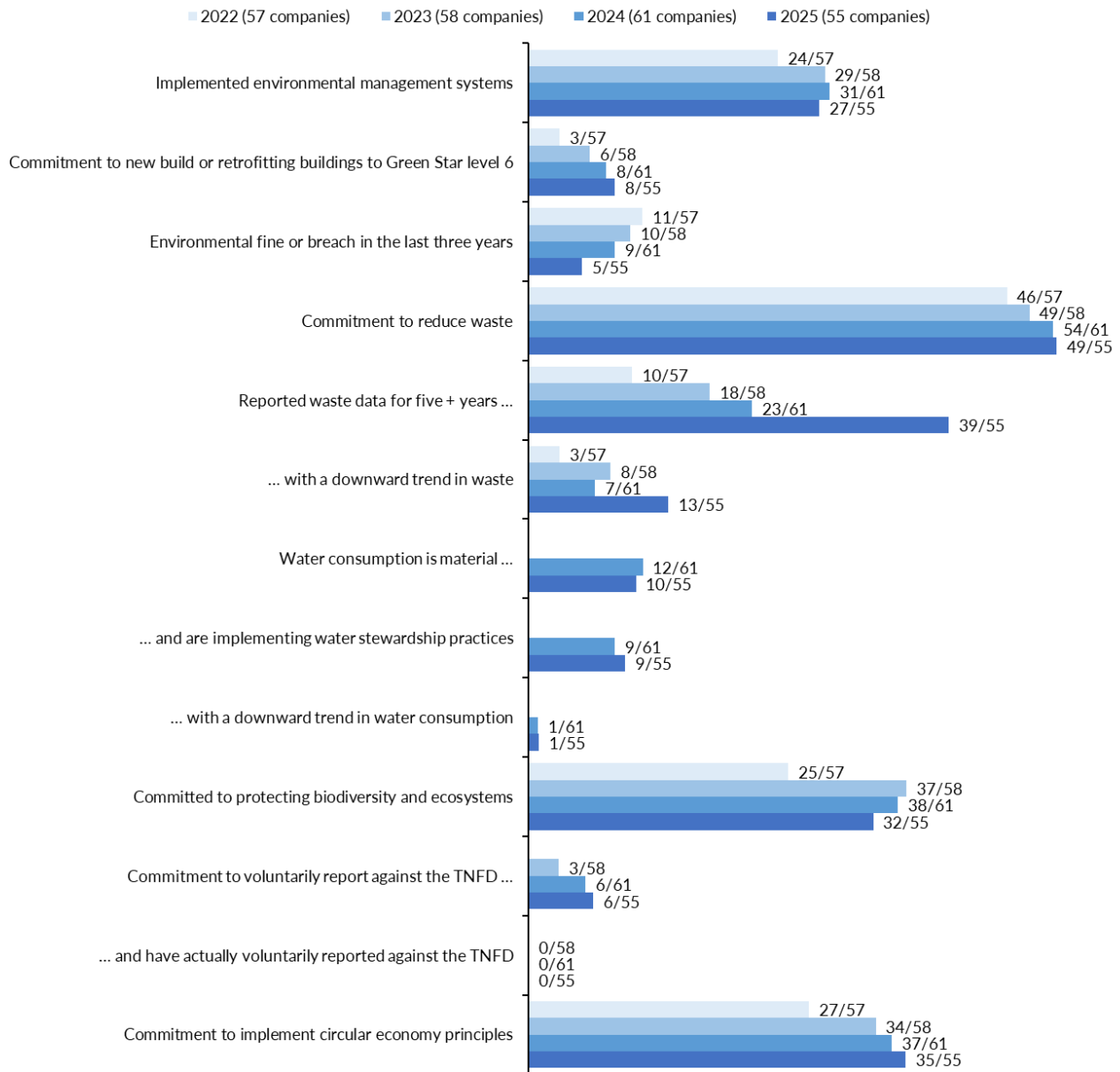
The concept of nature as a supplier began to be discussed at different business and governance forums this year, driven by Izzy Fenwick (Director, The Aotearoa Circle). Fenwick invites business boards and executives to think of nature not as a backdrop or an optional 'good to have', but as their most critical supplier. She describes a scenario: 'Your CFO walks in and says your supplier is failing, you've never properly audited them, you have no backup, you've underpaid them...'—and then reveals that supplier is nature. She goes on to make the point that if you lose or degrade this supplier (nature), you lose your ability to deliver value. If you have never properly paid or valued the supplier, then nature has been absorbing the cost of this neglect. And now the 'debt collector' has come knocking in the form of climate events, natural disasters, supply-chain shocks, insurance-premium hikes, and stranded assets.

Spotlight on SML

SML was the greatest improver in the Environmental category this year, moving from a C+ in 2024 to an A in 2025. SML's improvement was underpinned by strength in the waste and water subsection where:

- It now has five years of waste data, and its trend trajectory is stable.
- SML has also now reported five years of water-consumption data and is showcasing a meaningfully declining trend—the only company in our coverage to do so.

Figure 33. Environmental insights



Source: Forsyth Barr analysis

Other interesting insights

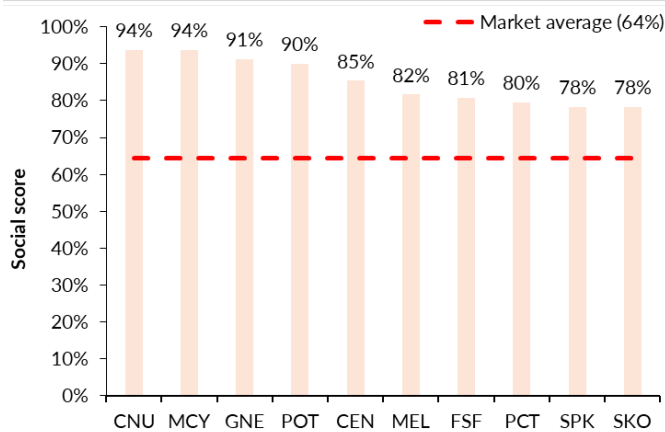
- Progress on the built environment continues. While the number of companies that have committed to new-build or retrofit buildings to the Green Star 6 standard held flat at eight, 16 companies have now committed to the Green Star 5 standard.
- We saw a significant decrease in companies that have received environmental fines over the last three years, from 11/57 in 2022, to 10/58 in 2023, 9/61 in 2024, and then 5/55 this year.
- The number of companies that have now been reporting waste data for over five years jumped from 23 to 39. However, only 13 of those companies are recording a downward trend in waste numbers.
- The proportion of companies with commitments to implement circular-economy principles continued its gentle rise upwards, increasing incrementally from 47% (2022), 59% (2023), 61% (2024), to 62% (2025).
- On the negative side of things, for companies where water consumption is a material issue, only SML is reporting a downward trend in water use.
- Also on the negative side, the percentage of companies committed to protecting biodiversity and ecosystems declined from 62% (2024) to 58% (2025).

Social: Steady gains

In designing the methodology for the Social pillar of our ratings, we remained of the view that companies should have standard policies in place for managing health and safety, human rights, and supply-chain issues. In addition, companies should be modernising employee-value-proposition policies and measuring diversity metrics. We also want to know if there have been any product-quality or service-fault issues. Over time, we've been removing indicators when the market (i.e. all companies) is predominantly acting as we would hope.

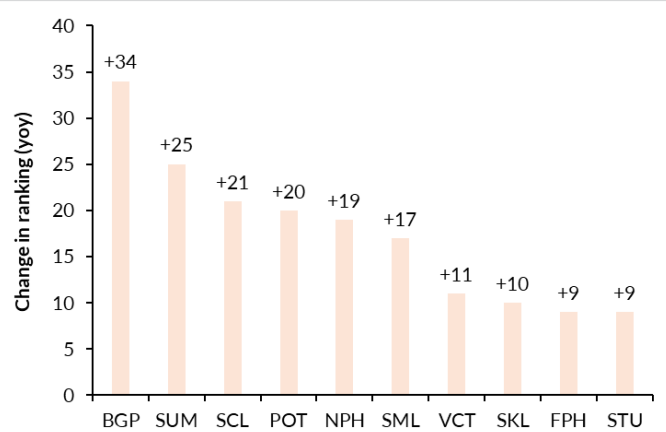
This year saw steady improvements on the majority of metrics for this Social category. We made only minor amendments to the Social category methodology, so these improvements clearly reflect real progress. This year, CNU, MCY, GNE, CEN, MEL, and SPK retained their positions in the top 10 Social performers. POT, FSF, PCT, and SKO are new entrants. BGP leapfrogged an impressive +34 rankings up the Social leaderboard. Below we outline what BGP has changed to cause its score to jump so significantly.

Figure 34. Top 10 Social performers



Source: Forsyth Barr analysis

Figure 35. Top 10 Social improvers



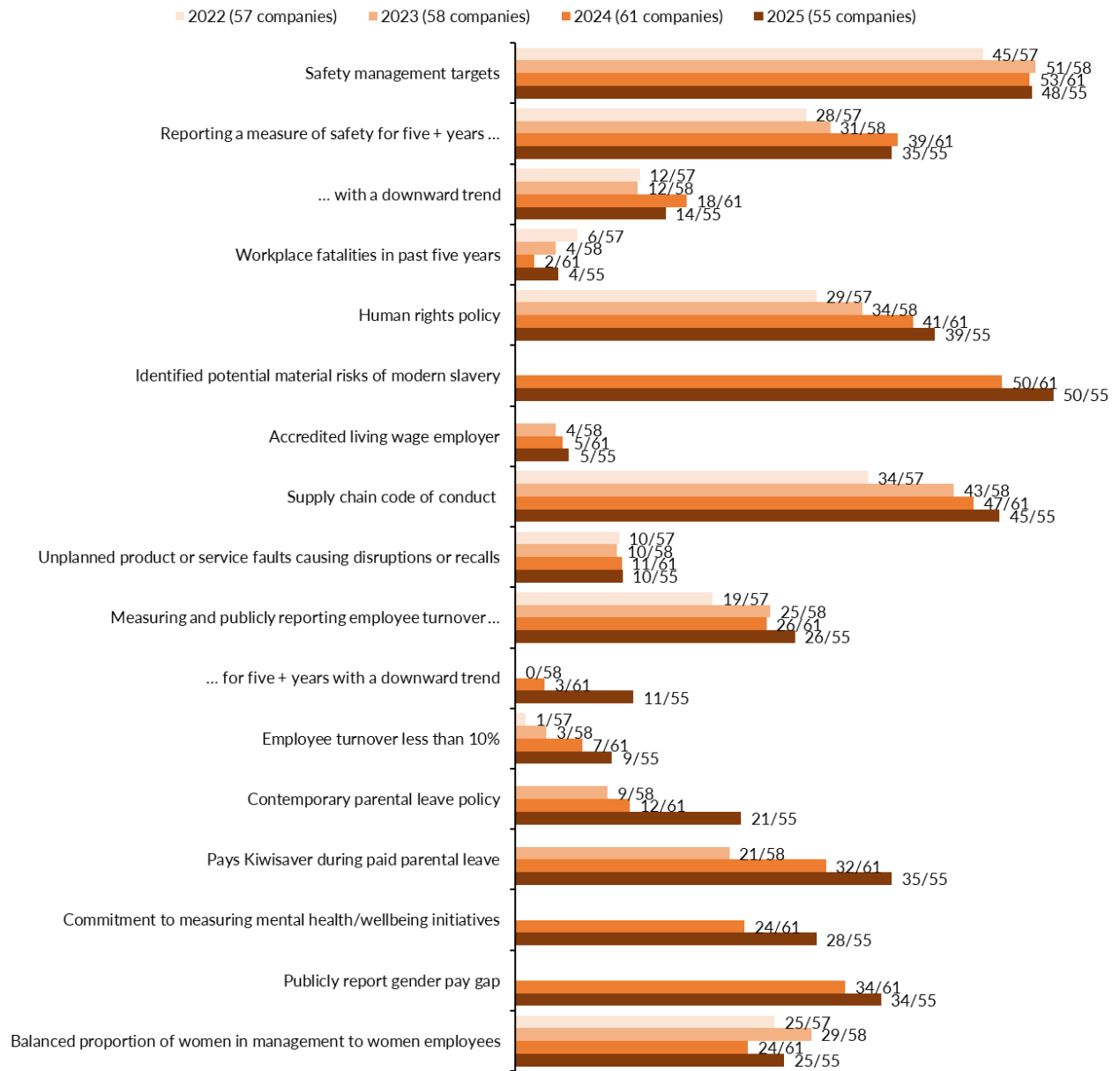
Source: Forsyth Barr analysis

Spotlight on BGP

BGP was the biggest improver in the S category this year, moving from a C+ in 2024 to an A in 2025. BGP showed improvement in the following areas:

- Putting safety-management targets in place.
- Ticking over to having five years of data on a safety measure and, positively, reporting a downward trend.
- Identifying where across its business there may be material risks of modern slavery.
- Its employee-turnover data now shows a downward five-year trend.
- Modernisation of its parental-leave policy, offering leave benefits for both primary and secondary carers beyond statutory requirements, employer KiwiSaver contributions during government-paid parental leave, continued inclusion of employees in remuneration reviews and promotion opportunities, as well as flexible-working arrangements following parental leave.
- Public reporting of its gender-pay gap for the first time.

Figure 36. Social insights



Source: Forsyth Barr analysis

Key conclusions

On the positive side:

- 71% of companies now have human-rights policies in place, up from 51% in 2022.
- 89% of companies are taking efforts to identify where, across the business, there might be potential risks of modern slavery, up from 82% in 2024.
- 80% of companies have codes of conduct in place for their supply chain, up from 60% in 2022.
- We saw a significant jump in companies with contemporary parental-leave policies, from 9/58 in 2023 to 12/61 in 2024 and then 20/55 this year.
 - We saw improvement in the number of companies continuing to make KiwiSaver contributions during parental leave—from 21/58 in 2022 to 32/61 last year and 35/55 this year.
- 50% of companies are measuring the impact of their mental-health and wellbeing initiatives, up from 39% last year.
- 62% of companies are publicly reporting their gender-pay gap, up from 56% last year. Four companies in our data set publicly reported their gender-pay gap for the first time. These were: BGP, Freightways (FRW), POT, and SUM.

On the negative side:

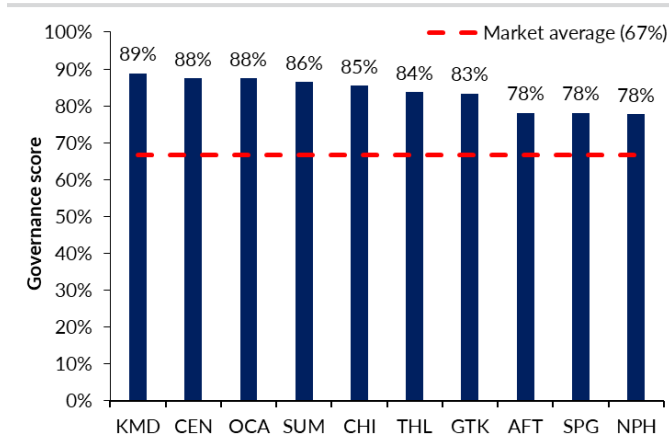
- Unfortunately, we observed an increase in reported workplace fatalities in 2025, with FBU and FRW both dealing with events this year.
- We saw no improvement in the number of companies accredited as Living Wage Employers—it remained stable at five: ARG, GNE, Heartland Group (HGH), Tower (TWR), and VCT.
- We saw only a small increase in the percentage of companies with a balanced proportion of women in management to women employees (2025: 45%, 2024: 39%).

Governance: Board dynamics come to the fore

Good corporate governance remains the cornerstone of sustainable business performance. It ensures boards are effective stewards of strategy, capital, and risk management, while maintaining integrity and trust with shareholders. Reflecting its central role, the Governance pillar carries a 40% weighting in our methodology for companies in all sectors. The 2025 review also draws on insights from our recent report *Governing New Zealand Listed Companies—Navigating Shifting Winds* (June 2025), which explored the evolving balance between independence, influence, and performance across listed issuers.

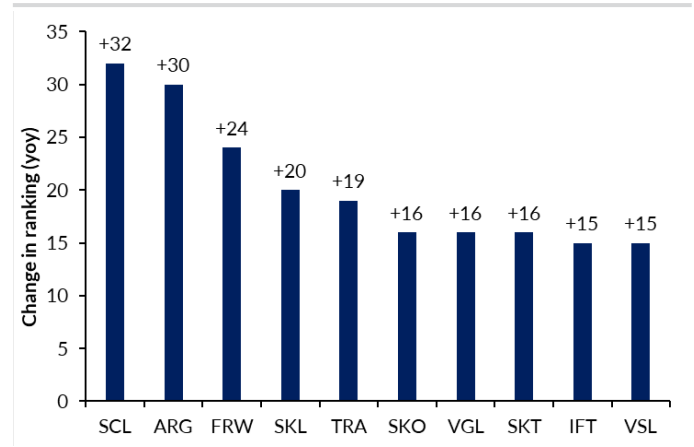
Governance scores were broadly stable this year, though several companies made meaningful progress. KMD Brands (KMD), CEN, OCA, SUM, CHI, and NPH retained their positions in the top 10 rankings for the Governance section. THL, Gentrack (GTK), AFT Pharmaceuticals (AFT), and SPG are new entrants. SCL gained an impressive +32 places up the leaderboard, shifting from 58th to 26th.

Figure 37. Top 10 Governance performers



Source: Forsyth Barr analysis

Figure 38. Top 10 Governance improvers



Source: Forsyth Barr analysis

Persistent governance pressure points are evident. One in four companies has a shareholder owning more than 25% of its equity, and a further 44% have a major minority shareholder with a stake between 10% and 25%. Such concentration can create tension between independence and control, particularly when major shareholders influence board composition or strategic decisions. This year, we saw evidence of this playing out in the market. NZME (NZM, not rated), PGG Wrightson (PGW, not covered), Rakon (RAK, not rated), and SML all experienced situations where controlling shareholders destabilised governance structures, accelerating board or executive turnover. Sometimes such actions can be disruptive. Other times, they can be more stabilising. It reinforces the importance of independent governance in maintaining market confidence, especially amid financial headwinds.

Figure 39. Significant shareholders

Companies with largest shareholder owning >25%	Companies with largest shareholder owning between 10% and 25%	Companies with largest shareholder owning <10%
14 companies: AFT, AIR, BGP, GMT, GNE, MCY, MEL, NPH, POT, SML, VCT, VHP, WHS, WIN	24 companies: APL, ARG, CNU, FBV, FRW, HLG, IPL, KMD, KPG, MFT, PEB, SAN, SCL, SKC, SKL, SKO, SKT, SPG, STU, THL, TRA, TWR, VGL, VSL	17 companies: AIA, ATM, CEN, CHI, EBO, FPH, FSF, GTK, HGH, IFT, NZX, OCA, PCT, PFI, RYM, SPK, SUM

Source: Forsyth Barr analysis

Figure 40. Recent examples of board/executive churn

Company	Description	Cause of board/executive churn
NZM*	2025: Activist Jim Grenon attempted full board removal; compromise installed Steven Joyce (Chair) and Grenon (non-independent director).	Activist shareholder
PGW*	2024–25: Agria (44% shareholder) sought board control; at the 2025 AGM Agria plus Elders (together with 57% ownership) ousted the independent Chair and Deputy.	Large shareholders
RAK*	2025 AGM: Major shareholders Robinson (4%) and Siward (12%) withdrew support for independents; the independents quit; a new director was added to retain NZX compliance.	Large shareholders
FBU	2024–25: Major board refresh and CEO change after weak performance.	Unsatisfactory performance led to an equity raise that was dilutive for minority shareholders
RYM	2024–25: CEO and Chair transitions; NZ\$1b equity raise (second equity raise in short succession).	Unsatisfactory performance led to an equity raise that was dilutive for minority shareholders
SKC	2024–25: CEO and two CFOs resigned; NZ\$240m equity raise amid regulatory pressure.	Unsatisfactory performance led to an equity raise that was dilutive for minority shareholders
SML	2024–25: Founder John Penno left; Chair George Adams appointed; Bright Dairy raised its stake from 39% to 65% via recapitalisation; ATM retained ~20%.	Unsatisfactory performance led to an equity raise that was dilutive for minority shareholders
HGH	2024: CEO Jeff Greenslade retired; new CEO Andrew Dixon; board refresh.	Unsatisfactory performance
SAN	2021–24: CEO changes, interim leadership, new CEO David Mair (May 2024).	Unsatisfactory performance
HLG	Sep 2025: CEO Chris Kinraid resigned suddenly despite strong performance. Glasson family owns ~20%.	Currently unexplained

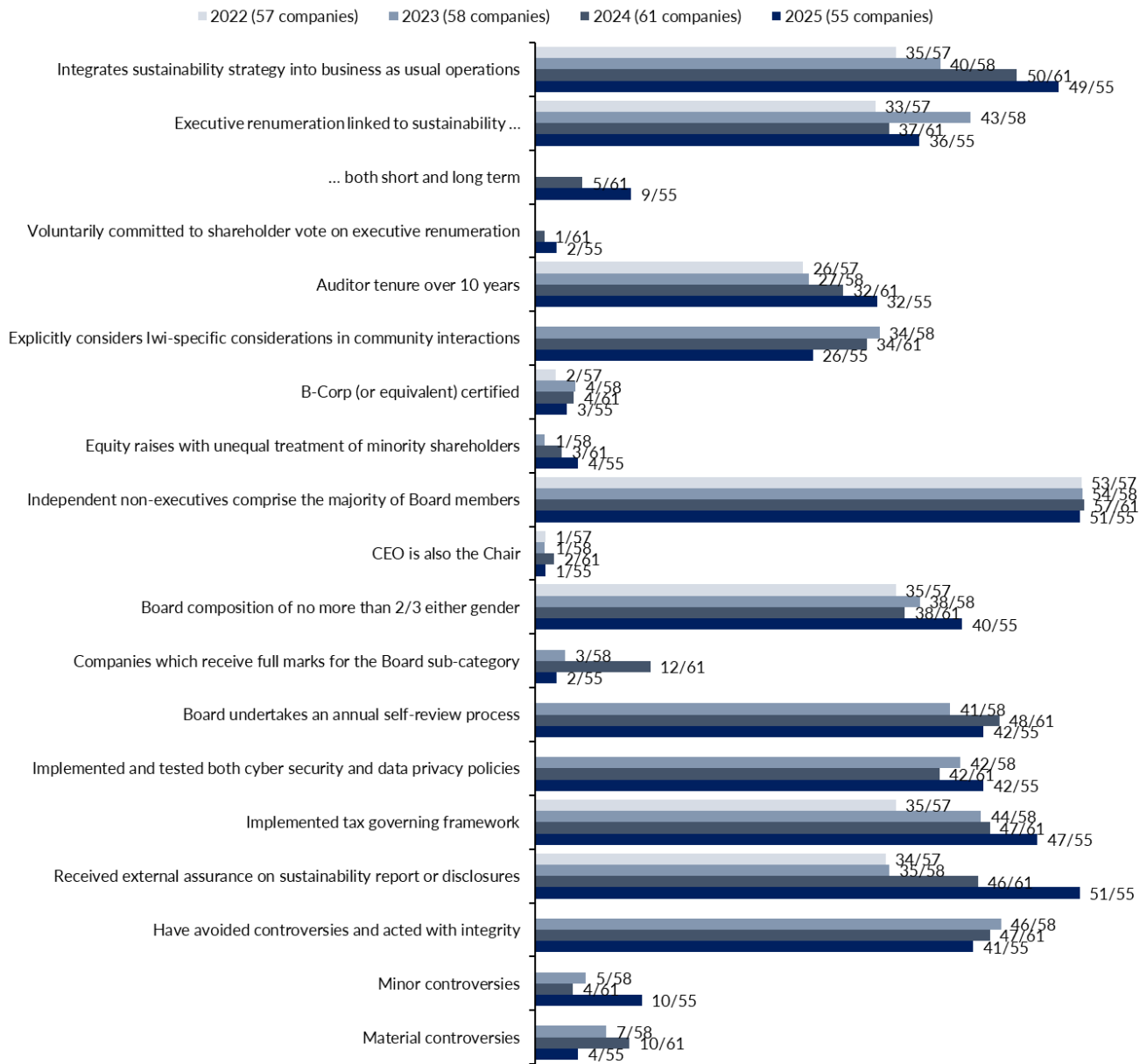
Source: Forsyth Barr analysis

* Not covered in C&ESG ratings; information included for interest

Capital-raising activity also intensified through the last twelve months, with 15 companies having now raised equity in the last three years. Four of these (FBU, Ryman Healthcare [RYM], SKC, and SML) were marked down for unequal treatment of minority shareholders. The preceding figures illustrate how governance stress often coincides with financial strain. Refer to Figure 45 for details on our assessment of recent equity raises.

2025 reaffirmed that strong governance underpins corporate resilience. Board independence, transparency, and accountability can be important competitive advantages. The year's events highlight that **integrity and oversight remain the foundation of long-term value creation in NZ's listed market.**

Figure 41. Governance insights



Source: Forsyth Barr analysis

Key conclusions

Companies are increasingly linking long-term incentive plans (LTIP) to sustainability activities. The number of companies linking sustainability performance to both short- and long-term executive incentives rose to 9/55, from 5/61 last year. Five of those companies (CEN, CHI, GNE, Investore [IPL], and SPG) were doing this in 2024 and have carried it over into 2025. The four additional companies that have now linked sustainability to both short- and long-term remuneration are FSF, KMD, MEL, and SCL.

Figure 42. Executive remuneration is increasingly being linked to the achievement of sustainability objectives

	2025		2024	
	Number of companies	%	Number of companies	%
Part of annual performance appraisal and LTIP	9	16%	5	8%
Part of annual performance appraisal or LTIP	27	49%	31	51%
No link to remuneration	19	35%	25	41%
Total	55	100%	61	100%

Source: Forsyth Barr analysis

Figure 43. Executive remuneration is increasingly being linked to the achievement of sustainability objectives ...

	2025		2024	
	Number of companies	%	Number of companies	%
Part of annual performance appraisal and LTIP	9	16%	5	8%
Part of annual performance appraisal or LTIP	27	49%	31	51%
No link to remuneration	19	35%	25	41%
Total	55	100%	61	100%

Source: Forsyth Barr analysis

Figure 44. ... with many linking it to both long- and short-term incentive plans

Company	2025	2024
APL	Part of LTIP linked to sustainability	No executive remuneration linked to sustainability
FSF	Both annual performance and LTIP linked to sustainability	Part of LTIP linked to sustainability
KMD	Both annual performance and LTIP linked to sustainability	Part of LTIP linked to sustainability
MEL	Both annual performance and LTIP linked to sustainability	Part of LTIP linked to sustainability
SCL	Both annual performance and LTIP linked to sustainability	No executive remuneration linked to sustainability

Source: Forsyth Barr analysis

Two companies are leading the NZ market by putting their executive remuneration reports forward for shareholder vote: FBU and ATM. Last year, we asked for the first time whether companies intended to voluntarily submit their executive remuneration reports for shareholder approval. In 2024, only FBU undertook this practice; this year, ATM joined them. While such votes are not a legislative requirement in NZ—as they are in Australia—we would like to see this practice become more common locally. Providing shareholders with a vote on remuneration reports increases the board’s accountability for pay decisions. In 2024, 11% of shareholders voted against accepting FBU’s remuneration report, while in 2025, 99.6% voted in favour.

Figure 45. Equity raises and minority shareholder treatment

Positive	Neutral	Negative
AIR	AIA	FBU
CHI	EBO	RYM
NZX	HGH	SKC
VSL	IFT	SML
	PCT	
	PEB	
	VHP	

Source: Forsyth Barr analysis

Figure 46. Auditor tenure greater than 10 years

Year	# of companies	Companies that have changed auditors
2022	28/57	N/A
2023	31/58	HGH, KPG, SML, WIN
2024	32/61	NZK, RYM, SUM
2025	35/55	None

Source: Forsyth Barr analysis

The number of companies with auditor tenures over 10 years continues to be high—the longest continuous tenure among them is 31 years (EBOS [EBO]). Auditor tenure is something we have focused on each year with this project. Too long a tenure can lead to strong social and economic bonds between auditor and company, potentially compromising the independence of the auditor. The NZ Corporate Governance Forum suggests there should be active consideration of audit-firm rotation every 10 years. In 2022 we reported that 28/57 companies had auditors whose tenure had been longer than 10 years. In 2023, this had increased to 31/58, and in 2024, to 32/61. This year the number of companies held steady at 32, though the mix shifted as our coverage has evolved.

We note that seven of the companies with auditor tenures over 10 years are defined as mixed-ownership entities and therefore are subject to the Public Audit Act 2001. This means that choosing an auditor is not something they can control. The point is taken, but the risk remains. Of these seven companies, the longest auditor tenure is 25 years. We commend NZX, which announced it will be changing its long-tenured auditor, a change that will be reflected next year.

Figure 47. Companies’ boards operating outside corporate governance best-practice range

Year	Less than 50% independent directors	Average tenure of current board members less than three years or greater than 10 years	Average number of non-exec board affiliations greater than four	Greater than 10 or less than five directors	Insufficient gender diversity
2022	4	3	N/a	1	22
2023	4	8	N/a	1	20
2024	4	13	11	2	23
2025	4	13	14	0	15

Source: Forsyth Barr analysis

Most boards continue to meet best-practice standards, but there are gaps. In 2025, 76% of companies undertook an annual board self-review, yet only three (MEL, PCT, and SCL) disclosed their findings publicly. Gender diversity improved, with 73% of boards now meeting the maximum two-thirds-per-gender threshold. And nearly all companies have all audit-committee members as non-executive directors.

Winton (WIN) remains the only company combining the roles of CEO and Chair, which we continue to view as a governance red flag. We also observed several CFO-to-CEO transitions (MEL, Skellerup [SKL], SPK, SUM, and WHS). While this is not inherently negative, we believe these transitions warrant closer market scrutiny.

When the CFO becomes the CEO, is it a flag for heightened scrutiny?

Earlier this year we did some research on five prominent NZ companies that have suffered major share-price falls over recent years. With the benefit of hindsight, we reviewed what went wrong and why. We looked across each of the five case studies for commonalities. One of the insights we gained is that it can be a flag for heightened risk if the CFO becomes the CEO. This is not the case in all circumstances. However, we thought it worthwhile collecting this data on companies this year—it is something we encourage the market to interrogate. Companies where the current CEO was previously the CFO include: MEL, SKL, SPK, SUM, and WHS. Note: this information is not scored; it is provided only as information of interest.

76% of companies' boards (42/55) undertake an annual self-review, but only three companies make the findings publicly available: MEL, PCT, and SCL. In previous years, we have only asked companies if boards do an annual self-review. We've received binary answers of 'yes' or 'no' and scored accordingly (Yes = 1, No = 0). This year, again due to the Governance research we undertook earlier in the year, companies will receive full points only if they have made the findings of the board self-review publicly available. We tweaked the scoring criteria as follows:

- Yes, process undertaken and findings are made public = 1
- Yes, process undertaken but findings are not made public = 0.5
- No = 0

Integrity continues to be a defining feature of corporate governance quality. Our methodology now applies greater weight to controversies affecting transparency and ethical conduct. Material issues at FBU, RYM, and SKC had measurable scoring impacts, while minor incidents were recorded across several others (e.g. ATM, FPH, FSF, SPK, and WIN). The following table summarises controversies identified in 2025. These examples underline the principle that governance is not just structural—it is also behavioural. Companies that act swiftly, disclose fully, and strengthen oversight following such events tend to recover stakeholder confidence faster.

Figure 48. Controversies in 2025

Company	Description	Forsyth Barr classification	Year controversy picked up
AIR	Greenwashing allegations relating to compostable cups that need to be disposed of sustainably to meet their credentials.	Minor	2023
ATM	Class action lawsuit: a2 Milk is accused of giving overly optimistic financial guidance, thereby winning investor confidence for its FY21 results (revenue growth and margin/EBITDA), which disappointed significantly. The trial is scheduled—if no settlement—to begin on 2 June 2026.	Minor	2021
FBU	Iplex pipes issue in Western Australia. Major board and management turnover in the last few years stemming from mismanagement and over-gearing.	Material	2024
FPH	Allegations from former employees of bullying and a toxic work environment.	Minor	2022
FSF	Controversy around its change in capital structure over recent years. This has resulted in more farmer control and less investor control.	Minor	2022
HGH	Material write-down of non-performing loans in its NZ motor-finance and business-lending portfolios.	Minor	2025
HLG	Sudden and unexpected departure of CEO.	Minor	2025
RYM	Financial reporting issues (overstated balance sheet adjustments by management discretion).	Material	2024
SAN	Sudden resignation of independent directors.	Minor	2023
SKC	Anti-money-laundering investigations in South Australia continuing and the period of suspension of its gaming licence in NZ.	Material	2024
SPK	Accounting changes where SPK included >NZ\$100m of low quality 'other gains' in its EBITDAI. We continue to view this as poor practice given the non-operating nature of these earnings.	Minor	2024
STU	Re-gearred its balance sheet to fund an acquisition without long-term banking facilities and while loss making, creating material financial stress.	Material	2025
TWR	Allegations by the FMA TWR failed to apply or correctly represent multi-policy discounts since 2016, overcharging customers.	Minor	2025
WIN	Employment grievance.	Minor	2025

Source: Forsyth Barr analysis

Additional positives:

- 89% of the market integrates its sustainability strategies into its business-as-usual operations, up from 61% when we first started collecting this data in 2022.
- There continues to be only one company with share classes with different voting rights: FSF.
- 93% of companies have boards where independent non-executives comprise the majority of members.
- 93% of the market has, on average over the past three years, paid less than 40% of total auditor fees for non-statutory services.
- For 96% of the market, all audit-committee members are non-executive directors.
- 73% of companies have sufficient gender diversity (defined as a board with no more than two thirds of either gender), up from 61% in 2022.
- 98% of companies have a cybersecurity and a data-privacy and protection policy in place. However, only 80% of companies are testing their cybersecurity policy, and only 73% are testing their data-privacy and protection policies.

On the negative side:

- The number of companies with a certification such as B Corp or Future-Fit has stagnated at three (KMD and SML with B Corp and THL with Future-Fit). We have not seen any improvement in this figure since we began collecting C&ESG information.
- The number of companies that say they explicitly consider lwi-specific considerations within business operations declined from 34/61 in 2024 to 28/55 in 2025.
- The portion of companies with average board tenure between three and 10 years (defined best practice) has been steadily declining from 88% in 2022 to 75% in 2025.

Spotlight on SCL

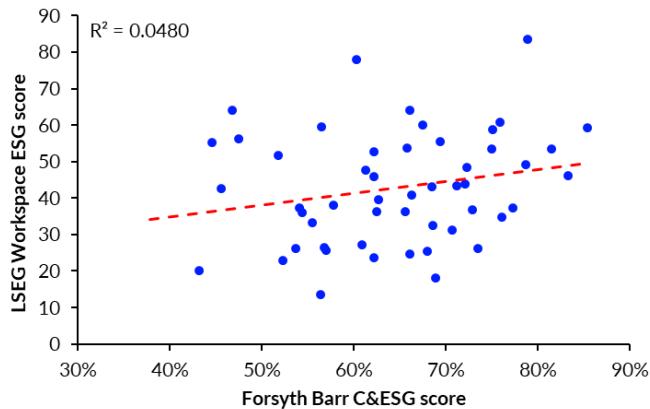
SCL was the biggest improver in the Governance section this year, moving from a C- in 2024 to an A- in 2025, showing improvement in the following key areas:

- Linking remuneration for senior executives to achieving sustainability performance in both annual appraisals and LTIPs.
- Its board undertaking an annual self-review and making a summary of the results publicly available.
- Obtaining limited assurance on its greenhouse-gas inventory for the first time.
- Testing its cybersecurity policy (last year the policy was in place, but the company hadn't tested it).
- Testing its data-privacy and protection policy (last year the policy was in place, but the company hadn't tested it).

C&ESG scores versus ESG ratings providers

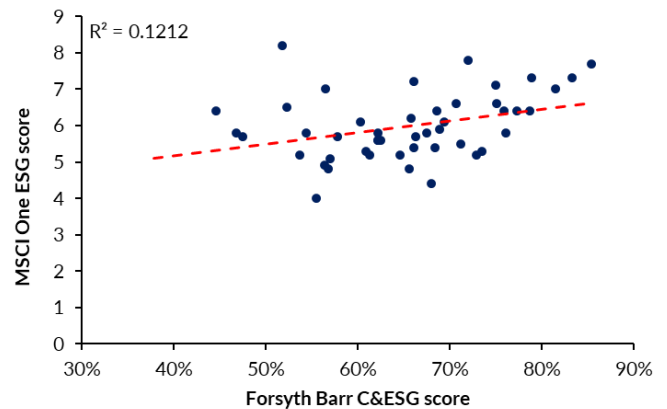
The correlation between our C&ESG scores and those of other providers is naturally weak. This reflects the deliberate evolution of our methodology—shifting from an emphasis on policies and processes to one focused on actions and outcomes, while also considering NZ's unique market characteristics.

Figure 49. LSEG Workspace ESG scores



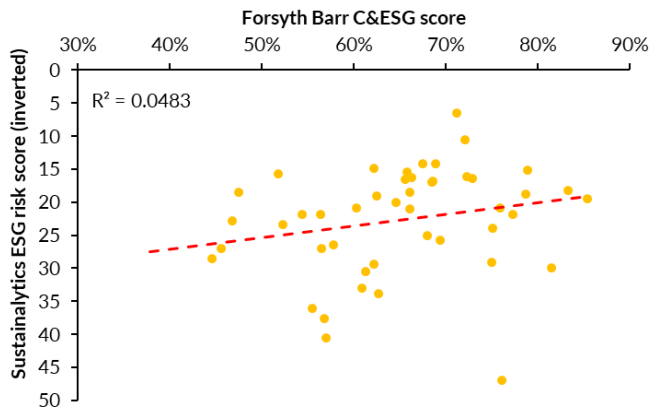
Source: Forsyth Barr analysis, LSEG Workspace

Figure 50. MSCI One ESG scores



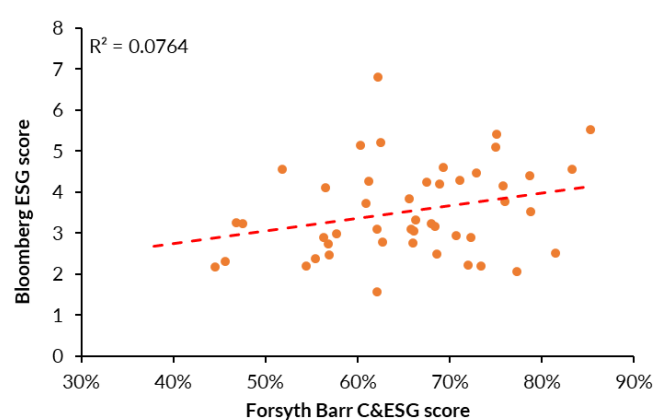
Source: Forsyth Barr analysis, MSCI One

Figure 51. Sustainalytics ESG risk scores



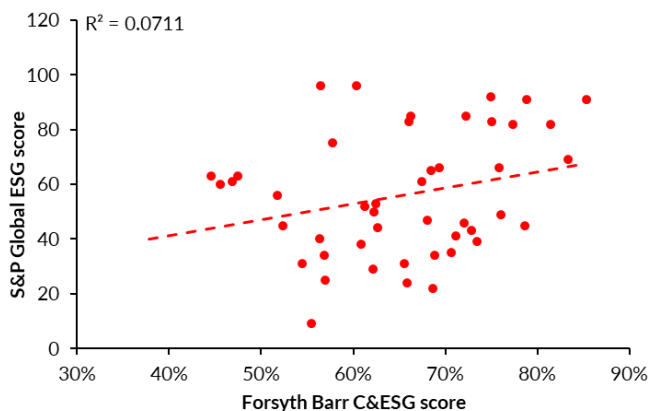
Source: Forsyth Barr analysis, Morningstar Sustainalytics

Figure 52. Bloomberg ESG scores



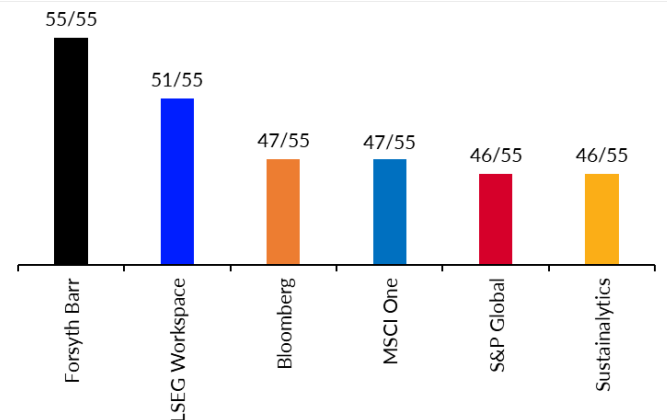
Source: Forsyth Barr analysis, Bloomberg

Figure 53. S&P Global ESG scores



Source: Forsyth Barr analysis, S&P Global, Bloomberg

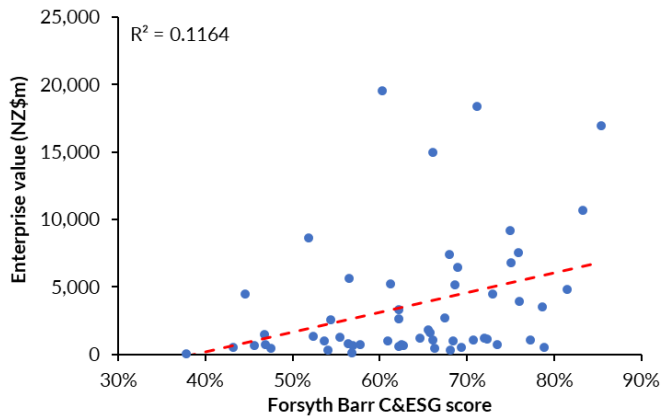
Figure 54. ESG data providers coverage



Source: Forsyth Barr analysis, LSEG Workspace, MSCI One, Morningstar Sustainalytics, Bloomberg, S&P Global

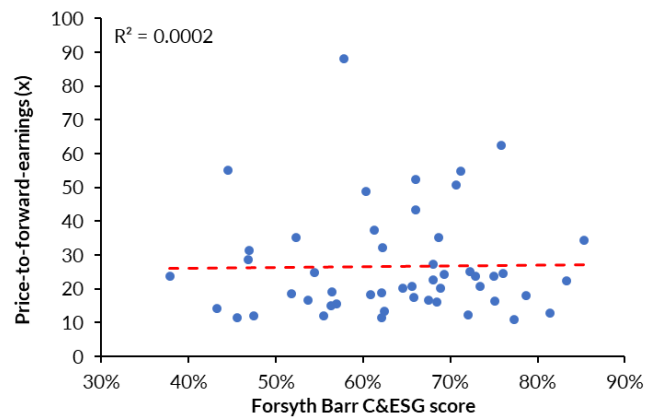
We continue to assess correlations between our C&ESG scores and a range of financial metrics. While we observe a very modest positive correlation with enterprise value (EV), with higher-EV companies generally achieving higher C&ESG scores, **we find no evidence of meaningful relationships with forward P/E ratios or other traditional financial measures.**

Figure 55. Enterprise value to C&ESG score



Source: Forsyth Barr analysis, LSEG Workspace

Figure 56. Price-to-forward-earnings to C&ESG score



Source: Forsyth Barr analysis, LSEG Workspace

A reminder about our C&ESG ratings

This is our fourth annual assessment of how NZ companies are progressing on the C&ESG agenda. The work acts as C&ESG due diligence on NZ companies and supports our fundamental investment research. The data we collect can: (1) provide insight into how a company is preparing for a low-carbon, more sustainability-focused future; (2) offer a measure of a company's competitive positioning on this agenda; (3) act as a supplement for a screen of quality; and (4) help to identify areas of risk beyond traditional financial analysis that may warrant further investigation.

The ratings are tailored for the NZ context and take into consideration our nation's unique characteristics, including our geographic isolation, sparse population, the fact that our economy consists predominantly of small- and medium-sized companies (with many in the agricultural and horticultural export sectors), that our national grid is already mostly renewable, and that we are nuclear free—all considerations overlooked by the large international ESG ratings providers.

Tackling global best practice with full transparency and disaggregated C&ESG scores. Our full methodology is publicly available (refer to the separate [Forsyth Barr 2025 C&ESG Rating Methodology](#)), as are the individual [scorecards](#) for each of the companies we assessed. This transparency is crucial as we tackle the well-known challenges of ESG ratings. The scores are disaggregated so readers can see exactly what they consist of and how they are calculated. The information is sourced by us from publicly available sources and from the companies themselves. All companies were given the opportunity to review their scorecards in advance of publication.

We have collected over 8,900 C&ESG-related data points and turned them into an overall C&ESG rating for companies, classifying them as a Leader, Fast Follower, Explorer, or Beginner.

Figure 57. The companies we have rated by sector

Aged Care	Agriculture	Consumer	Financials	Healthcare	Industrials	Infrastructure	Property	Technology	Utilities
OCA	ATM	BGP	HGH	AFT	AIR	AIA	APL	GTK	CEN
RYM	FSF	HLG	NZX	EBO	FBU	CHI	ARG	SKO	GNE
SUM	SAN	SKC	TWR	FPH	FRW	CNU	GMT	VGL	MCY
	SCL	SKT		PEB	MFT	IFT	IPL		MEL
	SML	THL			SKL	NPH	KPG		
		TRA			STU	POT	PCT		
		WHS			VSL	SPK	PFI		
						VCT	SPG		
							VHP		
							WIN		
3	5	8	3	4	7	8	10	3	4

Source: Forsyth Barr analysis

The universe of companies we rated decreased from 61 to 55. We ceased coverage of Comvita (CVT), Delegat Group (DGL), My Food Bag (MFB), NZ 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 CEN.

We acknowledge there will be minor amendments to the methodology each year. Our expectation continues to be that we will raise the bar year-on-year as our insights deepen and we find new ways to better assess the quality of responses. We remain committed to being completely transparent with our methodology and the company scorecards, setting the benchmark for best practice C&ESG ratings in NZ.

Figure 58. Continuing our effort to reduce the number of data points we collect

Category	2022	2023	2024	2025
C	18	15	14	11
E	13	10	10	10
S	21	18	16	15
G	28	26	26	23
Total	80	69	66	59

Source: Forsyth Barr analysis

Our expectations

Since the inception of this project in 2022, we have been intentionally increasing our expectations of companies, as our insights have deepened and as we have found new ways to better assess the quality of responses. We have been moving from a focus on inputs and policy, to one on outcomes and action. This continues in 2025. However, this year, we made a concerted effort to keep changes minimal as we try to get a better sense of how the market is moving on C&ESG.

Figure 59. Our C&ESG ratings of NZ companies

Category	Example expectations of companies
Carbon	■ Have a good understanding 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 their 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. ■ 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 also work to reverse the degeneration of ecosystems. ■ Be measuring and monitoring their 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. ■ Be measuring and monitoring health and safety incidents, risk of modern slavery. ■ Be aware of and managing 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 acting with integrity at all times. ■ Ensure sustainability is integrated into the heart of business models. ■ Proactively manage issues around, for example, data security, privacy, and responsible tax governance. ■ Ensuring the company is evolving as it needs to in terms of C&ESG practices.

Source: Forsyth Barr analysis

Figure 60. General characteristics of Leaders, Fast Followers, Explorers, and Beginners

Maturity level	Score thresholds	Description
Leader	>75.0%	■ 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 meets 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. ■ 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.
Fast Follower	52.5% - 75.0%	■ 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 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.
Explorer	37.5% - 52.5%	■ Earlier stage of adopting or implementing a sustainability strategy. ■ Few C&ESG metrics collected and with a short history. ■ On the journey towards meeting some best practice standards.
Beginner	<37.5%	■ First sustainability strategy under discussion or not yet existent. ■ Reporting few C&ESG metrics. ■ At the very beginning of the ESG journey.

Source: Forsyth Barr analysis

On an annual basis we remove any questions where the market scores full points, as we consider the relevant practice to be standard and offering no distinguishing perspective on companies. Refer to the [methodology](#) document to gain a full understanding of how the methodology has changed from 2024 to 2025 and for a history of questions added, amended, and removed.

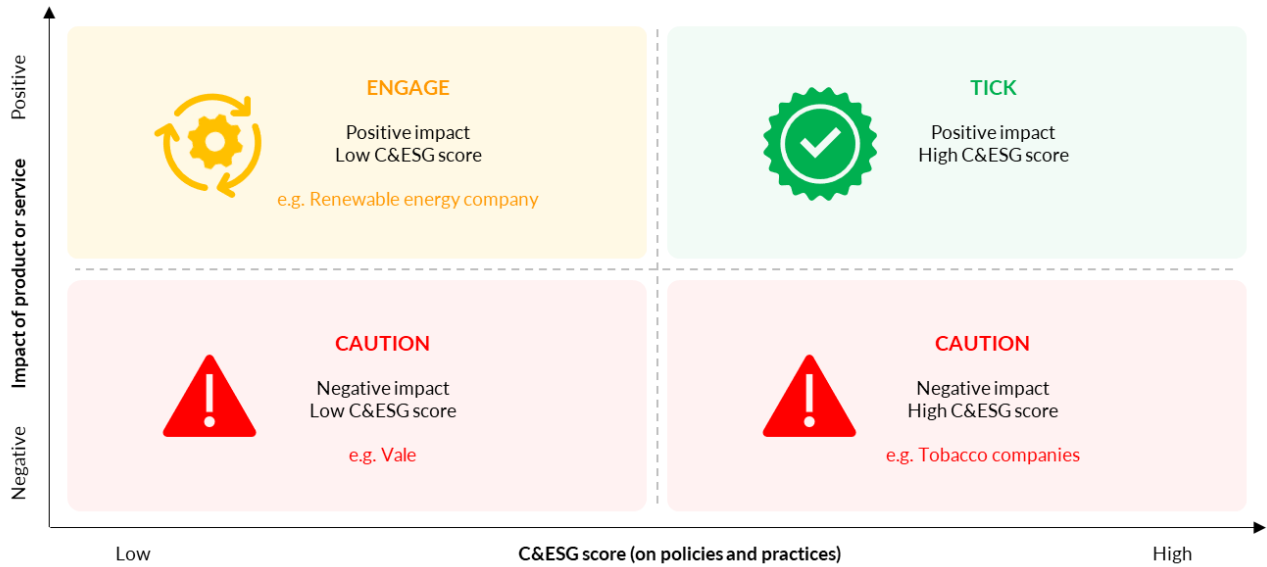
What these ratings are and are not

The ratings are an assessment of companies' C&ESG commitments, policies, and practices that are driving corporate behaviour. The objective is to gain insights into how NZ companies are positioning themselves for a low-carbon, sustainability-oriented future, and how they are adhering to best-practice standards.

The ratings are not an assessment of a company's products and services. For investors who would like to bring these two concepts together, the figure below illustrates an overlay that may be useful. We note that:

- Products with a negative impact on society or the environment are unlikely to be suitable for investment products that are described as 'sustainable', even if they have a high C&ESG score.
- Assessing whether a company is transitioning a product or service towards one that contributes to, or benefits from, sustainability trends should be a core part of product assessment.

Figure 61. Schematic of a 'Products and Services Overlay' that could accompany our C&ESG ratings



Source: Forsyth Barr analysis

Using the C&ESG ratings and company scorecards

For investors, the C&ESG ratings and scorecards can be used in the following ways:

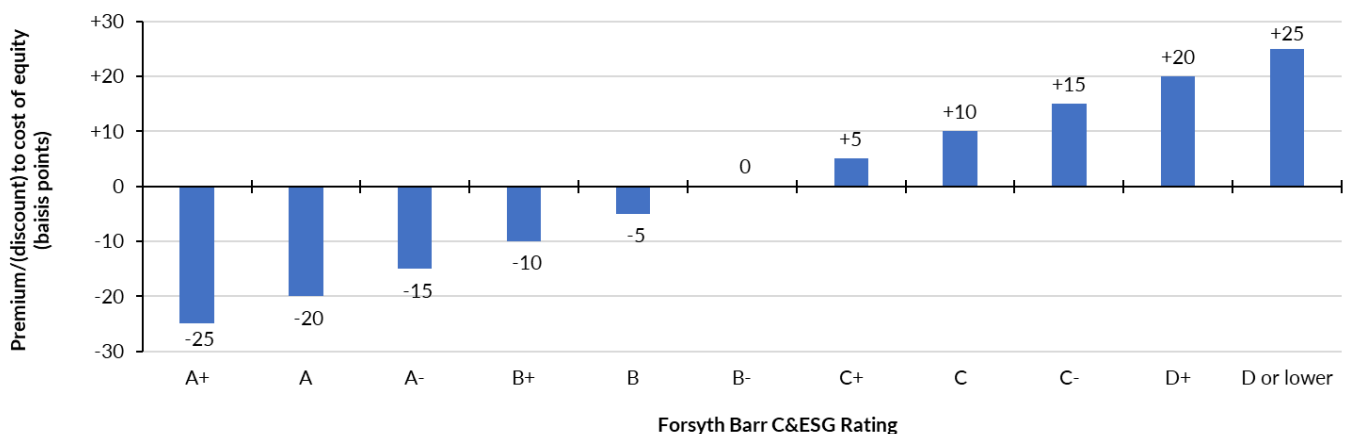
- As a quantitative feed into financial screening tools.
- As an engagement tool to drive better discussions with company management on C&ESG issues.
- As an aid to C&ESG due diligence on NZ companies.
- To help identify key C&ESG risks and opportunities for companies.
- To help identify which companies are managing C&ESG risks well and are positioning themselves well for a low-carbon, more sustainability-oriented future.

For corporates, the C&ESG ratings and scorecards can be used in the following ways:

- To provide insights on which C&ESG metrics are important to investors.
- To enable a company to see how it compares on C&ESG to its peers and the NZ market.
- To allow a company to see its strengths and weaknesses, and plan out a programme for improving C&ESG performance.

At Forsyth Barr, all company-specific research reports include the overall C&ESG score, along with the breakdown for each category, sector average, and NZ average C&ESG score. In addition, the NZ Equities Research team applies the overall scores to a cost-of-equity adjustment based on +/-5bp increments, from a +25bp premium for those companies that score 'D' to a -25bp discount for those companies that score 'A+'. The average rating of 'B-' corresponds to no cost-of-equity adjustment.

Figure 62. Cost of equity adjustment by C&ESG rating



Source: Forsyth Barr analysis

Appendices

Appendix A

Please find all the company [scorecards](#) here.

Appendix B: Omissions and anomalies

Figure 63. Omissions

Ticker	Name	Reason for non-participation
SAN	Sanford	Not able to participate, citing lack of resource/capacity.
SML	Synlait Milk	Not able to participate, citing lack of resource/capacity.

Source: Forsyth Barr analysis

Figure 64. Anomalies

Ticker	Name	Reason for anomaly	Forsyth Barr response
IFT	Infratil	IFT is an investment company that does not strictly have offices or employees. However, it does have a board. Therefore, the Governance questions can be answered from the entity's perspective. In terms of the C, E, and S questions, IFT has answered sometimes from the perspective of a subset of its portfolio companies and sometimes from the perspective of Morrison, its investment manager.	Accept this anomaly. We found IFT to be consistent and transparent in which perspective it takes when responding to questions.
APL	Asset Plus	Given APL is externally managed by Centuria, it made some questions difficult for it to answer.	Accept this anomaly. We applied the external manager's policies where relevant.
IPL	Investore	Given IPL is externally managed by Stride Property Group, it made some questions difficult for it to answer.	Accept this anomaly. We applied the external manager's policies where relevant.
VHP	Vital Healthcare	Given VHP is externally managed by Northwest Healthcare Properties, it made some questions difficult for it to answer.	Accept this anomaly. We applied the external manager's policies where relevant.

Source: Forsyth Barr analysis

Appendix C: Conflicts disclosure

Figure 65. Companies that Forsyth Barr Investment Banking has had (public) engagement with over the last 12 months

Code	Company
CHI	Channel Infrastructure
CNU	Chorus
IFT	Infratil
IPL	Investore
KPG	Kiwi Property
MEL	Meridian
PCT	Precinct Properties
PFI	Property for Industry
RYM	Ryman Healthcare
SUM	Summerset
TWR	Tower
VHP	Vital Healthcare
VSL	Vulcan Steel

Source: Forsyth Barr analysis

Figure 66. Forsyth Barr Investment Management equity holdings over 5%

Code	Company
CHI	Channel Infrastructure
IPL	Investore
OCA	Oceania Healthcare
PCT	Precinct Properties
RYM	Ryman Healthcare
SKL	Skellerup
SPG	Stride Property
TWR	Tower
VHP	Vital Healthcare
VSL	Vulcan Steel

Source: Forsyth Barr analysis

Appendix D: 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 67. 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 68. Stocks by sector, cont...

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
	Asset Plus	APL
Property	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
Technology	Winton	WIN
	Gentrack	GTK
	Serko	SKO
Utilities	Vista Group	VGL
	Contact Energy	CEN
	Genesis Energy	GNE
	Mercury	MCY
	Meridian Energy	MEL

Source: Forsyth Barr analysis

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