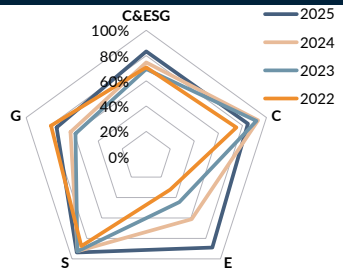
FORSYTH BARR

Company ticker:

MCY

A+

Leader



	Grade	Score	Utilities Average	New Zealand Average	Utilities Sector Weights
Carbon	A+	85%	85%	64%	20%
Environmental	A+	89%	69%	54%	20%
Social	A+	94%	88%	64%	20%
Governance	A	75%	78%	67%	40%
Total	**A+**	**83%**	**80%**	**64%**	

Forsyth Barr Commentary

Mercury (MCY) improved its overall grade to an A+ and had the second highest overall score, supported by strong scores in each category. MCY retained its A+ grade in the Carbon, Environmental, and Social categories. On the Social side, the result was driven by its health and safety record, comprehensive human rights policy, and disclosure of diversity metrics. Its Carbon score reflects its record of declining emissions intensity and strong emissions management. Its emissions reduction targets are awaiting SBTi verification. MCY also graded an A+ in the Environmental category, supported by its commitment to the Green Star 5 standard for its buildings and declining waste-to-landfill trend. MCY's lowest grade was in Governance, though it still scored an A. The rating suffered marginally due to its majority government ownership, considered a blocking shareholder, and its long auditor tenure.

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?	≥ 5 years	1.00	20.0%	**90.0%**	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?	-2.2%	0.50	20.0%		
	C2.3	If at least five years of scope 1+2 emissions data, is carbon intensity decreasing, stable, or increasing?	-44.1%	1.00	20.0%		
	C2.4	Has the company identified and publicly disclosed its most material scope 3 emission sources?	Yes	1.00	20.0%		
	C2.5	For how long have scope 3 CO2e (tonnes) been tracked, measured and publicly reported by the company?	≥ 5 years	1.00	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%	**79.2%**	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?	Verification pending, awaiting approval	0.75	16.7%		
	C3.3	Has the company provided a climate transition plan?	Yes - full plan in place	1.00	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?	Yes	1.00	16.7%		
	C3.6	Does the company own any proven or probable fossil fuel reserves?	No	1.00	16.7%		
C - Total							**A+ (84.58%)**

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?	Yes	1.00	33.3%	**100.0%**	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?	Green Star 5	1.00	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%	**100.0%**	33.3%
	E2.2	If there is five years of waste management data, is total waste to landfill decreasing, stable, or increasing?	-59.3%	1.00	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?	Yes	1.00	33.3%	**66.7%**	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							**A+ (88.89%)**

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?	-29.8%	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?	Yes - publicly	1.00	25.00%	93.75%	20.00%
	S4.2	If employee turnover is reported:					
	S4.2.1	Is it <10%, <20%, >20%?	10%<X<20%	0.50	12.50%		
	S4.2.2	If there is five years of employee turnover data, is it decreasing, stable, or decreasing?	-32.4%	1.00	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?	Yes	1.00	50.00%	100.00%	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?	88.2%	1.00	50.00%		
S - Total							A+ (93.75%)

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?	51.6%	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?	25	-1.00	25.00%	50.00%	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?	16.3%	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?	Limited - range	1.00	25.00%		
	G3.5	Is the company explicitly considering Iwi specific considerations within its business operations?	Yes	1.00	Not scored		
Board	G4.1	Do non-executive and independent Board members comprise the majority of Board members?	100.0%	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?	3.1	1.00	12.50%		
	G4.4	What is the average number of Board member affiliations of non-executive Board members?	3.0	1.00	12.50%		
	G4.5	How many directors are on the Board?	7	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?	42.9%	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%	100.00%	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?	Yes	1.00	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 (74.65%)