

Last data update:  
28/11/2022

Company ticker:  
GNE

**B**  
Fast Follower

|              | Grade    | Score        | Utilities Sector Average | New Zealand Average | Utilities Sector Weight |
|--------------|----------|--------------|--------------------------|---------------------|-------------------------|
| Carbon       | D        | 35.0%        | 66.2%                    | 51.9%               | 20%                     |
| Environment  | C+       | 55.6%        | 57.3%                    | 48.9%               | 20%                     |
| Social       | A-       | 79.2%        | 82.6%                    | 65.6%               | 20%                     |
| Governance   | A        | 80.5%        | 80.5%                    | 71.8%               | 40%                     |
| <b>Total</b> | <b>B</b> | <b>66.1%</b> | <b>73.4%</b>             | <b>62.9%</b>        |                         |

#### Forsyth Barr Commentary

GNE scores well in the S and G categories. It benefits from its impressive health and safety record and human rights policy, as well as its disclosure of key diversity metrics and living wage commitment. The Company's G score suffers marginally due to its majority NZ Government ownership, considered a blocking shareholder. GNE's CESG score is dragged down by a poor C score, a function of its stake in the Kupe oil and gas field, the high intensity of emissions as New Zealand's largest thermal electricity generator and lack of a Net Zero commitment. We expect GNE's CESG score to incrementally improve as it implements its emissions reduction plan.

| Carbon                                |  | Metric   | Data    | Score    | Weight | Group Score | Group          |
|---------------------------------------|--|--|---------|----------|--------|-------------|----------------|
| GHG Emissions                         | 1.01   | Is Scope 1 and 2 CO2e (tonnes) tracked and measured by the company?<br>If so, how many of the last years has it been reported?   | 4 years | 0.80     | 33.33% | 46.67%      | 25.00%         |
|                                       | 1.02   | If five years of data, is Scope 1+2 increasing/stable/decreasing?  | N/A     | 0.00     | 33.33% |             |                |
|                                       | 1.03   | Is Scope 3 CO2e (tonnes) publicly reported?  | 3 years | 0.60     | 33.33% |             |                |
| Emissions Intensity / Transition Risk | 1.04   | Carbon intensity (tonnes of Scope 1 + 2 CO2e/revenue)  | 614.8   | 0.00     | 50.00% | 0.00%       | 25.00%         |
|                                       | 1.05   | Carbon intensity (tonnes of Scope 1 + 2 CO2e/earnings)   | 5049.6  | Unscored | 0.00%  |             |                |
|                                       | 1.06   | If five years of data, is carbon intensity increasing/stable/decreasing?   | N/A     | 0.00     | 50.00% |             |                |
| Emissions Management                  | 1.07   | Is there an emissions reduction target in place?   | Yes     | 1.00     | 20.00% | 60.00%      | 25.00%         |
|                                       | 1.08   | If so, is the target science based?  | Yes     | 1.00     | 20.00% |             |                |
|                                       | 1.09   | Is the target for actual reductions?   | Yes     | 1.00     | 20.00% |             |                |
|                                       | 1.10   | Is there a commitment to be Net Zero?  | No      | 0.00     | 20.00% |             |                |
|                                       | 1.11   | If so, how ambitious and robust is the commitment:<br><i>If a company has a Net Zero commitment, by what year is the commitment?</i>                                   | No      | 0.00     | 5.00%  |             |                |
|                                       | 1.11.1   | <i>If a company has a Net Zero commitment, is the commitment to a 1.5 degree celsius world?</i>  | No      | 0.00     | 5.00%  |             |                |
| 1.11.2                                | <i>If a company has a Net Zero commitment, which emission scopes are included?</i>                             | Not Specified  | 0.00    | 5.00%    |        |             |                |
| 1.11.3                                | <i>If a company has a Net Zero commitment, are there interim targets or a goal of a 50% reduction by 2030?</i> | N/A  | 0.00    | 5.00%    |        |             |                |
| Risk & Opportunity Management         | 1.12   | Has a physical risk assessment been undertaken?  | Yes     | 1.00     | 33.33% | 33.33%      | 25.00%         |
|                                       | 1.13   | Does the company own any proven or probable fossil fuel reserves?  | Yes     | -1.00    | 33.33% |             |                |
|                                       | 1.14   | Is the proportion of revenue, assets or other business activities aligned with climate-related opportunities reported?   | Yes     | 1.00     | 33.33% |             |                |
|                                       | 1.15   | Does the company spend capital or have capital commitments (in terms of capital expenditure, financing, or investment) toward climate-related risks and opportunities? | Yes     | Unscored | 0.00%  |             |                |
| <b>C - Total</b>                      |  |  |         |          |        |             | <b>D (35%)</b> |

| Environmental                    |      | Metric  | Data    | Score    | Weight  | Group Score | Group              |
|----------------------------------|------|---|---------|----------|---------|-------------|--------------------|
| Environmental Management Systems | 2.01 | Does the company have an ISO 14001, EMS, Toitū Envirocare carbonzero or equivalent certification on all applicable sites?   | EMS     | 1.00     | 33.33%  | 100.00%     | 16.67%             |
|                                  | 2.02 | Has the company issued any green/social bonds or committed to a sustainability linked loan?   | Yes     | 1.00     | 33.33%  |             |                    |
|                                  | 2.03 | Has the company made any 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? | 6       | 1.00     | 33.33%  |             |                    |
| Waste                            | 2.04 | Is there a commitment to reduce waste in place?   | Yes     | 1.00     | 33.33%  | 33.33%      | 16.67%             |
|                                  | 2.05 | Is waste intensity data tracked and measured?   | 0 years | 0.00     | 33.33%  |             |                    |
|                                  | 2.06 | If there is five years of data, is it increasing/stable/decreasing?   | N/A     | 0.00     | 33.33%  |             |                    |
|                                  | 2.07 | Has there been a breach related to resource consent discharges (i.e. nutrient discharge) in the last five years?  | -       | Unscored | 0.00%   |             |                    |
| Water                            | 2.08 | Is there a target for achieving water consumption efficiency?   | No      | 0.00     | 33.33%  | 0.00%       | 16.67%             |
|                                  | 2.09 | Is water consumption intensity data tracked and measured?   | 0 years | 0.00     | 33.33%  |             |                    |
|                                  | 2.10 | If there is five years of data, is it increasing/stable/decreasing?   | N/A     | 0.00     | 33.33%  |             |                    |
| Biodiversity                     | 2.11 | Is there a commitment to reduce the impact of the company's operations on biodiversity?   | Yes     | 1.00     | 100.00% | 100.00%     | 16.67%             |
| Circular Economy                 | 2.12 | Is there a commitment to the circular economy?  | No      | 0.00     | 100.00% | 0.00%       | 16.67%             |
| Environmental                    | 2.13 | Has there been an environmental fine in the last three years?   | No      | 1.00     | 100.00% | 100.00%     | 16.67%             |
| <b>E - Total</b>                 |      |   |         |          |         |             | <b>C+ (55.56%)</b> |

| Social                               |      | Metric  | Data     | Score    | Weight  | Group Score | Group              |
|--------------------------------------|------|---|----------|----------|---------|-------------|--------------------|
| Health & Safety                      | 3.01 | Is there a health & safety policy?  | Yes      | 1.00     | 16.67%  | 83.33%      | 12.50%             |
|                                      | 3.02 | Are there safety management targets in place?   | Yes      | 1.00     | 16.67%  |             |                    |
|                                      | 3.03 | Is a measure of safety (e.g. LTIFR) tracked and measured?   | Yes      | 1.00     | 16.67%  |             |                    |
|                                      | 3.04 | If yes, is data reported?   | 5+ years | 1.00     | 16.67%  |             |                    |
|                                      | 3.05 | If there is five years of data, is it increasing/stable/decreasing?   | 89%      | 0.00     | 16.67%  |             |                    |
|                                      | 3.06 | Have there been any workplace fatalities in the last five years?  | No       | 1.00     | 16.67%  |             |                    |
| Human Rights                         | 3.07 | Is there a human rights policy?   | No       | 0.00     | 50.00%  | 50.00%      | 12.50%             |
|                                      | 3.08 | Is there a commitment to preventing modern slavery?   | Yes      | 1.00     | 50.00%  |             |                    |
| Supply Chain                         | 3.09 | Is there a supply chain code of conduct?  | Yes      | 1.00     | 33.33%  | 100.00%     | 12.50%             |
|                                      | 3.10 | Is there an environmental policy for the supply chain?  | Yes      | 1.00     | 33.33%  |             |                    |
|                                      | 3.11 | Is there a formal commitment to pay vendors a living wage?  | Yes      | 1.00     | 33.33%  |             |                    |
| Product Quality & Accessibility      | 3.12 | Have there been any product or service faults (unplanned) 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%     | 12.50%             |
|                                      | 3.13 | Portion of care beds offered at standard rate?  | -        | Unscored | 0.00%   |             |                    |
| Employee Value Proposition / Culture | 3.14 | Is employee turnover measured and publicly reported?  | No       | 0.00     | 25.00%  | 50.00%      | 12.50%             |
|                                      | 3.15 | If yes, is it <10%, <20%, >20%?   | N/A      | 0.00     | 25.00%  |             |                    |
|                                      | 3.16 | Is there a contemporary parental leave policy?  | Yes      | 1.00     | 25.00%  |             |                    |
|                                      | 3.17 | Has the company made a living wage commitment?  | Yes      | 1.00     | 25.00%  |             |                    |
| Diversity                            | 3.18 | Does the company track and measure ethnicity diversity metrics?   | No       | 0.00     | 50.00%  | 50.00%      | 12.50%             |
|                                      | 3.19 | Does the company track and measure the % of women managers in relation to % of women employees?   | 95%      | 1.00     | 50.00%  |             |                    |
| Community Relations                  | 3.20 | Is there a policy to manage community involvement?  | Yes      | 1.00     | 100.00% | 100.00%     | 12.50%             |
| Stakeholder Relations                | 3.21 | Is the business model stakeholder centric?  | Yes      | 1.00     | 100.00% | 100.00%     | 12.50%             |
| <b>S - Total</b>                     |      |   |          |          |         |             | <b>A- (79.17%)</b> |

| Governance               |      | Metric   | Data             | Score    | Weight  | Group Score | Group             |
|--------------------------|------|--|------------------|----------|---------|-------------|-------------------|
| Sustainability           | 4.01 | Is there a sustainability strategy?  | Yes - Integrated | 1.00     | 20.00%  | 80.00%      | 14.29%            |
|                          | 4.02 | Is remuneration linked to achieving sustainability performance?  | Yes              | 1.00     | 20.00%  |             |                   |
|                          | 4.03 | Any recent level 3, 4 or 5 controversies?  | No               | 1.00     | 20.00%  |             |                   |
|                          | 4.04 | Has there been a breach of UN Global Compact principles or are they on the watch list?   | Compliant        | 1.00     | 20.00%  |             |                   |
|                          | 4.05 | Does the company have B Corporation or Future-Fit certification?   | No               | 0.00     | 20.00%  |             |                   |
| Investor Protections     | 4.06 | Does the company have shares with different voting rights?   | No               | 1.00     | 25.00%  | 50.00%      | 14.29%            |
|                          | 4.07 | Is there potential for a 'blocking' shareholder?   | 51.20%           | 0.00     | 25.00%  |             |                   |
|                          | 4.08 | How many anti-takeover devices are there?  | 4                | 0.00     | 25.00%  |             |                   |
|                          | 4.09 | Is there any evidence of significant unequal treatment of minority shareholders in any equity raisings in the last three years?                    | No Raise         | 1.00     | 25.00%  |             |                   |
| Board                    | 4.10 | Do non-executive and independent Board members comprise the CEO, the Chair?  | 100%             | 1.00     | 12.50%  | 100.00%     | 14.29%            |
|                          | 4.11 | What is the average Board tenure?  | No               | 1.00     | 12.50%  |             |                   |
|                          | 4.12 | What is the average number of Board member affiliations?   | 5.0              | 1.00     | 12.50%  |             |                   |
|                          | 4.13 | What is the size of the Board (number of people)?  | Null             | Unscored | 0.00%   |             |                   |
|                          | 4.14 | Is a Board skills matrix disclosed?  | 7                | 1.00     | 12.50%  |             |                   |
|                          | 4.15 | Does the company have a policy for maintaining a well-balanced Board?  | Yes              | 1.00     | 12.50%  |             |                   |
|                          | 4.16 | Are all audit-committee members non-executive directors?   | Yes              | 1.00     | 12.50%  |             |                   |
|                          | 4.17 | Is the Board's gender diversity sufficient? (i.e. <2/3 one gender)   | 100%             | 1.00     | 12.50%  |             |                   |
| Auditors                 | 4.18 | Is the auditor tenure >10 years?   | 43%              | 1.00     | 12.50%  | 50.00%      | 14.29%            |
|                          | 4.19 | Has the lead audit partner rotated in the last five years?   | 14 years         | -1.00    | 25.00%  |             |                   |
|                          | 4.20 | Is auditor compensation for non-audit publicly reported?   | Yes              | 1.00     | 25.00%  |             |                   |
|                          | 4.21 | If yes, >70% of statutory audit fees – average over last three years?  | Yes              | 1.00     | 25.00%  |             |                   |
| Data Security & Strategy | 4.22 | Is there a cybersecurity policy in place?  | 4.71%            | 1.00     | 25.00%  | 100.00%     | 14.29%            |
|                          | 4.23 | Is there a data privacy and protection policy in place?  | Yes              | 1.00     | 50.00%  |             |                   |
| Tax                      | 4.24 | Does the Board have a tax governing framework in place?  | Yes              | 1.00     | 100.00% | 100.00%     | 14.29%            |
| Reporting & Assurance    | 4.25 | First quartile Bloomberg disclosure score  | Yes              | 1.00     | 33.33%  | 83.33%      | 14.29%            |
|                          | 4.26 | External assurance of sustainability report or disclosures?  | 39.26            | 0.50     | 33.33%  |             |                   |
|                          | 4.27 | Has the company acted with integrity in financial reporting and in the timeliness and balance of corporate disclosures within the last five years? | Yes              | 1.00     | 33.33%  |             |                   |
| <b>G - Total</b>         |      |  |                  |          |         |             | <b>A (80.48%)</b> |

Data sourced from Forsyth Barr analysis, company disclosures, Refinitiv Eikon, Sustainalytics and Bloomberg.