

Last data update:  
30/08/2023

 Company ticker:  
KMD

# A-

  
Leader

	Grade	Score	Consumer Sector Average	New Zealand Average	Consumer Sector Weights
Carbon	C-	41%	40%	55%	15%
Environment	C	46%	39%	46%	15%
Social	A+	82%	68%	71%	30%
Governance	A+	86%	57%	60%	40%
<b>Total</b>	<b>A-</b>	<b>72%</b>	<b>55%</b>	<b>60%</b>	

**Forsyth Barr Commentary**

KMD remains a firm Leader this year and we are of the view that the company has a genuine and mature approach to sustainability. It is also a B-Corp and over the last 12 months has led Oboz and Ripcurl to gain B-Corp status – a significant undertaking. KMD has been working hard to compile accurate ESG data across its large, global, complex business. We expect the 'C' score to increase as KMD meets the requirements of the Climate Disclosure Standards. Although KMD has reported its GHG emissions data for five years, it has materially changed its measurement methodology and hence we have decided not to include its five year trend. KMD's 'E' score is strengthened by its commitment to circularity which is a core pillar of its sustainability strategy. However, the 'E' score is affected negatively by a minor fine relating to a failed wastewater quality test at a factory in Thailand. The 'S' and 'G' scores are strong and market leading.

Carbon	Metric	Data	Score	Weight	Group Score	Group Wgt
GHG Emissions	C1.1	Is scope 1 and 2 CO <sub>2</sub> e (tonnes) tracked, measured and publicly reported by the company? If so, for how long has the data been collected?	5 years	1.00	20.00%	
	C1.2	If five years of data, are scope 1+2 emissions increasing, stable or decreasing?	< 5y data	0.00	20.00%	
	C1.3	If five years of data, is carbon intensity increasing, stable or decreasing?	< 5y data	0.00	20.00%	40.00%
	C1.4	Has the company identified and publicly disclosed its most material scope 3 emission sources?	Identified	0.00	20.00%	
	C1.5	Is scope 3 CO <sub>2</sub> e (tonnes) tracked, measured and publicly reported by the company? If so, for how long has the data been collected?	5 years	1.00	20.00%	
Emissions Management	C2.1	Does the company have an emissions reduction target or net zero commitment in place?	Yes	1.00	16.67%	
	C2.2	If so, is the target an absolute and/or intensity measure?	Absolute	1.00	16.67%	
	C2.3	If so, has the target been verified/approved by the SBTi (or similar) as a science-based target?	Yes	1.00	16.67%	
	C2.4	Is there a clearly defined climate transition plan in place outlining the strategy to meet targets? If so, does the plan include decarbonisation efforts as well as specifying the role of existing/future climate solutions (i.e. technologies and products that will enable the economy to decarbonise)?	No	0.00	16.67%	50.00%
	C2.5	Is the company already operating at net zero and if so, how are offsets used to help meet targets?	No	0.00	16.67%	
	C2.6	Are there any material projects underway that will enable actual emissions reductions of more than -10% of total scope 1 and 2 emissions?	Yes	Unscored	0.00%	
	C2.7	Has the company introduced the concept of a 'just transition' into their climate ambitions?	No	0.00	16.67%	
Risk & Opportunity Management	C3.1	Has a physical risk and transition risk assessment been undertaken?	No	0.00	33.33%	
	C3.2	Has the company outlined how its assessment of climate-related risks and opportunities serves as an input to capital deployment and funding decisions?	No	0.00	33.33%	33.33%
	C3.3	Does the company own any proven or probable fossil fuel reserves?	No	1.00	33.33%	
<b>C - Total</b>						<b>C- (41.11%)</b>

Environmental	Metric	Data	Score	Weight	Group Score	Group Wgt
Environmental Management Systems	E1.1	Does the company have an ISO 14001, EMS, Toitū Envirocare carbonzero or equivalent certification on all applicable sites?	Yes	1.00	33.33%	
	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?	Homestar 5	0.00	33.33%	33.33%
	E1.3	Has there been an environmental fine or breach (including any resource consent discharge breaches such as nutrient discharges) in the last three years?	Fine	0.00	33.33%	
Waste & Water	E2.1	Is there a commitment to reduce waste in place?	Yes	1.00	25.00%	
	E2.2	If there is five years of data, is total waste to landfill increasing, stable or decreasing?	-4.70%	0.50	25.00%	
	E2.3	Is there a target for achieving water use reduction or water consumption efficiency?	No	0.00	25.00%	37.50%
	E2.4	If there is five years of data, is total water use increasing, stable or decreasing?	< 5y data	0.00	25.00%	
Biodiversity & Circular Economy	E3.1	Is there a commitment by the company to preserve and protect biodiversity and/or natural ecosystems?	Yes	1.00	33.33%	
	E3.2	Does the company voluntarily report against the TNFD framework?	No	0.00	33.33%	66.67%
	E3.3	Is the company actively engaged in implementing circular economy principles into their business model?	Yes	1.00	33.33%	
<b>E - Total</b>						<b>C (45.83%)</b>

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%	66.67%	16.67%
	S1.2	If there is five years of data on a measure of safety (e.g. LTIFR) collected by the company, is it increasing/stable/decreasing?	< 5y data	0.00	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	Is there a human rights policy?	Yes	1.00	25.00%	75.00%	16.67%
	S2.2	Is there a commitment to preventing modern slavery that covers both the company's workforce as well as workers in the value chain?	Yes - both	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%	16.67%
	S3.2	<i>Aged care only:</i> Is there a policy of repaying evacuated units within 6 months regardless of whether the unit is sold?	N/a	Unscored	0.00%		
Employee Value Proposition / Culture	S4.1	Is employee turnover measured and publicly reported?	Yes - publicly	1.00	25.00%	50.00%	16.67%
	S4.2	<i>If employee turnover is reported:</i>					
	S4.2.1	Is it <10%, <20%, >20%?	56%	0.00	12.50%		
	S4.2.2	If there is five years of data, is it increasing/stable/decreasing?	+26.92%	0.00	12.50%		
	S4.3	Is there a contemporary parental leave policy?	No	0.00	25.00%		
S4.4	Has the company invested in any mental health and/or wellbeing initiatives in the last 3 years?	Yes	1.00	25.00%			
Diversity	S5.1	Does the company have a diversity and inclusion policy?	Yes	1.00	50.00%	100.00%	16.67%
	S5.2	Does the company track and measure the proportion of women in management roles in relation to the proportion of women employees?	92%	1.00	50.00%		
Stakeholder Relations	S6.1	Is there a policy to manage community involvement?	Yes	1.00	50.00%	100.00%	16.67%
	S6.2	Is the business model stakeholder centric?	Yes	1.00	50.00%		
<b>S - Total</b>							<b>A+ (81.94%)</b>

Governance		Metric	Data	Score	Weight	Group Score	Group Wgt
Sustainability	G1.1	Is there a sustainability strategy?	Integrated	1.00	50.00%	100.00%	14.29%
	G1.2	Is remuneration for senior executives linked to achieving sustainability performance?	Yes	1.00	50.00%		
Framework	G2.1	Does the company have B Corporation, Future-Fit (or equivalent) certification?	B-Corp	1.00	100.00%	100.00%	14.29%
Investor Protections	G3.1	Does the company have share classes with different voting rights?	No	1.00	33.33%	100.00%	14.29%
	G3.2	Is there potential for a 'blocking' shareholder?	9.04%	1.00	33.33%		
	G3.3	How many anti-takeover devices are there?	2	Unscored	0.00%		
	G3.4	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	G4.1	How long is the current auditor's tenure?	2 years	1.00	33.33%	100.00%	14.29%
	G4.2	What is the average proportion of total fees paid to the auditor for non-statutory audit services over the past three years?	28.02%	1.00	33.33%		
	G4.3	Is there a code of conduct governing interactions with elected officials?	Yes	1.00	33.33%		
	G4.4	Is the company explicitly considering lwi specific considerations within their community interactions?	No	Unscored	0.00%		
Board	G5.1	Do non-executive and independent Board members comprise the majority of Board members?	85.71%	1.00	10.00%	80.00%	14.29%
	G5.2	Is the CEO also the Chair?	No	1.00	10.00%		
	G5.3	What is the average tenure of current Board members?	4.44 years	1.00	10.00%		
	G5.4	What is the average number of Board member affiliations of non-executive Board members?	4.14	0.00	10.00%		
	G5.5	How many directors are on the Board?	7	1.00	10.00%		
	G5.6	Is a Board skills matrix disclosed?	Yes	1.00	10.00%		
	G5.7	Does the company have a policy for maintaining a well-balanced Board?	Yes	1.00	10.00%		
	G5.8	Are all audit-committee members non-executive directors?	Yes	1.00	10.00%		
	G5.9	Is the Board's gender diversity sufficient?	28.57%	0.00	10.00%		
	G5.10	Does the Board undertake an annual self review process?	Yes	1.00	10.00%		
Data Security & Tax	G6.1	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%	14.29%
	G6.2	Is there a data privacy and protection policy in place? If so, is their evidence the company has tested its security measures in the last year?	Yes	1.00	33.33%		
	G6.3	Does the Board have a tax governing framework in place?	Yes	1.00	33.33%		
Assurance & Ethics	G7.1	Has the company received external assurance of its sustainability report or disclosures?	Reasonable - GHG inventory	0.50	50.00%	25.00%	14.29%
	G7.2	Has the company acted with integrity? Avoided major controversies in the last five years?	Minor	0.00	50.00%		
<b>G - Total</b>							<b>A+ (86.43%)</b>

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