

Last data update:
 31/08/2023

 Company ticker:
 STU

B+

Fast Follower

| | Grade | Score | Industrials Sector Average | New Zealand Average | Industrials Sector Weights |
|--------------|-----------|------------|----------------------------|---------------------|----------------------------|
| Carbon | B | 59% | 63% | 55% | 20% |
| Environment | B- | 53% | 48% | 46% | 20% |
| Social | A+ | 85% | 73% | 71% | 20% |
| Governance | A- | 68% | 58% | 60% | 40% |
| Total | B+ | 67% | 60% | 60% | |

Forsyth Barr Commentary

STU remains firmly in the Fast Follower category and saw solid gains in 2023, holding onto the second highest C&ESG rating in the industrial sector. The standout for STU is the Social category, where it ranks highest in the sector and top 10 in our coverage, driven by strong scores in product quality, stakeholder relations, diversity and health & safety sub-categories. STU also improved its 'C' rating, which was driven by additional disclosure of scope 3 emissions, and strong gains in the risk & opportunity management sub-category. Whilst its 'E' grade ticked slightly up from last year, it could improve by adding water consumption efficiency targets and reporting against the TNFD framework. The downtick to the 'G' score was predominantly due to our methodology changes.

| Carbon | Metric | Data | Score | Weight | Group Score | Group Wgt | |
|-------------------------------|--------|--|-----------|----------|-------------|-------------------|--------|
| GHG Emissions | C1.1 | Is scope 1 and 2 CO ₂ 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% | 78.00% | 33.33% |
| | C1.2 | If five years of data, are scope 1+2 emissions increasing, stable or decreasing? | -4.66% | 0.50 | 20.00% | | |
| | C1.3 | If five years of data, is carbon intensity increasing, stable or decreasing? | -26.90% | 1.00 | 20.00% | | |
| | C1.4 | Has the company identified and publicly disclosed its most material scope 3 emission sources? | Yes | 1.00 | 20.00% | | |
| | C1.5 | Is scope 3 CO ₂ e (tonnes) tracked, measured and publicly reported by the company? If so, for how long has the data been collected? | 2 years | 0.40 | 20.00% | | |
| Emissions Management | C2.1 | Does the company have an emissions reduction target or net zero commitment in place? | No | 0.00 | 16.67% | 0.00% | 33.33% |
| | C2.2 | If so, is the target an absolute and/or intensity measure? | No target | 0.00 | 16.67% | | |
| | C2.3 | If so, has the target been verified/approved by the SBTi (or similar) as a science-based target? | No target | 0.00 | 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% | | |
| | 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? | Both | 1.00 | 33.33% | 100.00% | 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? | Yes | 1.00 | 33.33% | | |
| | C3.3 | Does the company own any proven or probable fossil fuel reserves? | No | 1.00 | 33.33% | | |
| C - Total | | | | | | B (59.33%) | |

| 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% | 66.67% | 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? | No | 0.00 | 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? | No | 1.00 | 33.33% | | |
| Waste & Water | E2.1 | Is there a commitment to reduce waste in place? | Yes | 1.00 | 25.00% | 25.00% | 33.33% |
| | E2.2 | If there is five years of data, is total waste to landfill increasing, stable or decreasing? | < 5y data | 0.00 | 25.00% | | |
| | E2.3 | Is there a target for achieving water use reduction or water consumption efficiency? | No | 0.00 | 25.00% | | |
| | 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% | 66.67% | 33.33% |
| | E3.2 | Does the company voluntarily report against the TNFD framework? | No | 0.00 | 33.33% | | |
| | E3.3 | Is the company actively engaged in implementing circular economy principles into their business model? | Yes | 1.00 | 33.33% | | |
| E - Total | | | | | | B- (52.78%) | |

| 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% | 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? | -64.31% | 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 | 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 - internally only | 0.50 | 25.00% | 37.50% | 16.67% |
| | S4.2 | <i>If employee turnover is reported:</i> | | | | | |
| | S4.2.1 | Is it <10%, <20%, >20%? | No data | 0.00 | 12.50% | | |
| | S4.2.2 | If there is five years of data, is it increasing/stable/decreasing? | Insufficient data | 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? | 100% | 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% | | |
| S - Total | | | | | | | A+ (85.42%) |

| Governance | | Metric | Data | Score | Weight | Group Score | Group Wgt |
|--|-------|---|--------------------|----------|---------|-------------|--------------------|
| Sustainability | G1.1 | Is there a sustainability strategy? | Integrated | 1.00 | 50.00% | 50.00% | 14.29% |
| | G1.2 | Is remuneration for senior executives linked to achieving sustainability performance? | No | 0.00 | 50.00% | | |
| Framework | G2.1 | Does the company have B Corporation, Future-Fit (or equivalent) certification? | No | 0.00 | 100.00% | 0.00% | 14.29% |
| Investor Protections | G3.1 | Does the company have share classes with different voting rights? | No | 1.00 | 33.33% | 83.33% | 14.29% |
| | G3.2 | Is there potential for a 'blocking' shareholder? | 15.75% | 0.50 | 33.33% | | |
| | G3.3 | How many anti-takeover devices are there? | 4 | 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? | 0.00% | 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? | 100.00% | 1.00 | 10.00% | 90.00% | 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? | 4.5 years | 1.00 | 10.00% | | |
| | G5.4 | What is the average number of Board member affiliations of non-executive Board members? | 5.00 | 0.00 | 10.00% | | |
| | G5.5 | How many directors are on the Board? | 6 | 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? | 33.33% | 1.00 | 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? | No | 0.00 | 50.00% | 50.00% | 14.29% |
| | G7.2 | Has the company acted with integrity? Avoided major controversies in the last five years? | Yes | 1.00 | 50.00% | | |
| G - Total | | | | | | | A- (67.62%) |

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