



Will the Future be Pleased with Us? **NZ Inc Sustainability**

An examination of approaches

www.heliocene.org

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About this Report

Purpose

This report examines the business sustainability approaches of New Zealand's twenty largest businesses by revenue (Rev20), excluding the financial sector and government entities. Its purpose is to aid discussion within the New Zealand business community about the challenges facing larger firms as they seek to mature in their business sustainability practice and grow their ambition to integrate sustainability into their core business.

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Data Sources

All of the data in this report are publicly available. Most of the data are from FY19, FY20 or FY21 corporate reports and other corporate documents published between 1 January 2020 and 31 July 2021 and from corporate websites accessed in May, June and July 2021. These sources are listed in the bibliography at the end of this report. A small amount of other data were obtained from other online public sources, for which links and dates of access are provided in footnotes.

Disclaimer

This report interprets public data to provide insights into the approaches that several New Zealand firms take to business sustainability. It is not, and does not set out to be, in any way, an assessment of business sustainability performance by any of the firms mentioned within.

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This report dated 6 August 2021 was prepared based on the information discovered and available at the time. The author has no obligation to update this report or revise the information contained therein.

Executive Summary

This report examines the business sustainability approaches of New Zealand's twenty largest businesses by revenue (Rev20), excluding the financial sector and government entities.

New Zealand's largest businesses can be pleased with the sustainability platforms they have built to date. All the Rev20 businesses have a non-financial purpose or commitment. Almost all report their sustainability performance, use the SDG framework, consider climate change mitigation to be material and support SDG 13 with GHG targets, including some scope 3 emissions. Most also consider company culture and capabilities to be material, and produce a modern slavery statement. Many have an executive in charge of sustainability, require sustainability competences on the board and consider climate change adaptation to be material.

This is firm ground from which the Rev20 can step up to global best practices and leap further into leading nationally on emerging topics. They can easily enhance enterprise value through incremental improvements in ESG. They should be really excited about their potential to develop long term value through more fully integrated strategies and substantial (and substantiated) impacts, which remain relatively uncharted waters.

Rev20 businesses have very light international sustainability profiles, which affects how they are perceived by global investors and other bench-marking bodies. On the world stage, Rev20 businesses demonstrate competence but not leadership in their approach to sustainability, adopting best practices at a mainstream pace. The investment world sees New Zealand's large, listed businesses as low to middle performers on sustainability criteria, representing medium to high ESG risk. The sustainable development world sees New Zealand's influential players as slow starters, just beginning their journeys into systemic industry transformation. These perceptions suggest that current business sustainability approaches in New Zealand are not delivering a world class bang for their buck, and consideration must be given to adopting new approaches in order to catch up, and keep up, internationally.

A lack of sustainability-related regulation creates an uneven playing field. Those businesses that operate in Australia adhere to its modern slavery regulations, while others need not; listed issuers will adhere to a new law mandating TCFD reporting, while others need not. The Government must work harder to support progressive business change and ensure that sustainability is a competitive proposition.

Rev20 businesses are hugely varied in key areas of sustainability management. Roughly half do, and half do not, obtain independent assurance of ESG data, submit environmental data to CDP, use GRI disclosure standards, produce a TCFD statement,

publish GHG emissions data in a separate report, integrate sustainability elements into core business strategy, consider equity, diversity and inclusion to be material or have a Rainbow Tick. Those that do not do these things are behind their peers.

Next steps are harder, but will bring opportunities and rewards, because changing from BAU, however it is done, is a marketable asset and an investor drawcard.

Rev20 sustainability leaders have reached a decision point on climate action.

Having exhausted many of their most obvious incrementalistic opportunities, they are faced with making changes to their business model in order to move to the next level. Some have begun to integrate climate action into core strategic thinking, but are hesitating to radically shift their business model to achieve their climate ambitions. Their question should not be *what is the business ready to do next*, but backcasting from the 2050s, *what will future executives be glad the business chose to do*.

Being a sustainable business means making an effective contribution to sustainable development. This isn't about hyping small impacts. It is about net positive value across the whole business shared by shareholders, society and the environment.

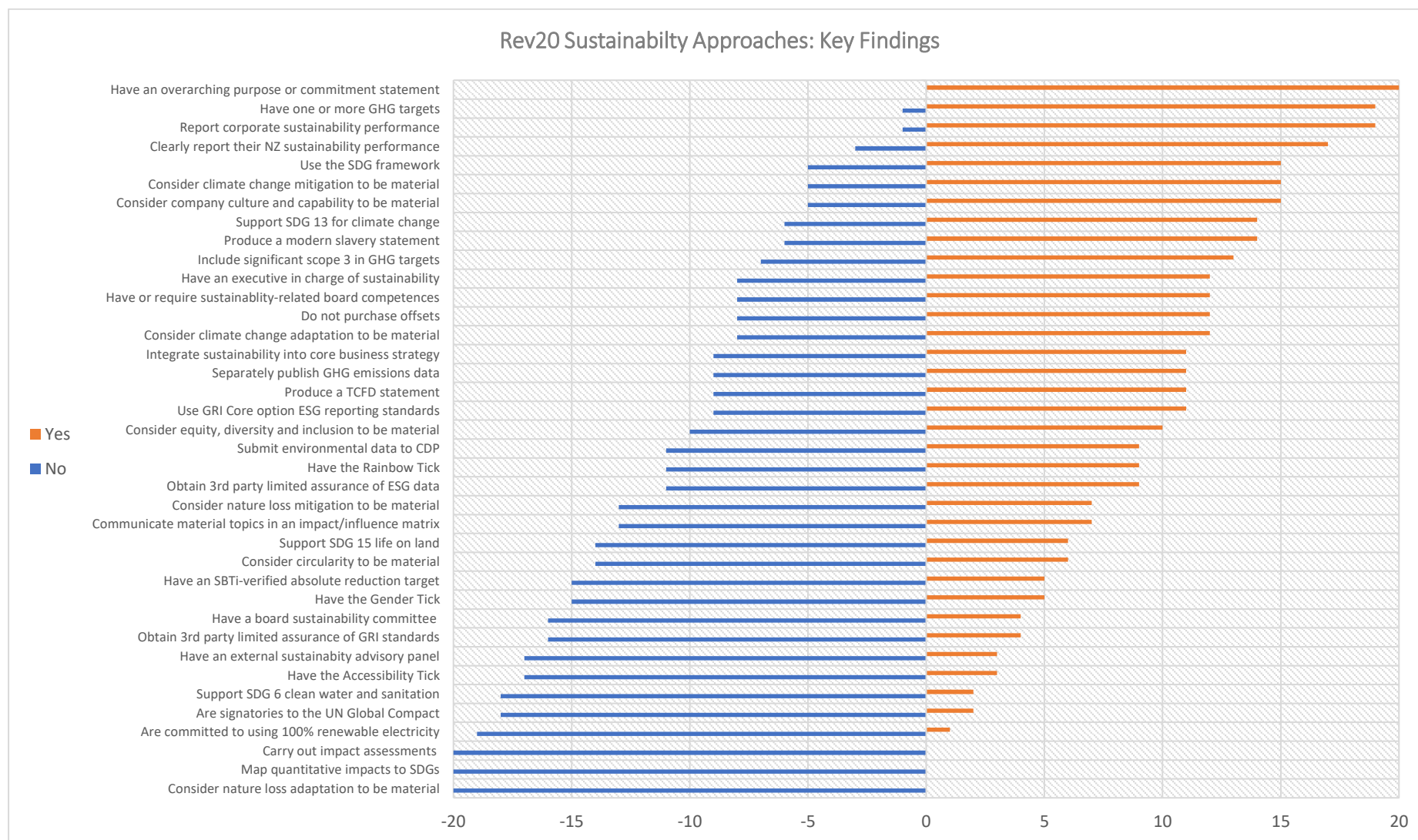
Unlocking 21st century value will demand bold change in the boardroom.

Everything pivots on a governance body that is across the issues, has its eyes on the horizon and its mind on what lies beyond, and is prepared to let go of the rope of BAU. Boards need to have a sustainability committee and ought to be considering appointing an advisory panel populated with provocateurs and strong subject matter experts, and getting comfortable with being made to feel uncomfortable on a variety of environmental and social impact topics.

Sustainability management roadmaps should include adopting double materiality and widely assessing material topics, targeting all scope 3 emissions, progressing from GRI Core option to Comprehensive option, providing reasonable assurance of disclosures, following SDG Impact Standards and SDG Disclosure Recommendations, achieving the Gender and Accessibility Ticks, moving circularity up the ladder, setting verified science-based GHG targets, setting other science-based targets (eg water, air quality) and factoring nature loss mitigation and adaptation into business decisions.

Rev20 businesses eager to join the leading edge of business sustainability can commission impact assessments, map business effects quantitatively to SDGs and adopt progressive impact accounting techniques, all of which demonstrate to impact-driven investors in clear, familiar terms that decision-making is informed and shared value is real. The future would be pleased.

Key Findings



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Definitions and Acronyms

| | |
|-----------------|--|
| BAU | Business as usual The continuation of a 20 th century approach to doing business |
| CCUS | Carbon capture, utilisation and storage Technologies to remove CO ₂ from flue gas and from the atmosphere, recycling the CO ₂ for use and storing it until use or permanently |
| CDP | An organisation (formerly known as the Carbon Disclosure Project) that is a global repository and evaluator of environment-related business data |
| CO ₂ | Carbon dioxide A greenhouse gas |
| ED&I | Equity, diversity and inclusion A group of business metrics |
| ESG | Environmental, social and governance A group of business metrics |
| EV | Electric vehicle A road vehicle that uses an electric motor |
| GHG | Greenhouse gas A gas in Earth's atmosphere that affects global warming |
| GRI | Global Reporting Initiative A stakeholder-centric ESG disclosures standard setter |
| HS&W | Health, safety and wellbeing A group of business metrics |
| IR | Integrated Reporting A process of integrated thinking that results in an annual report by a business about how they create value over time |

| | |
|-------|---|
| N100 | The top one hundred companies by revenue in a country |
| NGO | Non-governmental organisation A non-profit group that functions independently of any government |
| Rev20 | A group of twenty New Zealand businesses that generated revenues greater than NZ\$2 billion in 2019 and 2020 |
| SBT | Science-based target A set of business goals that provide a business a route to reducing resource use or emissions in line with a scientifically determined goal for the protection or regeneration of a natural asset |
| SDG | Sustainable Development Goal One of seventeen global goals that form part of the United Nations 2030 Agenda for Sustainable Development |
| SDGD | SDG Disclosure A business's communication on its contribution to sustainable development goals |
| TCFD | Task Force on Climate-Related Financial Disclosures A group set up by the Financial Stability Board to develop climate-related financial disclosure recommendations |
| TNFD | Taskforce on Nature-related Financial Disclosures A global initiative to deliver a framework for organisations to report and act on evolving nature-related risks |
| XRB | External Reporting Board An independent Crown Entity responsible for accounting and auditing and assurance standards in New Zealand |

1. Introduction

New Zealand is blessed with a stunning environment, a peaceful society and a strong economy. At the same time, we have generated child poverty, a high cost of living, housing unaffordability, depression and suicide, obesity and associated diseases, domestic violence and threats to our biodiversity. We have plenty to be thankful for, much to protect and a lot to fix.

Businesses fit into this picture as extractors, refiners, producers, processors, manufacturers, generators, transporters, connectors and retailers touching the lives and livelihoods of their many stakeholders and affecting and being affected by the environment. These numerous interfaces are both financial and non-financial in nature, comprising millions of touchpoints and decision moments across any given year of operation.

Whereas accounting systems and year-end financial statements provide dollar data relating to business activities within contractually-determined boundaries, corporate sustainability systems and reports provide multivalent insights from within and beyond contractual boundaries. This data helps decision makers and stakeholders make better informed choices about the business in order to protect and fix the economic, environmental and social matters that are important to them.

Business sustainability is something that organisations can choose to do well by adopting world class, tried and tested approaches. There is an expectation that businesses at the 'big end of town' will get this right, as they are presumed to have the means, and are certainly in the position, to lead.

This report examines business sustainability approaches within the group of New Zealand businesses known colloquially as NZ Inc. It considers twenty companies (Rev20) that earned more than NZ\$2 billion in revenue in FY19 and FY20, excluding businesses in the financial sector and government entities (see table 1, pg2).¹

Together, the Rev20 generate around \$100 billion per year in locally stated revenues and employ at least 100,000 people within our shores and many more overseas.

The Rev20 is a microcosm of NZ Inc, a mix of corporate types and industries.

- It includes NZX-listed companies, local subsidiaries of overseas-listed parents, part Crown-owned organisations, cooperatives and privately-owned entities.
- It spans seven industries: air and land logistics, fuel refining and retail, energy generation and retail, food and goods retail, food production, mobile connectivity and the built environment.

These large businesses, like others around the world, indicate their approach to sustainability in numerous ways, such as their:

- primary signals
- approach to materiality
- GHG management
- impact on sustainable development issues
- governance of sustainability

These indicators are explored across the Rev20 in the following sections of this report.

Data supporting each business's approach were sourced from their most recent portfolios of corporate reports and from their websites. Social media posts were not accessed. Sustainability performance is not examined per se, but performance data is sometimes used to demonstrate an approach.

¹ <https://www.top200.co.nz/> (accessed 3/5/21)

Table 1: Rev20 – Twenty Companies with New Zealand Revenue Greater Than NZ\$2 billion in FY19 and FY20

| COMPANY | INDUSTRY | OWNERSHIP | EMPLOYEES | AUDITOR FY20 | YEAR END | REV FY20 NZ \$M | REV FY19 NZ \$M |
|-------------------|--------------|---|---------------------------|-----------------|----------|--------------------|--------------------|
| AIR NEW ZEALAND | Logistics | NZX-listed (> 50% Crown-owned) | 5,001-10,000 Globally | Deloitte | 30-Jun | 4,836 | 5,785 |
| BP | Fuel | LSE-listed parent | 1,000-2,500 NZ | Deloitte | 31-Dec | 3,719 | 3,699 |
| CONTACT ENERGY | Energy | NZX-listed | <1,000 NZ | KPMG | 30-Jun | 2,068 | 2,445 |
| DOWNER | Building | NZX/ASX-listed | 5,001-10,000 AU/NZ | KPMG | 30-Jun | 2,150 | 2,128 |
| EBOS | Goods | NZX/ASX-listed | 2,501-5,000 AU/NZ | Deloitte | 30-Jun | 9,241 | 7,393 |
| EXXONMOBIL | Fuel | NYSE-listed parent | <1,000 NZ | PwC | 31-Dec | 2,901 | 3,371 |
| FLETCHER BUILDING | Building | NZX/ASX-listed | 5,001-10,000 AU/NZ/PAC | EY | 30-Jun | 7,309 | 8,308 |
| FONTERRA | Food | NZX/ASX-listed and Cooperative | >20,000 Globally | KPMG | 31-Jul | 20,282 | 20,114 |
| FOODSTUFFS NI | Goods | Cooperative | 10,001-20,000 NZ | PwC | 29-Mar | 3,543 | 3,332 |
| FOODSTUFFS SI | Goods | Cooperative | 10,001-20,000 NZ | KPMG | 28-Feb | 3,188 | 3,136 |
| FULTON HOGAN | Building | Private (NZ-owned) | 5,001-10,000 AU/NZ | Deloitte | 30-Jun | 4,620 | 4,674 |
| GENESIS ENERGY | Energy | NZX-listed (> 50% Crown-owned) | <1,000 NZ | Deloitte | 30-Jun | 2,592 | 2,701 |
| MAINFREIGHT | Logistics | NZX-listed | 5,001-10,000 Globally | EY | 31-Mar | 3,095 | 2,953 |
| MERIDIAN ENERGY | Energy | NZX/ASX-listed (> 50% Crown-owned) | 1,000-2,500 AU/NZ | Deloitte | 30-Jun | 3,405 | 3,491 |
| SILVER FERN FARMS | Food | Private (foreign-owned) and Cooperative | 5,001-10,000 NZ | KPMG | 31-Dec | 2,557 | 2,384 |
| SPARK NZ | Connectivity | NZX-listed | 5,001-10,000 NZ | KPMG | 30-Jun | 3,588 | 3,518 |
| WAREHOUSE GROUP | Goods | NZX-listed | 10,001-20,000 NZ | PwC | 2-Aug | 3,173 | 3,071 |
| WOOLWORTHS | Goods | ASX-listed parent | >200,000 AU/NZ | Deloitte | 28-Jun | 7,203 | 6,727 |
| Z ENERGY | Fuel | NZX-listed | 2,501-5,000 NZ | KPMG | 31-Mar | 4,934 | 5,405 |
| ZESPRI | Food | Cooperative | <1,000 Globally | KPMG | 31-Mar | 3,373 | 3,104 |

2. Primary Signals

2.1. Reporting Choices

2.1.1. Sustainability Reporting

Globally, sustainability reporting is normal practice among larger corporates, with 80% of the top 100 companies by revenue (N100) in each of 52 countries issuing some form of annual sustainability report.²

Nineteen Rev20 companies (or their parents) produced a sustainability or integrated report in FY20 (see table 2, pg6). This is a 95% reporting rate, well above the global N100 rate.

- Sixteen of the Rev20 are headquartered in New Zealand - Air New Zealand, Contact Energy, EBOS, Fletcher Building, Fonterra, Foodstuffs NI, Foodstuffs SI, Fulton Hogan, Genesis Energy, Mainfreight, Meridian Energy, Silver Fern Farms, Spark NZ, The Warehouse Group, Z Energy and Zespri. Most of this group have operations in other parts of the world, in particular across the Tasman, but their reports have a strong New Zealand focus.
 - Foodstuffs NI and Foodstuffs SI are separate cooperative businesses that share brands and report on sustainability together.
 - Fulton Hogan, a privately-owned business with trans-Tasman operations, has not produced a sustainability report.
- Two businesses, Downer and Woolworths, are headquartered in Australia but have substantial New Zealand operations. Their reports balance information from both territories. This study assumes that their corporate sustainability approaches apply in New Zealand.
- Two businesses, BP and ExxonMobil, are headquartered outside the region. Their global sustainability reports do not refer to New Zealand specifically and their New Zealand subsidiaries do not produce local sustainability reports. This study assumes that their corporate sustainability approaches apply in New Zealand.

2.1.2. Reporting Framework

Standalone sustainability reports and integrated annual reports have different aims. In fact, some large businesses around the world provide both.

Sustainability Report

A sustainability report is prepared for a business's broad stakeholder community to communicate the business's inputs, outputs, outcomes, impacts and dependencies on economic, environmental and social factors within and beyond business boundaries. There is no common standard framework for a sustainability report - businesses tend to frame them around their material sustainability topics or their key stakeholders. Quality varies.

Nine Rev20 businesses (Air New Zealand, BP, Downer, ExxonMobil, Fonterra, Foodstuffs NI, Foodstuffs SI, Mainfreight and Woolworths) produce an annual sustainability report.

Integrated Report

An integrated report is an annual report prepared for investors to communicate enterprise performance, combining financial and non-financial data and narrative content.

Five Rev20 businesses produce an integrated annual report. The degree of integration of business and sustainability content varies from completely separated (EBOS and Fletcher Building) to co-mingling (Genesis, Silver Fern Farms and Zespri).

<IR> Report

The International Integrated Reporting Council's <IR> Framework is a set of guidelines for conveying how enterprise value is created, maintained and destroyed through business inputs, outputs and outcomes across six capitals: financial, manufactured, intellectual, human, social and relationship and natural. An <IR> report's contents should cover an organisational overview, governance, the business (value creation) model, risks and opportunities, strategy and resource allocation, performance, outlook and the basis of preparation and presentation.

Five Rev20 businesses (Contact Energy, Meridian Energy, Warehouse Group, Spark NZ and Z Energy) produce an annual <IR> report.

² <https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/the-time-has-come.pdf> (accessed 20/7/21)

2.1.3. ESG Disclosure Standards

GRI

Use of ESG (environmental, social and governance) disclosure standards is normal practice among larger corporates globally. GRI is by far the most popular choice, used by 67% of N100 businesses across 52 countries.³ GRI standards are based on the double materiality principle, which means that disclosures must cover business activities on ESG topics deemed material to the business because of (i) their impact on stakeholders and / or (ii) their influence on decision making. GRI is working with the EU Commission to develop mandatory reporting standards for European businesses.⁴

Eleven (55%) Rev20 businesses use GRI Core option, lower than the global N100 rate.

None of the Rev 20 have opted for the stronger GRI Comprehensive option that demands more disclosure on governance and material topics. A study of reporting practices in SE Asia found that reporting using the GRI Core option does not affect firm value; however, reporting using the GRI Comprehensive option does positively affect firm value.⁵ This suggests that using the Core option is not a differentiating practice.

SASB

The Sustainability Accounting Standards Board (SASB) produces standards for disclosing industry-specific ESG issues that affect enterprise value. They are based on a single materiality principle, investor risk, and are not sufficient for a business whose sustainability practice exists to serve a wider group of stakeholders than investors. Hence, many SASB users also use GRI.

One Rev20 business (BP) uses SASB standards, and also uses GRI standards.

2.1.4. TCFD Statement

Taskforce on Climate-related Financial Disclosures (TCFD) recommendations aim for more effective business disclosures to enable financial stakeholders to better understand concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

TCFD recommends eleven disclosures concerning governance, strategy, risk management, and metrics and targets. The most challenging requirement is to describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario.⁶

The New Zealand Government has introduced the Financial Sector (Climate-related Disclosure and Other Matters) Amendment Bill that (if passed) will require many businesses to disclose the impacts of climate change on their business and explain how they will manage climate-related risks and opportunities. Disclosures in accordance with climate standards (being developed by the XRB) based on TCFD recommendations will become mandatory for most listed issuers, large banks, licensed insurers and registered investment managers from as early as FY22, ie for financial reports issued in 2023.

Eleven Rev20 businesses have begun preparations for mandatory disclosures by issuing TCFD statements voluntarily - with varying degrees of accordance with the eleven disclosure recommendations.

2.1.5. Modern Slavery Statement

Two jurisdictions in the world have modern slavery laws (the UK and Australia) and one country (Canada) has recently introduced legislation. Nearly 100 New Zealand businesses have signed an open letter calling on the government to commence an enquiry into a Modern Slavery Act for New Zealand.⁷

Australia's Modern Slavery Act 2018 created a reporting obligation for New Zealand entities that undertake business in Australia. Mandatory disclosures include reporting the entity's structure, operations and supply chains; modern slavery risks in the reporting entity's operations and supply chains (including those of subsidiary entities); actions taken (including by subsidiary entities) to assess and address those modern slavery risks, including due diligence and remediation processes; how the reporting entity assesses the effectiveness of actions taken; and the process of consultation with subsidiary entities in preparing the modern slavery statement.

Fourteen Rev20 businesses issue a Modern Slavery Statement to meet Australia's requirements.

³ <https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/the-time-has-come.pdf> (accessed 20/7/21)

⁴ <https://www.globalreporting.org/about-gri/news-center/gri-welcomes-role-as-co-constructor-of-new-eu-sustainability-reporting-standards/> (accessed 27/7/21)

⁵ Rudyanto, A., & Wimelda, L. (2019). Core Option Vs Comprehensive Option: Which One Is Better? *South East Asia Journal of Contemporary Business, Economics and Law*, 20(5), 108-119

⁶ <https://www.fsb-tcfid.org/recommendations/> (accessed 28/7/21)

⁷ <https://thespinoff.co.nz/business/16-03-2021/close-to-a-hundred-nz-companies-sign-letter-calling-for-modern-slavery-law/> (accessed 28/7/21)

2.1.6. SDG Statement

SDG Disclosure (SDGD) Recommendations were published in 2020 to help businesses communicate their impact on achievement of the SDGs by reporting on the risks and opportunities to their business from sustainable development issues, the implications for enterprise value and the business's impact on achievement of the SDGs.⁸

Recommended disclosures cover governance, strategy, management approach and performance and targets - which align well with other reporting guidelines, including the <IR> framework, TCFD principles and GRI standards. Four Rev20 businesses (Contact Energy, Meridian Energy, Spark NZ and Z Energy) use <IR>, TCFD and GRI, providing them a very strong basis for adopting SDGD recommendations.

Rev20 businesses have yet to take up the new SDGD recommendations.

2.1.7. GHG Data

Eleven Rev20 businesses publish a separate data report or permit a third party to openly publish their carbon emissions verification certificates, detailing some or all of their GHG emissions.

2.1.8. Independent Assurance

GHG Emissions Verification

Six Rev20 businesses have obtained third party verification (in every case from Toitū) of their GHG emissions data in accordance with the GHG Protocol.

Limited and Reasonable Assurance

Assurance by a third party provides a report user a level of confidence about a report. When a report is not assured, it is left to the individual reader to judge for themselves the veracity of the disclosures, the correct use of standards and the adherence to reporting principles, which is an unacceptable burden to decision makers. Assurance is mandatory for financial reporting, but is still an emerging practice in sustainability reporting.

Assurance standards include the International Standard for Assurance Engagements (ISAE 3000) and the AccountAbility Assurance Standard (AA1000AS v3).

The Big Four accounting firms are broadening their capabilities to offer non-financial assurance services to businesses that are reporting in compliance with an array of voluntary and mandatory sustainability-related disclosure criteria, such as GRI, <IR>, GHG Protocol, CDP and TCFD.

Future mandatory disclosure requirements in New Zealand may include a modern slavery statement and nature-related financial risk disclosures aligned to TNFD recommendations (currently being developed). Abovementioned SDG Disclosure recommendations may also be adopted voluntarily by more progressive businesses around the world and could become a differentiator as the UN Agenda 2030 culminates.

Limited Assurance

Limited assurance is negative assurance - it means that nothing has come to the auditor's attention that causes them to believe that statements have not been prepared, in material respects, in accordance with stated reporting criteria.

Nine Rev20 businesses obtained independent limited assurance. Seven used their own financial statements auditor, one used another financial statements auditor and one used a testing, inspection and certification agency.

Nine Rev20 businesses obtained limited assurance relating to selected ESG data (including GHG data) disclosed in their primary sustainability report or data appendix.

Four Rev20 businesses (Downer, Fonterra, Meridian and Woolworths) obtained limited assurance relating to their use of GRI standards.

One Rev20 business (Zespri) obtained limited assurance relating to its accordance with TCFD recommendations.

None of the five businesses that produced an <IR> report obtained limited assurance of the extent to which their report is presented in accordance with the <IR> framework.

Reasonable assurance

Reasonable assurance is positive assurance - it means that the auditor has obtained sufficient, appropriate evidence to provide the basis for an opinion on whether the statements have been prepared, in material respects, reliably and accurately in accordance with stated reporting criteria.

One of the Rev20 businesses (Mainfreight) obtained independent reasonable assurance relating to their FY20 GHG Inventory Report.

⁸ <https://www.accaglobal.com/an/en/professional-insights/global-profession/the-sustainable-development-goals/SDGDrecommendations.html>

Table 2: Rev20 Sustainability Reporting Choices FY20

| COMPANY | STATEMENTS | | | | | | INDEPENDENT ASSURANCE | | |
|-------------------------------|---|------------------------------------|----------------|--------------------------------|-----------------|--------------------------------|----------------------------|-------------------------------------|----------------------------------|
| | PRIMARY SUSTAINABILITY REPORTING FORMAT | ESG REPORTING STANDARDS | TCFD STATEMENT | MODERN SLAVERY STATEMENT (AUS) | SDG DISCLOSURES | GHG DATA REPORT | GHG EMISSIONS VERIFICATION | INDEPENDENT LIMITED ASSURANCE | INDEPENDENT REASONABLE ASSURANCE |
| AIR NEW ZEALAND | Sustainability report | GRI Core option | Yes | Yes | | GHG inventory report | | | |
| BP | Sustainability report | GRI Core option GRI tax SASB | Yes | Yes | | ESG datasheet | | Deloitte (selected data) | |
| CONTACT ENERGY | <IR> integrated report | GRI Core option | Yes | Yes | | GHG inventory report | | KPMG (selected data) | |
| DOWNER | Sustainability report | GRI Core option | Yes | Yes | | | | KPMG (selected data, GRI) | |
| EBOS | Integrated annual report | | | Yes | | | | | |
| EXXONMOBIL | Sustainability report | GRI Core option | Yes | Yes | | Energy and carbon summary | | | |
| FLETCHER BUILDING | Integrated annual report | | | Yes | | | Toitū | | |
| FONTERRA | Sustainability report | GRI Core option | | Yes | | Environmental data notes | Toitū | Bureau Veritas (selected data, GRI) | |
| FOODSTUFFS NI/SI ⁹ | Sustainability report | | | | | | | | |
| FULTON HOGAN | | | | Yes | | | | | |
| GENESIS ENERGY | Integrated annual report | | Yes | | | | Toitū | EY (selected data) | |
| MAINFREIGHT | Sustainability report | GRI Core option | | | | GHG inventory report | Toitū | | Toitū (GHG data) |
| MERIDIAN ENERGY | <IR> integrated report | GRI Core option | Yes | Yes | | GHG inventory report | | Deloitte (selected data, GRI) | |
| SILVER FERN FARMS | Integrated annual report | | | | | CarbonReduce certification | Toitū | | |
| SPARK NZ | <IR> integrated report | GRI Core option | Yes | Yes | | | | | |
| WAREHOUSE GROUP | <IR> integrated report | | | | | CarbonZero certification | Toitū | | |
| WOOLWORTHS | Sustainability report | GRI Core option | Yes | Yes | | Sustainability report appendix | | Deloitte (selected data, GRI) | |
| Z ENERGY | <IR> integrated report | GRI Core option | Yes | Yes | | GHG inventory report | | KPMG (selected data) | |
| ZESPRI | Integrated annual report | | Yes | Yes | | | | KPMG (selected data, TCFD) | |
| TOTAL | 19 | 11 | 11 | 14 | 0 | 11 | 6 | 9 | 1 |

⁹ Foodstuffs NI and Foodstuffs SI produce a combined sustainability report

2.2. Local Signals

2.2.1. Networks

New Zealand's national networks for business sustainability have been in existence for two decades and have grown in their importance to mainstream large businesses in recent years for building togetherness on key issues, such as climate change (see table 3, pg8).

Thirteen Rev20 businesses are members of the Sustainable Business Council, which began as the New Zealand Business Council for Sustainable Development in 1999. The SBC aims to connect businesses to create a level of impact that no business could achieve alone. Members commit to reduce their GHG emissions, build sustainability into their purchasing decisions and report annually on environmental, social, governance and economic issues.

Fifteen Rev20 CEOs are signatories of the Climate Leaders Coalition, which formed in 2018 and works closely with the SBC, with which it shares the vision of 'a New Zealand where business, people and nature thrive together'. Signatories pledge to commit to the Paris Agreement, measure and independently verify their GHG emissions, adopt science based targets to contribute to a carbon neutral New Zealand by 2050, assess and disclose their climate risks and proactively support their people and suppliers to reduce their emissions.

Nine Rev20 businesses are members of the Sustainable Business Network, a network founded in 2002 that connects hundreds of progressive organisations to act on systemic change in climate, waste and water. The SBN provides advisory services, resources and training and hosts an annual awards ceremony celebrating New Zealand's business sustainability success stories.

Five Rev20 businesses are partners in the Aotearoa Circle, a voluntary initiative between the public and private sectors to investigate and restore New Zealand's natural resources and taonga. It examines six domains: sustainable finance, land and soil, freshwater, climate change, biodiversity and marine. The Circle has produced a sustainable finance roadmap for New Zealand, a taxonomy for sustainable agriculture for the finance sector, and a native forests report. It is currently developing a National Food Strategy and has begun a Seafood Sector Climate Change Adaption Strategy.

2.2.2. Social Ticks

New Zealand's social Ticks are certification marks for organisations who understand and accept equity, diversity and inclusion. These are basic human rights that should be met in every workplace, yet this is a developing area in New Zealand business.

Nine Rev20 businesses have been certified with a Rainbow Tick. Discrimination on the grounds of sexuality and gender identity are illegal in New Zealand. The Rainbow Tick lets members of the LGBTTTQIA+ community know that an organisation is welcoming and affirming. Certifications are renewed annually.

Five Rev20 businesses have been assessed and certified with a Gender Tick, which shows that they are committed to gender equity through a gender inclusive culture, a safe workplace, flexible work and leave, leadership representation and equal pay.

Three Rev20 businesses have put a programme in place (and one is developing a programme) to become more accessible and inclusive to people with disabilities and have been awarded an Accessibility Tick. Organisations must show continual improvement in implementing their accessibility management system across several areas of competency.

2.2.3. Reputation

Globally, executives attribute 63% of their company's market value to reputation.¹⁰ Many of the factors that are typically identified, assessed, monitored, measured, managed and reported through business sustainability management processes affect corporate reputation, including ethics and values, corporate culture, diversity and inclusion, community relations, environmental responsibility and governance.

Eight Rev20 businesses are ranked in a Colmar Brunton survey in the top 20 most reputable corporates nationally. Three Rev20 businesses are in the top ten based on trust criteria, three are in the top ten based on fairness criteria and six are in the top ten based on responsibility criteria.¹¹

These businesses are highly trusted by New Zealanders, imbuing them with valuable social licence to operate. Violating consumer trust, in particular, can mean losing business. The recent opinion from the Commerce Commission that New Zealand grocery prices are among the highest in the OECD nations due to a lack of competition between Foodstuffs and Woolworths may dent their strong reputations and impact their enterprise values.¹²

¹⁰ <https://www.webershandwick.com/news/corporate-reputation-2020-everything-matters-now/> (accessed 20/7/21)

¹¹ <https://static.colmarbrunton.co.nz/wp-content/uploads/2019/05/2021-Corporate-Reputation.pdf> (accessed 20/7/21)

¹² <https://comcom.govt.nz/about-us/our-role/competition-studies/market-study-into-retail-grocery-sector/media-releases/commission-releases-draft-report-on-competition-in-the-retail-grocery-sector> (accessed 30/7/21)

Table 3: Rev20 Local Signals of Sustainability Practice FY20

| | NETWORKS | | | | SOCIAL TICKS | | | COLMAR BRUNTON REPUTATION RANK | | | |
|-------------------|------------------------------|---------------------------|------------------------------|-----------------|----------------------------|---------------------------|----------------------------------|--------------------------------|---------------|---------------------|-----------------------|
| COMPANY | SUSTAINABLE BUSINESS COUNCIL | CLIMATE LEADERS COALITION | SUSTAINABLE BUSINESS NETWORK | AOTEAROA CIRCLE | RAINBOW TICK ¹³ | GENDER TICK ¹⁴ | ACCESSIBILITY TICK ¹⁵ | TRUST RANK | FAIRNESS RANK | RESPONSIBILITY RANK | REPUTATION RANK |
| AIR NEW ZEALAND | Member | Founding | Member | Partner | Tick | Tick | Tick | 1 | | 1 | 1 |
| BP | | | | | | | | | | | |
| CONTACT ENERGY | Member | Signatory | | Partner | Tick | | | | | | |
| DOWNER | Member | Signatory | | | | | | | | | |
| EBOS | | | | | | | | | | | |
| EXXONMOBIL | | | | | | | | | | | |
| FLETCHER BUILDING | Member | Signatory | Member | | Tick | | | | | | |
| FONTERRA | Member | Founding | Member | Partner | Tick | Tick | Working towards | | | | |
| FOODSTUFFS NI | | Signatory | Member | | | | | 6 | 1 | 4 | 2 and 7 ¹⁶ |
| FOODSTUFFS SI | | Signatory | Member | | | | | 6 | 1 | 4 | 2 and 7 |
| FULTON HOGAN | | | Member | | | | | | | | |
| GENESIS ENERGY | Member | Signatory | | Partner | | Tick | | | | | |
| MAINFREIGHT | | | | | | | | | | | 17 |
| MERIDIAN ENERGY | Member | Signatory | Member | | Tick | Tick | Tick | | | 7 | |
| SILVER FERN FARMS | Member | Signatory | | Partner | | | | | | | |
| SPARK NZ | Member | Founding | | | Tick | | | | | | |
| WAREHOUSE GROUP | Member | Founding | | | Tick | | Tick | | 2 | | 15 |
| WOOLWORTHS | Member | Signatory | | | Tick | | | | | | 10 |
| Z ENERGY | Member | Founding | Member | | Tick | Tick | | | | 5 | 12 |
| ZESPRI | Member | Signatory | Member | | | | | | | 3 | 13 |
| TOTAL | 13 | 15 | 9 | 5 | 9 | 5 | 3 | 3 | 3 | 6 | 8 |

¹³ <https://www.rainbowtick.nz/#org> (accessed 20/7/21)

¹⁴ <https://www.ywca.org.nz/workplace/gendertick/> (accessed 20/7/21)

¹⁵ <https://accessibilitytick.nz/members/> (accessed 20/7/21)

¹⁶ Foodstuffs NI and Foodstuffs SI are independent businesses, both operating under two brand names (Pak 'n Save and New World) that were separately identified in the Colmar Brunton survey on corporate reputation

2.3. International Signals

Local businesses have, in the past, used the NZ country brand (eg 100% Pure NZ) as a sustainability mark rather than actively projecting their own sustainability performance and commitments internationally. Their global peers that have less of a background advantage have had to invest in demonstrating their own sustainability virtues within the global value chains in which they compete. As a result, New Zealand's businesses have relatively light sustainability profiles on the world stage, which affects how they are perceived by global investors. This is now changing in one area, GHG reporting.

2.3.1. Active International Projection

CDP

NZ businesses are increasingly submitting environmental data to CDP, an international evaluator and repository for corporate data on climate change, water security and deforestation (see table 4, pg10). Submitting data for evaluation year on year encourages improvement.

In 2020, 9,617 companies disclosed data with CDP, including more than 9,500 on climate, nearly 3,000 on water and nearly 700 on deforestation. This represents an increase of 70% since the Paris Agreement was signed and more than 50% of global market capitalisation.¹⁷

Nine businesses submitted data on climate, attaining D- (EBOS, for their first submission), C (Contact Energy, Downer and Spark NZ), B (Fletcher Building and Fonterra), A- (Meridian Energy and Warehouse Group) and A (Woolworths).

Four businesses submitted data on water, attaining C (Contact Energy, Downer, Fletcher Building) and A- (Fonterra).

Fonterra is the only company to submit data on deforestation, attaining C.

Fonterra is the only company to submit data on all three categories.

RE100 Climate Group

RE100 is a global initiative bringing together businesses committed to 100% renewable electricity.¹⁸ Several New Zealand industries use fossil fuels directly to meet their industrial process energy needs: the petroleum, chemical and rubber manufacturing industries, which use gas, and the dairy industry, which uses coal. These industries face considerable costs and technological challenges to convert to renewable energy. But other industries rely on the electricity grid, which means their requirements are lower and could be partly or wholly replaced with self-generated power.

Only one Rev20 company is an RE100 member – Woolworths has committed to sourcing 100% renewable electricity across its entire operations by 2025.

This represents an extremely low rate of projected ambition by New Zealand's largest companies to build 100% renewable energy business platforms. This lack of ambition may be because New Zealand's electricity is already 80% generated from renewable sources (mostly hydropower and geothermal power).

UN Global Compact

More than 9,000 companies are involved in the UN Global Compact, a worldwide corporate sustainability initiative to align companies' strategies and operations with ten universal principles spanning human rights, labour, the environment and anti-corruption.

Participating and signatory companies make an annual financial contribution, provide a commitment from their CEO to meet the Global Compact's sustainability principles and produce an annual Communication on Progress (which could be an annual report or a sustainability report) that outlines their efforts to operate responsibly.

Only two Rev20 businesses (Air New Zealand and Warehouse Group) are signatories.

¹⁷ <https://www.cdp.net/en/companies/companies-scores> (accessed 27/7/21)

¹⁸ <https://www.there100.org/> (accessed 27/7/21)

Table 4: Rev20 International Signals of Sustainability Practice FY20

| COMPANY | ACTIVE INTERNATIONAL PROJECTION | | | | | GLOBAL IMPACT RATINGS | | | | | | GLOBAL ESG RATINGS | | | |
|-------------------|---------------------------------|-----------|-------------|-------|-------------------|---|---------------|----------------------|---------------|---------------|-----------------|----------------------|-----------------|--------------------------------|-----------------------|
| | CDP CLIMATE | CDP WATER | CDP FORESTS | RE100 | UN GLOBAL COMPACT | WBA SDG2000 TRANSFORMATION AREAS | CHRB (MAX 26) | PLASTIC WASTE MAKERS | TOXIC 100 GHG | TOXIC 100 AIR | TOXIC 100 WATER | S&P GLOBAL ESG SCORE | MSCI ESG RATING | SUSTAINALYTICS ESG RISK RATING | CSRHUB OVERALL RATING |
| AIR NEW ZEALAND | | | | | Signatory | Decarbonisation and energy; social | | | | | | | | | 62 |
| BP | | | | | | Decarbonisation and energy; social | 21.5 | | 42nd | 56th | 100th | 48 | BBB | 35.3 high risk | 55 |
| CONTACT ENERGY | C | C | | | | | | | | | | 50 | | 37.2 high risk | 61 |
| DOWNER | C | C | | | | | | | | | | 59 | | 38.6 high risk | 60 |
| EBOS | D- | | | | | | | | | | | | | | 36 |
| EXXONMOBIL | | | | | | Decarbonisation and energy; social; nature | 5 | 1st | 11th | 21st | 35th | 36 | BBB | 34.9 high risk | 53 |
| FLETCHER BUILDING | B | C | | | | Decarbonisation and energy; social; urban; nature | | | | | | 56 DSJI | | 24.1 medium risk | 56 |
| FONTERRA | B | A- | C | | | Food and agriculture; social; nature | | | | | | | | | 66 |
| FOODSTUFFS NI | | | | | | | | | | | | | | | |
| FOODSTUFFS SI | | | | | | | | | | | | | | | |
| FULTON HOGAN | | | | | | | | | | | | | | | |
| GENESIS ENERGY | | | | | | | | | | | | | | | |
| MAINFREIGHT | | | | | | | | | | | | | | 24.6 medium risk | 40 |
| MERIDIAN ENERGY | A- | | | | | | | | | | | 66 DSJI | | 23.4 medium risk | 58 |
| SILVER FERN FARMS | | | | | | | | | | | | | | | |
| SPARK NZ | C | | | | | Digital; social | | | | | | 29 | AA | 22.5 medium risk | 57 |
| WAREHOUSE GROUP | A- | | | | Signatory | | | | | | | | | | 56 |
| WOOLWORTHS | A | | | | Member | Food and agriculture; social; nature | 17.5 | | | | | 42 | A | 16.8 low risk | 58 |
| Z ENERGY | | | | | | | | | | | | | | | 52 |
| ZESPRI | | | | | | Food and agriculture; social | | | | | | | | | |
| TOTAL | 9 | 4 | 1 | 1 | 2 | 8 | 3 | 1 | 2 | 2 | 2 | 8 | 4 | 9 | 14 |

2.3.2. Global Impact Ratings

Numerous third party agencies, including NGOs and think tanks, independently assess corporate impacts, positive and negative, on sustainable development issues.

WBA SDG2000

The World Benchmarking Alliance is focused on rating the 2000 most influential companies globally across seven areas of transformation to achieve the SDGs: the financial system, decarbonisation and energy, food and agriculture, nature and biodiversity, digital, urban and social.¹⁹ WBA's intention is to call out global laggards that are slowing down systemic transformation on crucial sustainable development issues.

Eight Rev20 businesses are included in the SDG2000 – Air New Zealand, BP, ExxonMobil, Fletcher Building, Fonterra, Spark NZ, Woolworths and Zespri.

Corporate Human Rights Benchmark

Three Rev20 companies have been assessed on human rights by the Corporate Human Rights Benchmark (CHRB).²⁰

BP scored a very high 21.5/26 overall, based on 5.5/8 on governance and policy commitments; 11/12 on embedding respect and human rights due diligence; and 5/6 on remedies and grievance mechanisms.

ExxonMobil scored a very low 5/26 overall, based on 2.5/8 on governance and policy commitments; 0.5/12 on embedding respect and human rights due diligence; and 2/6 on remedies and grievance mechanisms.

Woolworths scored a moderate 17.5/26 overall, based on 7.5/8 on governance and policy commitments; 6/12 on embedding respect and human rights due diligence; and 4/6 on remedies and grievance mechanisms.

Food and Agriculture Benchmark

It is very early days in the WBA project, with development of several of its methodologies still in progress; however, 350 keystone businesses have already been evaluated in the food and agriculture dimension, including Fonterra, Woolworths and Zespri.

Fonterra is 'on track' on environmental indicators, meaning that it has commitments or reporting in place for 75% or more of assessable topics, and it has 'started the journey' on nutrition and social inclusion indicators. Woolworths and Zespri have both been evaluated as having 'started the journey' on all three indicators – environmental, nutrition and social inclusion.

Plastic Waste

The Plastic Waste Makers Index is a new index that identifies the companies that produce virgin polymers that account for single-use plastic waste.²¹

One Rev20 company, ExxonMobil, is listed in the Plastic Waste Makers Index; in fact, it is the world's largest producer of single-use polymers, producing 5.6% of global production.

Break Free from Plastic (BFFP) conducts an annual brand audit in community clean-ups around the world that count and document the brands found as plastic waste to identify the companies responsible for plastic pollution.²² The global top ten worst plastic polluters are (in descending order): The Coca-Cola Company, PepsiCo, Nestlé, Unilever, Mondelez International, Mars, Procter & Gamble, Philip Morris International, Colgate-Palmolive and Perfetti Van Melle.

None of the Rev20 companies are in the top polluters list; however, Rev20 businesses that trade products made by the top ten polluting companies are part of the value chain that contributes to plastic waste, including grocery, non-grocery and fuel retailers.

Toxic 100 Indices

The Political Economy Research Institute (PERI), an economics research unit at the University of Massachusetts Amherst, produces global Toxic 100 polluter indices for air, water and greenhouse gas emissions.²³

Two Rev20 businesses are included in all three indices: BP is the 42nd most GHG emitting, 56th most air polluting and 100th most water polluting company in the world; ExxonMobil is the 11th most GHG emitting, 21st most air polluting and 35th most water polluting company in the world

¹⁹ <https://www.worldbenchmarkingalliance.org/sdg2000/> (accessed 26/7/2021)

²⁰ <https://www.worldbenchmarkingalliance.org/publication/chrbr/> (accessed 29/7/21)

²¹ <https://sourceofplasticwaste.org/>

²² <https://www.breakfreefromplastic.org/>

²³ <https://peri.umass.edu/combined-toxic-100-greenhouse-100-indexes-current> (accessed 27/7/21)

2.3.3. Global ESG Ratings

Overview

ESG ratings are misunderstood by many people, which makes them a hotbed for greenwash by both corporates and asset managers. This is a brief overview of how the ratings system works.

Corporate disclosures on ESG metrics provide insights into how a business is managing inputs, outputs and outcomes on matters of importance to stakeholders identified through a materiality assessment.

An industry of third party ESG raters evaluates this data. Raters' methodologies are proprietary, unique to themselves. They seldom agree, indicating strong biases, and can be an unreliable source of opinion for users who are not familiar with the underlying workings.

An ESG rating reflects the likelihood of a change in enterprise value; in other words, it is a risk assessment. Nearly half of a typical ESG rating is explained by a company's size, activity and country.²⁴ They are primarily produced for asset managers to generate ESG indices and 'sustainable investment' portfolios, which now account for US\$35.3 trillion, more than one third, of global assets under management.²⁵

It is not well understood that ESG ratings relate to investor risk only, and are not evaluations of a business's impact on, and commitments to, sustainable development, which is the true aim of business sustainability. Asset managers are known to capitalise on this misunderstanding, but imminent anti-greenwash regulation in Europe (the Sustainable Finance Disclosure Regulation) will compel asset managers to disclose information to back up claims they make that their funds promote environmental or social objectives. The announcement of this regulation caused 'sustainable investment' assets in Europe to immediately shrink by US\$2 trillion.²⁶

Companies actively pursue higher ESG ratings to appeal to providers of financial capital. They can significantly improve a poor rating based on poor outcomes on a particular topic by improving those outcomes and / or achieving very positive outcomes on another topic. A higher rating can also be achieved through the scope, quantity and balance of ESG data that is disclosed. In other words, by simply providing more data to the market, especially on topics with positive outcomes, an ESG rating is likely to improve.

Table 5 (right) provides some examples of global businesses that have created very significant negative impacts, yet still have medium to good ESG ratings, demonstrating the

disconnect between ESG and impact. It also shows typical spreads of ESG ratings, demonstrating differences in methodology between raters.

Note that Sustainalytics scores range from 0 (low risk) to 40 (high risk), MSCI scores range from BBB (laggard) to AAA (leader) and S&P and CSRHub scores ranges from 0 (poor) to 100 (excellent).

Table 5: ESG Ratings Vary and are Not Impact Ratings

| | IMPACTS | | ESG RATINGS | | |
|-----------------------------|---|---|-------------------------------|--|---|
| | NEGATIVE | POSITIVE | POOR | MEDIUM | GOOD |
| RIOT TINTO | 23 rd most air polluting and 21 st most water polluting company in the world Controversial destruction of a cultural heritage site at Juukan Gorge | Corporate Human Rights Benchmark score of 23.5/26 | Sustainalytics 32.7 high risk | MSCI A S&P 68 CSRHub 59 | |
| ECOLAB | 11 th most air polluting and 90 th most water polluting company in the world | | | Sustainalytics 25.7 medium risk | MSCI AAA S&P 77 CSRHub 65 |
| PHILIP MORRIS INTERNATIONAL | 8 th biggest source of branded plastic waste in the world Tobacco smoking causes more than one in ten deaths, through life-threatening cardiovascular and pulmonary disease ²⁷ | | MSCI BBB | Sustainalytics 23.9 medium risk CSRHub 57 | S&P 74 (2020 North America DJSI) |
| STARBUCKS | Corporate Human Rights Benchmark score of 4.5/26 | | MSCI BBB S&P 47 | Sustainalytics 21.2 medium risk | CSRHub 61 |
| SONY | Corporate Human Rights Benchmark score of 9/26 | | S&P 43 | | MSCI AAA Sustainalytics 14.2 low risk CSRHub 65 |

²⁴ <https://investmentnews.co.nz/investment-news/data-bias-how-three-simple-factors-explain-half-of-esg-scores/> (accessed 29/7/21)

²⁵ The Global Sustainable Investment Review 2020

²⁶ <https://www.bloomberg.com/news/articles/2021-07-18/european-esg-assets-shrank-by-2-trillion-after-greenwash-rules> (accessed 29/7/21)

²⁷ [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(19\)31998-1/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(19)31998-1/fulltext) (accessed 29/7/21)

Rev20 Ratings

ESG ratings are only available for businesses that are listed and have a large market capitalisation, whereas some of New Zealand's largest and most influential businesses are cooperatives or are privately owned. Publicly available ratings for qualifying New Zealand businesses are provided by S&P, MSCI and Sustainalytics, among others. In addition, CSRHub calculates consensus ratings to (theoretically) provide a fairer result (see table 4, pg10).

S&P Global ESG Scores

The S&P Global Corporate Sustainability Assessment (CSA) is an industry-specific ESG questionnaire that a company completes directly and / or S&P completes using publicly available information.²⁸ Scores are available for around 7,300 listed companies. Scores are out of 100, and are updated regularly, such as when a company issues its annual report. Global leading scores are 80+, eg Unilever (91), Acciona (90), Roche (90), Thai Beverage (90), Teck Resources (89), UPM (89) and British American Tobacco (84).²⁹

Eight Rev20 businesses have S&P ESG scores ranging from 29 to 66.

Dow Jones Sustainability Indices (DJSI) are built from S&P scores and are updated annually in November.

Two Rev20 businesses, Fletcher Building and Meridian Energy, are included in the 2020 Asia Pacific DJSI, which means they are among the 600 largest listed companies and have been assessed on S&P Global ESG criteria to rank among the top 20% in their industries in the Asia Pacific developed region.³⁰

Meridian Energy (66) scores above industry mean in E, S and G categories and is ranked ~30th out of 72 assessed companies in the electric utilities industry.

Fletcher Building (56) scores below industry mean in E, S and G categories and is ranked ~15th out of 23 assessed companies in the construction materials industry. Although below average among assessed peers globally, it is in the top 20% among assessed peers regionally and is therefore included in the Asia Pacific index.

Downer has recently improved its score to 59, is above industry mean in E, S and G categories and is ranked ~8th in the commercial services and supplies industry, so it may be included in a 2021 DJSI.

²⁸ <https://www.spglobal.com/esg/scores/> (accessed 27/7/21)

²⁹ <https://www.spglobal.com/esg/csa/yearbook/ranking/index.aspx> (accessed 27/7/21)

³⁰ https://portal.csa.spglobal.com/survey/documents/DJSIComponentsAsiaPacific_2020_.pdf (accessed 25/7/21)

³¹ <https://www.msci.com/our-solutions/esg-investing/esg-ratings/esg-ratings-corporate-search-tool> (accessed 27/7/21)

³² <https://www.csrhub.com/search/> (accessed 27/7/21)

MSCI ESG Ratings

Morgan Stanley Capital International (MSCI) calculates ESG ratings 'from a financial risk perspective' for about 2,900 companies to generate the All Country World Index (ACWI).³¹ MSCI ratings range from CCC and B (laggard) through BB, BBB and A (average) to AA and AAA (leader). Microsoft and 3M are AAA-rated businesses.

Four Rev20 businesses are MSCI-rated: BP (BBB), ExxonMobil (BBB), Woolworths (A) and Spark New Zealand (AA). Given their inclusion in the DJSI, Meridian Energy and Fletcher Building may be surprising omissions, but this demonstrates methodological differences.

Sustainalytics ESG Risk Ratings

Sustainalytics ratings offer insights into the ESG-related risks of companies. Each company's score is a combination of (i) its exposure to material ESG issues for the company and its industry, and (ii) its management capability for managing relevant ESG issues.

Nine Rev20 businesses are rated by Sustainalytics: Woolworths has a low ESG-related risk; Fletcher Building, Mainfreight, Meridian and Spark NZ have a medium risk; and BP, Contact Energy, Downer and ExxonMobil have a high risk.

CSRHub Overall Ratings

CSRHub is a consensus rater, producing normalised ratings for more than 15,000 companies from many rating sources, aimed at providing consistency.³² Global leading scores include Acciona (77), Chanel (74), Patagonia (71), IKEA (71) and Philips Lighting (70).

Fourteen Rev20 businesses have CSRHub scores, ranging from 36 to 66.

Despite its aim for fairness, CSRHub scores seem unreliable. For instance, low scores may simply be due to a paucity of publicly available sustainability data. Healthcare distributor EBOS's score of 36, for example, is far lower than oil company ExxonMobil's score of 53, which may be a misleading indication of relative investor risk.

Conclusion

Ratings data for the Rev20 paint a picture of medium to high ESG-related financial risks in NZ Inc relative to global businesses. Some of this risk is due to organisation size, country and industry, but ratings also indicate room for improvement to reach global best-in-class levels in ESG performance and disclosure.

3. Approach to Materiality

3.1. Materiality Assessment

Materiality assessment is the foundation of a substantive and strategic business sustainability practice since it identifies the sustainability topics of greatest collective importance to key stakeholders, informing business risk assessment and strategy development. Materiality of a topic depends on which types of stakeholder are included in the assessment process – often they are listed. It also depends on how the views of each type of stakeholder are weighted – transparency on this is universally lacking.

All Rev20 businesses have disclosed several important topics in their sustainability / integrated report and / or on the sustainability pages of their website.

Four Rev20 businesses (Fulton Hogan, Genesis Energy, Mainfreight and Zespri) indicate sustainability topics that are important, but do not explicitly describe them as material.

Sixteen Rev20 businesses communicate their material topics, with varying levels of rigour around describing the materiality assessment process and participants.

Single (Pre-Financial) Materiality

Single (pre-financial) materiality is an investor-centric view that identifies issues likely to affect the financial condition or operating performance of a company, ie topics that present risks and opportunities likely to affect enterprise value.³³ This perspective does not consider the impacts of the business on the economy, environment and society, but the impacts of the business's context on its (or its shareholders') decision making.

One Rev20 business (Warehouse Group) uses this approach, identifying contextual topics that are material risks to business value.

Double (Impact + Influence) Materiality

Best practice for assessing material sustainability topics involves drawing up a long list of potentially material topics, consulting a broad group of internal and external stakeholders to assess the topics for their impact on them and influence on their decision making, and then presenting the highest ranked topics on a double materiality matrix. A topic can be material if it ranks highly on one or both dimensions.

GRI describes the two dimensions of double materiality as:

- the significance of the organization's economic, environmental and social impacts
- the organisation's substantive influence on the assessments and decisions of stakeholders

Unranked List of Material Topics

Eight Rev20 businesses (Air New Zealand, BP, EBOS, ExxonMobil, Fletcher Building, Fonterra, Meridian Energy and Silver Fern Farms) list their material sustainability topics and indicate that an assessment has been undertaken in consultation with stakeholders. The relative impacts and influence of topics are not communicated, although some businesses identify their two or three most material topics.

Matrix of Material Topics

Seven Rev20 businesses present their material topics in a double materiality matrix format. They use a variety of axes labels that match or resemble GRI guidance on dimensions.

Table 6: Rev20 Materiality Matrices Axes FY20

| | STAKEHOLDER IMPACT AXIS | DECISION INFLUENCE AXIS |
|------------------|---|--|
| CONTACT ENERGY | Significance of the impact or opportunity | Influence on stakeholder assessment and decisions |
| DOWNER | Importance to stakeholders | Significance of impact to Downer |
| FOODSTUFFS NI/SI | Importance to stakeholders | Influence we have to effect change |
| SPARK NZ | Significance of economic environmental and social impacts | Influence on stakeholder assessments and decisions |
| WOOLWORTHS | Stakeholder interest | Time of potential impact Consequence of the issue to Woolworths is demonstrated by size of bubble on the matrix |
| Z ENERGY | Importance to stakeholders | Importance to Z |

³³ <https://materiality.sasb.org/>

3.2. Material Topics

3.2.1. Commonly Material Topics

The prevalence of topics considered material across the New Zealand business landscape reflects the foremost business and societal forces of recent reporting periods: regulatory change, politics, economics and media focus on environmental and social concerns. Many of the material topics listed in table 7 (right) would have been decided in materiality assessments carried out in FY19 or earlier and do not reflect the impact of COVID-19.

Topics material to fifteen Rev20 businesses - The attraction, retention, training, development and engagement of skilled and talented people is a foremost concern, matched by the need to act on climate change by reducing carbon emissions.

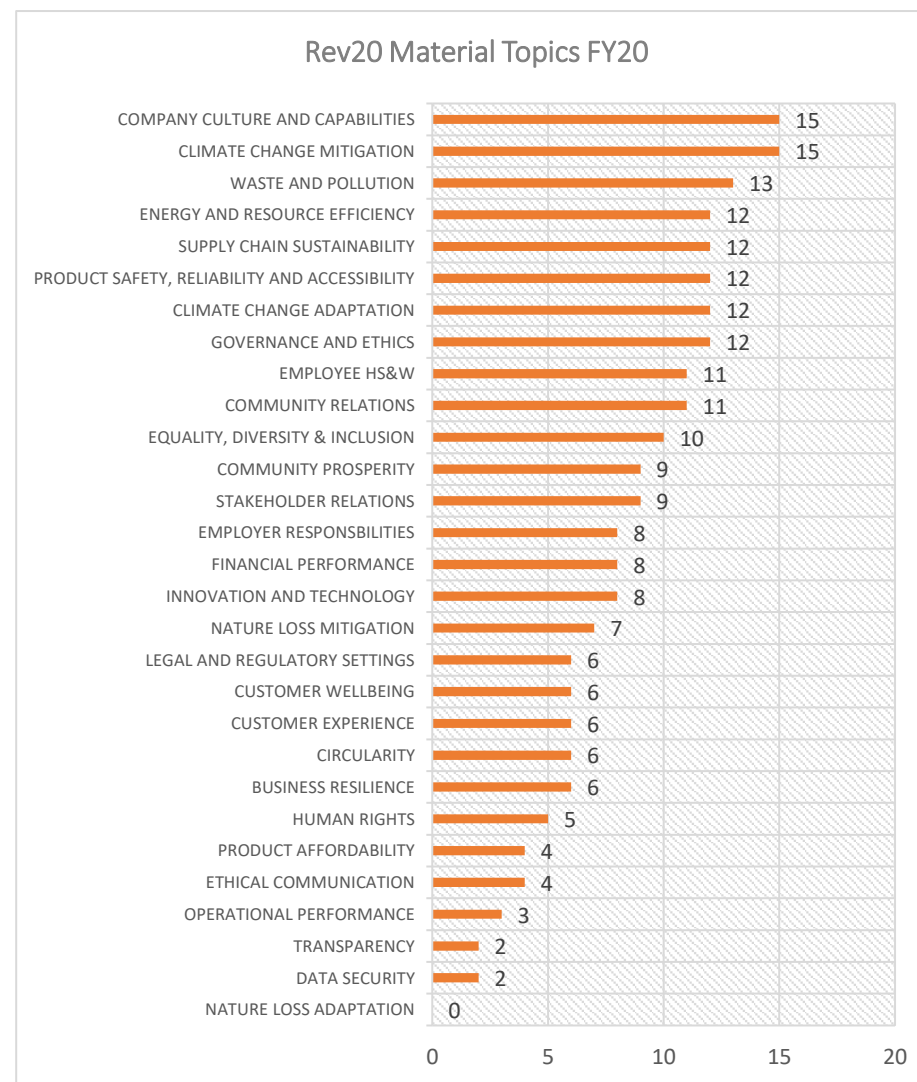
Topics material to thirteen Rev20 businesses - Waste and pollution management, including reducing food waste, reducing packaging, increasing the durability and recyclability of products and packaging and reducing wastewater emissions.

Topics material to twelve Rev20 businesses - Energy and resource efficiency matters include converting to renewable energy, energy efficiency, green buildings, responsible water use and reducing product footprint. Supply chain sustainability incorporates procurement practices, ethical sourcing of products, supply chain practices and processes, transparency, traceability, provenance and animal welfare. Product safety, reliability and accessibility means access to clean, reliable energy, safety of dams, food safety, quality of health products, responsible use of digital products and responsible gaming. Climate change adaptation is a surprising omission by some businesses that are in industries identified by the TCFD as highly exposed. Governance and ethics matters span integrity, board leadership, ethical conduct, stewardship, strategy assurance, tax and governance structures.

Topics material to eleven Rev20 businesses - Health and safety of employees is a ubiquitous concern that has been tackled through the implementation of new systems in several Rev20 businesses in recent years. It may be the case that it is now sufficiently embedded into normal business in some companies to warrant not being highlighted as a material sustainability issue. Wellbeing is specifically mentioned by some businesses. Community relations, such as engagement, helping out, contributing and investing, are an integral element of corporate social responsibility.

Topics material to ten Rev20 businesses - Equality, diversity and inclusion are developing topics in the Rev20, with much work still to be done to raise their profile in the business sector.

Table 7: Rev20 Material Topics FY20

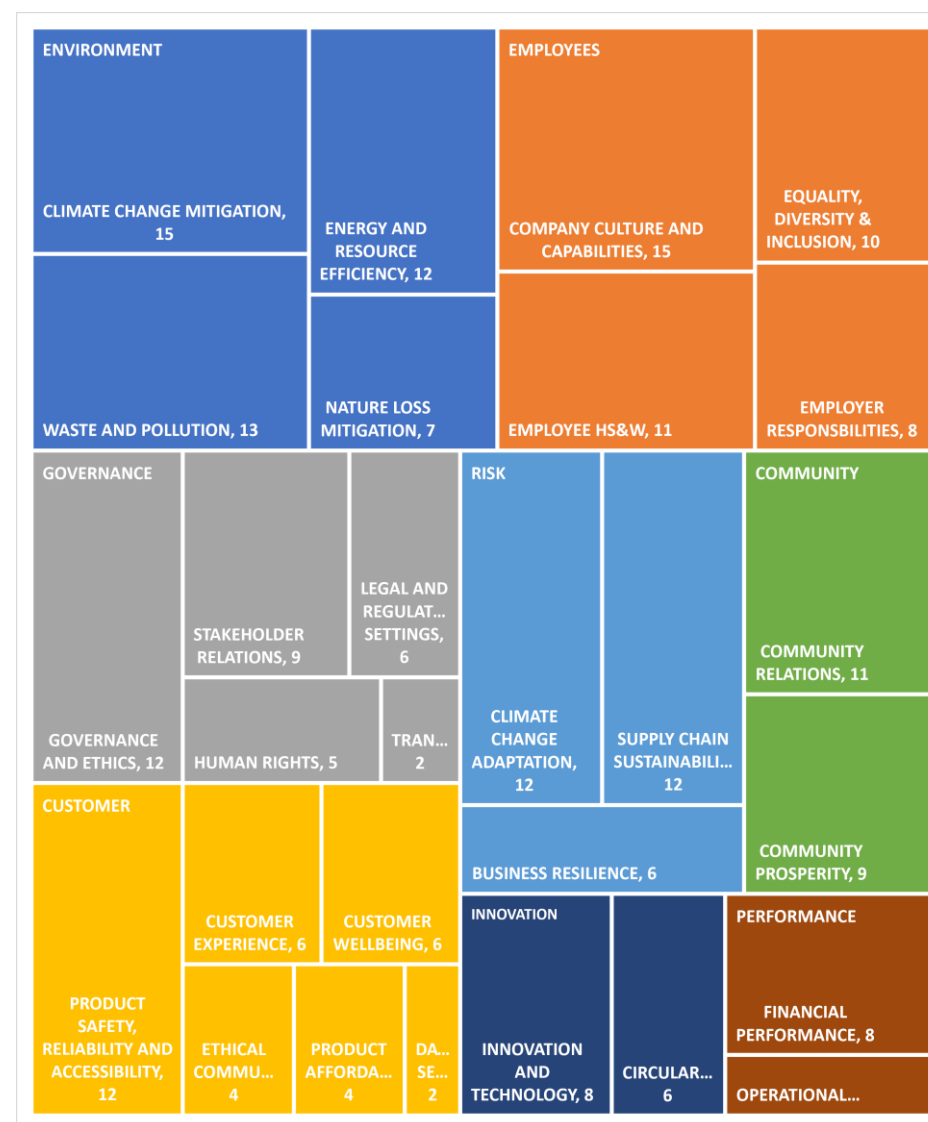


3.2.2. Topic Categories

Gathering commonly material topics into like-with-like categories reveals a bit more about Rev20 stakeholders' concerns generally (mostly pre-COVID). Table 8 (right) shows eight categories and their topics, organised by popularity. Environment and employee matters are the two most material categories, followed by governance, customers and risk, with community and innovation seen as less material, and finally business performance.

1. Environment-related topics are dominated by climate change mitigation, waste management and energy and resource efficiency, with nature loss mitigation beginning to show up.
2. Employee-related matters revolve around company culture and capabilities, which is unlikely to change given New Zealand's talent shortage. We should see a materiality shift toward mental health issues stemming from the pandemic, as well as greater attention being paid to equality and diversity issues - so we can expect the employee category to rise in prominence through HS&W and ED&I.
3. Governance has been centred on ethics, followed by stakeholder relations. We can expect the focus to change as New Zealand moves to consider modern slavery legislation and replaces the Resource Management Act. Transparency may creep up as part of the general trend to better reporting.
4. Customers seem most impacted by product safety, reliability and accessibility concerns. Other topics are less than half as important.
5. Risk has two main foci, climate change adaptation and supply chain sustainability. Both of which will certainly rise in prominence, the former due to physical climate change impacts, the latter due to potential modern slavery legislation. Notable by omission from this category is nature loss adaptation, which is not cited by any businesses, even those that are nature impactful or dependent. Several businesses are concerned about business resilience generally.
6. Community concerns are an afterthought, although they are much hyped in sustainability reports as areas of corporate impact.
7. Innovation trails other matters, including designing for circularity. And yet, SDG12 for responsible consumption and production is highly 'supported' by the business sector. This perplexing mismatch suggests circularity is seen mainly as a waste recycling issue, not a design issue.
8. Performance issues (financial and operational) are sometimes considered material, alongside economic, environmental and social topics.

Table 8: Rev20 Material Topic Categories By Size FY20



4. GHG Management

4.1. Target Setting

Targets vary enormously from business to business and can be difficult to decipher and compare.

Nineteen Rev20 business have one or more GHG emissions targets (see table 8, pg18/19). EBOS has not yet communicated a GHG target.

Absolute Targets

A crucial climate change mitigation strategy is the absolute reduction of GHG emissions. **Absolute reduction targets** are straightforward, unaffected by business growth and not subject to netting off offsets or carbon capture. The higher and sooner the target, the better.

Fifteen Rev20 businesses have an **absolute reduction** target, ranging from 19% to 63%, with most target years falling between 2025 and 2035.

Globally, 828 companies have set a science-based target (SBT) verified by the Science Based Targets Initiative (SBTi). SBTi's new strategy aims for an absolute reduction in scope 1 and 2 emissions in line with the 1.5C goal of the Paris Agreement. Companies that had 2C targets approved in 2020 or earlier have until 2025 to update their targets to 1.5C.³⁴

Five Rev20 businesses have SBTi-verified targets. Contact Energy, Genesis Energy, and Woolworth's SBTs are aligned to 1.5C global warming. Fletcher Building and Fonterra's SBTs are consistent with well below 2C.

Two businesses (Downer and Warehouse Group) claim to have SBTs but these have not been verified by the SBTi.

Intensity Targets

Intensity targets aim to reduce emissions relative to another metric (eg kilometres, tonnes or dollars of revenue), but, in fact, even as intensity goals are met, emissions may still increase in absolute terms. Intensity targets are favoured by businesses that aim to grow.

Three Rev20 businesses have **intensity targets**, including Air New Zealand, BP and Mainfreight.

Net Targets

Net targets gives a business the option to flex its strategy between reducing emissions and offsetting them (or perhaps capturing them) in order to achieve a net reduction, net zero or carbon positive emissions balance.

Four Rev20 businesses have a **net target**, including Air New Zealand, Fonterra, Spark NZ and Zespri.

Scope 3 Emissions

GHG targets usually address scope 1 and 2 emissions, and often some scope 3, eg freight emissions. However, many business omit significant scope 3 emissions, including upstream manufacture of products purchased and downstream use and disposal of products sold.

Seven Rev20 businesses exclude significant scope 3 emissions from their targets, including Downer, ExxonMobil, Fletcher Building, Foodstuffs, Meridian, Silver Fern Farms and Warehouse Group and Z Energy.

Offsets

Businesses purchase (or manage consumer purchased) offsets to claim carbon neutrality for all or part of their business, such as a product or their own operations.

Eight Rev20 businesses reported offsets in FY20, including Air New Zealand, BP, EBOS, Fonterra, Meridian, Spark NZ, Warehouse Group and Z Energy.

4.2. Levers of Change

All Rev20 business have disclosed a number of initiatives to incrementally achieve their GHG targets, including intentions to switch to EV and hybrid vehicles, improve energy efficiency, reduce energy requirements, generate renewable energy, switch to alternative fuels, decommission assets and redesign plant, processes, products and packaging.

None of the Rev20 businesses seems to have indicated that they intend to make radical changes to their business model in order to achieve higher climate ambitions.

³⁴ <https://sciencebasedtargets.org/news/sbti-raises-the-bar-to-1-5-c> (accessed 30/7/21)

Table 9: Rev20 GHG Targets and Change Levers FY20

| COMPANY | TARGET | SBT | EXCLUSIONS | CHANGE LEVERS | OFFSETTING PROJECTS |
|-------------------|--|--------------|---------------------------------|--|---|
| AIR NEW ZEALAND | Carbon neutral growth from 2020 | | | Alternative aviation fuels; fuel efficiency; energy efficiency; EVs | Native forests and biodiversity projects, NZ; biodiversity and sustainability projects, New Caledonia, Australia, China |
| | 1.5% average annual fuel efficiency improvement between 2010 and 2020 | | | | |
| | A reduction of 50% in net emissions by 2050 compared to 2005 levels | | | | |
| BP | 20% reduction in scope 1 and 2 operational GHG emissions by 2025 from a 2019 base year | | | Low carbon electricity; integrated gas; bio-energy; hydrogen and CCUS | Various initiatives, China, Mexico, India |
| | 20% reduction in CO2 emissions from scope 3 upstream oil and gas production 2025 from 2019 base year | | | | |
| | Cut the carbon intensity of the products we sell by 5% by 2025 from a 2019 base year | | | | |
| CONTACT ENERGY | Reduce absolute scope 1 and 2 GHG emissions 45% by 2026 from a 2018 base year | SBTi 1.5C | | Displace thermal generation; displace industrial heat; EVs; improve generation operations; CCS technology for geothermal | |
| | Reduce absolute scope 3 GHG emissions from all sold electricity 45% by 2026 from a 2018 base year | SBTi 1.5C | | | |
| | Reduce scope 3 emissions from use of sold products emissions 34% by 2026 from a 2018 base year | SBTi 1.5C | | | |
| DOWNER | Reduce absolute scope 1 and 2 GHG emissions by 45-50% by 2035 from a FY18 base year | ? | Scope 3 upstream and downstream | Shift to lower capital intensive and lower carbon activities; alternative fuels; energy efficiency | |
| EBOS | No target set | | No target | Increase use of renewable energy | GreenFleet forests, NZ |
| EXXONMOBIL | 30% reduction in GHG emissions from upstream operations by 2025 from 2016 base year | | Scope 3 products sold | Operational efficiencies; lower emissions technologies; renewable energy powered operations | |
| | 40-50% reduction in methane emissions by 2025 from 2016 base year | | | Increased leak detection and repair; inspection technology advances; improved facility design | |
| FLETCHER BUILDING | Reduce absolute scope 1 and 2 GHG emissions 30% by 2030 from a 2018 base year | SBTi 2C | Scope 3 products sold | Site consolidation; green electricity and rooftop solar in Australia; energy efficiency; hybrid and EVs; lower carbon cement; alternative fuels; redesigned facilities | |
| | 67% of suppliers by emissions will have science-based targets by 2024 | SBTi 2C | | | |

Continued on next page

Continued from previous page

| COMPANY | TARGET | SBT | EXCLUSIONS | CHANGE LEVERS | OFFSETTING PROJECTS |
|-------------------|---|-----------|---|--|--|
| FONTERRA | Reduce absolute scope 1 and 2 GHG emissions 30% by FY2030 from a FY2018 base year | SBTi 2C | | Energy efficiency; alternative fuels; plant-based HDPE bottles | |
| | 70% of suppliers by emissions covering purchased goods and services will have science-based targets by 2024 | SBTi 2C | | Innovation and infrastructure in supply chain | |
| | Neutral net change in pre-farm gate GHG emissions by 2030 from FY14/15 base year | | | Good farming practices; R&D on animal emissions | Hydroelectric project, India; cook stoves, Bangladesh; forests, NZ; wind energy, New Caledonia; solar energy, India |
| FOODSTUFFS NI/SI | Reduce absolute scope 1, 2 and 3 GHG emissions 21% by 2025 from a 2020 base year | | Scope 3 upstream and downstream | CO2-based refrigeration; logistics efficiency; EVs; solar roofs; energy efficiency | |
| FULTON HOGAN | Reduce emissions by 25% by 2025 | | Unclear | Wind powered operations; alternative fuels; EVs; switching sites to mains power; tanker redesign; asphalt modifications | |
| GENESIS ENERGY | Reduce absolute scope 1 and 2 GHG emissions 36% by 2025 from a 2020 base year | SBTi 1.5C | | Displace baseload thermal with renewable alternatives; transition thermal generation to backup role and cease coal use; EV parking and share scheme; encourage staff to use public transport; provide walking/cycling facilities for staff | |
| | Reduce absolute scope 3 emissions from use of sold products 21% by 2025 from a 2020 base year | SBTi 1.5C | | Help customers be more energy efficient | |
| MAINFREIGHT | Continuously reduce the emissions intensity of our activities year on year | | | Road to rail and coastal shipping; route planning; truck size management; off-peak distribution; efficient driving; vehicle maintenance; EVs; minimising computer room space; efficient computer cooling; virtualisation; variable energy management systems | |
| MERIDIAN | Reduce absolute scope 1, 2 and 3 operational GHG emissions 50% by 2030 from a 2019 base year | | Scope 3 energy purchased and sold | Use renewable energy; lock in 2020 air travel and employee commuting reductions; EVs; supplier engagement plan; enabling customer action | Wind farm and solar projects, India |
| SILVER FERN FARMS | Reduce scope 1 and scope 2 operational GHG emissions 42% by 2030 from 2020 base year | | Scope 3 upstream | Supplier farms to measure emissions, understand key GHG sources and areas for sequestration; heat pump installation | |
| SPARK NZ | Reduce net emissions by 25% by 2025 from a FY16 base year | | | Decommission landline network; reduce air travel; hybrid and EVs | Air New Zealand FlyNeutral programme |
| WAREHOUSE GROUP | Reduce GHG emissions 32% by 2030 from 2015 base year | ? | Scope 3 upstream and downstream | Energy efficiency; shipping efficiency; EVs | Wind power, India; wind farm, China; cook stoves, Bangladesh; solar power, India; methane digesters, China; hydropower, Laos |
| WOOLWORTHS | Reduce absolute scope 1 and 2 GHG emissions 63% by 2030 from a 2015 base year | SBTi 1.5C | | Energy efficiency; solar panels; predictive maintenance; EVs; environmental management systems; building resilience; smart water meters | |
| | Reduce absolute scope 3 GHG emissions 19% by 2030 from a 2015 base year | SBTi 1.5C | | | |
| Z ENERGY | Reduce scope 1, 2 and 3 operational GHG emissions 42% by FY30 from a FY20 base year | | Scope 3 crude, offshore refined products, sold fuel | Adjacent technologies; alternative fuel; native trees | Forests, NZ |
| ZESPRI | Be carbon positive by 2035 | | | Remote working; efficient shipping; cool store technology; efficient orchard growing practices; energy efficiency; minimising fruit loss; packaging design | |

5. Impact on Sustainable Development Issues

5.1. Adoption of the SDG Framework

A business is truly sustainable when it contributes effectively to sustainable development. The UN Sustainable Development Goals provide a widely recognisable framework for managing business contribution to sustainable development. It encapsulates many global wicked problems that can't be solved without systemic change in the business sector.

Fifteen Rev20 businesses explicitly link their business to SDGs (see table 10, right).

The most popular goals among the Rev20 are: SDG13 climate action; SDG 8 decent work and economic growth; SDG12 responsible consumption and production; and SDG7 affordable and clean energy (see table 11, pg21).

Mapping the Business to the SDGs

Businesses struggle to strategically adopt SDGs and integrate them into their reporting although many business sustainability tools provide guidance for the mapping process, eg GRI, Future-Fit Business Benchmark and B Lab Assessment. Table10 (right) shows the various levels at which Rev20 businesses map to SDGs.

Basic Mapping

Four Rev20 businesses list the SDGs that the business believes it can impact.

Four Rev20 businesses link their material topics to one or more SDGs.

Two Rev20 businesses map their business activities to one or more SDGs.

Four Rev20 businesses map their sustainability pillars or aims to one or more SDGs.

Stronger Mapping

One Rev20 business has linked each of its sustainability targets to several SDGs.

None of the Rev20 links its ESG outcomes to specific SDGs.

None of the Rev20 has shown quantitative or qualitative evidence of specific sustainability impacts made by the business that contribute to specific SDGs or underlying SDG targets.

Table 10: Rev20 Mapping to the SDGs FY20

| COMPANY | TYPE OF MAPPING |
|---|--|
| EBOS FULTON HOGAN SPARK WAREHOUSE GROUP ZESPRI | The SDG framework is not used ³⁵ |
| FLETCHER BUILDING GENESIS ENERGY MAINFREIGHT MERIDIAN ENERGY | Supported SDGs are listed |
| CONTACT ENERGY DOWNER WOOLWORTHS Z ENERGY | Material topics are mapped to SDGs |
| EXXOMMOBIL FONTERRA | Sustainability activities are mapped to SDGs ³⁶ |
| AIR NEW ZEALAND BP FOODSTUFFS NI/SI | Sustainability pillars /aims are mapped to SDGs |
| SILVER FERN FARMS | ESG targets are mapped to SDGs |
| - | ESG outcomes are mapped to SDGs |
| - | Sustainability impacts are mapped to SDGs |

³⁵ There is no suggestion intended that businesses that do not use the SDG framework are not contributing to sustainable development

³⁶ Fonterra identifies particular SDG targets that it contributes toward achieving

Table 11: Rev20 Links to SDGs FY20

| | FOODSTUFFS NI/SI | WOOLWORTHS | FONTERRA | SILVER FERN FARMS | Z ENERGY | AIR NEW ZEALAND | EXXONMOBIL | FLETCHER BUILDING | DOWNER | MAINFREIGHT | BP | CONTACT ENERGY | GENESIS ENERGY | MERIDIAN ENERGY | EBO'S | FULTON HOGAN | SPARK NZ | WAREHOUSE GROUP | ZESPRI | TOTAL |
|---|------------------|------------|----------|-------------------|----------|-----------------|------------|-------------------|--------|-------------|----|----------------|----------------|-----------------|-------|--------------|----------|-----------------|--------|-------|
| SDG 13 CLIMATE ACTION | | | | | | | | | | | | | | | | | | | | 14 |
| SDG 8 DECENT WORK AND ECONOMIC GROWTH | | | | | | | | | | | | | | | | | | | | 12 |
| SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | | | | | | | | | | | | | | | | | | | | 12 |
| SDG 7 AFFORDABLE AND CLEAN ENERGY | | | | | | | | | | | | | | | | | | | | 10 |
| SDG 5 GENDER EQUALITY | | | | | | | | | | | | | | | | | | | | 9 |
| SDG 3 GOOD HEALTH AND WELLBEING | | | | | | | | | | | | | | | | | | | | 8 |
| SDG 17 PARTNERSHIPS FOR THE GOALS | | | | | | | | | | | | | | | | | | | | 6 |
| SDG 15 LIFE ON LAND | | | | | | | | | | | | | | | | | | | | 6 |
| SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | | | | | | | | | | | | | | | | | | | | 5 |
| SDG 14 LIFE BELOW WATER | | | | | | | | | | | | | | | | | | | | 5 |
| SDG 10 REDUCED INEQUALITIES | | | | | | | | | | | | | | | | | | | | 4 |
| SDG 11 SUSTAINABLE CITIES AND COMMUNITIES | | | | | | | | | | | | | | | | | | | | 4 |
| SDG 1 NO POVERTY | | | | | | | | | | | | | | | | | | | | 4 |
| SDG 2 ZERO HUNGER | | | | | | | | | | | | | | | | | | | | 4 |
| SDG 4 QUALITY EDUCATION | | | | | | | | | | | | | | | | | | | | 3 |
| SDG 6 CLEAN WATER AND SANITATION | | | | | | | | | | | | | | | | | | | | 2 |
| SDG 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | | | | | | | | | | | | | | | | | | | | 2 |

5.2. Impact Assessment

Overview of ESG Management and Impact Assessment

All businesses create positive and negative consequences for the economy, environment and society through four levels of effect: inputs, outputs, outcomes and impacts. Effects are material to a business if key stakeholders are impacted or influenced by them. A materiality assessment provides the focus for sustainability management by identifying the impactful and influential topics where business effects need to be managed.

ESG practice is the management of business inputs, outputs and outcomes on material topics. These three types of effect occur within, or close to, the business and are (relatively) easily measured and managed by the business through environmental, social and governance (ESG) metrics. Mainstream business sustainability practice is ESG management.

Impact measurement is an emerging area of business sustainability practice. Impacts are intended or unintended, medium to long term, positive or negative changes experienced by the environment or stakeholders that are attributable to business outputs or outcomes. It can be difficult for a business to identify impacts, obtain impact data and attribute the right value of an impact to their own business activity.

Consider, for instance, a company that has developed a water footprint calculator app with the stated company purpose of reducing total water use in a region. Its material issues are employee talent, product accessibility and, most materially, water use. Its business effects occur across six capitals (using the <IR> framework): financial, manufactured, intellectual, human, social and relationship and natural.

- Material issue: talent
Metric: total qualifications of software developers recruited in the year
Capital and effect: intellectual capital input
- Material issue: product accessibility
Metric: number of apps downloaded by a particular market segment
Capital and effect: manufactured capital output
- Material issue: water use
Metric #1: average change in calculated water footprint per customer per year
Capital and effect: business outcome on natural capital
Metric #2: change in water withdrawals from a catchment attributable to local customers' use of the app in one year
Capital and effect: business impact on natural capital

Impact is a much more demanding effect to measure, yet it gives far greater insight into a business's effective contribution to a material sustainable development topic, which can be essential for properly informed decision making.

A lot of businesses use outcomes as proxies for impact. In the example above, the 'water use' outcome metric is 'average change in calculated water footprint per customer per year', with data collected directly from app users. Yet, customers might use the app to calculate only a fraction of their water use, or they might use it irregularly, or even incorrectly. Even if their app use is complete and accurate, there might be other, stronger factors that also drive a customer to change their water use. The company's outcome data may not approximate its true impact on water use. Decisions based on outcome data may cause the business to fail to achieve its stated purpose.

Impact assessment can be an expensive, lengthy process and would only be done if the value of the assessment is greater than its cost; for example, if a major investment or a radical change to the business model was being considered in order to avoid or create a significant impact. Assessments can be qualitative, quantitative or monetised through impact accounting techniques. Impact accounting is a developing (though still very peripheral) area of impact practice. Its purpose is to communicate impact value in monetary terms so it can be better understood in the business context. Types of impact valuation that are in corporate practice include natural capital accounting, economic impact measurement, social return on investment, environmental profit and loss, True Value, revenue contribution to the SDGs and carbon adjusted earnings per share.

Rev20 Impact Assessments

Impacts are the experiences resulting from business activities, not the business activities themselves. All Rev20 businesses are aware of their economic, environmental and social impacts, which they have identified as important / material topics. In their reports, impacts are hinted at or described, but it is the originating business effects that are measured. Examples includes employee unconscious bias outcomes (social impact), gifted outputs to a community initiative (prosperity impact) and operational inputs, such as water withdrawals, (environmental impact).

None of the Rev20 companies appears to have published impact assessment data in their corporate reports.

Two Rev20 businesses mention impact assessment: Contact Energy commissioned a cultural impact assessment following a negative impact event; Air New Zealand scoped a measurement framework to measure social, economic and environmental progress in a region.

None of the Rev20 companies appears to have published impact accounting information in their corporate reports.

6. Governance of Sustainability

6.1. Purpose

6.1.1. Legal Purpose

Legal purpose is not examined in this report.

6.1.2. Purpose Statements

Businesses use a purpose statement or a commitment statement to convey the overarching reason why the company exists. It is not their legal purpose, but a marketing-style communication to key stakeholders, such as employees and customers, about the higher aims that the business sets out to achieve. These statements are almost always related to sustainability issues or human progress (see table 12, right).

All Rev20 businesses make some kind of overarching statement of purpose or commitment describing how the work they do will make a difference to the economy, environment and / or society.

Two Rev20 businesses' statements are themed around increasing society's prosperity (Air New Zealand and Spark NZ).

Four Rev20 businesses' statements are themed around helping the transition to a low carbon, sustainable future (BP, Genesis Energy, Meridian Energy and Z Energy).

Five Rev20 businesses' statements are themed around making life easier or better for people (Contact Energy, Foodstuffs NI, Mainfreight, Warehouse Group and Woolworths).

Three Rev20 businesses' statements are themed around securing our built and / or natural environments for people (Downer, ExxonMobil and Fletcher Building).

Six Rev20 businesses' statements are themed around creating healthier, stronger communities (EBOS, Fonterra, Foodstuffs SI, Fulton Hogan, Silver Fern Farms and Zespri).

Table 12: Rev20 Purpose/Commitment Statements FY20

| COMPANY | PURPOSE / COMMITMENT |
|-------------------|--|
| AIR NEW ZEALAND | Enrich our country by connecting New Zealanders to each other and New Zealand to the world |
| BP | Reimagining energy for people and our planet, we want to help the world reach net zero and improve people's lives |
| CONTACT ENERGY | Creating value for our customers and communities by developing smart solutions that make living easier for them now, and in the future |
| DOWNER | Create and sustain the modern environment by building trusted relationships with our customers |
| EBOS | Building better communities through an unwavering commitment to the provision of high-quality healthcare and animal care products |
| EXXONMOBIL | Producing the energy and chemical products essential to modern life and economic development, in a way that helps protect people, the environment and the communities where we operate |
| FLETCHER BUILDING | Improving the world around us through smart thinking, simply delivered |
| FONTERRA | Our cooperative, empowering people to create goodness for generations, you, me, us together, tātou, tātou |
| FOODSTUFFS NI | We exist to make sure New Zealanders get more out of life |
| FOODSTUFFS SI | We're here to feed the South Island by delivering fresh, affordable food |
| FULTON HOGAN | Be a successful and enduring infrastructure company - being in, connecting with and caring for communities |
| GENESIS ENERGY | Empowering New Zealand's sustainable future |
| MAINFREIGHT | Provide greater levels of logistics efficiency and communication by being closer to our customers and their customers |
| MERIDIAN ENERGY | Clean energy for a fairer and healthier world |
| SILVER FERN FARMS | Sustainably add value to New Zealand's natural grass-fed red meat by being the first choice for people who care about food |
| SPARK NZ | Help all of New Zealand win big in a digital world |
| WAREHOUSE GROUP | Helping Kiwis live better every day |
| WOOLWORTHS | We create better experiences together for a better tomorrow |
| Z ENERGY | Solve what matters for a moving world |
| ZESPRI | Help people, communities and the environment around the world thrive through the goodness of kiwifruit |

6.2. Strategic Thinking

A strategy is a plan to achieve a goal. Business strategies are plans to achieve business goals and sustainability strategies are plans to achieve sustainability goals. As a business adopts a sustainability mindset, its strategies become integrated, simultaneously serving business goals and sustainability goals that are equivalent in importance and interdependent. Global companies that have integrated strategies include Unilever, Patagonia, Natura & Co, IKEA and Danone.

Rev20 corporate reports and websites were examined for information about their high level strategic thinking to discover the ways they seem to integrate sustainability.

Table 13³⁷ (pg25/26) lists the findings organised into three strategy types:

- Business strategic thinking, such as growth, differentiation, cost reduction, productivity and efficiency, resilience and shared prosperity with investors
- Integrated business strategic thinking, where business and sustainability outcomes have equivalence and interdependence:
 - a business strategy (eg growth) tied to a sustainability condition (eg reduction in GHG emissions)
 - a sustainability strategy (eg improving product accessibility to a particular market segment) tied to a business condition (eg no overall growth)
 - a sustainability strategy that is also a business strategy (eg become a 100% regenerative farming cooperative)
- Sustainability strategic thinking, such as caring for people, stewardship of resources and climate, downstream responsibility, upstream responsibility and governance

6.2.1. Integrated Strategic Thinking

At least twelve Rev20 businesses appear to have one or more elements of integrated business strategy, such as attracting new industrial demand with globally competitive renewables, being a leader in making sustainable building products, sustainable growth, delivering a sustainable business, being sustainability leaders in operations, new renewables replacing thermal, growing a clear sustainability leadership position, world class sustainable farm practices led by consumer preferences, creating shared value with customers and providing even more consumers around the world with product, while meeting the challenge that climate change presents.

At least two businesses (Contact Energy and Fonterra) appear to have adopted largely integrated core business strategies.

6.2.2. Sustainability Strategic Thinking

At least twelve Rev20 businesses appear to have strategies for caring for people, such as ensuring wellbeing of staff, improving people's lives, focusing on Zero Harm, supporting communities, creating meaningful work, offering scholarships, promoting gender equity, championing digital equity, building diversity and recognising heritage

At least twelve Rev20 business appear to have strategies for stewardship of resources and the climate, such as advocating for decarbonisation, getting to net zero, leading an orderly transition, mitigating emissions, achieving a healthy environment, world class sustainable farm practices, being sustainability leaders, sourcing sustainable commodities, being a sustainable business.

At least five Rev20 businesses appear to have strategies for downstream responsibility, such as providing products that help customers reduce their emissions, being a leader in making sustainable products, supporting New Zealanders to access affordable products and moving to a circular economy.

At least three Rev20 business appear to have strategies for upstream responsibility, such as partnering with the supply chain on sustainable outcomes, ensuring products are ethically sourced and being sustainability leaders in sourcing products.

At least two Rev20 business appear to have a strategies for governance, such as transparency in reporting and working with business partners.

³⁷ Table 13 lists findings from word searches for 'strategy' and 'sustainability strategy' in corporate reports and websites; it is for insight purposes only and is not meant in any way to represent the corporate strategies of the examined companies

Table 13: Rev20 Strategic Thinking FY20

| COMPANY | BUSINESS STRATEGIC THINKING | INTEGRATED BUSINESS STRATEGIC THINKING | SUSTAINABILITY STRATEGIC THINKING |
|-------------------|--|---|---|
| AIR NEW ZEALAND | Preserve and protect competitive advantages; Invest in digital solutions to put control and flexibility in the customers' hands; Laser focus on costs; Strengthen operational agility; Maintain operational integrity; More efficient airline, focused on optimal network; Right size cost base; Rebuild domestic; Build back a network of profitable flying; Stimulate travel on Tasman and Pacific Islands routes; Prioritise our customers; Expand and leverage loyalty programme; Ancillary revenue opportunities; Support recovery of economy via cargo; Complete capital raise; Return sustainable level of earnings | | Lead and advocate for action on decarbonisation; Ensure wellbeing of staff; Prioritise our people |
| BP | Resilient and focused hydrocarbons; Digital and innovation; Integrating energy systems; Partnering with countries, cities and industries | Low carbon electricity and energy | Get to net zero; Care for our planet; Convenience and mobility; Improve people's lives |
| CONTACT ENERGY | | Balance our commitment to renewable energy, while maintaining reliable access to energy for our customers; Create NZ's leading sustainable energy brand that will support renewable development ambitions; Attract new industrial demand with globally competitive renewables; Build renewable generation and flexibility on the back of new demand; Lead an orderly transition to renewables | Be a good neighbour and a positive part of the communities we live and work in; Take care of the natural resources that we rely on |
| DOWNER | Utilise technology in core service offerings; Focus on engagement with customers; Embed asset management and standardisation | Sustainable growth | Safety of our people; Improving internal, supplier and customer relationships; Ensuring we have a diverse and inclusive workforce |
| EBOS | Driving organic growth in Healthcare and Animal Care business in Australia and NZ; Disciplined capital management | | Be a steward of nature; Manage relationships with stakeholders and the community; How our company is governed |
| EXXONMOBIL | Develop and deploy scalable technology solutions; Proactively engage on climate-related policy | | Mitigate emissions in company operations; Provide products to help customers reduce their emissions |
| FLETCHER BUILDING | Market leading customer solutions and services; Lowest delivered cost; Economic performance of each business in industry top quartile; Leadership in growth via disruption | Leadership in innovation and sustainability; Be the leader in making sustainable building products | Careful management of our resources and emissions; Partner with our supply chain to deliver sustainable outcomes; Build healthy homes and deliver sustainable infrastructure; Zero injuries every day; Support our people and communities; Transparent environmental, social and governance reporting |
| FONTERRA | | Deliver a sustainable business | Achieve a healthy environment for farming and society; Care for people and make a positive social impact |
| FOODSTUFFS NI | Become one of the most customer driven retailers in the world; Truly understand our customers, consistently deliver what they value and prove our loyalty to them through our actions | We are sustainability leaders in our operations; We are sustainability leaders in how we source our products | We support every New Zealander to access healthy and affordable food; We create meaningful work for our people; Support our local communities to thrive |
| FOODSTUFFS SI | Put our customers at the centre of everything we do; enhance our retail operations; build a digital future | | |
| FULTON HOGAN | Growth; innovation | | We want our business to be representative of our people and their communities; Look for smarter and better ways of doing things; Play a part in making our communities better |
| GENESIS ENERGY | LPG #1 or #2 in every region; Design products for emerging energy management needs; Invest in technology and data to create consistent and distinctive end to end customer experiences; Improved plant efficiency and MW capacity; Create residential experiences that build customer loyalty; Grow our share of small business customers; Unleash Energy Online in the tier 2 market; Secure gas flexibility through contracts and storage | New renewables displacing baseload thermal | Emissions abatement from forestry; Carbon emissions reduction; put energy control in customers' hands; look for sustainable investments; provide meaningful job experiences; reduce inequalities |

Continued on next page

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| COMPANY | BUSINESS STRATEGIES | INTEGRATED BUSINESS STRATEGIES | SUSTAINABILITY STRATEGIES |
|-------------------|--|---|---|
| MAINFREIGHT | High standards of quality services; Emphasis remains on managing overheads; Cost and margin management; Continuation of strong sales focus; Volume improvement brings greater certainty (fatten the network) | Show leadership in managing the use of finite resources | Exceed minimum environmental standards where practicable; Reducing emissions over time while maintaining our competitiveness and ability to deliver quality services as our customers expect; Reducing the environmental impact of IT infrastructure; Develop partnerships in the wider community to promote socially responsible environmental practices |
| MERIDIAN ENERGY | NZ's highest customer satisfaction: NZ's largest retail group by ICPs; Triple Australia customer numbers; 3 million ICPs on Flux | Grow a clear sustainability leadership position | A resilient wellbeing and safety culture; Use our renewable energy opportunity to fast-track NZ decarbonisation |
| SILVER FERN FARMS | Instil a culture of best in class governance; Deliver effective governance extension for current and up and coming governors; Deliver a compelling shareholder value proposition; Deliver consistent returns on equity; Ensure the integrity of the Partnership's founding documents are maintained; Creating a deep, commercially intimate, relationship with our customers / farmer suppliers; A technologically enabled management ecosystem and ways of working that connects consumers with farmer suppliers and enables high quality, market-based, value accretive decision making; A supply chain that effectively and efficiently facilitates the manufacturing and delivery of product to our consumers. | World class sustainable farm practices led by evolving consumer preferences; Leadership in transitioning toward low carbon production across our sphere of influence | Transparent and authentic relationships with all stakeholders; Offer scholarship opportunities that support our people and their communities |
| SPARK NZ | Deep customer insights (right products and the right time) - marketing efficiencies, ROI, upsell and cross sell; Growth mindset (grow career and help deliver purpose); Simple intuitive customer experience (interactions 'just work') - engaged customers, upsell and cross sell, efficiency in cost to serve; Automated, smart network (connectivity, anytime, anywhere) - growth opportunities, efficient cost base, core foundation to digital experiences | | Have a positive impact on our communities and the environment; Help New Zealand transform to a high productivity, low carbon economy; Champion digital equity |
| WAREHOUSE GROUP | The authority on products; Understand and delight our customers; Passionate experts; Productivity; Commercial services; Services | | Accelerate the transition to a zero-carbon future by embedding sustainability in every aspect of our business; Ensure our customers have confidence that our products have been ethically sourced |
| WOOLWORTHS | Accelerate Digital, eCom and convenience for connected customers; Differentiate our food customer propositions; Evolve our Portfolio & build adjacencies; Stand-up Endeavour Group; Keep our business COVIDSafe and future proof our E2E operating model; | Creating shared value with our customers | Sourcing environmentally sustainable commodities; Responding to climate change; Moving to a circular economy; Promoting gender equity; Building our diversity; Creating a safe environment; Supporting Aboriginal and Torres Strait Islander employment; Offering opportunities for all; Giving back to the communities in which we operate; Working with our business partners |
| Z ENERGY | Pursuing a differentiated strategy that generates long term customer loyalty; Deliver awesome customer experiences; Reducing costs; Optimise our market leading position; Holding market share; Monetising scale; Grow our non-fossil fuels income; Deliver heaps of cash flow; Managing capital; Delivering earnings growth in a changing industry; Allocating capital with discipline to maximise shareholder value | | Remaining a people and values-based company; Doing good in Aotearoa New Zealand by recognising our heritage and being committed to future generations; Always be safe and reliable |
| ZESPRI | 12-month supply across all markets | Make sure our industry provides even more consumers around the world with our fresh, healthy, tasty kiwifruit, while meeting the challenge that climate change presents | Helping people around the world make healthier lifestyle choices; Creating a circular economy for our packaging; enhancing the environment through the way we grow our kiwifruit; building thriving communities by supporting growers, employment and local economies |

6.3. Sustainability Governance Models

SDG Impact Standards for Enterprises

A business is truly sustainable when it contributes effectively to sustainable development. Obviously, this can't happen without clear guidance and approval from the top, which means that governance is the cornerstone of business sustainability progress.

SDG Impact Standards for Enterprises are new practice standards for internal decision-making. They aim to transform how enterprises think about value creation through integrating impact management and contributing positively to the SDGs into their strategy, management approach, disclosure and governance practices'.³⁸ Elements of these practice standards have been examined throughout this report.

The governance practice standard aim to bring all matters together, interconnectedly, under the reinforcement of an organisation's governing body to build resilience and sustainability into the business. This would provide the strongest of bases upon which to build an effective contribution to sustainable development and meet the highest aim of business sustainability.

There are three parts to the governance standard (paraphrased below):

- The governing body has active oversight of matters relating to:
 - Human rights and planetary boundaries
 - Stakeholder complaints and grievances
 - Stakeholder involvement in decision-making
 - Determining and embedding material issues into purpose and strategy
 - Purpose, culture, strategy and business model
 - Compatibility of impact and financial return goals and risk appetite
 - Adequacy of budget and resource to deliver strategy and impact goals
 - Policies concerning impact management and conformance to them
 - Separation of roles between drafting and approving impacts goals

- Progress against impact goals
- Third party assurance findings
- External disclosures
- The governing body meets the national minimum corporate governance standards and:
 - Has competence concerning sustainable development issues and impact management
 - Prioritises gender and other dimensions of diversity
 - Recognises the implications of low accountability to those impacted
 - Holds the CEO accountable for contributing to the SDGs
- The ultimate holding company has policies, practices and performance relating to governance consistent with these standards

This standard is, of course, an ideal to work towards and most businesses will not currently be able to meet most of the elements.

³⁸ <https://sdgimpact.undp.org/assets/SDG-Impact-Standards-for-Enterprises-DRAFT-for-second-consultation.pdf> (accessed 28/7/21)

Rev20 Sustainability Governance

Some indicators that sustainability has become a key governance issue include:

- Sustainability-related codes, policies and statements
- Sustainability-related competences on the board of directors
- A sustainability advisory panel
- Sustainability-related board committees
- An executive in charge of sustainability

Rev20 corporate reports and websites were examined for these indicators (see table 14, pg29).³⁹

Codes Policies and Statements

All Rev20 businesses have sustainability-related codes, policies and statements clearly published on their websites, ranging from one (Foodstuffs) to numerous (Air New Zealand, Contact Energy).

Commonest documents cover code of conduct, anti-bribery and anti-corruption, diversity and inclusion, health and safety, modern slavery and human trafficking, and bullying and harassment prevention.

Less common documents cover sustainability, environment, human rights and whistleblowing.

Least common documents cover transgender and transitioning gender guidelines, and domestics abuse.

Board Competences

Twelve Rev20 business display sustainability-related competences on their board.

The commonest skill / experience areas are health and safety and stakeholder insights (customers, iwi).

Advisory Panel

Three Rev20 businesses have a sustainability advisory panel (Air New Zealand, ExxonMobil and Fonterra). These businesses operate in industries that are highly exposed to climate - related and / or nature-related risks.:

- Air New Zealand's advisory panel comprises a global thought leader on sustainability, a sustainable tourism academic, a business transformation expert, a sustainable development academic, a climate action governance expert and a Māori business owner in the tourism sector.
- ExxonMobil's panel comprises a former US undersecretary of state, a human rights and business advisor, a corporate responsibility academic, the ExxonMobil CEO/Chairman, a dean of a university school of engineering and a law and management academic.
- Fonterra's advisory panel comprises a private equity and angel investing expert, a former global CEO of Greenpeace, a specialist in mātauranga Māori and cultural property rights, a third generation farmer, and an environmental governance expert.

Board Committees

Twelve Rev20 businesses have sustainability-related board committees, four of which have the word sustainability in their name.

The commonest sustainability-related committee is health and safety.

Executive in Charge

Twelve Rev20 businesses appear to have included sustainability in the remit of an executive in the senior leadership team.

Five executives have the word sustainability in their title.

Responsibility for sustainability ranges across the C-suite, including operations, communications, finance, risk and strategy.

³⁹ Table 14 lists findings from an examination of governance information published in corporate reports and websites; it is for insight purposes only and is not meant in any way to represent a complete and accurate picture of the governance models of the examined companies

Table 14: Rev20 Sustainability Governance Models FY20

| COMPANY | SUSTAINABILITY-RELATED CODES, POLICIES AND STATEMENTS | BOARD COMPETENCES | ADVISORY PANEL | BOARD COMMITTEES | EXECUTIVE IN CHARGE |
|-------------------|--|---|----------------|---|---|
| AIR NEW ZEALAND | Employee Code of Conduct; Anti-bribery; Equality, Diversity and Inclusion; Sustainability; Procurement; People Health, Safety and Wellbeing; Just Culture and Reporting; Workplace Bullying, Prevention and Complaints; Harassment and Sexual Harassment Prevention and Complaints; Transgender and Transitioning Gender Guidelines; Slavery and Human Trafficking; Domestic Abuse Guidelines; Palm Oil Position | | Yes | Health, Safety and Security; People Remuneration and Diversity; | Chief Operational Integrity and Safety Officer |
| BP | Code of Conduct; Climate; Business and Human Rights; Australia Modern Slavery and Human Trafficking; Expectations of Suppliers; Environment; Biodiversity Position; Commitment to Health, Safety, Security and Environmental Performance | Sustainability experience to be added in 2020 | | Safety, environment, and security assurance | Executive Vice President, Strategy and Sustainability |
| CONTACT ENERGY | Inclusion and Diversity; Code of Conduct; Health, Safety, Environment and Wellbeing; Whistleblowing; Anti-bribery and Corruption; Competition and Consumer Law; Discrimination, Bullying and Harassment Prevention; Human Rights; Modern Slavery; Stakeholder Engagement; Supplier Code of Conduct | Renewable energy generation; Iwi relationships | | Safety and Sustainability | Deputy Chief Executive Officer |
| DOWNER | Standards of Business Conduct; Anti-bribery and Corruption; Anti-discrimination, Harassment and Bullying; Business Integrity; Diversity and Inclusion; Environmental Sustainability; Health and Safety; Modern slavery | | | Zero Harm | |
| EBOS | Corporate Governance Code; Code of Ethics; Diversity and Inclusion; Whistleblower Protection; Anti-Bribery and Corruption; Modern Slavery | Health and safety skills | | | |
| EXXONMOBIL | Code of Ethics; Standards of Business Conduct; Global diversity; Modern Slavery | - | Yes | Public Issues and Contributions Committee; | |
| FLETCHER BUILDING | Anti-bribery; Code of Conduct; Human Rights; Inclusion and Diversity; Supplier Code of Conduct; Sustainability; Modern Slavery | Health and safety; people, culture and transformation | | Safety, Health, Environment and Sustainability | Chief People and Communications Officer |
| FONTERRA | Diversity and Inclusion; Environmental; Ethical Behaviour; Health, Safety and Wellbeing; Nutrition; Privacy; Modern Slavery; Farmers Handbook; Sustainability Code of Practice | | Yes | Safety and Risk | Chief Operating Officer |
| FOODSTUFFS NI | Supplier Engagement | | | | |
| FOODSTUFFS SI | | | | | |
| FULTON HOGAN | Code of Conduct; Environmental; Sustainability; Living Safely; Risk and Opportunity; Community and Stakeholder Relations; Diversity and Inclusion; Modern Slavery | Safety; innovation and sustainable customer solutions | | | |
| GENESIS ENERGY | Code of Conduct and Ethics; Diversity and Inclusion | Health and safety, risk; people, culture, reputation management | | Human Resources and Remuneration | Chief Corporate Affairs Officer |
| MAINFREIGHT | Code of Ethics; Diversity; Whistleblower; Anti-corruption | Recycling; NFP support | | | Chief Financial Officer |
| MERIDIAN ENERGY | Modern Slavery; Accessibility; Code of Conduct; Belonging; Sustainability; Whistleblowing; Supplier Code of Conduct; Safety and Health | Sustainable business practices | | People and Remuneration; Safety and Sustainability | |
| SILVER FERN FARMS | Slavery and Human Trafficking; Code of Conduct; Farm Assurance Programme | Stakeholder and customer insight | | | Chief Sustainability and Risk Officer |
| SPARK NZ | Code of Ethics; Diversity and Inclusion; Environment; Human Resources and Compensation; Modern Slavery | Sustainability frameworks | | | Corporate Relations Director |
| WAREHOUSE GROUP | Diversity; Code of Ethics; Health, Safety and Wellness; Ethical Sourcing | Environment and corporate social responsibility; health and safety; Iwi relationships | | | Chief Sustainability Officer |
| WOOLWORTHS | Code of Conduct; Diversity; Safety, Health and Wellbeing; Speak Up; Fraud, Anti-bribery and Corruption; Climate Change; Modern Slavery | Social responsibility; people and culture | | Sustainability | Chief Sustainability Officer |
| Z ENERGY | Code of Conduct; Discrimination, Bullying and Harassment; Sustainability; Modern Slavery | Health and safety; Sustainability and clean energy | | Safety and Wellbeing | |
| ZESPRI | Code of Conduct; Supplier Code of Conduct; Customer Code of Conduct; Health and Safety; Anti-bribery and Anti-corruption | - | | People and Culture | Chief Grower, Industry and Sustainability Officer |

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