⇔ FORSYTH BARR

Last data update: **28/11/2022**

Company ticker: **KPG** B+ Fast Follower

			Property	New Zealand	Property
	Grade	Score	Sector Average	Average	Sector Weight
Carbon	B+	73.1%	49.6%	51.9%	20%
Environment	B+	70.0%	45.1%	48.9%	20%
Social	B+	73.1%	59.6%	65.6%	20%
Governance	A-	76.9%	63.9%	71.8%	40%
Total	B+	74.0%	56.4%	62.9%	

Forsyth Barr Commentary

KPG scored strongly in its C and S categories. KPG has a goal to be net carbon negative in its operations by 2030 and has reduced its greenhouse gas emissions by 60% compared to its 2012 baseline. In 2021 the Company successfully undertook a \$150m Green Bond issuance. KPG's efforts in this space, including a long history of GHG emissions showing a downward trajectory supported its high score in the C category. KPG also scores well across most of the Social sub-categories supporting its high S score. Environmentally, the Company's lack of commitment to a circular economy, and no decreasing trend in its waste intensity, offsets what is otherwise a good score. At the Corporate Governance level, the lack of a tax governing framework is the major drain on its overall score. KPG is one of the leaders in the ESG space for property stocks so the overall grade seems to fit its journey well.

Carbon		Metric	Data	Score	Weight	Group Score	Group
	1.01	Is Scope 1 and 2 CO2e (tonnes) tracked and measured by the company?	F 1	1.00	33.33%	83.33%	
GHG Emissions		If so, how many of the last years has it been reported?	5+ years	1.00	33.33%		25.00%
OI IO LIIII33IOII3	1.02	If five years of data, is Scope 1+2 increasing/stable/decreasing?	-7.6%	0.50	33.33%		23.00%
	1.03	Is Scope 3 CO2e (tonnes) publicly reported?	5+ years	1.00	33.33%		
Emissions Intensity	1.04	Carbon intensity (tonnes of Scope 1 + 2 CO2e/revenue)	10.2	1.00	50.00%		
Transition Risk	1.05	Carbon intensity (tonnes of Scope 1 + 2 CO2e/earnings)	11.8	Unscored	0.00%	75.00%	25.00%
Transition Risk	1.06	If five years of data, is carbon intensity increasing/stable/decreasing?	-4.6%	0.50	50.00%		
	1.07	Is there an emissions reduction target in place?	Yes	1.00	20.00%		
	1.08	If so, is the target science based?	No	0.00	20.00%		
	1.09	Is the target for actual reductions?	Yes	1.00	20.00%		
	1.10	Is there a commitment to be Net Zero?	Yes	1.00	20.00%		
Emissions Management	1.11	If so, how ambitious and robust is the commitment:					
	1.11.1	If a company has a Net Zero commitment, by what year is the commitment?	2030	0.50	5.00%	67.50%	25.00%
	1.11.2	If a company has a Net Zero commitment, is the commitment to a 1.5 degree celsius world?	No	0.00	5.00%		
	1.11.3	If a company has a Net Zero commitment, which emission scopes are included?	Not Specified	0.00	5.00%		
	1.11.4	If a company has a Net Zero commitment, are there interim targets or a goal of a 50% reduction by 2030?	Yes	1.00	5.00%		
	1.12	Has a physical risk assessment been undertaken?	Yes	1.00	33.33%		
	1.13	Does the company own any proven or probable fossil fuel reserves?	No	1.00	33.33%		
Risk & Opportunity Management	1.14	Is the proportion of revenue, assets or other business activities aligned with climate-related opportunities reported?	No	0.00	33.33%	66.67%	25.00%
	1.15	Does the company spend capital or have capital commitments (in terms of capital expenditure, financing, or investment) toward climate-related risks and opportunities?	-	Unscored	0.00%		
C - Total							B+ (73.13%)

Environmental		Metric	Data	Score	Weight	Group Score	Group
Environmental Management Systems	2.01	Does the company have an ISO 14001, EMS, Toitū Envirocare carbonzero or equivalent certification on all applicable sites?	ISO 14001	1.00	33.33%		-
	2.02	Has the company issued any green/social bonds or committed to a sustainability linked loan?	Yes	1.00	33.33%	100.00%	16.67%
	2.03	Has the company made any commitments to new build or retrofit to meet level 4, 5 or 6 of the green star (or equivalent Homestar if relevant) standard in owned or leased buildings?	5	1.00	33.33%		
	2.04	Is there a commitment to reduce waste in place?	Yes	1.00	33.33%		
	2.05	Is waste intensity data tracked and measured?	4 years	0.80	33.33%		
Waste	2.06	If there is five years of data, is it increasing/stable/decreasing?	N/A	0.00	33.33%	60.00%	16.67%
	2.07	Has there been a breach related to resource consent discharges (i.e. nutrient discharge) in the last five years?	-	Unscored	0.00%		
	2.08	Is there a target for achieving water consumption efficiency?	Yes	1.00	33.33%		
Water	2.09	Is water consumption intensity data tracked and measured?	4 years	0.80	33.33%	60.00%	16.67%
	2.10	If there is five years of data, is it increasing/stable/decreasing?	N/A	0.00	33.33%		
Biodiversity	2.11	Is there a commitment to reduce the impact of the company's operations on biodiversity?	Yes	1.00	100.00%	100.00%	16.67%
Circular Economy	2.12	Is there a commitment to the circular economy?	No	0.00	100.00%	0.00%	16.67%
Environmental	2.13	Has there been an environmental fine in the last three years?	No	1.00	100.00%	100.00%	16.67%
E - Total							B+ (70%)

Social		Metric	Data	Score	Weight	Group Score	Group
	3.01	Is there a health & safety policy?	Yes	1.00	16.67%		
	3.02	Are there safety management targets in place?	Yes	1.00	16.67%		
Health & Safety	3.03	Is a measure of safety (e.g. LTIFR) tracked and measured?	Yes	1.00	16.67%	76.67%	12.50%
Health & Salety	3.04	If yes, is data reported?	3 years	0.60	16.67%		12.50%
	3.05	If there is five years of data, is it increasing/stable/decreasing?	N/A	0.00	16.67%		
	3.06	Have there been any workplace fatalities in the last five years?	No	1.00	16.67%		
Human Rights	3.07	Is there a human rights policy?	No	0.00	50.00%	50.00%	12.50%
Hullian Rights	3.08	Is there a commitment to preventing modern slavery?	Yes	1.00	50.00%	30.00%	12.50%
	3.09	Is there a supply chain code of conduct?	No	0.00	33.33%		
Supply Chain	3.10	Is there an environmental policy for the supply chain?	Yes	1.00	33.33%	33.33%	12.50%
	3.11	Is there a formal commitment to pay vendors a living wage?	No	0.00	33.33%		
	3.12	Have there been any product or service faults (unplanned) resulting in,				100.00%	
Product Quality &		for example, disruption to operations or recalls (including FDA regulated	No	1.00	100.00%		40.500/
Accessibility		products if relevant), in the last three years?					12.50%
·	3.13	Portion of care beds offered at standard rate?	-	Unscored	0.00%		
Employee Value Proposition /	3.14	Is employee turnover measured and publicly reported?	Yes	1.00	25.00%	50.00%	
	3.15	If yes, is it <10%, <20%, >20%?	24%	0.00	25.00%		12.50%
	3.16	Is there a contemporary parental leave policy?	Yes	1.00	25.00%		12.50%
Culture	3.17	Has the company made a living wage commitment?	No	0.00	25.00%		
	3.18	Does the company track and measure ethnicity diversity metrics?	Yes	1.00	50.00%		
Diversity	2.10	Does the company track and measure the % of women managers in	56%	0.50	50.00%	75.00%	12.50%
	3.19	relation to % of women employees?	36%	0.50	50.00%		
Community	1 3 20	Is there a policy to manage community involvement?	V	Yes 1.00	100.00%	100.00%	12.50%
Relations		is there a policy to manage community involvement:	Yes				12.50%
Stakeholder	0.04		V	4.00	100.00%	400.000/	40.500/
Relations	3.21	Is the business model stakeholder centric?	Yes	1.00	100.00%	100.00%	12.50%
S - Total							B+ (73.13%)

Governance		Metric	Data	Score	Weight	Group Score	Group
Sustainability	4.01	Is there a sustainability strategy?	Yes - Integrated	1.00	20.00%		
	4.02	Is remuneration linked to achieving sustainability performance?	Yes	1.00	20.00%		
	4.03	Any recent level 3, 4 or 5 controversies?	No	1.00	20.00%		
	4.04	Has there been a breach of UN Global Compact principles or are they on the watch list?	Compliant	1.00	20.00%	80.00%	14.29%
	4.05	Does the company have B Corporation or Future-Fit certification?	No	0.00	20.00%		
	4.06	Does the company have shares with different voting rights?	No	1.00	25.00%		
vestor	4.07	Is there potential for a 'blocking' shareholder?	9.43%	1.00	25.00%		
rotections	4.08	How many anti-takeover devices are there?	3	1.00	25.00%	75.00%	14.29%
rotections	4.09	Is there any evidence of significant unequal treatment of minority shareholders in any equity raisings in the last three years?	Neutral	0.00	25.00%		
	4.10	Do non-executive and independent Board members comprise the	100%	1.00	12.50%	100.00%	14.29%
	4.11	Is the CEO, the Chair?	No	1.00	12.50%		
	4.12	What is the average Board tenure?	9.1	1.00	12.50%		
	4.13	What is the average number of Board member affiliations?	Null	Unscored	0.00%		
oard	4.14	What is the size of the Board (number of people)?	6	1.00	12.50%		
	4.15	Is a Board skills matrix disclosed?	Yes	1.00	12.50%		
	4.16	Does the company have a policy for maintaining a well-balanced Board?	Yes	1.00	12.50%		
	4.17	Are all audit-committee members non-executive directors?	100%	1.00	12.50%		
	4.18	Is the Board's gender diversity sufficient? (i.e. <2/3 one gender)	33%	1.00	12.50%		
	4.19	Is the auditor tenure >10 years?	10 years	1.00	25.00%	100.00%	14.29%
uditors	4.20	Has the lead audit partner rotated in the last five years?	Yes	1.00	25.00%		
uuitois	4.21	Is auditor compensation for non-audit publicly reported?	Yes	1.00	25.00%		
	4.22	If yes, >70% of statutory audit fees — average over last three years?	29.33%	1.00	25.00%		
ata Security &	4.23	Is there a cybersecurity policy in place?	Yes	1.00	50.00%	100.00%	14.29%
trategy	4.24	Is there a data privacy and protection policy in place?	Yes	1.00	50.00%	100.00%	
ax	4.25	Does the Board have a tax governing framework in place?	No	0.00	100.00%	0.00%	14.29%
	4.26	First quartile Bloomberg disclosure score	44.24	0.50	33.33%	83.33%	
Reporting & Assurance	4.27	External assurance of sustainability report or disclosures?	Yes	1.00	33.33%		
	4.28	Has the company acted with integrity in financial reporting and in the timeliness and balance of corporate disclosures within the last five years?	Yes	1.00	33.33%		14.29%
- Total							A- (76.99

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