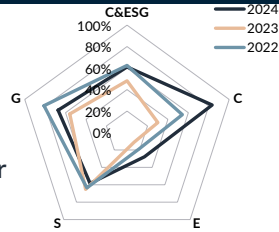


Company ticker:

HGH

B

Fast Follower



	Grade	Score	Financials Average	New Zealand Average	Financials Sector Weights
Carbon	A+	83%	77%	61%	15%
Environmental	D	28%	39%	52%	15%
Social	B	58%	68%	61%	30%
Governance	B+	67%	58%	59%	40%
Total	B	61%	61%	59%	

Forsyth Barr Commentary

Reversing Mortgages, Not C&ESG: Heartland Group (HGH) was one of the top improvers this year, jumping from the Explorer category to the Fast Follower category. HGH's Carbon score moved materially, from D to A+, helped by reaching five years of emissions reporting, aligning its emissions reduction target with SBTi guidelines, and general progress driven by the climate disclosure standards. Pleasingly, HGH has linked its short-term incentives for senior executives to sustainability performance, increasing its Governance score. HGH continued to do well in the Social section. HGH's worst section is the Environmental section, where it lacks commitments to reduce waste and water, supporting biodiversity, or to the circular economy.

Carbon	Metric	Data	Score	Weight	Group Score	Group Wgt
Climate Reporting	C1.1	Is the company a Climate Reporting Entity, required to prepare climate-related disclosures in accordance with the Aotearoa NZ Climate Disclosure Standards?	Yes			
	C1.2	Has the company filed its first mandatory climate-related disclosures and/or voluntarily reported in accordance with the Standards?	Yes			
GHG Emissions	C2.1	For how long have scope 1 and 2 CO2e (tonnes) been tracked, measured and publicly reported by the company?	≥ 5 years	1.00	20.00%	
	C2.2	If at least five years of scope 1+2 emissions data, are scope 1+2 emissions decreasing, stable, or increasing over the last five years?	-22.89%	1.00	20.00%	
	C2.3	If at least five years of scope 1+2 emissions data, is carbon intensity decreasing, stable, or increasing?	-55.25%	1.00	20.00%	100.00%
	C2.4	Has the company identified and publicly disclosed its most material scope 3 emission sources?	Yes	1.00	20.00%	
	C2.5	For how long have scope 3 CO2e (tonnes) been tracked, measured and publicly reported by the company?	≥ 5 years	1.00	20.00%	
Emissions Management	C3.1	Does the company have an emissions reduction target or net zero commitment in place?	Yes	1.00	16.67%	
	C3.2	If a target is in place, is the target based on an absolute emissions and/or an emissions intensity measure?	Absolute	1.00	16.67%	
	C3.3	If a target is in place, is the target aligned with and/or verified by the SBTi (or similar) as a science-based target?	Aligned but not verified	0.50	16.67%	50.00%
	C3.4	Is there a clearly defined climate transition plan in place outlining the strategy to meet emissions reduction targets?	Plan in place - lacks detail	0.50	16.67%	
	C3.5	Is the company already operating at net zero and if so, how are offsets used to help meet targets?	No	0.00	16.67%	
	C3.6	Has the company introduced the concept of a 'just transition' into its climate ambitions?	No	0.00	16.67%	
Risk & Opportunity Management	C4.1	Has the company outlined how its assessment of climate-related risks and opportunities serves as an input to capital deployment and funding decisions?	Yes	1.00	33.33%	
	C4.2	Has the company publicly announced any new projects or partnerships (over the last 12 months) that will amount in significant (<-10%) emissions reductions?	Yes	1.00	33.33%	100.00%
	C4.3	Does the company own any proven or probable fossil fuel reserves?	No	1.00	33.33%	
C - Total						A+ (83.33%)

Environmental	Metric	Data	Score	Weight	Group Score	Group Wgt
Environmental Management Systems	E1.1	Does the company have ISO 14001, EMS, Toitū Envirocare carbonzero or equivalent certification on all applicable sites?	No	0.00	33.33%	
	E1.2	Has the company made commitments to new build or retrofit to meet level 4, 5 or 6 of the Green Star (or equivalent Homestar if relevant) standard in owned or leased buildings?	No	0.00	33.33%	33.33%
	E1.3	Has there been an environmental fine or breach (including any resource consent discharge breaches such as nutrient or harmful substances discharges) in the last three years?	No	1.00	33.33%	
Waste & Water	E2.1	Is there a commitment to reduce waste in place?	No	0.00	50.00%	
	E2.2	If there is five years of waste management data, is total waste to landfill decreasing, stable, or increasing?	-94.93%	1.00	50.00%	
	E2.3	Is water consumption material to the company's business operations and/or supply chain?	No	0.00	0.00%	
	E2.4	If water consumption is considered material to the company's operations, is the company currently implementing any water stewardship practices to reduce water usage or improve water efficiency?	Not material	0.00	0.00%	50.00%
	E2.5	If water consumption is considered material to the company's operations, and if there is five years of water data, is total water use decreasing, stable, or increasing?	Not material	0.00	0.00%	
Biodiversity & Circular Economy	E3.1	Is there a commitment by the company to preserve and protect biodiversity and/or natural ecosystems?	No	0.00	33.33%	
	E3.2	Does the company voluntarily report against the TNFD framework?	No	0.00	33.33%	0.00%
	E3.3	Is the company actively engaged in implementing circular economy principles into its business model?	No	0.00	33.33%	
E - Total						D (27.78%)

