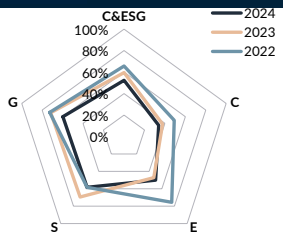
FORSYTH BARR

Company ticker:

SML

C+

Explorer



	Grade	Score	Agriculture Average	New Zealand Average	Agriculture Sector Weights
Carbon	D	34%	51%	61%	20%
Environmental	C+	50%	50%	52%	20%
Social	B	58%	57%	61%	20%
Governance	B	60%	51%	59%	40%
Total	**C+**	**52%**	**52%**	**59%**	

Forsyth Barr Commentary

Carbon Wheys: Synlait Milk (SML) was one of the two companies that declined to participate in our 2024 request for C&ESG data (same as 2023). While we have sourced as much of the data as we can, we note that the score will likely be depressed because of this. SML's score declined versus last year, with the only notable change being the decline in Governance which is a result of a negative score for its equity raise. While we acknowledge the raise was necessary to stop the company going into liquidation, it was heavily dilutive for minority shareholders who were unable to participate. SML's Carbon score is held back given it still owns fossil fuel reserves (coal boilers). We note the company has made a commitment to phase these out over the longer term. It is important to note that at the time of publishing, SML is yet to release its climate related disclosures, which weighs on its Carbon score.

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?	No				
GHG Emissions	C2.1	For how long have scope 1 and 2 CO2e (tonnes) been tracked, measured and publicly reported by the company?	4 years	0.80	20.00%	52.00%	33.33%
	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?	< 5y data	0.00	20.00%		
	C2.3	If at least five years of scope 1+2 emissions data, is carbon intensity decreasing, stable, or increasing?	< 5y data	0.00	20.00%		
	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?	4 years	0.80	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%	50.00%	33.33%
	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?	SBTi verified	1.00	16.67%		
	C3.4	Is there a clearly defined climate transition plan in place outlining the strategy to meet emissions reduction targets?	No	0.00	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 opportunties serves as an input to capital deployment and funding decisions?	No	0.00	33.33%	0.00%	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%		
	C4.3	Does the company own any proven or probable fossil fuel reserves?	Yes	-1.00	33.33%		
C - Total							D (34%)

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%	33.33%	33.33%
	E1.2	Has the company made commitments to new build or retrofit to meet level 4, 5 or 6 of the Green Star (or equivalent Homestar if relevant) standard in owned or leased buildings?	No	0.00	33.33%		
	E1.3	Has there been an environmental fine or breach (including any resource consent discharge breaches such as nutrient 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?	Yes	1.00	50.00%	50.00%	33.33%
	E2.2	If there is five years of waste management data, is total waste to landfill decreasing, stable, or increasing?	< 5y data	0.00	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%		
	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?	Yes	1.00	33.33%	66.67%	33.33%
	E3.2	Does the company voluntarily report against the TNFD framework?	No	0.00	33.33%		
	E3.3	Is the company actively engaged in implementing circular economy principles into its business model?	Yes	1.00	33.33%		
E - Total							C+ (50%)

Social		Metric	Data	Score	Weight	Group Score	Group Wgt
Health & Safety	S1.1	Does the company have safety management targets in place?	Yes	1.00	33.33%	66.67%	20.00%
	S1.2	If there is five years of data on a measure of safety (e.g. LTIFR) collected by the company, is it decreasing, stable, or increasing?	< 5y data	0.00	33.33%		
	S1.3	Have there been any workplace fatalities in the last five years?	No	1.00	33.33%		
Human Rights & Supply Chain	S2.1	Does the company have a human rights policy?	Yes	1.00	25.00%	50.00%	20.00%
	S2.2	Has the company identified where, across its business, there may be material risks of modern slavery?	No	0.00	25.00%		
	S2.3	Is the company an accredited living wage employer?	No	0.00	25.00%		
	S2.4	Is there a supply chain code of conduct?	Yes	1.00	25.00%		
Product Quality & Accessibility	S3.1	Have there been any unplanned product or service faults (including cyber incidents or data privacy breaches) resulting in, for example, disruption to operations or recalls (including FDA regulated products if relevant), in the last three years?	No	1.00	100.00%	100.00%	20.00%
Employee Value Proposition / Culture	S4.1	Is employee turnover measured and publicly reported?	Yes - publicly	1.00	25.00%	25.00%	20.00%
	S4.2	*If employee turnover is reported:*					
	S4.2.1	Is it <10%, <20%, >20%?	Insufficient data	0.00	12.50%		
	S4.2.2	If there is five years of employee turnover data, is it decreasing, stable, or increasing?	Insufficient data	0.00	12.50%		
	S4.3	Is there a contemporary parental leave policy?	No	0.00	25.00%		
	S4.4	Does the company provide resources and support for employees' mental health and well being, and is the company measuring the impact of its mental health/wellbeing initiatives on productivity and/or retention?	No	0.00	25.00%		
Diversity	S5.1	Does the company publicly report its gender pay gap?	Yes	1.00	50.00%	50.00%	20.00%
	S5.2	Does the company track and measure the proportion of women in management roles in relation to the proportion of women employees?	No	0.00	50.00%		
S - Total							B (58.33%)

Governance		Metric	Data	Score	Weight	Group Score	Group Wgt
Sustainability	G1.1	Does the company integrate its sustainability strategy into its business-as-usual operations?	Yes	1.00	50.00%	50.00%	14.29%
	G1.2	Is remuneration for senior executives linked to achieving sustainability performance?	No	0.00	50.00%		
	G1.3	Has the company committed to voluntarily putting its executive remuneration report forward for a shareholders vote?	No	0.00	0.00%		
Framework	G2.1	Does the company have B Corporation, Future-Fit (or equivalent) certification?	B-Corp	1.00	100.00%	100.00%	14.29%
Investor Protections	G3.1	Does the company have share classes with different voting rights?	No	1.00	33.33%	0.00%	14.29%
	G3.2	Is there potential for a 'blocking' shareholder?	39.00%	0.00	33.33%		
	G3.3	Is there any evidence of significant unequal treatment of minority shareholders in any equity raisings in the last three years?	Negative	-1.00	33.33%		
Audit & External Relationship Management	G4.1	How long is the current auditor's tenure?	4 years	1.00	50.00%	100.00%	14.29%
	G4.2	What is the average proportion of total fees paid to the auditor for non-statutory audit services over the past three years?	25.07%	1.00	50.00%		
	G4.3	Does the company publicly disclose its direct lobbying activities?	No	0.00	0.00%		
	G4.4	Is the company explicitly considering Iwi specific considerations within its business operations?	No	0.00	0.00%		
Board	G5.1	Do non-executive and independent Board members comprise the majority of Board members?	42.86%	0.00	10.00%	60.00%	14.29%
	G5.2	Is the CEO also the Chair?	No	1.00	10.00%		
	G5.3	What is the average tenure of current Board members?	4.8 years	1.00	10.00%		
	G5.4	What is the average number of Board member affiliations of non-executive Board members?	2.71	1.00	10.00%		
	G5.5	How many directors are on the Board?	7	1.00	10.00%		
	G5.6	Is a Board skills matrix disclosed?	Yes	1.00	10.00%		
	G5.7	Does the company have a policy for maintaining a well-balanced Board?	No	0.00	10.00%		
	G5.8	Are all audit-committee members non-executive directors?	Yes	1.00	10.00%		
	G5.9	Is the Board's gender diversity sufficient?	14.29%	0.00	10.00%		
	G5.10	Does the Board undertake an annual self review process?	No	0.00	10.00%		
Data Security & Tax	G6.1	Is there a cybersecurity policy in place? If so, is there evidence the company has tested its cyber resilience strategies in the last year?	No	0.00	33.33%	33.33%	14.29%
	G6.2	Is there a data privacy and protection policy in place? If so, is there evidence the company has tested its security measures in the last year?	No	0.00	33.33%		
	G6.3	Does the Board have a tax governing framework in place?	Yes	1.00	33.33%		
Assurance & Ethics	G7.1	Has the company received external assurance of its sustainability report or disclosures?	Reasonable - GHG inventory	0.50	50.00%	75.00%	14.29%
	G7.2	Has the company avoided major controversies in the last five years as well as acted with integrity in both financial and non-financial reporting?	Yes	1.00	50.00%		
G - Total							B (59.76%)