

ESG Starter Pack – Governance (G)

1. Establish Or Refresh a Basic Code Of Conduct

Governance expectations include ethical standards and transparency.

See Appendix A.

2. Create A Simple Supplier Policy

Helps clarify expectations around ethics, environment, and social issues.

See Appendix B.

3. Assign An Internal ESG Sponsor or Working Group

Governance frameworks emphasise the importance of leadership connection and oversight.

4. Include ESG Considerations in Your Organisational Risk Register

Embedding ESG into Risk Management is identified as best practice for SMEs.

See Appendix C.

5. Begin Documenting ESG-Related Decisions and Processes

Supports transparency and future reporting expectations.

6. Familiarise Yourself with NZ's Evolving ESG Regulatory Environment

Climate disclosures, modern slavery proposals, and governance reforms are shifting.

See Appendix D.



APPENDIX A

Basic Code of Conduct – Simple Template

Step 1 - Purpose

This Code of Conduct sets out the basic standards of behaviour expected from everyone in our organisation.

It ensures we treat each other with respect, act ethically, and create a safe, fair, and positive workplace.

Step 2 - Respectful behaviour

We treat everyone with dignity and respect, regardless of role, background, or personal belief. This means:

- No bullying, harassment, intimidation, or discrimination
- Listening to others and valuing different views
- Speaking and acting professionally at all times

Step 3 - Health, Safety & Wellbeing

We keep ourselves and others safe by:

- Following all safety procedures
- Reporting hazards, near misses, or unsafe behaviour
- Looking out for each other's wellbeing
- Speaking up if someone needs help

Step 4 - Ethical and honest conduct

We act with integrity by:

- Being truthful and transparent
- Avoiding conflicts of interest
- Not giving or accepting improper gifts or favours
- Protecting confidential information

Step 5 - Fair and inclusive practices

We support fairness and inclusion by:

- Making decisions based on merit
- Treating people equally
- Encouraging everyone to contribute
- Creating a culture where everyone belongs



Step 6 - Responsible use of company property

We use company equipment, finances, and information responsibly. This includes:

- Using resources for business purposes
- Protecting passwords and accounts
- Avoiding misuse or waste of company assets

Step 7 - Compliance with laws and policies

We follow:

- All applicable laws and regulations
- Company policies and procedures
- Industry standards relevant to our work

If unsure, we ask for guidance.

Step 8 - Reporting concerns

If we see behaviour that goes against this Code, we:

- Raise it with a manager or trusted leader
- Use any available reporting channels
- Speak up early so issues can be resolved

No one should be punished for reporting in good faith.

Step 9 - Consequences of misconduct

Failure to follow this Code may result in:

- Coaching or corrective action
- Disciplinary steps
- Review of employment or contract status

Step 10 – Commitment

By being part of this organisation, we agree to follow this Code and support a workplace built on respect, safety, integrity, and fairness.

APPENDIX B

Simple Supplier Policy – Basic Template

Step 1 - Purpose

This policy sets out the basic expectations we have of all suppliers who provide goods or services to our organisation. It ensures our partnerships are based on quality, integrity, safety, and responsible business practices.

Step 2 - Scope

This policy applies to:

- All suppliers
- Contractors and subcontractors
- Service providers
- Any third parties acting on our behalf

Step 3 - Our expectations of suppliers

a. Legal & Ethical Compliance

Suppliers must:

- Follow all applicable laws and regulations
- Act with honesty and integrity
- Avoid corruption, bribery, or fraudulent behaviour
- Declare any conflict of interest if it arises

b. Quality & Reliability

Suppliers must:

- Deliver products and services that meet agreed standards
- Communicate early about delays, issues, or changes
- Maintain accurate documentation, certifications, and records

c. Health, Safety & Wellbeing

Suppliers must:

- Provide a safe working environment for their employees
- Follow all safety regulations
- Ensure any work completed on our sites aligns with our safety requirements

d. Environmental Responsibility

Suppliers are expected to:

- Work to reduce waste, emissions, and energy use
- Follow all environmental laws
- Avoid harmful substances and manage waste responsibly

e. Labour & Human Rights

Suppliers must:

- Treat all employees fairly
- Not use forced, child, or illegal labour
- Provide fair wages and reasonable working hours



- Promote non-discrimination and respectful workplace conduct

f. Diversity, Equity & Inclusion (Basic Level)

Suppliers should:

- Support equal opportunity
- Foster respectful treatment of all individuals
- Avoid discrimination of any kind

Step 4 - Subcontracting

Suppliers must:

- Not subcontract work without approval
- Ensure any subcontractors follow this policy

Step 5 - Performance monitoring

We may:

- Review supplier performance
- Request documentation or proof of compliance
- Conduct audits where necessary

Failure to meet this policy may result in corrective actions or termination of the supplier relationship.

Step 6 - Reporting concerns

Suppliers must report:

- Any breach of this policy
- Any safety, ethical, or legal concerns

Reports can be made through our nominated contact or reporting channel.

Step 7 - Acceptance

By working with us, the supplier agrees to comply with this Supplier Policy and uphold the values and standards outlined above.

APPENDIX C

ESG Risks to Include in Your Risk Register (Simple & NZ-Relevant)

Step 1 - Environmental (E) Risks

1.1 Climate-related compliance risk

Risk of non-compliance with NZ's mandatory climate-related disclosure regime (for captured entities or value-chain partners).

- NZ requires large banks, insurers, investment managers, and listed issuers above set thresholds to report under Aotearoa NZ Climate Standards (NZ CS1–3)
- Thresholds and reporting obligations are changing in 2026, increasing complexity

Include because: Even if you are *not* a Climate Reporting Entity, *customers or suppliers who are* may require emissions data, scenario analysis, or climate risk details from you.

1.2 Transition risk (policy, market, technology)

Risks arising from NZ's transition to a low-emissions economy, eg - changing expectations on decarbonisation, low-emission transport, or energy efficiency.

- NZ's mandatory disclosures push organisations to consider climate impacts in investment, lending, and strategy decisions

Consider:

- Inability to meet customer decarbonisation requirements
- Cost increases for energy, freight, compliance, carbon measurement

1.3 Physical climate risk

Impacts of climate events on operations, supply chain, workforce, or infrastructure (eg - storms, heat, flooding).

- Financial Markets Authority (FMA) highlights gaps in climate risk identification, especially around scenario analysis and material climate hazards

1.4 Environmental operational risk

Risks from environmental performance failures:

- Waste mismanagement
- Energy inefficiency
- Pollution incidents
- Failure to meet internal/industry sustainability commitments

This aligns with environmental responsibilities in NZX ESG guidance



Step 2 - Social (S) Risks

2.1 Modern slavery & labour exploitation risk (supply chain)

With NZ's bipartisan Modern Slavery Bill advancing, large companies will have to produce Modern Slavery Statements and investigate risks across local and global supply chains.

- The Bill requires reporting entities to identify, mitigate, and remediate modern slavery risks and may impose penalties for non-compliance
- NZ Parliament's 2026 progress signals the regime is likely to pass

Include:

- Risk that suppliers may be engaging in forced labour or unsafe conditions
- Risk of incomplete supply-chain visibility
- Reputational risk from human-rights allegations

2.2 Workforce health, safety & wellbeing risk

Failures in safety culture, staff stress, fatigue, injuries, or burnout.

- ESG guidance for NZ listed companies emphasises social sustainability, labour standards, and worker welfare

2.3 Workforce diversity, equity & inclusion (DEI) risk

Risk that the organisation lacks inclusive hiring, fair treatment, or equal opportunity.

- NZ's evolving ESG expectations include DEI reporting and governance requirements under the NZX Corporate Governance Code

2.4 Community & stakeholder impact risk

Risks from negative impacts on local communities, customers, or other stakeholders.

- NZX guidance encourages issuers to consider broad ESG impacts including social and community factors

Step 3 - Governance (G) Risks

3.1 ESG governance & oversight risk

Risk that boards or management lack capability or oversight structures for ESG commitments.

- NZX stresses the need for boards to understand and oversee ESG risks, update governance processes, and ensure accurate ESG reporting

3.2 Greenwashing or inaccurate ESG reporting

Risk of making misleading claims about sustainability performance or climate targets.

- FMA warns against vague, non-specific, or incomplete climate disclosures and emphasises the need for accurate, entity-specific reporting



Include:

- Inaccurate emissions data
- Unsupported claims in sustainability marketing
- Poor ESG assurance or documentation gaps

3.3 Supply-chain governance risk

Risk of inadequate controls or transparency in supplier practices.

- NZ's modern slavery proposals explicitly require supply-chain due diligence and controls

3.4 Ethical conduct & business integrity risk

Includes bribery, corruption, conflicts of interest, or unethical business behaviour.

- NZX governance principles emphasise strong ethical standards and integrity

APPENDIX D

Quick Next Steps

Step 1 - Bookmark the 4 core pages: MBIE CRD, FMA CRE, XRB climate standards, NZX ESG guidance

MBIE – Climate-related disclosures (CRD)

- **Mandatory climate-related disclosures overview** (who must report, legal basis, thresholds, links to register):
<https://www.mbie.govt.nz/business-and-employment/business/regulating-entities/mandatory-climate-related-disclosures> [mbie.govt.nz]

FMA – Climate Reporting Entities (CRE)

- **Central CRE resource page** (monitoring/enforcement, links to XRB standards, FMA guidance and insights):
<https://www.fma.govt.nz/business/services/climate-reporting-entities/> [fma.govt.nz]

XRB – Aotearoa New Zealand Climate Standards

- **Standards hub** (NZ CS 1, NZ CS 2 with adoption provisions, NZ CS 3 with general requirements, guidance and updates):
<https://www.xrb.govt.nz/standards/climate-related-disclosures/aotearoa-new-zealand-climate-standards/> [xrb.govt.nz]
- For quick reference to each standard:
 - NZ CS 1 – Climate-related Disclosures: <https://www.xrb.govt.nz/standards/climate-related-disclosures/aotearoa-new-zealand-climate-standards/aotearoa-new-zealand-climate-standard-1/>
 - NZ CS 2 – Adoption provisions (incl. 2024 & 2025 amendments):
<https://www.xrb.govt.nz/standards/climate-related-disclosures/aotearoa-new-zealand-climate-standards/aotearoa-new-zealand-climate-standard-2/>
 - NZ CS 3 – General requirements: <https://www.xrb.govt.nz/dmsdocument/4764/>
[xrb.govt.nz] [xrb.govt.nz] [xrb.govt.nz]

NZX – ESG Guidance

- **Corporate Governance & ESG Guidance Note** (ESG reporting guidance aligned to NZX Code):
<https://www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code> [nzx.com]
- **Guidance Notes index** (includes ESG Guidance Note):
<https://www.nzx.com/regulation/nzx-rules-guidance/nzx-announcements/guidance-notes> [nzx.com]



Step 2 - Set alerts for MBIE procurement and Modern Slavery Bill updates

Step 3 - Join SBC/SBN mailing lists; skim new toolkits quarterly (eg - SBC's guide "Making ESG part of your risk management")

Step 4 - Use the Climate Action Toolbox to refresh your Scope 1–3 baseline

Main entry point: [Climate Action Toolbox \(Business.govt.nz\)](https://www.business.govt.nz/climate-action-toolbox) - includes the **Measure** step and links to the **Carbon Footprint Calculator**