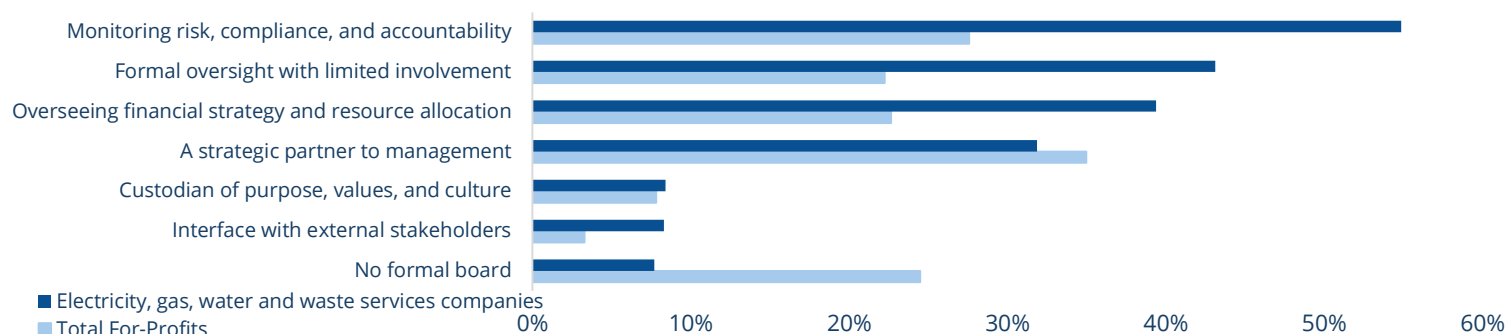


Section 1: Purpose-led Governance and Board Leadership

Primary Purpose of Board

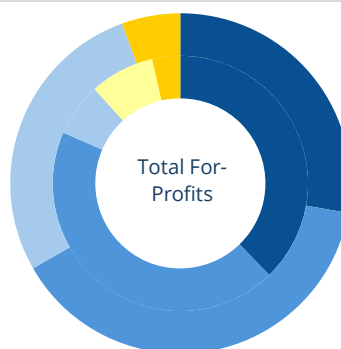


CEOs most frequently identify their board's primary purpose as monitoring risk, compliance, and accountability (55%), followed by formal oversight with limited involvement (43%). CEOs could select up to two roles, as boards may have more than one primary purpose (total selections >100%). Electricity, gas, water and waste services companies were 27 percentage points more likely than total for-profits to report monitoring risk, compliance, and accountability as their board's primary purpose.

Board and management alignment

- Completely aligned
- Mostly aligned
- Partly aligned
- Mostly unaligned
- Completely unaligned

Electricity, gas, water and waste services companies



Alignment between board and management roles is important for governance because it underpins clear decision rights, accountability, and effective oversight. Alignment is generally strong, with 29% of CEOs stating that the roles are completely aligned. However, some organisations may still face risks associated with role ambiguity or boundary overlap. It highlights an opportunity to enhance role clarity and optimise governance effectiveness.

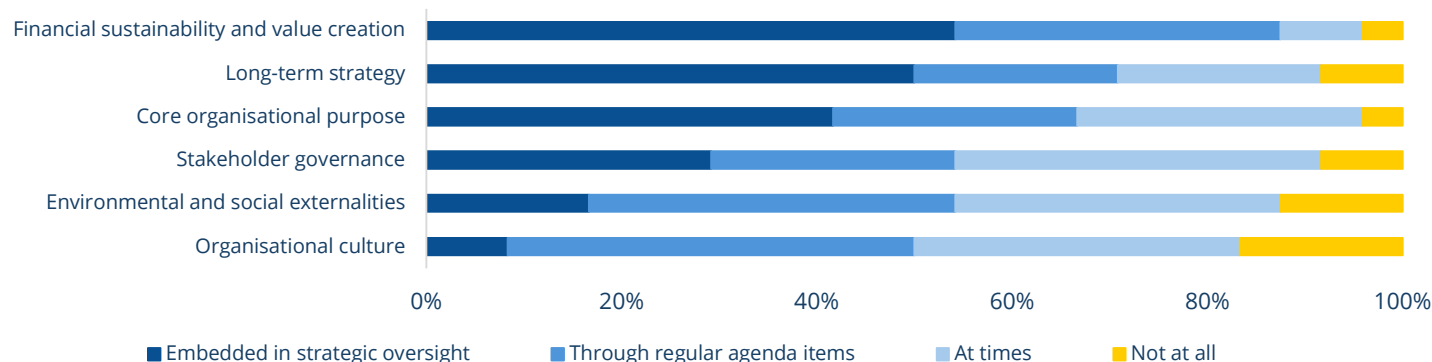
Board structure and composition for effective governance



Boards most commonly report that their structure ensures integrated financial and non-financial reporting (33%) and ensures sustainability aligns with strategy and purpose (25%). In contrast, fewer report that their board structure aligns composition to reflect the gender and ethnic diversity of stakeholders (17%) and ensures culture aligns with strategy and purpose (4%), highlighting an opportunity to strengthen how board structures support broader organisational priorities. Electricity, gas, water and waste services companies are 27 percentage points less likely to report that their board fully 'ensures culture aligns with strategy and purpose'.

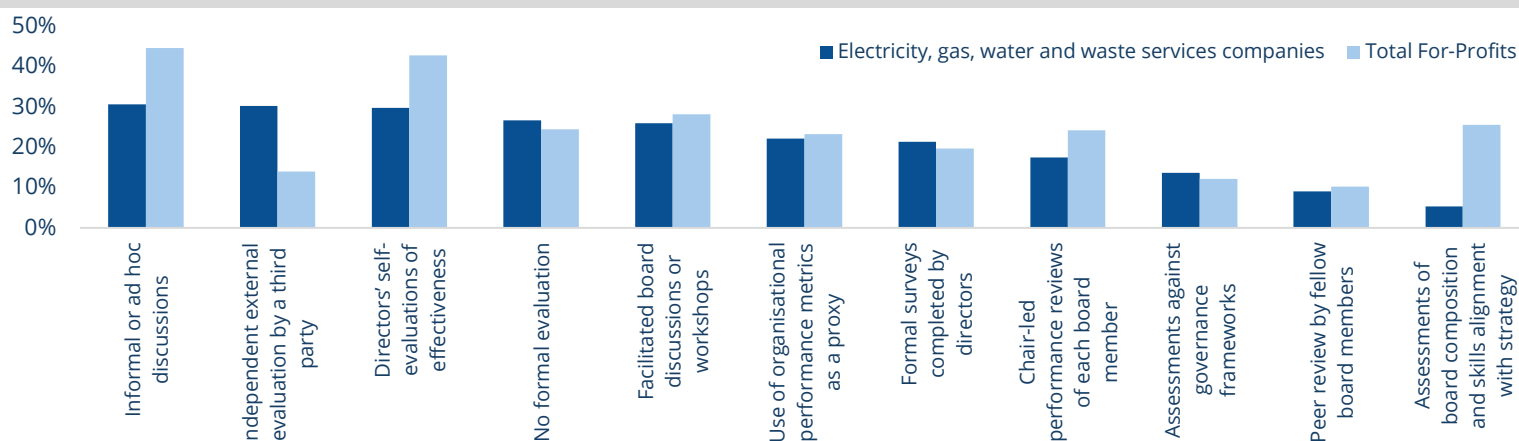
Electricity, gas, water and waste services: 26 CEOs

Extent of formal board oversight across key areas



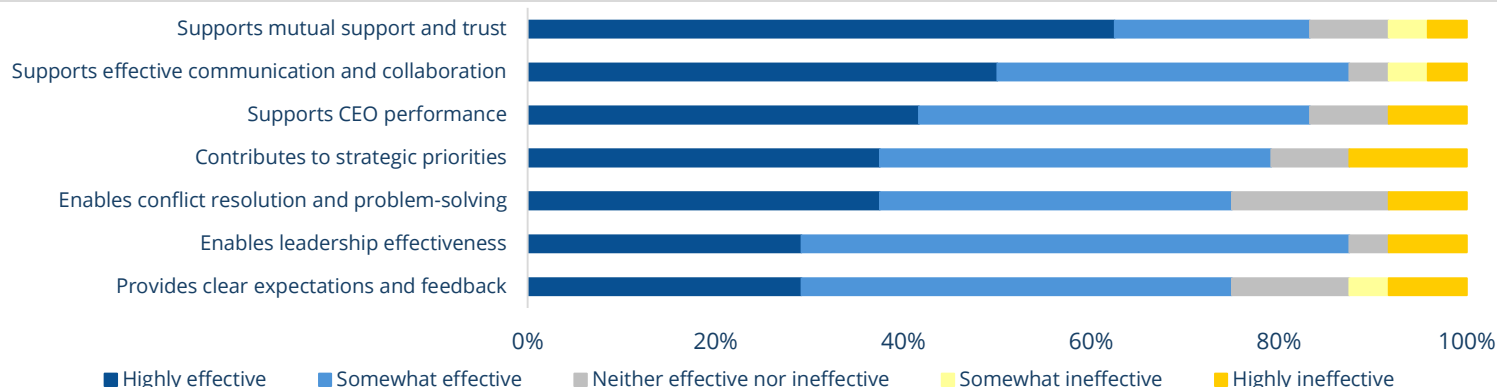
Many boards embed oversight of financial sustainability and value creation (54%), long-term strategy (50%), and core organisational purpose (42%) within strategic oversight. However, fewer boards embed stakeholder governance (29%), environmental and social externalities (17%), and organisational culture (8%), highlighting an opportunity for organisations to more consistently integrate factors that influence strategy, risk, and long-term value. Electricity, gas, water and waste services companies are less likely to report that their board embeds organisational culture into strategic oversight.

Board methods of evaluating own governance and oversight effectiveness



While organisations routinely evaluate management and organisational performance, board governance itself is often assessed more informally. With 31% relying on informal or ad hoc discussions and 30% using independent external evaluation by a third party, many boards have an opportunity to strengthen oversight and better enable organisational performance by adopting more formal, objective evaluation methods. Electricity, gas, water and waste services companies are less likely to rely on assessments of board composition and skills alignment with strategy.

Effectiveness of CEO–chair relationship



The CEO–Chair relationship is central to governance, sitting at the interface between board and management and shaping oversight, communication, and strategic alignment. CEO–Chair relationships are generally strong: 63% of CEOs rated the chair "highly effectively" 'supports mutual support and trust', followed by 'supports effective communication and collaboration' (50%), and 'supports CEO performance' (42%). The lower ratings for 'enables leadership effectiveness' and 'provides clear expectations and feedback' indicate opportunities to strengthen these relationships to enhance the CEO's ability to lead optimally.

Electricity, gas, water and waste services: 26 CEOs

Board effectiveness in enabling organisational purpose



Even some of the strongest boards have room for improvement: 50% of CEOs rate their board as 'highly effective' in supporting oversight of compliance and organisational risks, followed by 33% in supporting long-term orientation, and 29% in supporting social sustainability (worker rights, fairness and equity). More than 50% of boards are not highly effective in enabling organisational purpose in these factors; if these are not addressed, they risk leaving value on the table. Electricity, gas, water and waste services companies are less likely than total for-profits to rate highly on 'providing strategic guidance and decision-making' in enabling organisational purpose.

Areas the board could more effectively support and enable leadership

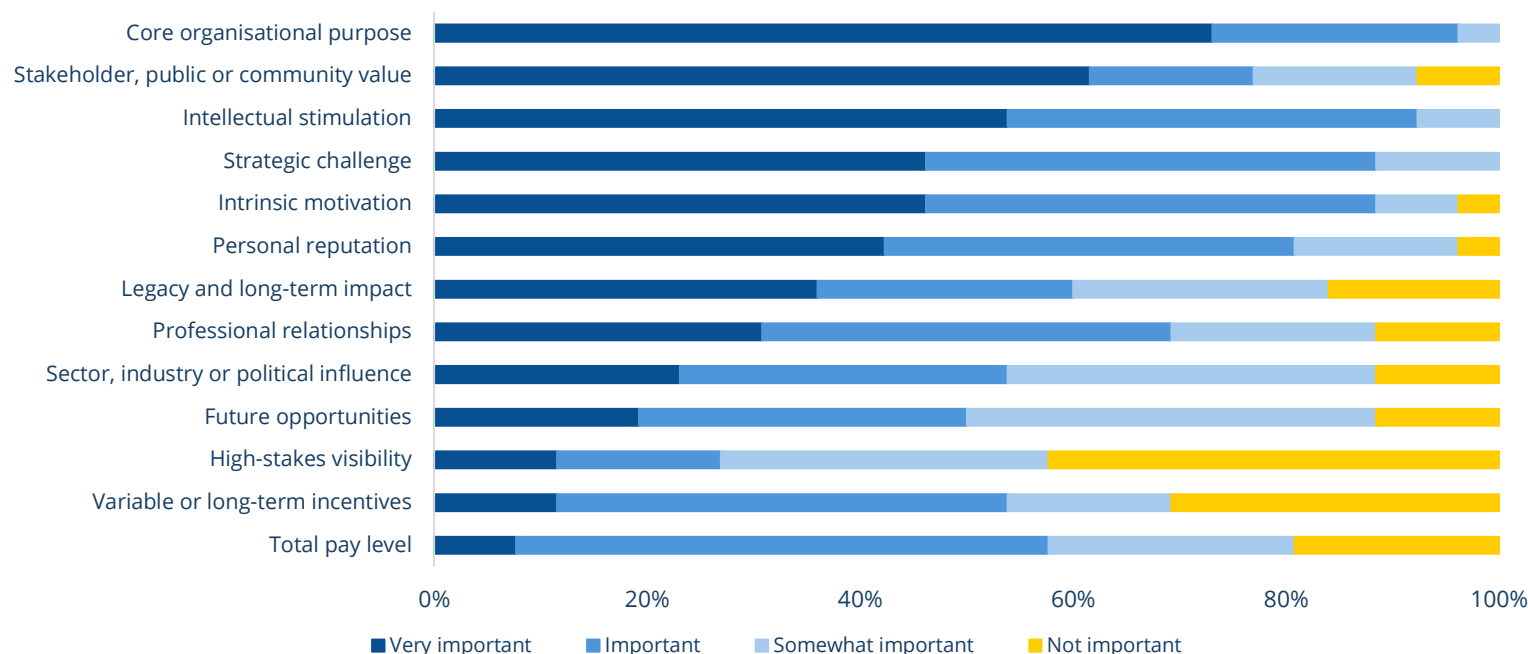


CEOs view board effectiveness as an important contributor to organisational performance. CEOs identify that boards could more effectively support and enable leadership, with 46% highlighting stronger alignment on organisational values and purpose, 46% provide stronger support for the long-term strategic plan, and 42% improved focus on long-term rather than short-term concerns. Electricity, gas, water and waste services companies are 26 percentage points more likely than total for-profits to identify 'stronger alignment on organisational values and purpose to enable organisational purpose' as a way to enhance organisational performance.

Electricity, gas, water and waste services: 26 CEOs

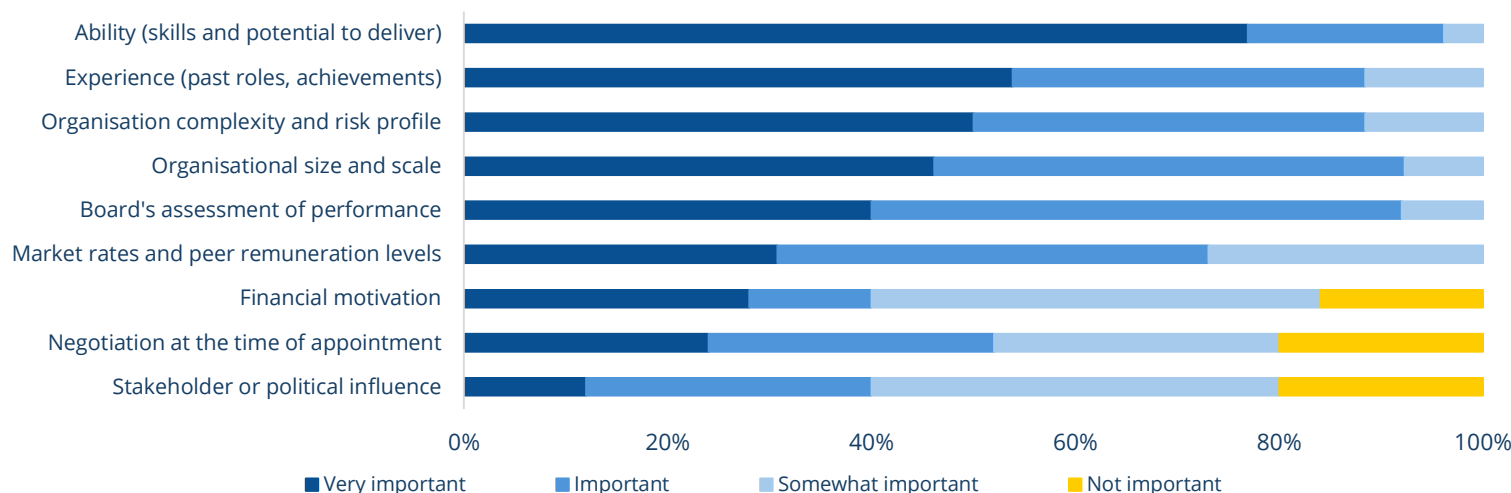
Section 2: CEO Personal Motivation, Values, and Alignment

Personal CEO motivations



CEO motivation is an important issue that has not been studied directly by asking CEOs. Attracting and retaining the right CEO is an important governance issue. The existing literature does not directly measure CEO motivation, instead inferring it from incentive structures (such as compensation design), observed CEO behaviour (e.g. risk-taking or earnings management), and governance outcomes (e.g., pay-performance sensitivity or compensation levels). CEO responses suggest that intrinsic and purpose-driven motivations rank highest, followed by reputation-related motivations, while financial or visibility-related factors are least prominent. Specifically, 73% of CEOs rated core organisational purpose as very important, followed by stakeholder, public or community value (62%) and intellectual stimulation (54%), whereas only 12% rated variable or long-term incentives and 8% rated total pay level as very important motivators.

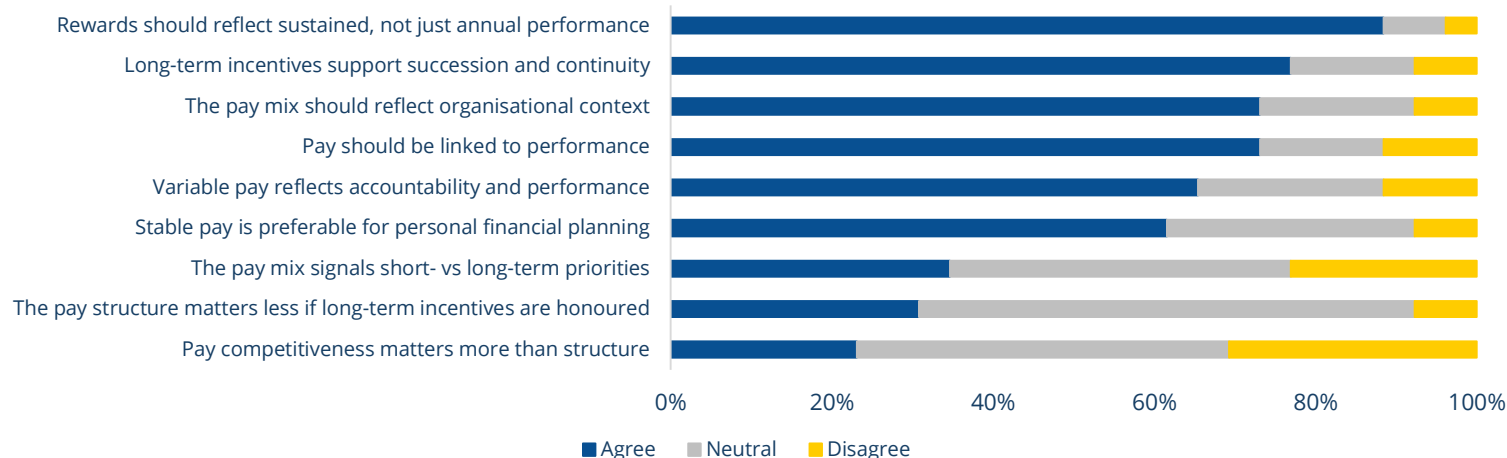
Key factors CEOs view as determinants of their pay



While the literature emphasises market benchmarks, managerial bargaining power, and incentive alignment, CEOs instead view pay as primarily driven by perceived individual ability and board judgment, with relatively little importance placed on negotiation or financial motivation. Specifically, 77% rating ability (skills and potential to deliver), 54% experience (past roles, achievements) and 50% organisation complexity and risk profile as very important determinants of pay, compared with 28% for financial motivation, 24% for negotiation at the time of appointment and 12% for stakeholder or political influence. CEOs view remuneration as recognition of the strategic value they are expected to create and the risks they assume in delivering organisational outcomes. Electricity, gas, water and waste services companies are 18 percentage points more likely than total for-profits to consider the organisational size and scale as a key determinant.

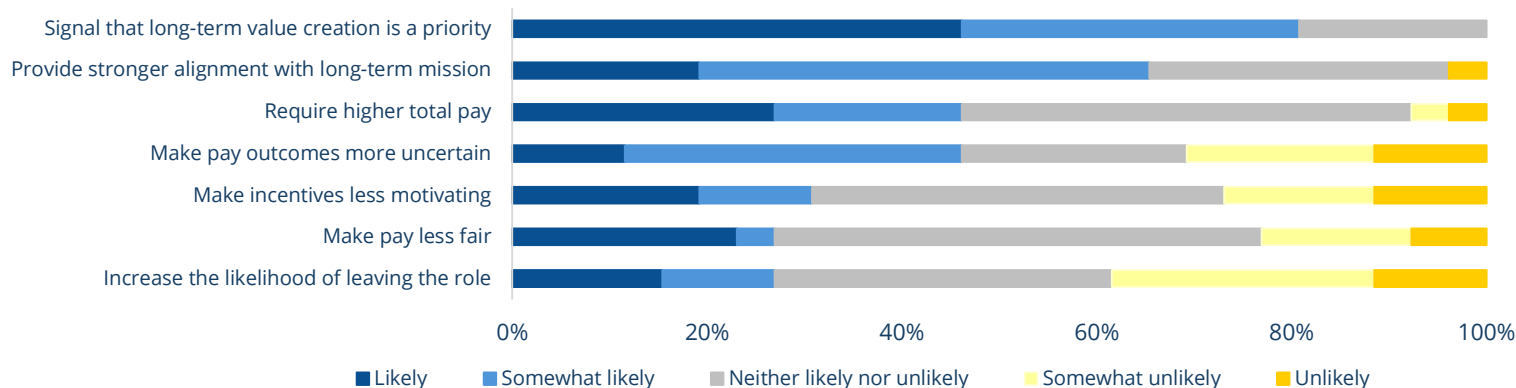
Electricity, gas, water and waste services: 26 CEOs

CEO's views on fixed and variable pay



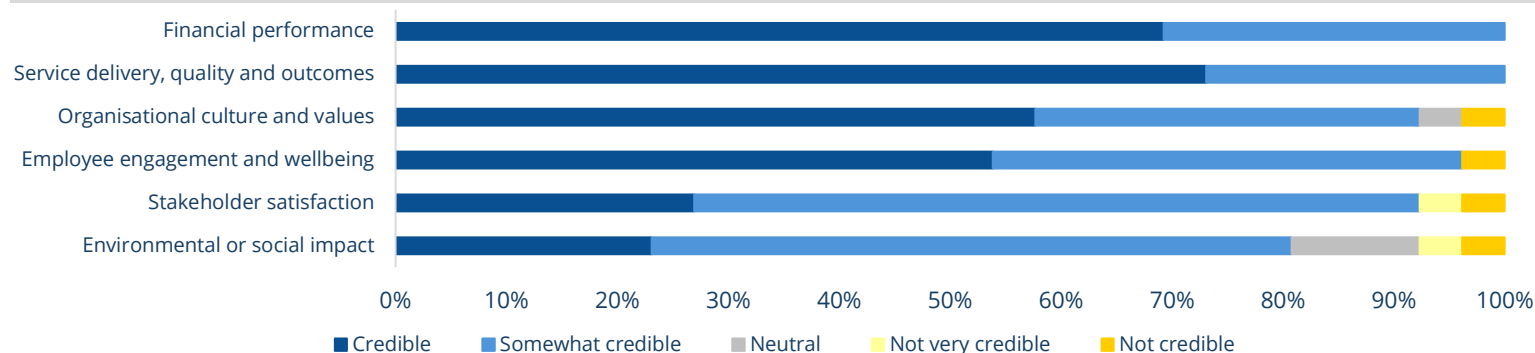
Most CEOs agree that 'rewards should reflect sustained, not just annual performance' (88%), that 'long-term incentives support succession and continuity' (77%), and that 'the pay mix should reflect organisational context' (73%). In comparison, CEOs are most neutral on 'pay competitiveness matters more than structure' (46%) and on whether 'the pay structure matters less if long-term incentives are honoured' (62%), indicating comfort with variable-based pay structures. CEO responses show limited evidence of self-interested, short-term or rent-extractive behaviour as assumed in the academic literature.

CEO perspective on the impact of current incentives being made longer-term



Most CEOs agree that longer-term incentives tend to 'signal that long-term value creation is a priority' (81%) and 'provide stronger alignment with long-term mission' (65%). Despite academic research suggesting executives prefer more immediate pay, CEOs are most neutral that they 'make incentives less motivating' and 'make pay less fair'. Many said it is unlikely or somewhat unlikely that it would 'increase the likelihood of leaving the role'.

CEO's views on the credibility of pay-linked KPIs for their own performance

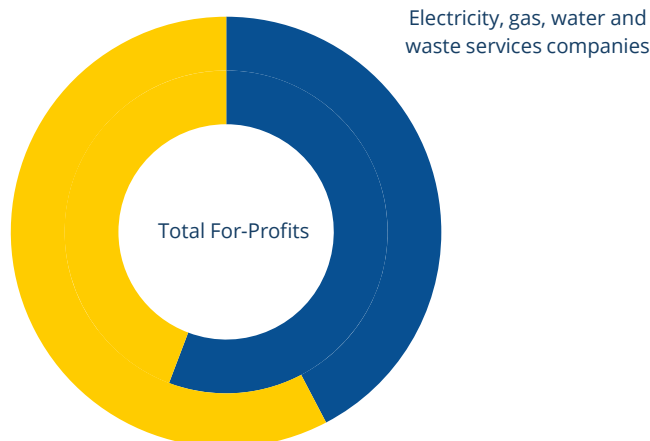


CEOs believe that pay-linked KPIs are most credible for 'financial performance' (69%) and 'service delivery, quality and outcomes' (73%), moderately credible for 'organisational culture and values' (58%) and 'employee engagement and wellbeing' (54%), and least credible for 'stakeholder satisfaction' (27%) and 'environmental or social impact' (23%). Many see these measures as somewhat credible, with very few rating any measure as not credible. Electricity, gas, water and waste services companies are 11 percentage points less likely than total for-profits to agree that financial performance are a credible and fair way to assess CEO performance.

Electricity, gas, water and waste services: 26 CEOs

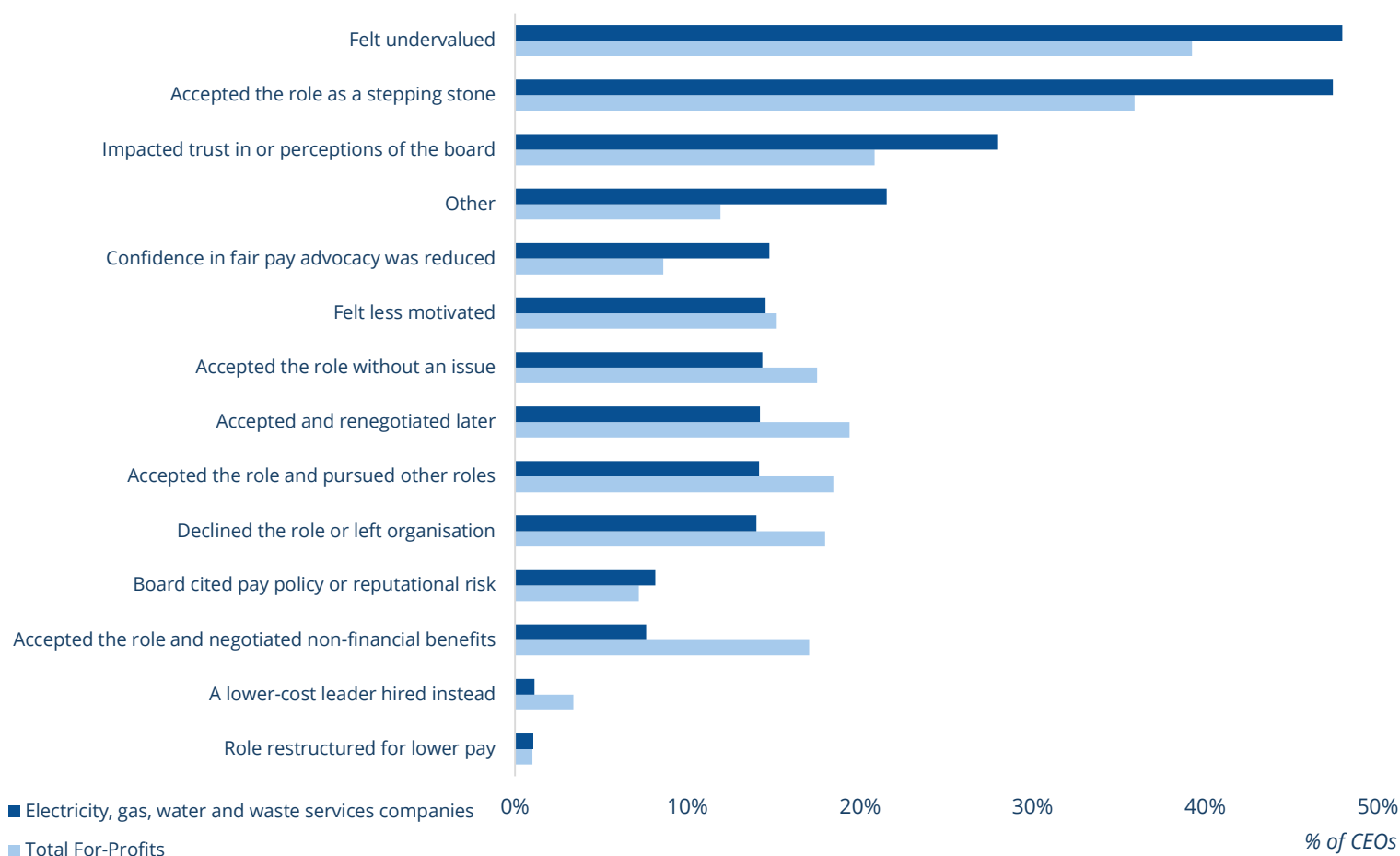
CEOs offered below-expected remuneration during their time in leadership

- Not offered below-expected pay
- Offered below-expected pay



A key governance signal is potential misalignment between CEO remuneration and candidate expectations, creating attraction, retention, and leadership continuity risk. During their time in leadership, 58% of CEOs reported experiencing total pay offers below what they felt was appropriate, often leading to career-management responses, whereas 42% did not. CEOs in electricity, gas, water and waste services companies were 14 percentage points more likely than total for-profits to have been offered below-expected pay.

Leader consequences of lower-than-expected pay offers

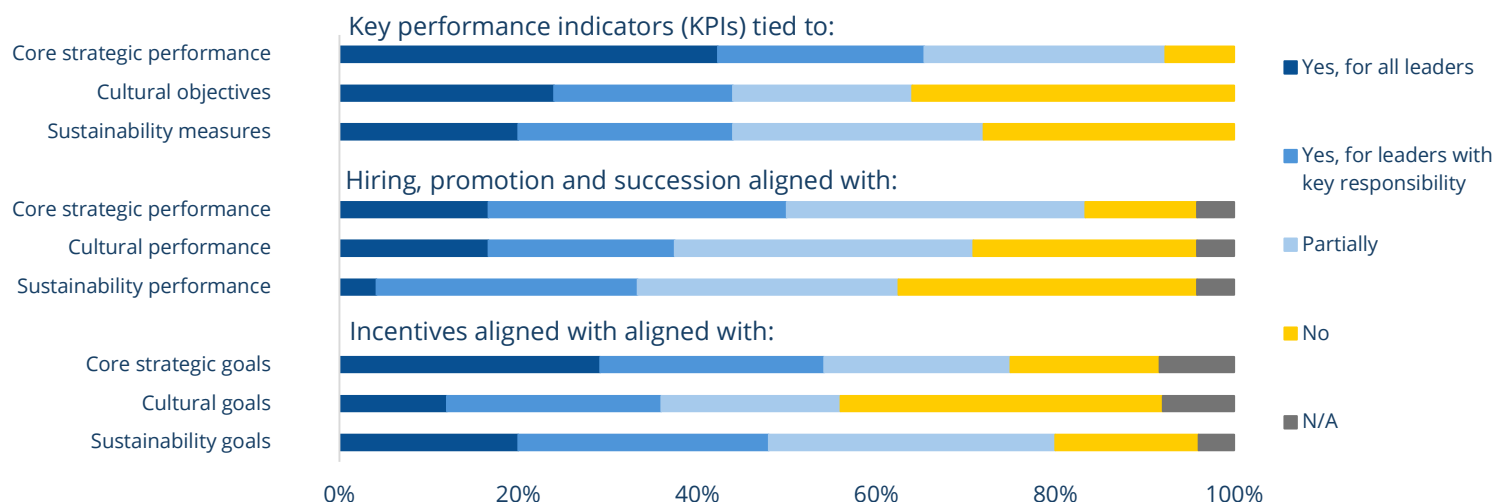


Boards risk weaker leadership quality, poorer strategic continuity, and reduced ability to attract and retain capable CEOs when pay is set below appropriate market levels. The most common responses for CEOs who received lower than expected pay offers included that they felt undervalued (48%) and accepted the role as a stepping stone (47%), highlighting that executives often respond to perceived underpayment by managing their career trajectory around it, with potential implications for longer-term commitment and board-CEO alignment. CEOs in electricity, gas, water and waste services companies were 11 percentage points more likely than total for-profits to have accepted the role as a stepping stone.

Electricity, gas, water and waste services: 26 CEOs

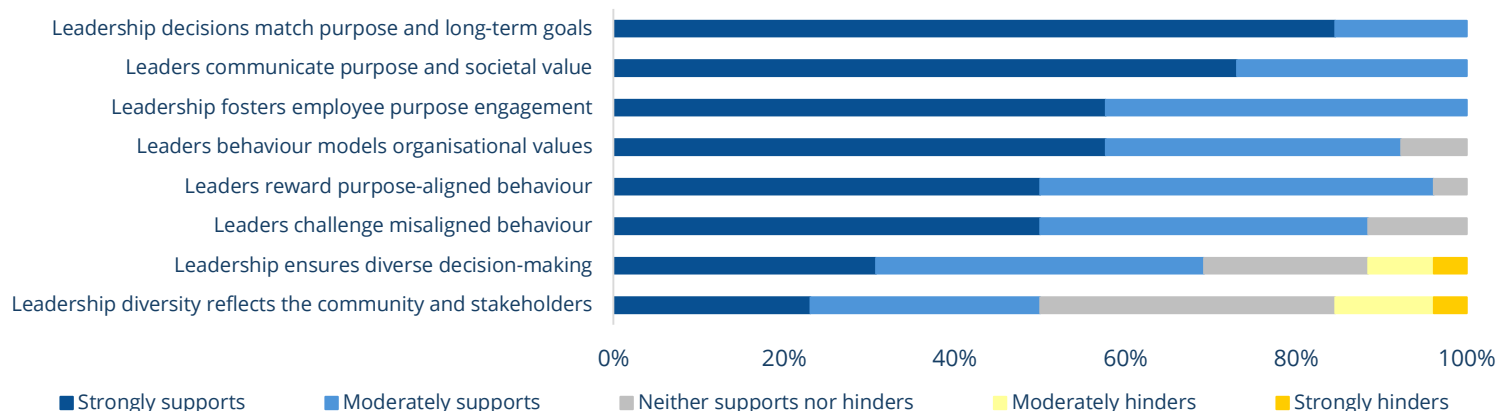
Section 3: Executive and Senior Leaders Signals, Pay and Incentives

Signals of strategy, culture, and sustainability for executive & senior leaders



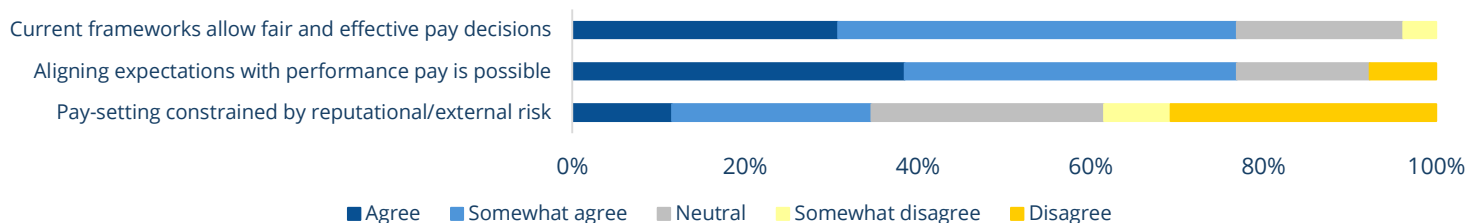
Leadership incentives, KPIs and succession decisions aligned with sustainability, culture and strategy are social and governance mechanisms as they determine how effectively leadership behaviour is shaped, monitored and held accountable for delivering organisational purpose and sustained value creation. 50%–65% of CEOs integrate core strategic performance into executive hiring, promotion, succession and KPIs, compared with 44%–38% for culture and 44%–33% for sustainability. Reward systems have a stronger focus on strategic goals rather than their execution (culture) or being a responsible citizen (sustainability).

Senior leader behavioural alignment with organisational purpose and values



Alignment between leadership behaviour, decision-making and representation influences organisational trust, inclusivity and long-term effectiveness. Between 50% and 85% of CEOs report that senior leaders strongly support organisational purpose through communication, modelling, decision-making and behavioural reinforcement. In comparison, only 23% believe leadership diversity reflects the community and stakeholders, and 31% say leadership ensures diverse decision-making, highlighting an opportunity to align behaviour and structural inclusivity.

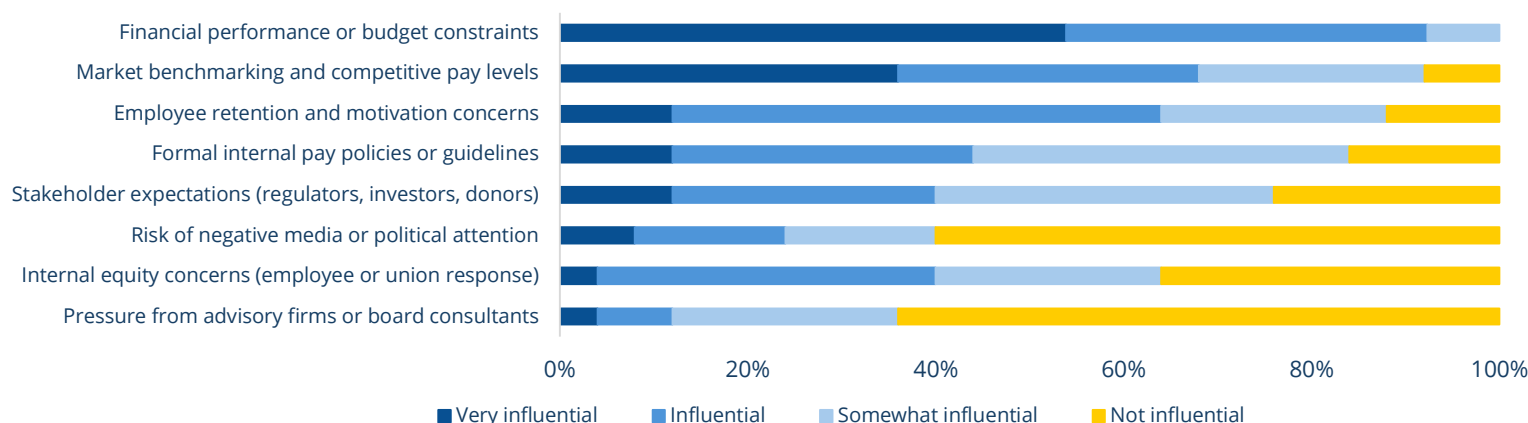
Executive remuneration framework effectiveness



Effective remuneration systems are important because they support fair, performance-linked pay, strengthen accountability, and help align leadership behaviour with organisational objectives while maintaining trust in social and governance processes. 77% of respondents agree or somewhat agree that current frameworks support fair and effective pay decisions, and 77% agree or somewhat agree that expectations can be aligned with performance pay. In contrast, 35% perceive pay-setting to be constrained by reputational or external risk.

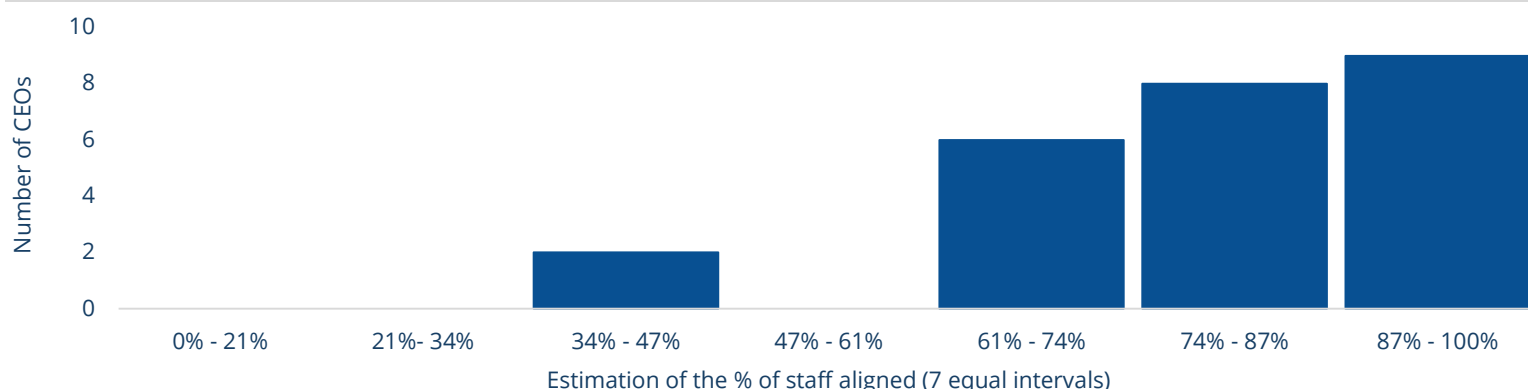
Electricity, gas, water and waste services: 26 CEOs

Factors influencing executive or senior leader pay decisions



Executive and senior leader pay decisions are driven primarily by governance factors, including financial performance, benchmarking, stakeholder expectations and formal pay policies, which reflect how boards exercise oversight, manage accountability and align remuneration with organisational objectives. Social factors are also evident, with employee retention, motivation and internal equity concerns reflecting workforce and cultural implications of executive pay decisions, including fairness, trust and cohesion. Comparatively, external pressures such as advisory firms, media or political risk have limited influence. CEOs in electricity, gas, water and waste services companies were 14 percentage points less likely than total for-profits to cite employee retention and motivation concerns.

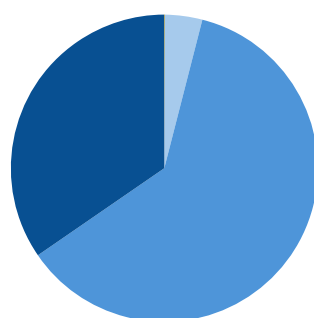
Percentage of staff motivated by sustainability goals



The majority of CEOs believe that staff are highly aligned with the organisation's purpose, including social, environmental, and broader stakeholder objectives, with the average CEO estimating alignment at around 79% of all staff. This percentage is meaningful because it indicates the extent to which that purpose is embedded in employee behaviour, shaping execution capability, cultural coherence, and the credibility of the organisation's ESG commitments.

Willingness to support culture shift for sustainability goals

- Not at all open to change
- Minimally open to change within current norms
- Moderately open to change with structured plans
- Fully open to transformational change



An organisation's willingness to pursue cultural change for sustainability is important because it signals whether environmental and social commitments can be embedded in organisational behaviour and governance, rather than remaining at the level of policy or reporting. 96% of organisations are willing to pursue cultural change to support sustainability goals, with 61% favouring structured change and 35% open to transformational change. Because willingness is high, organisations may benefit from targeted support such as practical tools for embedding sustainability, leadership guidance, and staff or board training to enable deeper, systemic change. CEOs in electricity, gas, water and waste services companies were 13 percentage points more likely than total for-profits to be moderately open to change with structured plans.

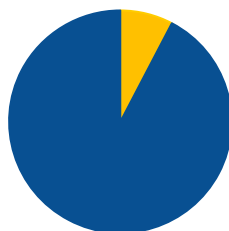
Electricity, gas, water and waste services: 26 CEOs

Section 4: Sustainability Strategy and Investment Priorities

Impact of **environmental** and **social** investments on organisational value

■ Do not add value

■ Add value



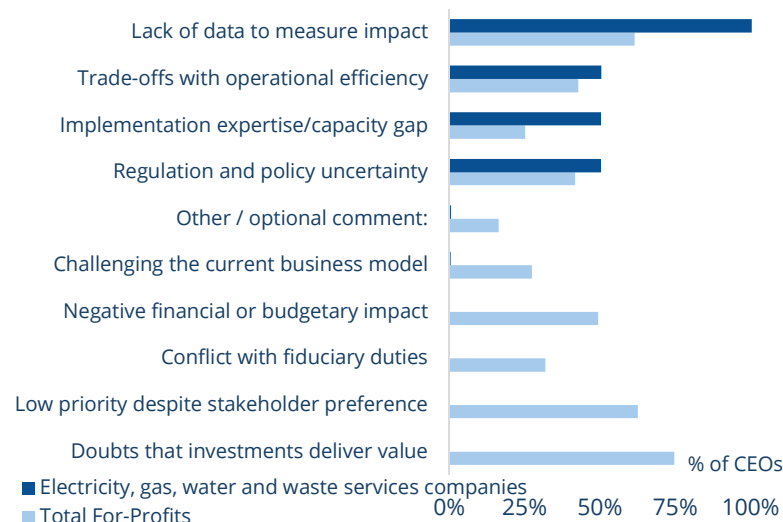
The majority of CEOs (92%) believe investing in environmental and social practices enhances their organisation's value, while 8% say it does not. This highlights that most CEOs view environmental and social practices as value-enhancing, reinforcing their role as a core driver of long-term strategic decision-making rather than a peripheral concern. CEOs in electricity, gas, water and waste services companies were 11 percentage points more likely than total for-profits to believe these practices add value.

Reasons sustainability adds value



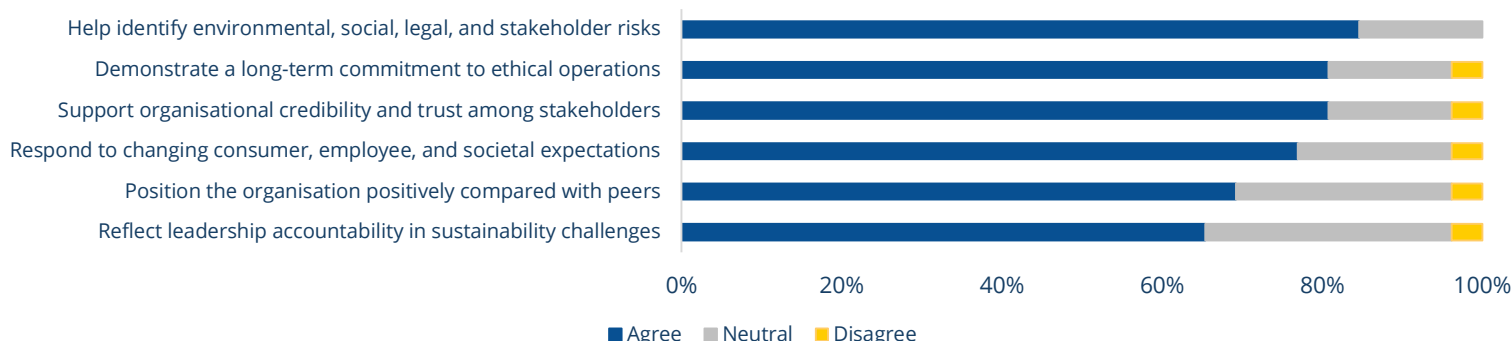
92% of CEOs say sustainable practices enhance their organisation's value, primarily due to alignment with employee values (71%), and long-term value creation (67%). CEOs in electricity, gas, water and waste services companies were 22 percentage points more likely to believe in their effectiveness in driving change.

Sustainability does not add value due to:



8% of CEOs do not believe that sustainable practices enhance organisational value, primarily due to a lack of data to measure impact (100%) or trade-offs with operational efficiency (51%). Electricity, gas, water and waste services companies are less likely to have doubts that investments deliver value.

Agreement with statements on sustainable business practices

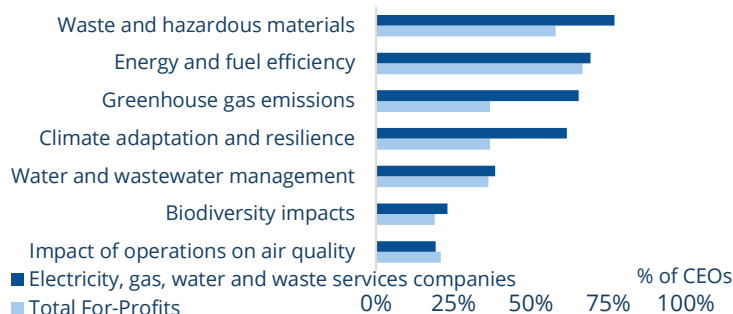


The majority of CEOs agree that sustainable practices help identify environmental, social, legal, and stakeholder risks (85%), demonstrate a long-term commitment to ethical operations (81%) and support organisational credibility and trust among stakeholders (81%). Sustainable business practices are viewed as an integrated driver of competitiveness, stakeholder trust, and risk management, rather than a peripheral activity.

Electricity, gas, water and waste services: 26 CEOs

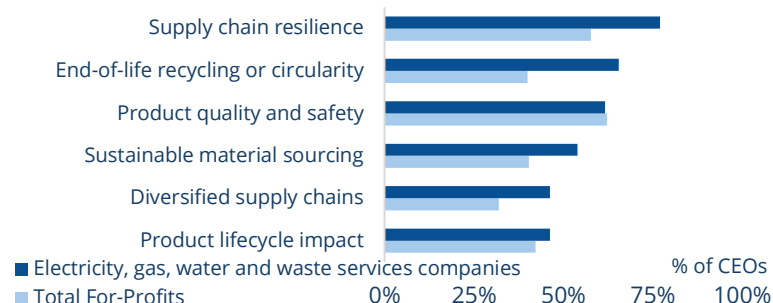
Material **environmental** factors driving strategic priorities and long-term value

Environmental sustainability factors



CEOs view waste and hazardous materials (77%) and energy and fuel efficiency (69%) as the primary drivers of long-term environmental value. Electricity, gas, water and waste services companies are more likely to view greenhouse gas emissions as material.

Product and supply chain sustainability factors



CEOs view supply chain resilience (77%) and end-of-life recycling or circularity (65%) as the primary drivers of long-term product and supply chain value. Electricity, gas, water and waste services companies are more likely to view end-of-life recycling or circularity as material.

Material **social** factors influencing strategic priorities and long-term value

Workforce sustainability factors



CEOs view employee health and safety (100%) and employee well-being (92%) as the primary workforce sustainability value drivers. Electricity, gas, water and waste services companies are more likely to consider workforce sustainability skills as material.

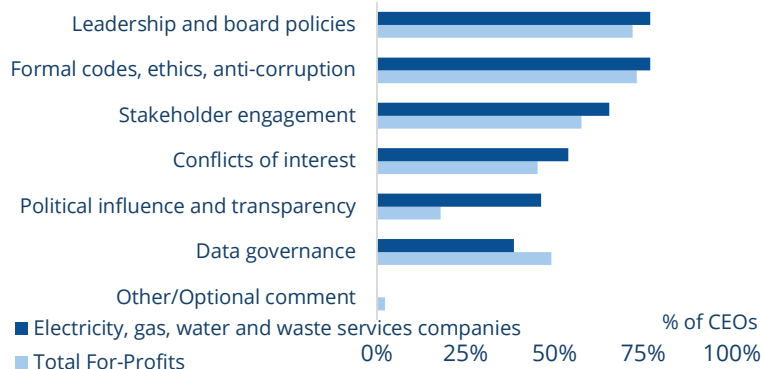
Stakeholder sustainability factors



CEOs view customer sustainability satisfaction (81%) and community relations (73%) as the primary social stakeholder drivers of long-term value. Electricity, gas, water and waste services companies are more likely to view community relations as material.

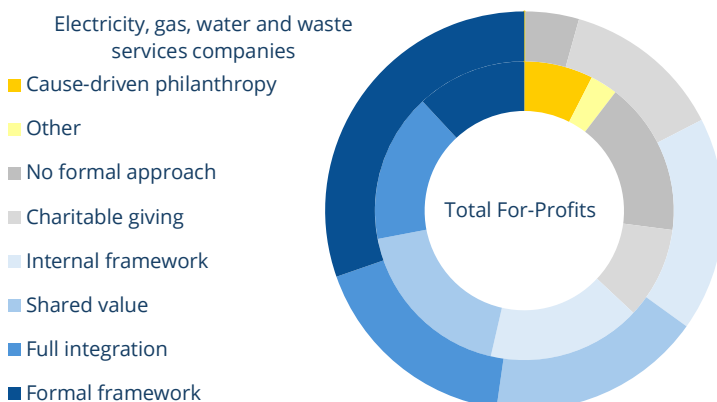
Material governance factors

Governance sustainability factors



CEOs view 'leadership and board policies' (77%) and 'formal codes, ethics, anti-corruption' (77%) as the top governance drivers of value. Electricity, gas, water and waste services companies are more likely to consider 'political influence and transparency' as material.

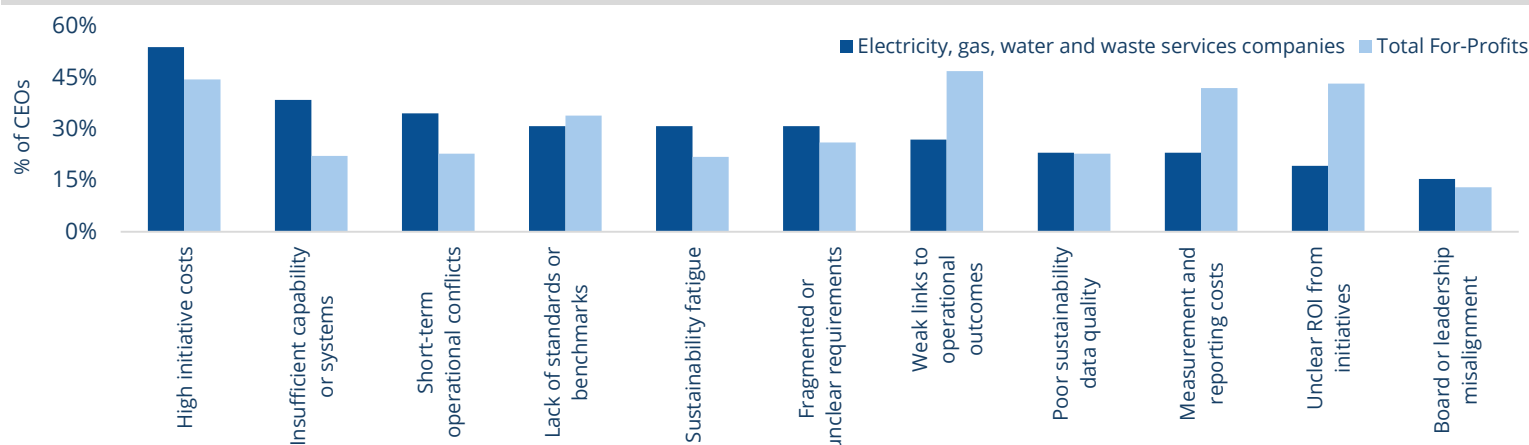
Approach to sustainability strategy



The most common approach to sustainability is a formal framework: for example CSR, ESG, GRI, TCFD, compliance with standards, reporting, and risk management (30%).

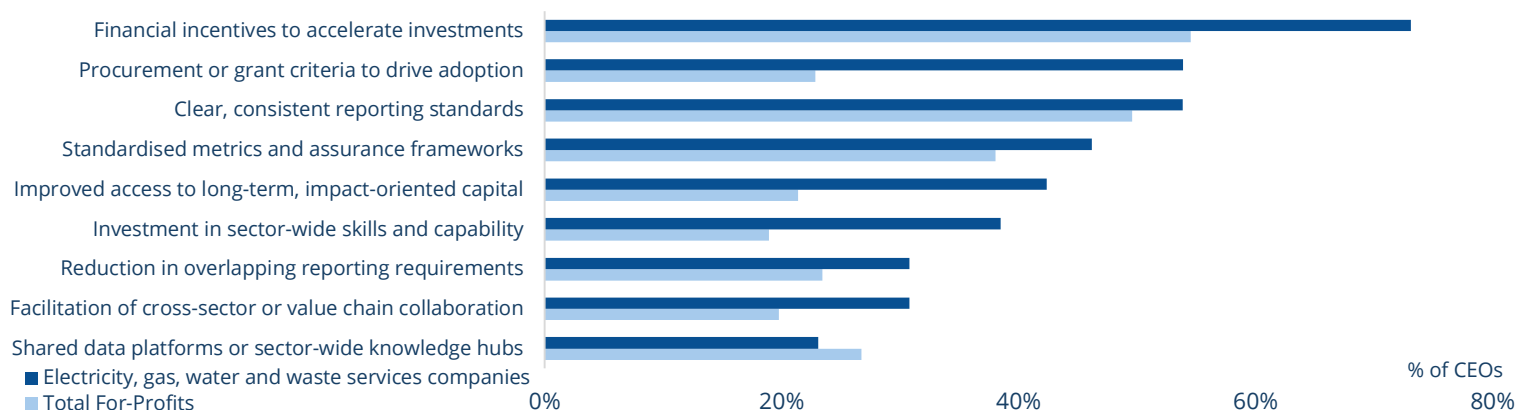
Electricity, gas, water and waste services: 26 CEOs

Key barriers to integrating sustainability into strategy and operations



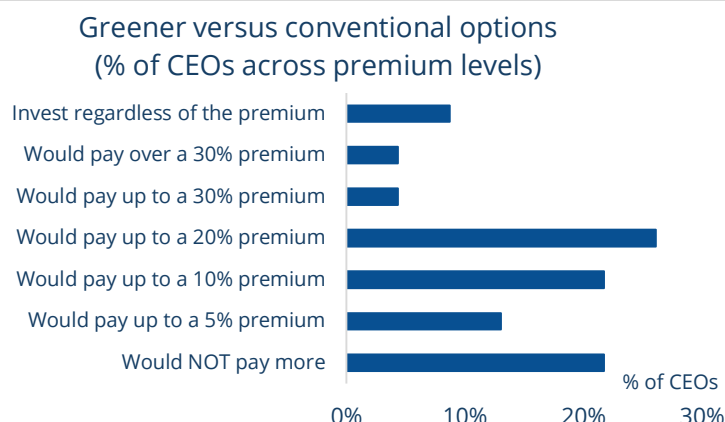
Organisations see high initiative costs (54%) as the most common barrier to integrating sustainability into strategy and operations, followed by insufficient capability or systems (38%) and short-term operational conflicts (35%). CEOs in electricity, gas, water and waste services companies were 24 percentage points less likely than total for-profits to see unclear ROI from initiatives as a barrier.

Government or industry body actions that most support sustainability goals

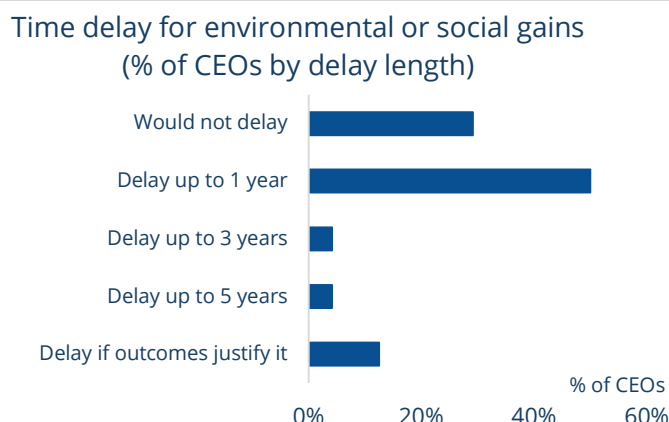


Based on selection frequency, CEOs identify financial incentives to accelerate investments (73%) and procurement or grant criteria to drive adoption (54%) as the most important actions government or industry bodies can take to support sustainability goals, followed by clear, consistent reporting standards (54%). CEOs in electricity, gas, water and waste services companies were 31 percentage points more likely than total for-profits to see procurement or grant criteria to drive adoption as important.

Willingness to pay for greener outcome Tolerance for sustainable project delays



35% of CEOs would pay a moderate premium (5%–10%) for greener technology: 43% would pay a premium of over 20%, while 22% would not pay more. CEOs in electricity, gas, water and waste services companies were 11 percentage points less likely than total for-profits to say they would pay up to a 10% premium.

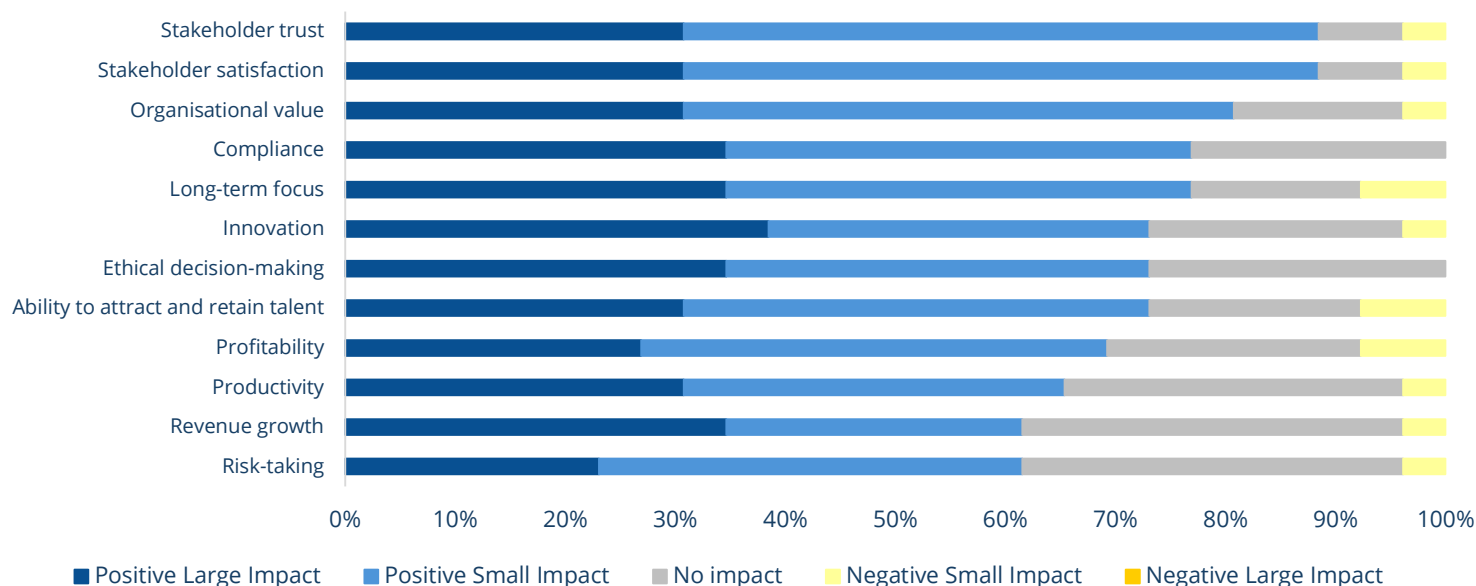


Most CEOs tolerate short delays for higher environmental or social gains: 50% up to 1 year, 8% up to 3–5 years, and 29% would not delay. CEOs in electricity, gas, water and waste services companies were 21 percentage points more likely than total for-profits to say they would delay up to 1 year.

Electricity, gas, water and waste services: 26 CEOs

Summary: Overall influence on long-term organisational performance

Impact of environmental, social and governance sustainability on factors



ESG sustainability positively impacts long-term performance, particularly stakeholder trust and stakeholder satisfaction. CEOs in electricity, gas, water and waste services companies were 21 percentage points more likely than total for-profits to say their ESG approach positively impacts stakeholder satisfaction.

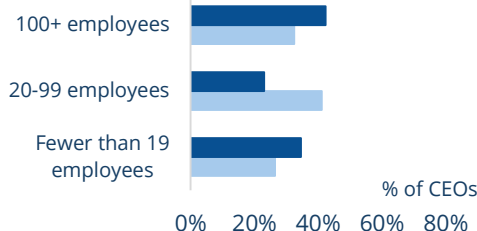
Demographics: Electricity, gas, water and waste services CEOs and Boards

Number of employees

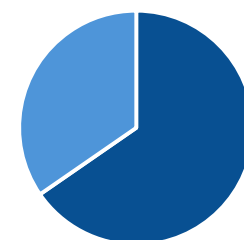
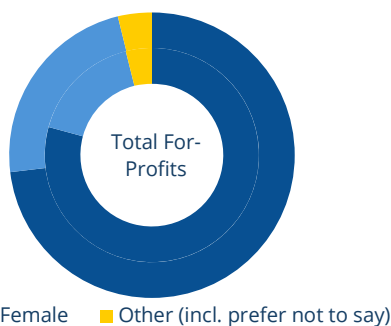
CEO gender identity

For-profit / not-for-profit

■ Electricity, gas, water and waste services companies
■ Total For-Profits



Electricity, gas, water and waste services companies

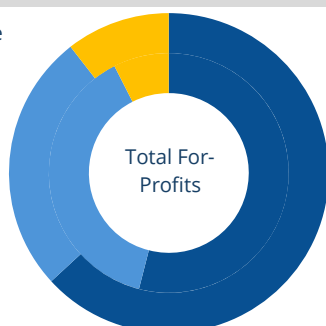


Female board representation

Ethnic board representation

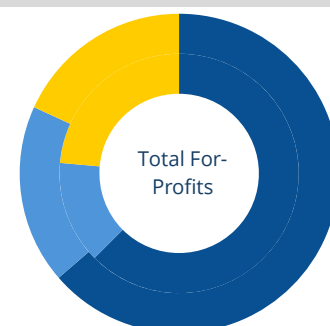
Electricity, gas, water and waste services companies

■ Male-dominated (< 1/3 female)
■ Gender-balanced (1/3 to 2/3 female)
■ Female-dominated (> 2/3 female)



Electricity, gas, water and waste services companies

■ Pākehā-dominated (< 1/3 non-Pākehā)
■ Ethnic-balanced (1/3 to 2/3 non-Pākehā)
■ Non-Pākehā dominated (> 2/3 non-Pākehā)



Women comprise 47.4% of the NZ workforce (Household Labour Force Survey, June 2023), highlighting the importance of examining the systemic barriers that limit their progression to leadership and governance roles.

The 2023 NZ Census showed 47% identify as either Māori (17.8%), Pasifika (8.9%), Asian (17.3%), or other (3%), with 53% primarily NZ European/Pākehā. Boards do not reflect this, emphasising the need to understand the barriers.