

SUSTAINABILITY

AT SPARK

Sustainability at Spark is about doing business in a way that protects our natural environment and supports the creation of an equitable society, where all New Zealanders can prosper.

Our commitment starts with our purpose, **to help all of New Zealand win big in a digital world.** Our purpose is expressly inclusive and encompasses all people, business, and communities, and our role in creating success for Aotearoa as a whole.

We believe sustainability is core business, not a project to be operated in isolation. As such, it is incorporated into our business strategy and progress is tracked at the highest levels.

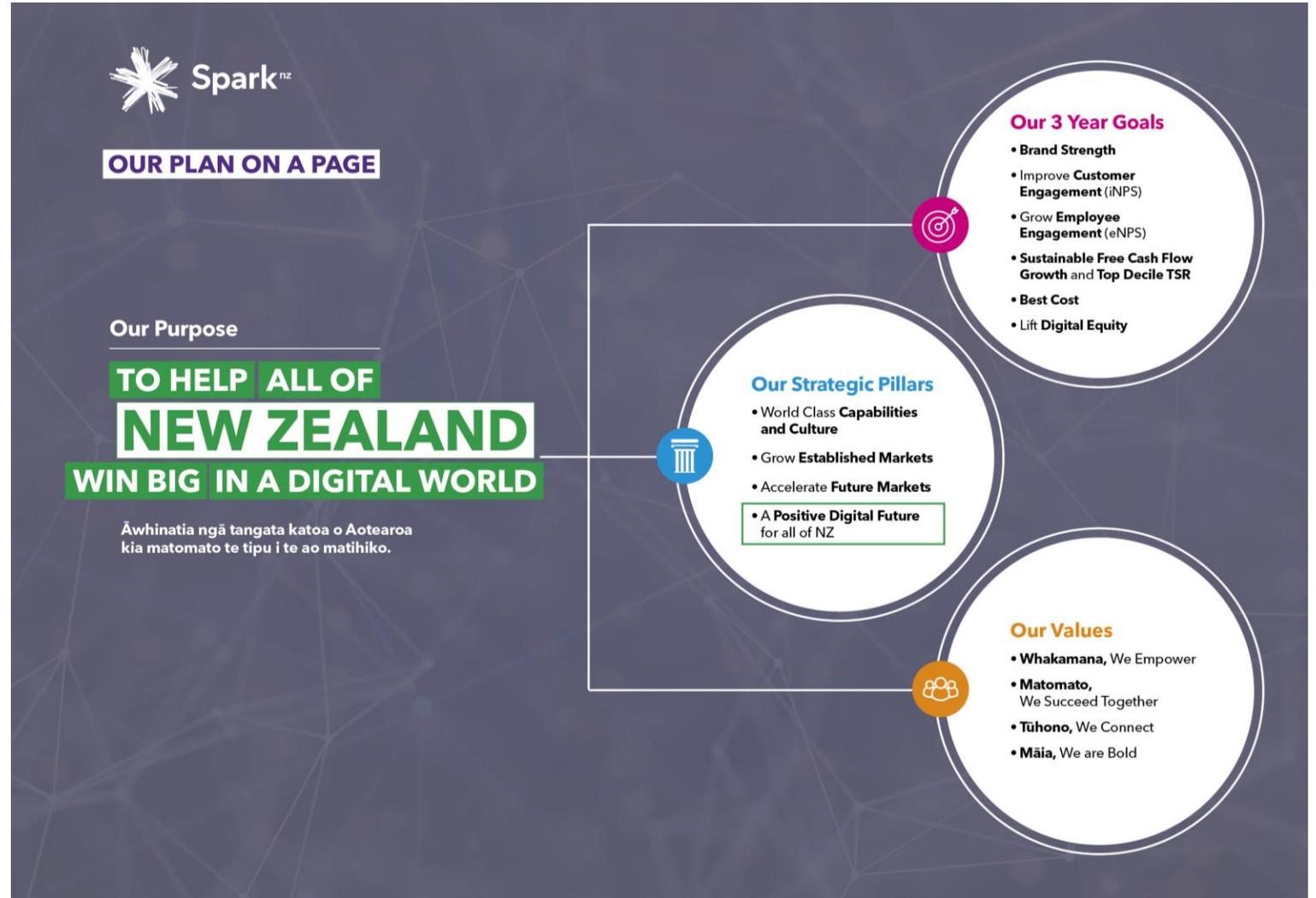


A PILLAR OF OUR BUSINESS STRATEGY

Spark sets three-year business strategies, with the current strategy completing in FY23.

Our strategy includes our commitment to sustainability, and improving our environmental, social, and governance performance.

Our ambition is to create A positive digital future for all of New Zealand, with clear focus areas outlined in our Sustainability Framework.



OUR SUSTAINABILITY FRAMEWORK

Our Sustainability Framework is informed by our materiality assessment (see page 9) and identifies three key focus areas that will enable us to deliver on our business objective of creating [A positive digital future for all of New Zealand](#).

These three focus areas are: ensuring that we are environmentally, financially, and socially sustainable ourselves; doing our part to help New Zealand transform to a high-productivity, low-carbon economy; and championing digital equity.

While these focus areas are enduring, the activities within them will evolve over time in line with our annual materiality assessments – to ensure we are responsive to our changing operating environment, and the needs of our stakeholders.

Our Sustainability Framework sits alongside our Māori Strategy, Te Korowai Tupu o Kora Aotearoa (the cloak of growth of Spark New Zealand), which informs how we develop strong connections with Māori and builds our understanding of Te Ao Māori.

A POSITIVE DIGITAL FUTURE FOR ALL OF NEW ZEALAND

We will work alongside New Zealand to harness the power of technology and create a positive digital future for all.



Create a Sustainable Spark

Be bold in our business to have a positive impact on our **people**, the **environment** and our **communities**.

- **Our people.** We will invest in the capabilities and wellbeing of our people, equipping them to thrive in a digital future. We will champion diversity and inclusion, achieving 40:40:20 gender representation across Spark by June 2023.
- **Environment.** We will reduce our impact on the natural environment. Our science-based emissions reduction target is to reduce Scope 1 and 2 emissions 56% from FY20–FY30 and ensure 70% of our spend is with suppliers with science-based targets by FY26.
- **Governance.** We will operate a responsible and ethical business and supply chain, and hold ourselves accountable for year-on-year improvement through transparent reporting and participation in key external benchmarks.



Economic Recovery and Transformation

Help New Zealand transform to a **high productivity, low carbon economy**.

- **Infrastructure.** We will focus our infrastructure investment on supporting Aotearoa New Zealand's transformation to a high productivity, low-carbon economy.
- **Business digitisation.** We will support Kiwi businesses to adapt and become more productive, resilient, and sustainable through technology.
- **Digital skills.** We will support New Zealanders and small-medium businesses to upskill and adapt to new ways of working.



Champion Digital Equity

Champion **digital equity** so all New Zealanders have the opportunity to **thrive in a digital future**.

- **Spark Foundation.** We will invest in community partnerships that support the Foundation's mission to accelerate towards digital equity, with a focus on digital access, digital skills and pathways, and digital wellbeing.
- **Our products and services.** We will continue to extend the reach of our not-for-profit broadband service Skinny Jump, improving accessibility for 35,000 households by June 2023.
- **Security and privacy.** We will support our customers to participate in the digital world safely by putting cybersecurity, customer safety, and privacy at the heart of everything we do.



Create a Sustainable Spark

OUR PEOPLE

Capability

- To fuel our agility, we are focused on the growth of our people, a culture of experimentation and innovation, and opportunities for progression through comprehensive learning experiences.

Health, safety, and wellbeing

- Our Health and Safety Strategy is focussed on continuous improvement and the implementation of our Gold Standard.
- Our Wellbeing Strategy, Mahi Tahī, has four pillars – a healthy work environment, strong connections, a healthy mindset, and unlocking energy.

Diversity and inclusion

- We are committed to building a diverse and inclusive culture, where all our people feel they belong.
- As a technology company, which has traditionally skewed male, we have focused on gender diversity for many years. We have a FY23 target of 40:40:20 gender representation and have made significant progress – with a 50/50 split on our Leadership Squad and 35% of our workforce now female.
- We are committed to extending this progress to ethnic diversity by improving our ethnicity data to enable evidence-based interventions and support.
- We work alongside partners such as Diversity Works, Champions for Change, Global Women, and the Sustainable Business Council, to drive economy-wide change.
- Our Māori Strategy takes the threads of a tangata whenua world view that can be woven across our business – into our strategies, our values, and shared Māori values, to embrace the physical and spiritual nature of te ao Māori.

For more information, please access our latest [Integrated Report](#).

We want to be bold in our own business and operate an ethical supply chain, to ensure we have a positive impact on our people, the environment, and our communities.

ENVIRONMENTAL

Environmental management

- Our [Environmental Policy](#) sets our expectations for our people to consider environmental impacts when making decisions and to take reasonable steps to reduce our footprint.

Climate change risks

- We have completed a climate change risk analysis against two scenarios, aligned to guidance from the Taskforce on Climate-related Financial Disclosures (TCFD). We did not identify any immediate or extreme risks and will continue to undertake TCFD reporting annually.

Science-based emissions reduction target

- Our [Greenhouse Gas Inventory Report](#) includes detailed and independently verified reporting on our emissions.
- We have established and verified an emissions reduction target through the [Science Based Target](#) initiative (SBTi), to support global efforts to keep warming below 1.5 degrees.
- Electricity accounts for over 80% of our Scope 1 and 2 emissions. Because of this we are focused on our role in promoting increased renewable electricity production, which is critical to our ability to meet our reduction targets and for the decarbonisation of the New Zealand economy.

Network efficiency

- We continue to decommission legacy equipment such as the public switched telephone network (PSTN), which is resulting in significant electricity savings and offsetting growth in other areas, like 5G.

E-waste

- We have a comprehensive programme for managing end-of-life network equipment and technology – such as mobile phones, printed circuit boards, copper cables, lead batteries and all types of metals.

GOVERNANCE

Reporting and transparency

- We report transparently on our ESG performance through our annual integrated report, which is prepared against the GRI, the <IR> International Integrated Reporting Framework, and the TCFD Framework.

Benchmarking our performance

- We participate in several indexes to measure and benchmark our ESG maturity against our peers. These include the Corporate Sustainability Assessment, which drives the DJSI, the Carbon Disclosure Project, and the Digital Inclusion Benchmark from the World Benchmarking Alliance.

Governance Processes

- Our [Annual Corporate Governance Statement](#) outlines our approach to corporate governance, including our approach to risk.

Human rights

- We are in the process of formalising our commitment to upholding human rights with the development of a Human Rights Policy.

Supply chain

- Our [Supplier Code of Conduct](#) sets out the minimum standards we expect from all our suppliers across labour and human rights, health and safety, environmental sustainability, and ethical business practices.
- We have integrated a commitment to the Code into supplier onboarding processes and have completed a number of audits of key suppliers.
- In FY22 our focus is to strengthen our supply chain risk management processes and align our assessment and audit process with our global industry peers.

Modern Slavery

- We publish an annual [Modern Slavery Statement](#) alongside our annual report.
- Our work to strengthen our human rights and supply chain risk management processes will formalise our approach to managing modern slavery, and we will publish a Modern Slavery Framework in our FY22 Statement.

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Economic Recovery and Transformation

INFRASTRUCTURE

5G rollout

- 5G is now live in 15 locations, including major centres such as Auckland, Christchurch, Dunedin, and Hamilton.
- We will invest an additional \$35 million to accelerate our 5G rollout, bringing our total investment in mobile connectivity to \$125 million in FY22 and supporting us to deliver 90% population coverage by the end of calendar year 2023.

IoT

- Approximately half our IoT revenue is linked to sustainability enabling applications, such as water quality monitoring and smart cities.
- Our Innovation Studio showcases use cases for IoT and allows businesses to explore how these solutions can enhance productivity and improve sustainability outcomes.

Rural Connectivity Group (RCG)

- RCG is a joint venture between Spark, Vodafone and 2degrees that is contracted by Crown Infrastructure Partners to deliver the Government's Rural Broadband Initiative Phase 2 (RBI2) and Mobile Blackspot Fund programmes.
- To date, RCG has built more than 260 sites, delivering 4G wireless broadband coverage to 23,500 homes and businesses, and mobile coverage to more than 600 kilometres of state highways.

Marae Digital Connectivity Programme

- Spark is working as a partner to Government on this Programme – providing iwi, hapū, and whānau with access to key online services and helping to create stronger, safer, more connected communities.
- 445 marae were connected at the end of FY21.

Covid-19 has accelerated the shift from physical to digital and highlighted the critical importance of the digital economy in Aotearoa. Modernising our economy and making better use of technology to grow productivity and transition our workforce to smarter ways of working will deliver clear and compelling benefits.

BUSINESS DIGITISATION

Enterprise business digitisation

- We provide B2B services to our larger enterprise customers through the Spark Business Group – which unites Spark, CCL, Leaven, Qrious, and Digital Island. Spark Business Group is locally unique in the end-to-end support it can provide customers to connect, enable, and transform.

Spark Business Hubs

- We support our small-medium business (SME) customers through a network of 24 regional hubs, which provide local support.

Digital Boost Alliance

- We are part of an alliance of organisations focused on motivating SMEs to lift their use of digital technologies, operated by TUANZ and MBIE.
- Spark CEO Jolie Hodson is Chair of the Governance Board and Spark commits a range of services and free products as part of its involvement.

Spark Lab

- The Spark Lab website and events help SMEs go digital by providing access to tools and advice from experts.

Spark Health

- We are supporting the digitisation of New Zealand's healthcare sector through our industry vertical, Spark Health.
- Spark Health seeks to help all New Zealanders live healthier lives through the power of technology and has a 2023 ambition to deliver a cloud-based Digital Health Platform.

This Platform will enable health providers to access a range of services in one place and will allow health providers and individuals to connect multiple digital health records and share them digitally.

DIGITAL SKILLS

Spark people

- We have a number of programmes in place to equip our people with the skills they need for the future of work (see slide 6).

Building the technology pipeline

- We participate in a range of external talent development programmes, in partnership with schools and universities, to encourage young people into STEM education, develop technology pathways, and create early career technology opportunities.

Improving representation in the technology sector

- Currently, only 39% of technology students are female, with 14% Māori and 9% Pacific peoples. This flows into the workforce where only 27% of digital technology employees are women, 4% Māori, and 2.8% Pacific peoples.
- We have established partnerships with a range of community organisations that are focused on building digital skills and career pathways for Māori and Pasifika communities. Examples include Pūhoro – a Māori digital skills training programme run through Massey University, and P-Tech – a programme that works to fund a pipeline of tech talent from high school onwards.

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Champion Digital Equity

Our approach to championing digital equity is outlined in detail in our Digital Equity Commitment, which is also available on our website [here](#).

Spark is committed to championing digital equity in Aotearoa. Digital equity is a key feature of our business strategy and sustainability framework, the sole focus of our charitable arm, the Spark Foundation, and it permeates our operations - from the products we create to how we do business.

SPARK DIGITAL EQUITY COMMITMENT

Spark is committed to championing digital equity in Aotearoa. Our commitment starts with our purpose, to help **all of New Zealand win big in a digital world**. Digital equity is a key feature of our business strategy and sustainability framework, the sole focus of our charitable arm, the Spark Foundation, and it permeates our operations - from the products we create to how we do business. Every year Spark commits funding, and significant internal resources, to achieve its digital equity ambitions.

It is estimated that up to 1 in 5 New Zealanders may be experiencing digital exclusion in some way, and we understand approximately 200,000 households do not have access to the internet. The role of digital technology in New Zealand's transformation to a high-productivity, low-carbon economy brings the issue of digital equity into the spotlight. We are committed to creating a positive digital future where every Kiwi can prosper and a just and equitable transition on the way through.

Our digital equity efforts are guided by the Government's Digital Inclusion Blueprint, which identified four elements of digital inclusion - motivation, access, skills, and trust. We recognise we cannot solve this challenge alone, and we have developed meaningful partnerships across the community sector and industry to drive long-term change.



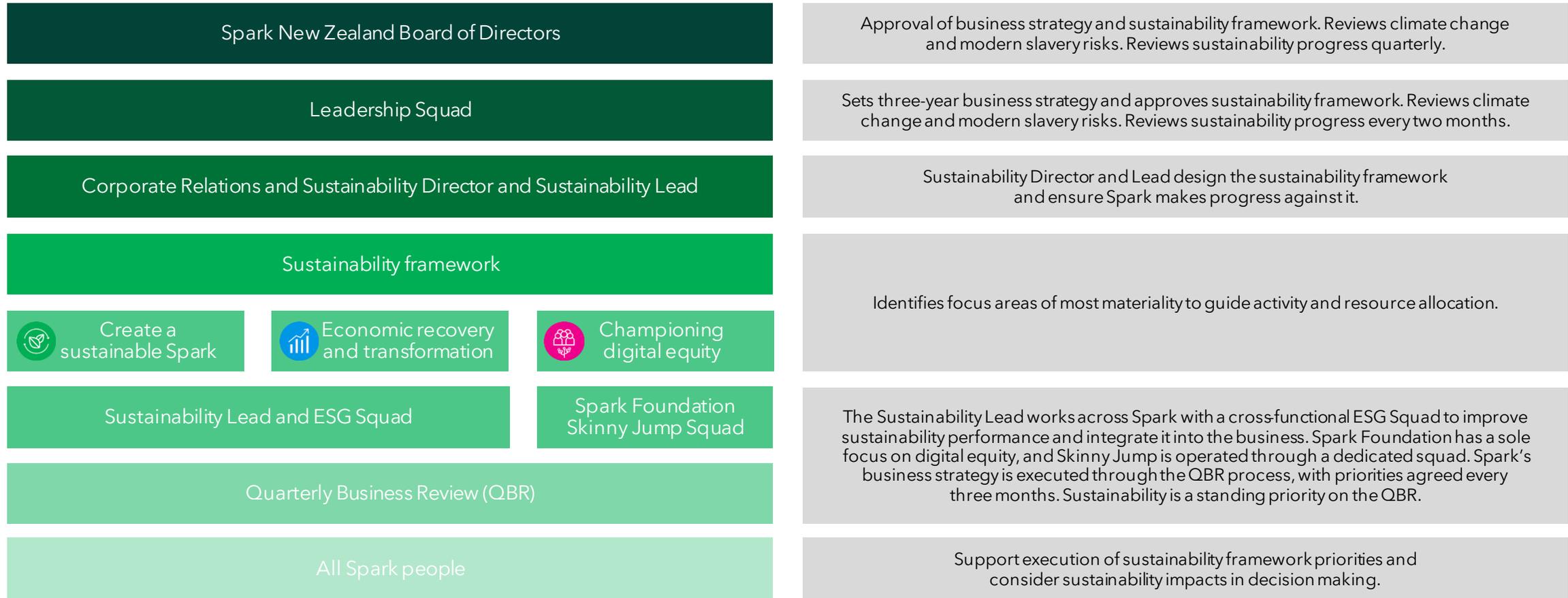
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SUSTAINABILITY GOVERNANCE

Our sustainability governance structure helps us ensure sustainability is overseen at the highest levels of our organisation and embedded throughout our everyday operations.



ISSUES THAT MATTER

To prioritise sustainability focus areas for action and reporting we follow the Global Reporting Initiative’s (GRI) materiality principle (set out in GRI 101) to identify topics that substantively influence the assessments and decisions of our stakeholders or have a significant environmental, social, or economic impact.

We seek feedback from a wide range of our stakeholders to make this assessment – including our own people, customers, shareholders, suppliers, government, and the community more broadly. This feedback is combined with an analysis of industry trends, internal reports and research, to create the materiality matrix displayed to the right.

We undertake this assessment annually and publish our updated material issues matrix every year in our Integrated Report.

This assessment informs our strategic approach, and guides our reporting.



SUSTAINABILITY LINKED LOAN

Spark Finance Limited, the wholly owned subsidiary of Spark New Zealand Limited that carries out the borrowing activities for the Spark group (“Spark”), refinanced three existing loans into Sustainability-Linked Loans in November 2021. The three loans total \$NZ425 million.

By linking our financing to further progress against the focus areas of our Sustainability Framework, we hope to demonstrate our conviction and hold ourselves accountable to our investors and stakeholders more broadly.

The committed revolving Sustainability-Linked Loan facilities are with three lenders - Westpac NZ, who acted as sole Sustainability Structuring Co-ordinator, and Sustainable Finance Lenders, Commonwealth Bank of Australia, and MUFG Bank.

The facilities will be used for general corporate purposes, with Spark receiving a lower interest rate if it achieves its sustainability targets and a higher interest rate on the loan if it falls short.

DETAILS OF SPARK’S SUSTAINABILITY-LINKED LOANS:

Target 1: Reduce absolute Scope 1 and 2 GHG emissions

Spark commits to reducing absolute Scope 1 and Scope 2 Greenhouse Gas emissions by 56% by FY30, from a FY20 baseline. Target 1 is informed by this FY30 commitment and Spark taking action to make progress against it.

Target 2: Suppliers establishing science-based emissions reduction targets (Scope 3)

Spark commits that 70% of its suppliers by spend covering purchased goods and services and capital goods will have science-based targets by FY26. Target 2 is informed by this FY26 commitment and Spark making progress against it.

Target 3: Championing Diversity and Inclusion

Spark continues to promote equality in gender representation as it strives to achieve its target of 40:40:20 gender representation. Target 3 is informed by this commitment and Spark making progress against it.

FURTHER DETAIL

Access our FY21 Annual Report [here](#). Our most commonly requested data, and where it is located in the report, is listed below. For further detail, the GRI content index on page 121 maps our disclosure against our material issues.

Our people

- Health and safety performance on page 34
- Diversity performance on pages 36-37, including:
 - Progress towards our FY23 40:40:20 gender representation target (40% men, 40% women, 20% any gender)
 - Progress against our median gender pay gap target (10% reduction by FY23)
 - Gender pay ratios
 - Demographics of our workforce, including turnover

Environment

- Our science-based emissions reduction target on page 39
- Our Greenhouse Gas Inventory Report can be accessed [here](#)
- Our assessment of climate-related risks and opportunities, aligned to the Taskforce on Climate-Related Financial Disclosures, is on pages 55-56

Governance

- Our principal governance documents can be accessed [here](#)
- Our Supplier Code of Conduct and health and safety information can be accessed [here](#)
- Our latest Modern Slavery Statement can be accessed [here](#)

Economic transformation

- Our investments in our network, rural connectivity, and emerging technologies is outlined from page 28. Further updates are provided at our HY and FY market updates, which you can access at our [Investor Centre](#).

Championing digital equity

- Access our [Digital Equity Commitment](#) for full details
- Our community work is outlined from page 42
- Further information on Spark Foundation can be found [here](#)

FURTHER INFORMATION

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