

TOITŪ SUSTAINABILITY

AT

SPARK

Toitū 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 integrated 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 covering the FY24-26 period.

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

Toitū Sustainability at Spark 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.

Our purpose

TO HELP ALL OF
NEW ZEALAND
WIN BIG IN A DIGITAL WORLD

Āwhinatia ngā tāngata katos o Aotearoa kia matomato te tipu i te ao matihiko


Our values

TŪHONO: we connect
WHAKAMANA: we empower
MATOMATO: we succeed together
MĀĪA: we are bold

Our FY24-26 focus


We will empower the people and businesses creating Aotearoa's tomorrow by:

Bringing New Zealanders the best digital-first experiences, curated to their needs



LEAD
Mobile

Enabling New Zealand Businesses to grow and become more productive and sustainable through technology



OPTIMISE
Broadband

LEAD
SME and Business

GROW
High-tech Solutions

Our enablers


Next evolution technology

Simple, data-driven organisation

Innovation culture


Our commitment: to stand together for generations to come

Toitū Sustainability at Spark




Economic Transformation


Digital Equity



Sustainable Spark



Te Korowai Tupu
Our Māori Strategy



Our FY26 outcomes


Low / mid single digit CAGR EBITDAI growth

>10% Free cash flow growth

+10 lift Customer engagement

Top decile People engagement

Top quartile Sustainability benchmarking



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 commitment to sustainability.

These three focus areas are:

1. Supporting Aotearoa New Zealand to transform to a high-productivity, low-carbon economy;
2. Championing digital equity; and
3. Ensuring that we are environmentally, financially, and socially sustainable ourselves.

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.

On the following page we outline a series of KPIs for the FY26 strategy period, that provide transparency and accountability to our stakeholders.

Sustainable Development Goals

Our commitment

KPIs

Economic Transformation

Empower New Zealand to transform to a high productivity, low carbon economy

New technologies: we will invest in the technologies Aotearoa needs to transform

- Deliver 5G Standalone nationwide by FY26 to enable innovation

Digital infrastructure: we will expand connectivity to more of the places New Zealanders live and work

- Increase 5G connectivity to all towns with a population >1,500 by end FY26

Business digitisation: we will support businesses to become more sustainable through technology

- Champion the integration of digital technology into Aotearoa's climate change planning

Digital Equity

Champion digital equity so all New Zealanders can thrive in a digital future

Skills and pathways: we will focus Spark and Spark Foundation investment on increasing Māori and Pasifika participation in the technology sector

- Increase Māori and Pasifika participation within Spark by 5pp by end FY26¹

Affordability: we will support low income households to participate in the digital world

- Extend the reach of our not-for-profit broadband service Skinny Jump, with YoY growth

Products and services: we will increase accessibility and maintain the highest security and privacy standards

- Maintain top quartile position in the Worldwide Benchmarking Alliance's annual Digital Inclusion Benchmark

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 and champion diversity and inclusion

- Achieve 40:40:20 gender representation at Spark by June 2024
- Spark has a top decile innovation culture by FY26

Our environment: we will reduce our impact on the natural environment

- Science based target (SBTi): reduce Scope 1 and 2 emissions 56% from FY20-FY30 and ensure 70% of our suppliers by spend² have SBTi-aligned targets in place by 2026

Governance: we will operate a responsible and ethical business and supply chain

- Maintain top quartile benchmark in the annual Corporate Sustainability Assessment
- Complete five JAC³ aligned supplier location audits annually



TŪHONO: we connect

WHAKAMANA: we empower

MATOMATO: we succeed together

MĀIA: we are bold

1. Excluding subsidiaries 2. Covering purchased goods and services and capital goods 3. Joint Audit Cooperation

NEW TECHNOLOGIES

5G Standalone and Converged Solutions

- Spark is deploying 5G Standalone nationally between FY24-26, with an investment of \$40-\$60 million over this time.
- This new capability will support Spark's strategic focus on converged technology solutions - which bring together a wide range of technologies such as 5G, AI, cloud computing, and IoT to solve business problems where it wasn't possible to do so in the past.
- Approximately half of our IoT revenue is already linked to sustainability enabling applications, such as water quality monitoring, asset tracking, and smart cities, and we expect this to increase through convergence.

Spark Health

- We are supporting the digitisation of New Zealand's healthcare sector through our industry vertical, Spark Health, which has an ambition to help all New Zealanders live healthier lives through the power of technology.

MATTR

- MATTR is a standalone subsidiary of Spark and a software-as-a-service company that specialises in digital trust.
- MATTR's products enable secure, privacy-first digital interactions that underpin confidence in online interactions and are a critical enabler of digital economy growth.

DIGITAL INFRASTRUCTURE

5G Rollout

- 5G is now in 77 locations across the country.
- By FY26 all towns with a population over 1,500 will have access to 5G connectivity.

Rural Connectivity Group (RCG)

- RCG is a joint venture between Spark, One NZ, 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 400 sites, delivering 4G wireless broadband coverage to 32,000 homes and businesses, and mobile coverage to more than 1,211 kms of state highways.
- As part of the Government's allocation of C-band spectrum, Spark has committed to invest an additional \$24 million in RCG funding between 2023 and 2025.

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.
- More than 600 marae were connected at the end of FY23.

Data Centre Investment

- We will be investing \$250-\$300 million into data centres, to support the growing demand for data across the country.
- This will include further investment at our Takanini site, while also investigating other locations.

BUSINESS DIGITISATION

Role of technology in Aotearoa's climate change challenge

- To help ensure Aotearoa realises the full potential that digital technology can bring to the climate challenge, Spark and sustainability consultancy thinkstep-anz have developed research that quantifies the emission reductions that can be enabled and identifies opportunities across different sectors.
- We are advocating for the recommendations outlined in [Meeting the climate challenge through digital technology](#) to be incorporated into New Zealand's mitigation and adaptation planning.

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.

Small-medium business digitisation

- We support our small-medium business (SME) customers through a network of 24 regional [hubs](#), which provide local support.
- Through Spark Lab we provide SMEs with access to tools and advice from experts. Our recent Future State event gave our SME customers access to some of the brightest minds in innovation and tech from across the globe, to educate and inspire.
- We support the Government's [Digital Boost Alliance](#), which brings together organisations focused on motivating SMEs to lift their use of digital technologies, operated by TUANZ and MBIE.



Digital Equity

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

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.





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.

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.
- Our FY24-26 strategy includes an ambition to take more ownership of reskilling, progression and diverse pipeline development through our own Spark Development Incubator

Health, safety, and wellbeing

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

Diversity and inclusion

- We are committed to building a diverse and inclusive culture, where all our people feel they belong.
- We work with partners Diversity Works, Champions for Change, and SBC to drive economy-wide change.
- Our secondary and tertiary education and Spark Foundation partnerships help us build a diverse talent pipeline.
- Te Korowai Tupu, our Māori Strategy, integrates Te Ao Māori into our business and informs how we develop strong connections with Māori.
- We hold ourselves accountable to the following targets :
 - Achieving 40:40:20 gender representation Spark-wide by FY24;
 - Reducing our median gender pay gap 10 pp to 18% by FY25;
 - Reaching 80%+ ethnicity data sharing among our people by FY23, to enable targeted interventions;
 - Increasing our Māori and Pasifika workforce by 5pp by June 2026.

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 and report our climate risks 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, aligning to the new XRB standards.

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, such as 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 risk.

Human rights

- Our [Human Rights Policy](#) commits Spark to respect all internationally recognised human rights and sets clear expectations on how we will address human rights issues across our value chain.

Supply chain

- Our [Supplier Code of Conduct](#) sets out minimum standards we expect from our suppliers across labour and human rights, health and safety, environmental sustainability, and ethical practices.
- We have integrated a commitment to the Code into supplier on-boarding processes.
- We are a member of global association the [Joint Audit Cooperation](#), which enables us to audit suppliers annually and drive corrective actions that improve conditions for the future.

Modern Slavery

- We publish an annual Modern Slavery Statement.
- The Statement details our work to strengthen our human rights and supply chain risk management processes, including our Modern Slavery Framework.

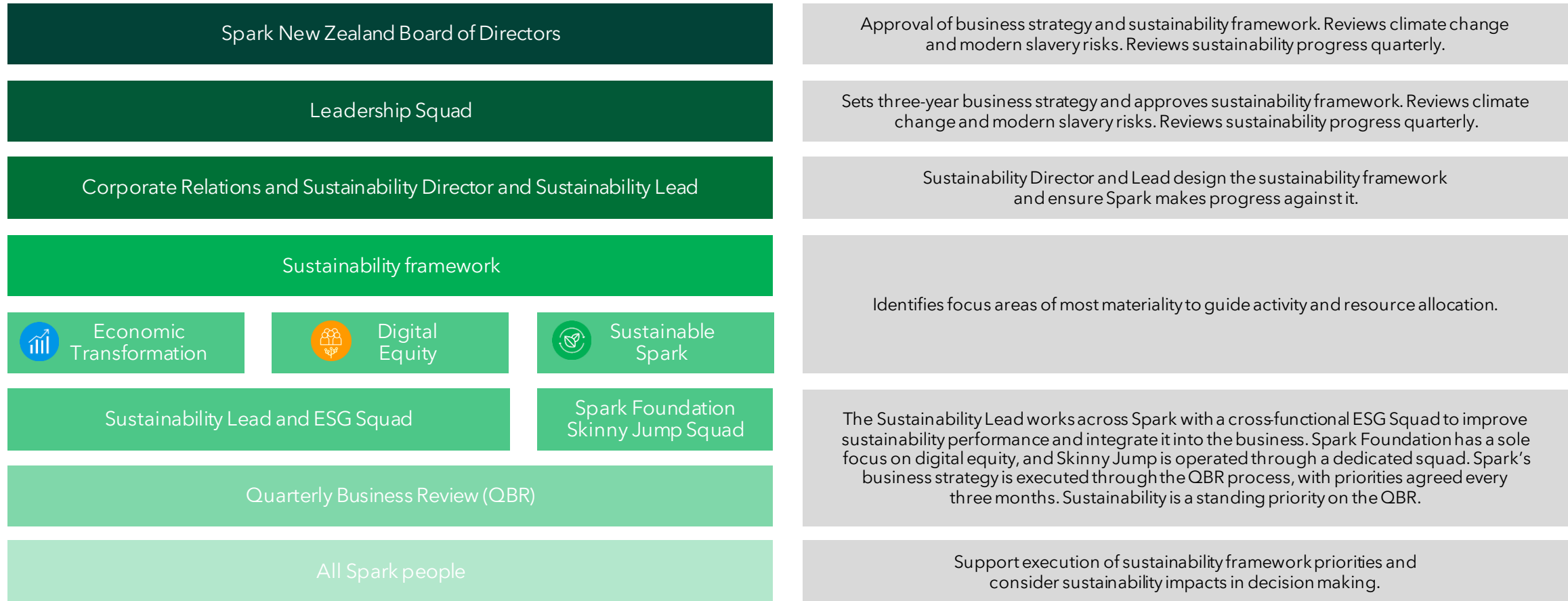
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SUSTAINABILITY GOVERNANCE

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



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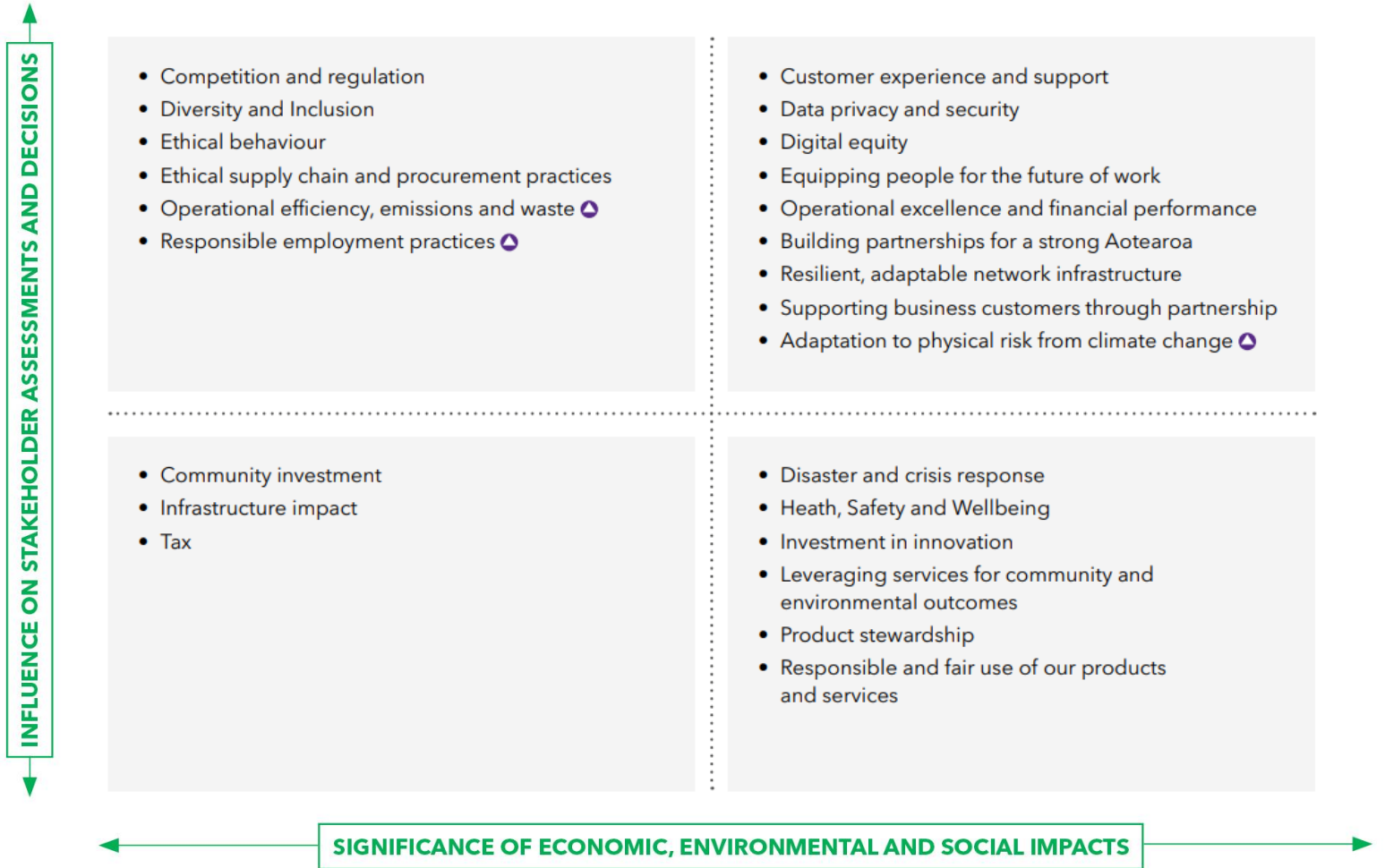
ISSUES THAT MATTER

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.



FY23 Annual Report Materiality Assessment

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 Coordinator, 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 INFORMATION

Leela Gantman

Corporate Relations and
Sustainability Director
Leela.Gantman@spark.co.nz

Tom Newitt

Sustainability Lead
Tom.Newitt@spark.co.nz

