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MARKET RELEASE

30 November 2021

Spark establishes inaugural Sustainability-Linked Loans

Spark Finance Limited, the wholly owned subsidiary of Spark New Zealand Limited that carries out the borrowing activities for the Spark group ("Spark"), announced today that in refinancing three existing loans, it has established three Sustainability-Linked Loans totalling $NZ425 million.

Stefan Knight, Spark Finance Director, says: "When we launched our three-year strategy in 2020, sustainability was identified as one of four strategic pillars. We are focussed on supporting Aotearoa's transition to a high-productivity, low-carbon economy; improving our own sustainability practices – particularly our environmental performance; championing digital equity; and continuing to build a diverse and inclusive culture.

"We have made progress over the past year in all these areas. Spark was the first digital services company in New Zealand to set a Science-Based Emissions Reduction Target (SBTi), verified by the Science-Based Targets initiative (SBTi), to ensure we are supporting global efforts to keep warming below 1.5 degrees.

"Through our SBTi, we have committed to reduce our absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 56% by FY30, and we will focus on our supply chain to ensure that at least 70% of our suppliers by spend also have science-based targets in place by FY26. We have also assessed and reported climate change risks and opportunities across our operations, aligned to the Task Force on Climate-Related Financial Disclosures guidelines.

"Spark is committed to developing a culture that has diversity and inclusion at its heart. Our Board and Leadership Squad have achieved our target of 40:40:20, and across the broader business we are moving towards that target – with women now making up 35% of our workforce.

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"By linking our financing to further progress in these areas, 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 (Westpac) 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.

Westpac NZ Head of Sustainable Finance Joanna Silver says "We congratulate Spark on affirming its commitment to its 1.5-degrees science-based emissions reduction target and engaging its suppliers on this journey also. Spark is a strong voice on the need for gender equality in business. Westpac NZ is thrilled to be able to work together with the Spark team to put in place annual targets to support Spark on its sustainability journey."

Details of Spark's Sustainability-Linked Loans:

Sustainability Ambition	**Detail**
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 & 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.

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- Westpac NZ has been appointed by Spark as sole Sustainability Structuring Co-ordinator and is providing a $200m Sustainability-Linked Loan, with a maturity 30 November 2023.
- Commonwealth Bank of Australia is a Sustainable Finance Lender and is providing a Sustainability-Linked Loan of $100m, with a maturity 30 November 2024.
- MUFG Bank is a Sustainable Finance Lender and is providing a Sustainability-Linked Loan of $125m, with a maturity 30 November 2025.
- Deloitte provided assurance over Spark's Greenhouse Gas inventory and DNV provided a Second Party Opinion for the targets in the loan to ensure that they met the international principles and standards.

About the SBTi

- The Science Based Targets initiative is a global partnership that provides a clearly defined path to reduce emissions in line with the Paris Agreement goals. The SBTi independently assesses and approves companies' emissions reductions targets in line with strict criteria.

Authorised by:
Alastair White
GM Capital Markets

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For media queries, please contact:
Ellie Cross
Corporate Relations Lead Partner
+64 (0) 22 630 0665

For investor relations queries, please contact:
Chante Mueller
Head of Investor Relations
+64 (0) 27 469 3062