



This is Kiwi



Sustainability Report

July 2021 - June 2022

About this report

This report is not intended as a full annual report or overview of all performance associated with Kiwibank. Instead, we've shared the progress we have made on our Purpose of Kiwi Making Kiwi Better Off. Full financial results are available [here](#). This report follows guidance from the Taskforce for Climate-Related Financial Disclosures framework, the United Nations Sustainable Development Goals. Carbon emissions measurement, is in line with the Greenhouse Gas (GHG) Protocol and Partnership for Carbon Accounting Financials (PCAF). Our carbon emissions reporting has been audited and verified as compliant with the ISO14:061 standard by Toitū. Where this report refers to a year, this relates to the financial year for that same period (for example, 2022 relates to 1 July 2021 – 30 June 2022).

1

Introduction

2

Highlights of the year

3

This is making Tamariki better off

6

This is making Kiwi better off

9

This is making Aotearoa better off

12

This is culture

16

This is purpose-led business

19

This is climate action

23

This is our 2022 performance

25

Te reo Māori translations

Introduction



Welcome to Kiwibank’s 2022 Sustainability Report for the 12 months to 30 June 2022, where we report our progress against our purpose goals and sustainability targets, and showcase some of the highlights from the year. As the largest New Zealand-owned, B Corp certified bank, we know that being successful means being sustainable for the long term.

2022 was another big year for Kiwibank as we continued to deliver on our purpose of Kiwi Making Kiwi Better Off, to have even more impact for our people, our customers and Aotearoa New Zealand. Here is a snapshot of some of the things we’re really proud of:

Making tamariki (children) better off – we started to contribute to the refresh of the New Zealand national school curriculum to support how financial education is best considered. Through our partnership with Banqer, we enabled 55,401 tamariki to have access to quality financial education.

Making Kiwi better off – we launched Co-own, an alternative to traditional home ownership where friends and family can team up to get on the property ladder sooner. 452 customers chose to block gambling transactions on their debit and credit cards, enabling them to collectively avoid over \$6.7m in spending on gambling. For our people, we are continuing to build an unbeatable culture – reducing our gender pay gap and introducing one wellbeing day off per quarter.

Making Aotearoa better off – we established a Sustainable Finance team to bring sustainable finance offerings to customers. We’ve developed sustainable business loans and partnered with Cogo to make sustainability accessible to small and medium businesses. We were also the first bank in Aotearoa to make our cards made from recycled plastic.

These are only a few highlights from the past year, outlining the type of organisation we are – doing right for our people, our customers and their communities, the environment, and the New Zealand economy.

We’re incredibly proud of our mahi (work) over the last 12 months and look forward to having even more impact in the year ahead. We know Kiwi want to partner with a bank that is modern, progressive and authentically Kiwi. That’s why we’ll maintain our commitment to fostering an unbeatable culture, taking climate action, and making Kiwi – and ultimately Aotearoa – better off.

Tēnā koutou katoa,
Steve Jurkovich, Chief Executive of Kiwibank
Jon Hartley, Chair of the Kiwibank Board

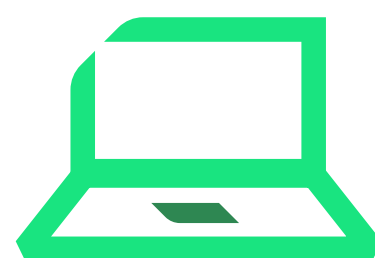
Highlights of the year



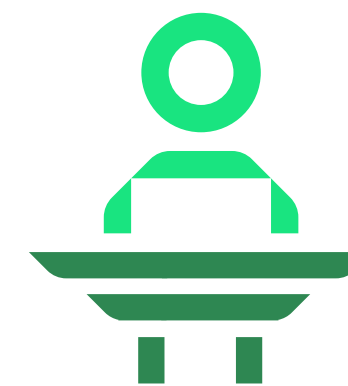
Took climate action - reduced carbon emissions by **22%**.



452 customers blocked gambling transactions, avoiding **\$6.7m** in spending.



Helped **1,853** Kiwi embrace digital banking.



43% of leaders now women (4% increase on 2021).



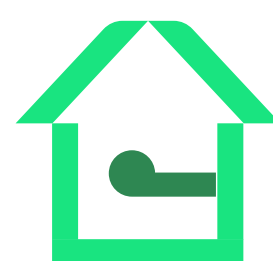
219 Kiwi in financial hardship received an interest-free Ngā Tāngata loan.



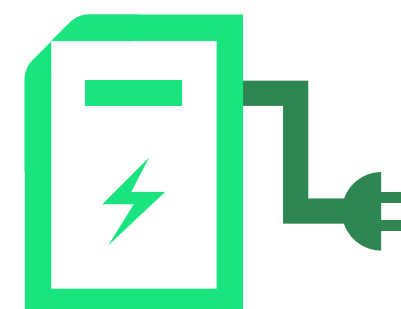
Commitment to sustainability recognised with the **INFINZ ESG Award**.



First bank in Aotearoa to use recycled plastic in bank cards.



Made it **easier for Māori** to access a Kāinga Whenua loan.



Began converting our car fleet to **electric vehicles**.



\$131m in financial profit after tax.



Introduced one **wellbeing day** per quarter for our people.



Supported **55,401** students to become financially savvy through Banqer.



This is making tamariki better off



GOAL

By 2030, we will support all tamariki to have access to quality financial education.



When we've asked kiritaki (customers) what's important to them, they tell us they wish they'd learnt how to manage their money in school.

Many tamariki in Aotearoa grow up without learning how to manage their money. By the time they're adults, evidence suggests it's extremely difficult to change financial behaviour. We believe financial education should be a part of the school curriculum. Currently, the Ministry of Education is refreshing 'the New Zealand Curriculum' and we're engaging with the Ministry to ensure financial literacy is considered throughout the process. Developing sound financial capability from a young age and preparing tamariki to take hold of their financial future can build financial stability and overall wellbeing.

We're proud to have partnered with [Banqer](#) since 2016, resulting in more than 200,000 tamariki from Years 7-10 having had the opportunity to use Banqer's financial education platform. The programme provides tamariki with a hands-on learning environment.

The platform builds financial confidence in tamariki by introducing them to financial concepts, and letting them explore these through an online simulation of financial decisions using virtual money. We believe that by giving all tamariki access to quality financial education platforms like this within the school environment we can create a better financial future for them.

Key progress made in 2022:

- Supported 55,401 tamariki to use Banqer.
- Started engaging with the Ministry of Education on the role of financial education in the national curriculum refresh.
- Established a partnership with the University of Canterbury, in collaboration with Banqer, to support financial education research.

What we'll do in 2023:

- Help 60,000 more students to be active users of Banqer.
- Continue to support financial education to become better articulated in the national curriculum.
- Support the University of Canterbury's economics and psychology departments to better analyse the impact Banqer has on financial capability for tamariki.



CASE STUDY

This is backing the financial wellbeing of all tamariki

BANQER IS DESIGNED TO CREATE THE BUILDING BLOCKS OF FINANCIAL CONFIDENCE WHICH WILL ENABLE OUR TAMARIKI TO BE FINANCIALLY CAPABLE IN THE FUTURE.

In Year 9 and 10 classes, the ākonga (students) set budgets; choose whether to go flatting or stay at home; and explore the relevant earning potential and study costs of various career pathways. The goal is to give them the tools to be financially savvy and have the confidence to make good financial decisions in real life. The impact of offering Banqer High in the classroom is demonstrated by the real-world actions undertaken by participating tamariki this year:

- **41% of students** who didn't have a bank account opened one.
- **27% of students** who didn't have a KiwiSaver opened one.
- **34% increase** in students who have a budget.
- **32% increase** in students making voluntary contributions to their KiwiSaver.

Mountainview High School has made financial literacy an essential component of their graduate profile, and they're using Banqer High to teach it. They

realised many students didn't know basic financial concepts and most of them didn't have a bank account, KiwiSaver or IRD number.

Using Banqer High, learning is self-paced but engaging and students stay on the platform, learning from the various modules. Teachers shared that they see more ākonga having confident conversations about money in their whānau – a critical conversation that often yields great results.

Mountainview High School's students come from diverse backgrounds. Banqer High allows all the students to start from the same point. For example, when students are trying to buy property, they have conversations about deposits, savings, and the property market in the real world, as well as the virtual Banqer world. This allows students to understand the implications of financial decisions, like regular savings and investments.

"It is self-directed so students can move at their own pace. For some of my students it opens avenues for conversation, for others it develops their understanding of financial terminology. The more disengaged students log on, know what to do, and rarely toggle away to play games or go off-task. Plus, Banqer High's extension activities keep the more academically inclined students engaged too," says teacher Marc Capstick.

For Marc, the satisfaction lies in witnessing these organic conversations that will undoubtedly inform decisions in later life. "Banqer High's content has real-life application. It walks the students through the logistics of setting up a bank account, brings home the importance of insurance following a disaster, and even makes students think about their future choice of flatmates after learning about joint and several liability if someone puts a hole in the wall!"



It is self-directed so students can move at their own pace. For some of my students it opens up avenues for conversation, for others it develops their understanding of financial terminology.

MARC CAPSTICK, TEACHER, ON BANQER



This is making Kiwi better off



GOAL

By 2030, we will support 2m Kiwi to take action to secure their financial futures.

SUSTAINABLE
DEVELOPMENT
GOALS

Being financially secure looks slightly different to everyone. When we talk to our kiritaki and kaimahi (staff), a common theme is being able to spend, save, borrow, and plan in a way that reduces stress around finances and allows people to live a fulfilled life.

Empowering customers to make their money work for them is a key enabler for financial security. So, this year, an important focus has been supporting our customers to take control of their financial futures. While everyone has a different vision for their future, we know that having a clear plan to get there and understanding what needs to be done today to achieve financial security later, is critical. That's why we've been working to understand more about financial security and what we can do to help Kiwi. Our tools and support are helping Kiwi take action now to improve their financial security. Of the kiritaki that chose to block gambling transactions from their debit and credit cards, 75% of them kept the block on their cards, helping avoid an average spend of \$14,910 on gambling per year. A total of \$6.7m has been saved since the block was introduced.

Financially secure means that I'm in a job where I feel valued and have a clear understanding of my career progression. I am able to meet my financial obligations and am able to put some money into savings for a rainy day or for worst-case situations.

KIWIBANK KAIMAHI

Key progress made in 2022:

- Launched Co-own to help people into home ownership who may not have been able to do it on their own.
- Supported 1,853 people to use digital banking with a remote team of digital angels and our partnership with Digital Inclusion Alliance Aotearoa. DORA, the mobile digital classroom, has been to 23 different towns and haporo (communities).
- Supported Ngā Tāngata to disburse 219 no-fee, no-interest loans.
- Helped 452 kiritaki choose to block gambling transactions on their debit and credit cards.
- Launched intuitive and customised home loan calculators to help people better calculate how to get into their first home and structure their mortgage.
- Changed the criteria for the Kāinga Whenua Loan Scheme for more kiritaki Māori to get into homes.

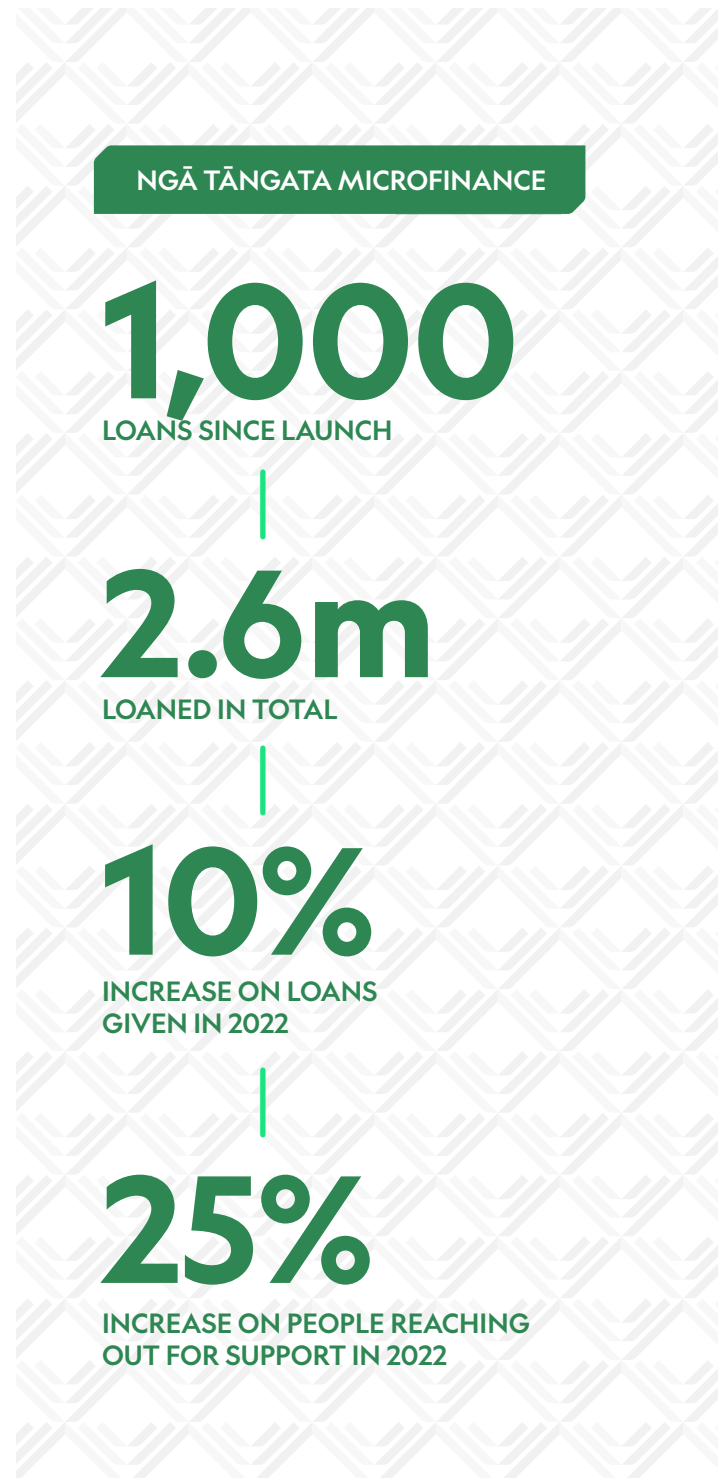
What we'll do in 2023:

- Build a financial wellbeing programme for Kiwibank kaimahi.
- Survey at least 10,000 kiritaki about what financial security means to them.
- Continue to improve our processes to support kiritaki in vulnerable circumstances.
- Support Ngā Tāngata to deliver at least 300 no-fee, no-interest loans to Kiwi.
- Support the crown review of Kāinga Whenua and improve the product knowledge of lenders to enable the scheme to deliver on its purpose.



CASE STUDY

This is empowering Kiwi to get ahead



NGĀ TĀNGATA MICROFINANCE TRUST WAS ONCE AN IDEA BUBBLING AWAY, BUT FOLLOWING ITS LAUNCH IN 2012, MANY KIWI HAVE FOUND THE SUPPORT THEY NEED TO SAY GOODBYE TO DEBT AND HELLO TO FINANCIAL FREEDOM.

The Trust provides fair and affordable loans with no added fees or interest. We provide the capital to provide these loans. Ngā Tāngata provides two types of loans: up to \$3,000 to those who have a high-interest loan which is unmanageable, and up to \$2,000 to pay for essential items so a crippling high-interest loan can be avoided. On average, before getting a Ngā Tāngata loan, applicants have \$13,500 of debt and an annual income of \$35,835, leaving little room in their budget. After having a Ngā Tāngata loan, 100% of clients said that the loan met their goals and 65% of them hadn't borrowed any more money after.

The positive impact on Kiwi is huge, with one client of Ngā Tāngata saying, "Without the Ngā Tāngata loan I don't know where I would be. It helped me get on my feet and ahead and gave me a step up."

In recent years the Trust has increased its reach and impact in the community, with Kiwibank increasing the capital we provide the Trust to \$900,000 to support this growth. In 2022 Ngā Tāngata issued its 1,000th loan, provided 10% more loans than the previous year, and saw 25% more people reach out for support via its website. In total, the Trust has loaned more than \$2.6m since its launch.

ANOTHER PARTNERSHIP HAS ALSO PROVEN FRUITFUL FOR KIWI. IN 2011, IN PARTNERSHIP WITH KĀINGA ORA, THE KĀINGA WHENUA LOAN SCHEME WAS LAUNCHED.

The aim of this scheme is to support Māori to achieve home ownership and build papakāinga (villages, homes) on whenua Māori. However, since 2011 only 71 Kāinga Whenua loans have been settled. So, we knew we had to make a change.

We have worked with Kāinga Ora to make it easier for Māori to be successful in getting a loan. Some of the changes include allowing smaller houses to be built, increasing the total value of the house, and simplified processes. "The Kiwibank Kāinga Whenua loan has enabled an affordable pathway for whānau Māori to build and live on their ancestral land," says Paul Sheeran of Sheeran Associates, which has built several Kāinga Whenua developments.



Without the Ngā Tāngata loan I don't know where I would be. It helped me get on my feet and ahead and gave me a step up.

NGĀ TĀNGATA CLIENT





This is making Aotearoa better off



GOAL

By 2030, we will deliver \$2 billion in sustainable finance to improve Kiwi businesses.



We want to have a positive impact by rewarding businesses undertaking innovative, sustainable action. We can do this by offering competitive and attractive terms in our financing deals.

This year we created a Sustainable Finance team to set about mainstreaming sustainable finance in Aotearoa. The team is tasked with providing the support small and medium enterprises need to thrive in the global economy of the future. Together, we help Kiwi businesses fund and realise their sustainability credentials, enabling them to earn investor and customer trust.

As a preferred provider for Government Investment in Decarbonising Industry (GIDI) Loans (an initiative of the Energy Efficiency and Conservation Authority), we offer

co-funding to businesses who are helping Aotearoa meet its carbon emissions reduction targets. Our partnerships with Toitū and [Cogo](#) means we can support business customers to measure and improve their emissions.

2022 marks the fifth year of Kiwibank's partnership with the [Ākina Foundation](#), providing Investment Readiness Grants, which enable impact-led businesses to thrive. The funding that this programme provides enables impact-led businesses to secure advice, support, and investment to grow their businesses and in turn, grow their social or environmental impact. Over the last five years, the Impact Investment Readiness Programme has seen 625 applications, with 47 successful recipients. To date, almost \$50m in investment has been raised by the recipients and the Ākina Foundation has seen FTE (Full Time Equivalent) increases of 117%.

ĀKINA FOUNDATION

625
APPLICATIONS

47
RECIPIENTS

50m
INVESTMENT RAISED

117%
FTE INCREASE

Key progress made in 2022:

- Established a Sustainable Finance team.
- Appointed 10 Business Bankers as Sustainable Finance Champions.
- Developed our Sustainable Business Loans.
- Became a preferred provider for EECA's GIDI Loans.
- Partnered with Toitū and Cogo to support customers in measuring their emissions.
- Supported Ākina Foundation's Investment Readiness Grants.

What we'll do in 2023:

- Deliver \$100m in sustainable finance.
- Set targets for our sustainable finance identifying business areas to focus on.
- Review our [Responsible Business Banking](#) Policy to ensure it is meeting its policy aim.
- Develop the expertise of our Sustainable Finance Champions.
- Support Kiwi businesses to measure their emissions through our first-of-its-kind partnership in Aotearoa with Cogo
- Work with Toitū to support complex businesses to measure their emissions.



CASE STUDY

This is sustainable finance



SUSTAINABLE FINANCE SHOULDN'T BE RESERVED FOR BIG BUSINESS ALONE. WE ARE PROVIDING SUPPORT TO HELP SMALL AND MEDIUM ENTERPRISES THRIVE IN THE GLOBAL ECONOMY OF THE FUTURE.

National Steel is one of the largest scrap metal recyclers in Aotearoa. The team wants to grow the business, but as they do so, they want to continue to create a positive impact. Steel recycling reduces waste and offers the possibility of reducing greenhouse gas emissions by 300-500m tonnes globally, each year. Ensuring Aotearoa has a recycling ecosystem is important for our low carbon future.

Kiwibank has provided National Steel with a sustainability linked

loan. With the support of the bank, National Steel has agreed to meet specific sustainability targets. Top of the list is the measurement of their carbon emissions by Toitū, which can be monitored and tracked by Kiwibank. Once in place, National Steel and Kiwibank will work together to set reduction targets for emissions. Kiwibank will support National Steel to meet those targets.

While this specific loan type is new for Kiwibank, we have been supporting innovation to solve big problems for many years, like the East by West Ferry (pictured on page 26) in Wellington, which became the first commercial ferry company to use a fully electric ferry in Aotearoa.

“ **Our vision is recycling and sustainability. National Steel was looking for a financial institution that could understand the business and Kiwibank shares our desire to do good for the environment. Sustainability is a very ‘in’ word nowadays, but we are really doing something about it. We have big plans for our business, especially in the recycling space.** ”

VIPAN GARG, NATIONAL STEEL DIRECTOR

How we'll deliver sustainable finance:

SUSTAINABILITY LINKED LOANS:

Bespoke sustainability performance targets and commitments tied to lending.

SUSTAINABLE BUSINESS LOANS FOR:



Buildings



Transportation



Purpose-led



Energy



Circular economy

For more information and criteria see [here](#).

EMISSIONS MEASUREMENT SUPPORT FOR BUSINESS CUSTOMERS:

Self-serve:
Cogo Business Carbon Manager

Supported:
Toitū emissions measurement

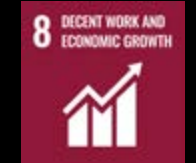


This is culture



GOAL

To nurture and develop an inclusive culture where we can all belong and one that encourages our people to do their best work through learning and growth, enabling us to deliver for our customers.



Our culture is about enabling people to feel they belong, can have an impact, and can truly thrive. In 2022 we updated our policies and benefits and developed Ngā Kauwaka so we can deliver our future goals.

After 2,000 conversations with our people about what they need to do their best work and deliver on our strategy and Purpose, we evolved our values into Ngā Kauwaka. Kauwaka are vessels that carry knowledge and mindsets that enable and inspire us. These mindsets are: Ka tīmata i a tatou – A place to belong; Me māia – Rise to the challenge; Tapatahi – Better together; and Ngā kiritaki – Customer at the heart.

Since then, we've introduced a number of changes that our people said would make a difference for them and our culture:

- Introduced one wellbeing day per quarter for our people to recharge, however they want to.
- Introduced extended supported leave that encompasses traditional sick leave, compassionate leave, and domestic leave in one offer, so our people can take as much leave as they need, when they need it, provided it is genuine and within reason.

- Changed our volunteer day to be a Better Off Day, to ensure that we are flexible in supporting people to contribute to their communities where they can make the most impact.
- Updated our Diversity, Equity and Inclusion Policy to include neurodiversity, and Disability and Accessibility inclusivity. We have set representation targets for Māori of 18% and Pasifika of 15% by 2030. We've released menstruation and menopause guidelines to provide additional support for our people. We've committed to put free period products in all our sites and sanitary bins in all male-gendered bathrooms.

We reported publicly on our gender pay gap for the first time on the MindTheGap register. Having public reporting has provided focus on the mahi we need to do to reduce our gender pay gap and improve equity across the business. We hope to be able to expand this reporting in the future to also include Māori and Pasifika pay gaps. However, first we are improving our internal monitoring tools to be able to do this accurately. We're also setting specific targets to support our people to progress internally.

Key progress made in 2022:

- Launched Ngā Kauwaka, the mindsets that prepare, enable and inspire our people.
- Aligned our inclusion approach with the Aotearoa Inclusion Matrix and released our updated Diversity, Equity and Inclusion Policy.
- 43% of our people leaders are women.
- Provided te reo Māori and Tikanga (customs and practices) training for 152 kaimahi.
- Launched our new listening platform to ensure that everyone has a voice in giving feedback on our culture and to enable us to set clear actions.
- Reported our gender pay gap publicly.

What we'll do in 2023:

- Improve pay transparency and reduce our gender pay gap by 4%.
- Increase the percentage of people leaders that are women to 45% with a goal of 50% by 2025.
- Increase Māori and Pasifika representation in people leader roles to 8.8% and 3.3% respectively (average increase of 1.5%).
- Introduce recruitment guidelines to require diverse recruitment panels and candidate lists.
- Introduce neurodiversity guidelines and support.
- Provide our kaimahi with the opportunity to share their thoughts on our culture, enabling us to understand if our initiatives have made a direct impact.



CASE STUDY

This is prioritising equity and inclusion

WE HAD ALREADY COMMITTED TO IMPROVING OUR PERFORMANCE IN RELATION TO WOMEN IN LEADERSHIP ROLES AND HAD BEEN WORKING AT MONITORING AND IMPROVING PAY EQUITY. HOWEVER, WHEN WE DECIDED TO REPORT OUR OVERALL GENDER PAY GAP ON THE [MINDTHEGAP REGISTER](#) IN MARCH 2022, IT WAS A CLEAR REMINDER OF THE MAHI STILL TO BE DONE.

In March, our overall median pay gap (the percentage difference between the median salary for all women to all men at Kiwibank) was 34.3%. This was driven largely by the higher proportion of women in front-line, customer-facing, and customer support roles (bands 1-2) which typically pay less, and the higher representation of men in more senior roles (bands 3-7) which typically pay

more, as shown in the graph below. To help address this, as part of this year’s salary review, we have significantly increased our minimum salary to \$57,000, a change which affected roles largely held by women. For the majority of our salary bands, we don’t have a significant pay gap, however we have two salary bands with a gap of over 5%. Our bands are designed to

be quite broad to provide simplicity, and the amount paid for different roles within the band varies. The bands with a gap over 5% tend to have a much higher number of men in roles which are typically more highly paid (for example in technology and business banking). We have also set a target of reducing the gap by 4% in 2023. We have numerous actions planned to help achieve this, including more equal gender representation at all levels of the organisation.

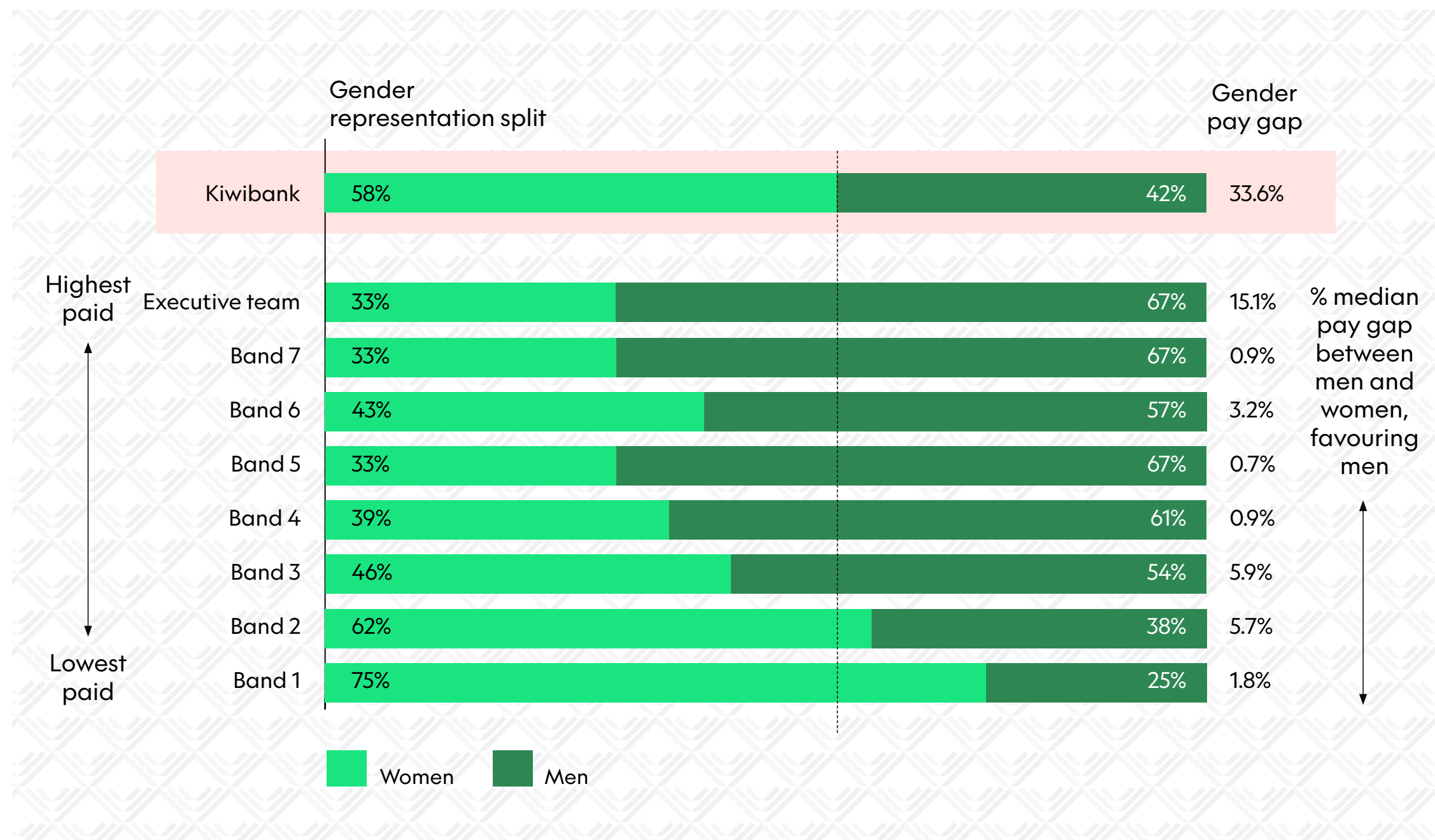
It will require ongoing focus to address our pay gap and that’s why we have also refreshed and augmented our Diversity, Equity and Inclusion Policy to ensure we’re laying the foundation for success and making the systemic changes required to be an inclusive, modern and progressive Kiwibank. We are committed to supporting our people to progress within the organisation.

While we have already made some meaningful short-term changes, we’re also looking into some of the longer term changes that we need to make to address the systemic barriers for women, Māori and Pasifika.

We ensured that gender pay equity was a key consideration in this year’s salary review, with budget allocated for this. We were able to make some meaningful changes which has seen our pay gap reduce slightly to 33.6%, but we know that gender parity (where men and women are equally represented at different levels of the organisation) is essential to closing the gap.

Another important component of gender equity and inclusion is pay parity, which is ensuring people within the same role, or in roles at a similar level, receive similar pay. This was also something that was considered in this year’s salary review, and there was specific budget allocated to address pay parity. Going forward, we will also share our salary ranges and bands with our people. This will apply for their own, and other roles.

Note: Gender data is reported using binary female and male categories. Kiwibank recognises and respects diverse gender identities and is committed to providing a safe, respectful and inclusive workplace for our non-binary and gender diverse employees.



CASE STUDY

This is prioritising equity and inclusion

WE HAVE CREATED A NEW SYMBOL OF PRIDE, TE KAHUKURA KĀPUIA, WHICH IS FEATURED ON OUR LANYARDS, EMAIL SIGNATURES, IN JOB ADS AND AS A BADGE FOR OUR KAIMAHI TO WEAR.

Kahukura references 'multicoloured' and 'rainbow'. Kāpuia references 'to gather' or 'unite as one'. The harakeke leaves that are associated with the Kiwibank logo weave the colours of the Progress Pride Flag with Kiwibank green together to acknowledge strength and connectedness. This flag reflects our commitment to an inclusive and progressive culture. For Lending Operations Representative Seb Hopkins, it's more than just a badge, it's a visual representation of inclusivity:

“ I am transgender, female to male and have been going through my transition for just over five years now – I have been going through this journey mostly alone up until this point. When I see people wearing the badge or lanyard now, I feel proud. I am proud of the mahi that was put into the new design, the thoughts and opinions that were shared and it is always heartwarming to see others like the design and what it stands for enough to wear it around the office. It's a beautiful thing, really. ”

SEB HOPKINS, MĀNGAI WHAKAHAERE
TUKUNGA TAUREWA, LENDING OPERATIONS
REPRESENTATIVE





This is purpose-led business

GOAL

As a B Corp we consider the impact that our business will have for our people, our customers, our communities and our environment.

SUSTAINABLE
DEVELOPMENT
GOALS

Key progress made in 2022:

- Updated our Supplier Code of Conduct.
- Embedded B Corp into our internal templates.
- Reviewed the barriers that Māori businesses face to grow and understand how we can remove some of those barriers.
- Established an internal Purpose Forum.
- Established a partnership with Recycle a Device.

What we'll do in 2023:

- Ensure we lead as a sustainable business by monitoring our progress as a B Corp, and against our carbon targets.
- Work with our largest suppliers to help them meet our supplier standards.
- Create sustainability specific criteria for our high impact procurement items, like uniforms and fleet.
- Continue to look at ways to design out waste in our supply chain.
- Continue our partnership with Recycle A Device to support tamariki with access to laptops.
- Pilot a new risk management approach for start-ups and sole traders to help more small businesses grow and scale.

B Corp provides the highest standards for measuring a company's performance in terms of environment, social and governance (ESG) factors. The balance between purpose and profit is delicate so we had three focus areas in 2022.

- Raise awareness about B Corp, what it is and why it's important to us.
- Continue to improve our performance.
- Embed being a B Corp across decisions we make.

To raise awareness, we shared our B Corp journey with more than 250,000 customers, talked to them one-on-one and in webinars about the journey to becoming a B Corp, and encouraged our kaimahi to learn about B Corp through quizzes and educational infographics. In 2022 our Head of Purpose and Sustainability, Julia Jackson, was appointed to the inaugural B Council, helping represent the voice of B Corps and build the trans-Tasman B Corp movement.

Our B Impact Assessment highlighted we could improve our supply chain sustainability. We've been a member of the Sustainable Business Network's

Procurement Leaders Group for two years now. As part of this, we updated our [Supplier Code of Conduct](#) in March 2022 to align with best practice. We're working with our largest suppliers to help them with our changes, what they need to do to comply, and how we can work together to achieve our mutual sustainability goals. We've also looked at how we can remove waste from our supply chain. For example, we changed the envelopes we use for bank cards from plastic to paper and established a partnership with Recycle a Device to donate all our devices to schools and community groups that need them. To date, 155 devices have been donated.

Our newly established Purpose Forum is made up of senior leaders who are accountable to our Executive Committee and responsible for ensuring that Kiwibank is delivering on our Purpose across the organisation.

We've updated the templates our Board uses to make decisions. This helps us provide information to Directors on the impact that decisions will have on stakeholders.

We completed a comprehensive review of the barriers that Māori businesses face when trying to access capital and developed a plan to address the key barriers identified. We've committed to running a pilot in 2023 to remove some of these barriers and change the way we assess a company's historical performance, so that we look at non-financial factors, such as experience, expertise and customer loyalty, as well as financial factors like profit.



CASE STUDY

This is understanding the impact of our supply chain

WE KNOW THAT PLASTIC WASTE IS ONE OF THE KEY ENVIRONMENTAL AND SOCIAL ISSUES CONCERNING KIWI. THIS YEAR, WE BECAME THE FIRST BANK IN AOTEAROA TO USE RECYCLED PLASTIC IN OUR BANK CARDS.

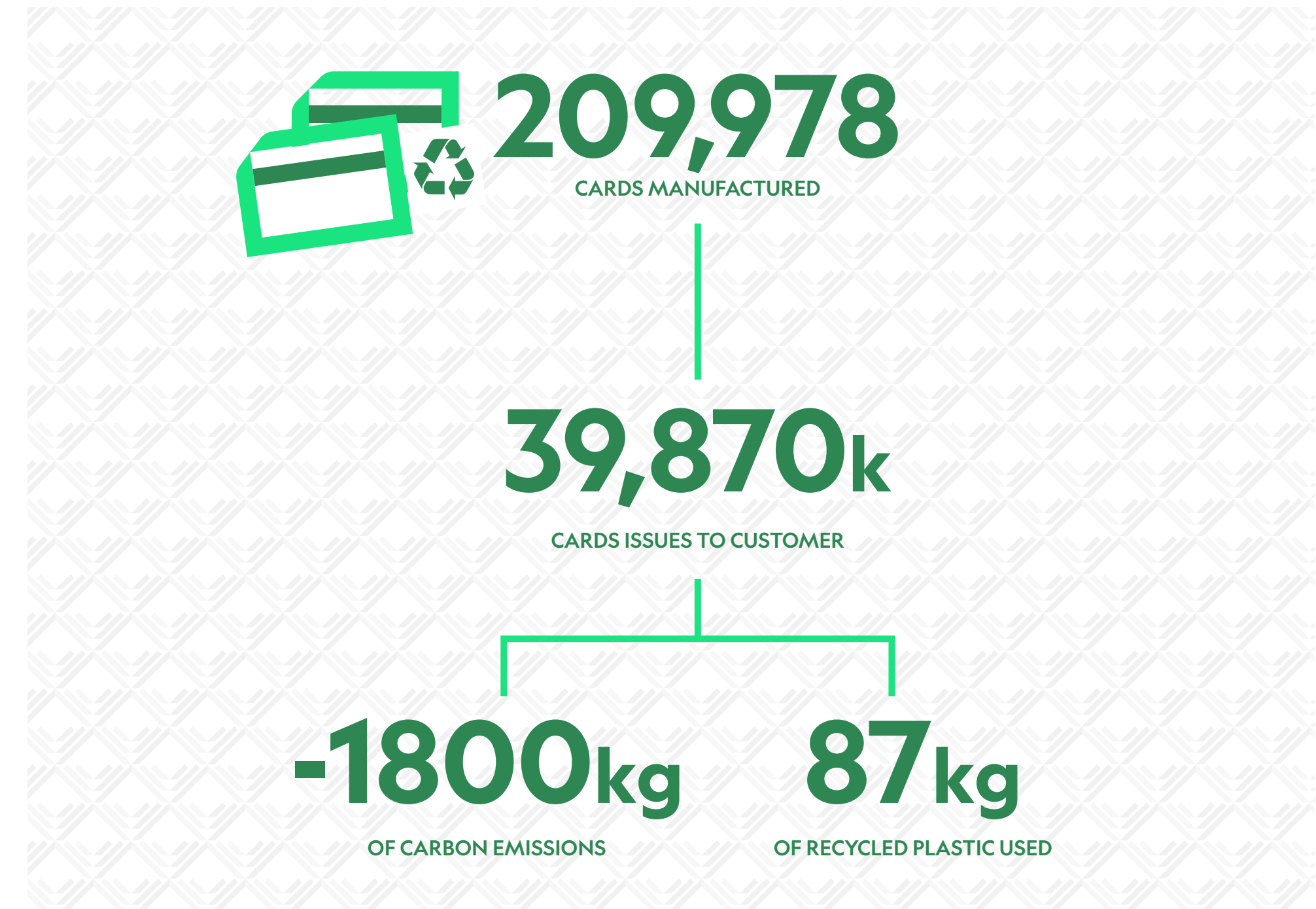
This reflects our desire to consider the full lifecycle of the products we procure – not only do we want to support Kiwi, we want to support the taiāo (environment) we all know and love.

Now, every Kiwibank card will be made with up to 82% recycled material*. The switch to using recycled materials will see more than 608,000 Kiwibank cards per year made from industrial waste that would have otherwise ended up in landfill. It will reduce carbon emissions from our cards by 54% and will result in more than 2,000kg of plastic waste

*Debit and credit cards have a chip and an antenna part of the core, which cannot be made from recycled materials hence why only 82% of the cards are made from recycled materials.

recycled into our bank cards, per year. Production of the recycled cards began in October 2021. However, we only began offering the new recycled cards to our kiritaki in April 2022, once our existing stock had been used. To date, customers have received 39,870 cards made from recycled materials.

In June, we started sending our bank cards in just a paper envelope. Previously, our cards were encased in both a paper envelope and a plastic outer envelope. This change will result in around 56 kilograms of plastic being diverted from landfills each month. This mahi is another step in our sustainability journey and we're proud we've reduced the virgin plastic consumption in our supply chain.



“ If I reflect on how we got here I would say that it has been a purpose-driven desire to do more for our taiāo and our kiritaki. Through our long-standing partnership with Placard, we’ve been able to make an innovative change that demonstrates our commitment to improving our supply chain. Many team members, both past and present, have played a part in driving this change by asking for more when it comes to caring for the taiāo and making Aotearoa a better place... This is Tapatahi (Better together) in action. ”

PAUL WITHERS, KAIWHAKAHAERE HUA PEKE, SENIOR PRODUCT MANAGER



This is climate action



GOAL

By 2025, we will reduce our carbon emissions by 40%, be carbon neutral, and support our customers to transition to a low-carbon future.



This is taking climate action:

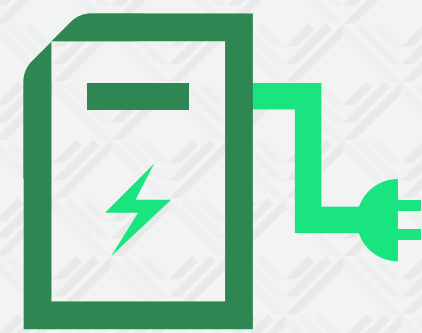
Targets to 2025



REDUCE OUR TRAVEL BY 20%



REDUCE OUR ELECTRICITY CONSUMPTION BY 25%



100% CONVERSION OF OUR FLEET TO ELECTRIC



40% REDUCTION OF OUR TOTAL OPERATIONAL EMISSIONS



SET TARGETS FOR THE EMISSIONS IN OUR LENDING PORTFOLIO BY THE END OF 2023



BE CARBON NEUTRAL

Key progress made in 2022:

35% REDUCTION

22% REDUCTION

7% CONVERSION

22% REDUCTION

IN PROGRESS

TO COMPLETE IN 2024

The impacts of climate change can be seen in both the taiāo and the society we live in. We have a responsibility to reduce the impact of our own business activities and to enable our kiritaki to understand how climate change will impact their lives.

During the past year, we've made progress to reduce the impact of our operations under our Climate Change Action Plan, which is aligned with the Taskforce for Climate-Related Financial Disclosures. Our key focus has been trialling new and different ways to achieve our targets, like providing carbon budgets to our Executive Team so they could have greater ownership of meeting our targets. We also piloted electric vehicles with our mobile mortgage managers, which converted 7% of our

fleet to electric vehicles. Our mobile mortgage managers are spread across the motu from Whangaparāoa to Dunedin. They charge the cars at home using the Wallbox Plus system. With the feedback from our pilot, we aim to convert 50% of our fleet to electric vehicles in 2023.

We've looked at how we help our customers transition and adapt to the impacts of climate change. This year, we have continued to build our understanding of how coastal flooding will impact our kiritaki by staying up to date with changes to central and local government regulations, like the National Adaptation Plan, and ensuring we understand the implications of these changes for other industries, such as insurance, too. We've also engaged directly with the Ministry of the Environment, and participated in industry-wide consultations and conversations about adaptation. In the future, we hope to assess the carbon intensity of our business lending portfolio. We're working with Cogo, Toitū and Partnership for Carbon Accounting Financials (PCAF) to make this possible.

What we'll do in 2023:

- Continue to analyse our business banking portfolio to understand the impact of climate change.
- Reduce operational emissions by 15%.
- Convert 50% of our fleet to EVs.
- Reduce our travel emissions by 10%.
- Set financed emissions targets by the end of 2023.
- Complete our climate change scenario analysis.



CASE STUDY

This is taking leadership to reduce our own impact

AT KIWIBANK, CARBON EMISSIONS FROM OUR AIR TRAVEL MAKE UP 14% OF OUR TOTAL EMISSIONS.

To reduce our impact on the taiāo, and to meet our long-term climate action goals, we've allocated our Executive Team with carbon budgets for travel. Executive Team members have made a commitment to help our business reduce its travel emissions by ensuring any air travel within their respective business unit does not exceed their allocated budget.

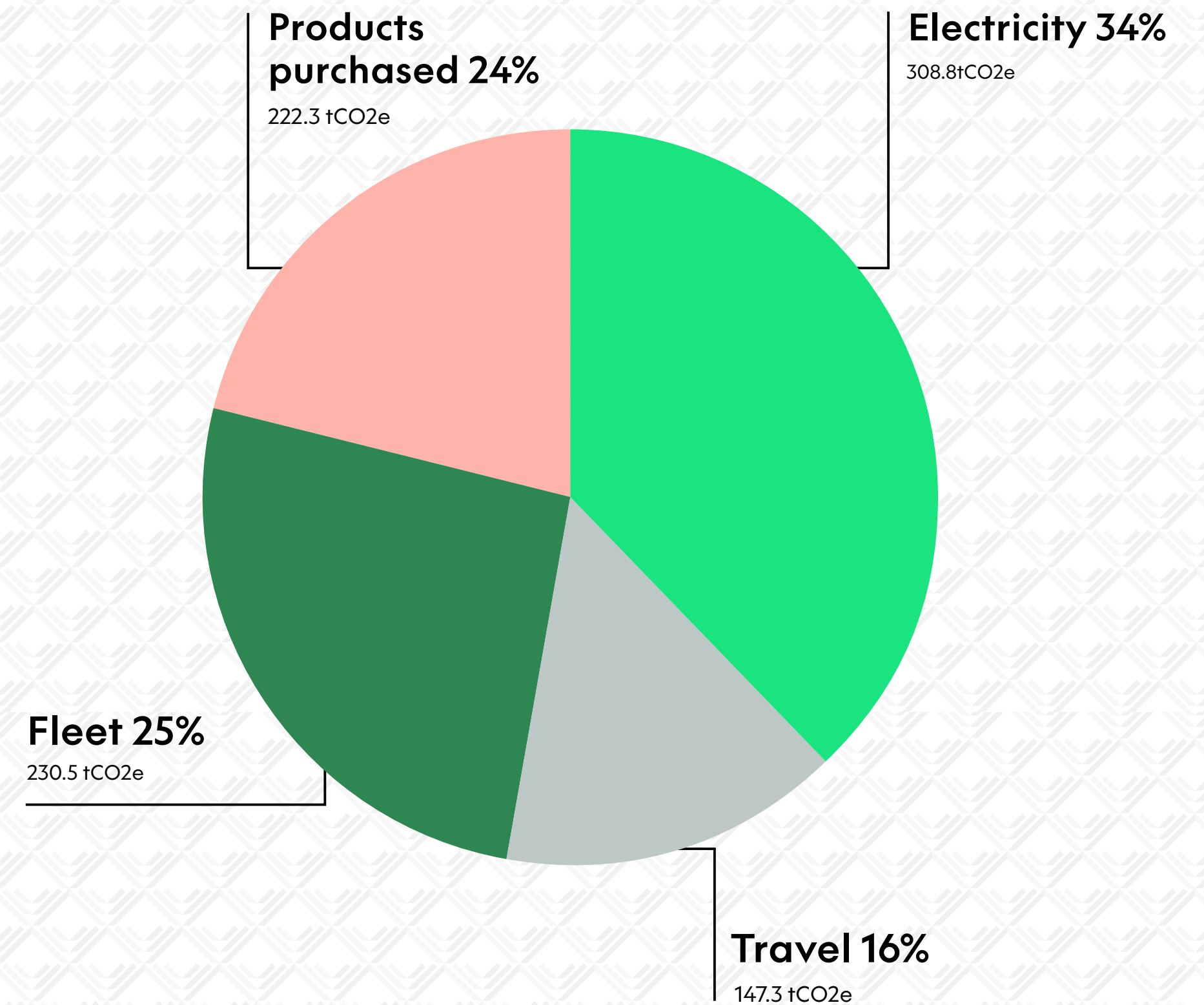
To support our kaimahi on this journey, we utilised Ngā Kauwaka to rethink how we prioritise travel as a business, especially now travel is becoming more accessible following the lifting of Covid-

related restrictions. Ngā Kauwaka identify the behaviours that we want to build as a business, and this can also be applied to our travel. This approach is helping us to be more efficient in our travel, focusing on travelling for the right reasons, while also making the most of our technology resources. During the past year, we've seen a 35% reduction in our carbon emissions from travel, compared to 2021. This is beyond the 5% reduction we set and we're incredibly proud of the effort of our kaimahi and Executive Team. To celebrate this achievement, we donated 4,000 trees to be planted in Taranaki with Trees That Count.

Committing to a carbon budget for travel has been a positive learning experience for me and my colleagues on the Executive Team. Providing transparency of our targets and the reasons why we're striving to reduce our travel-related carbon footprint has enabled our teams to own this commitment and lead the behavioural changes that are part of us working and travelling differently. I'm proud of the progress we've achieved so far and confident that we can rise to the challenge.

MARK STEPHEN, POU KIRITAKI MATUA - HOKOHOKO, CHIEF CUSTOMER OFFICER - RETAIL

Makeup of Kiwibank carbon emissions:



CASE STUDY

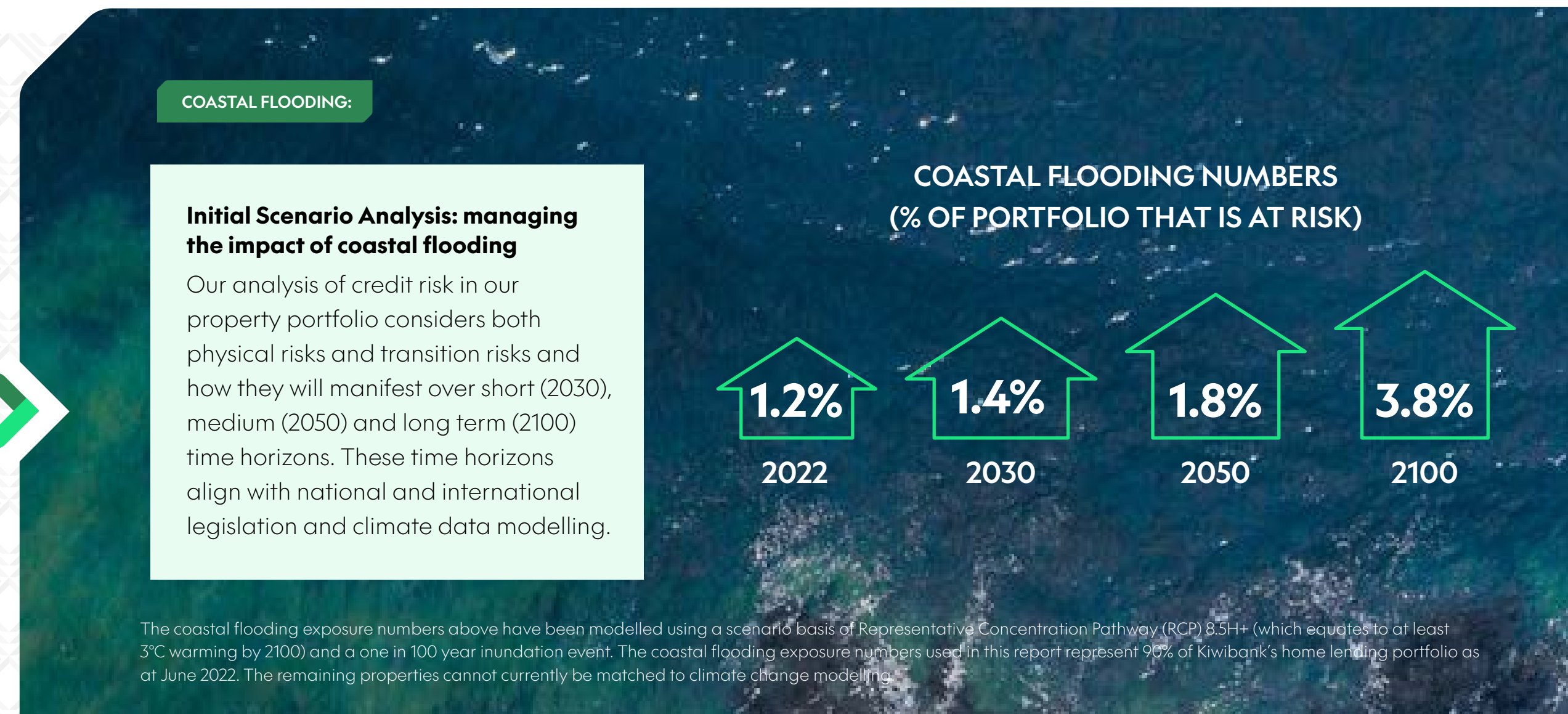
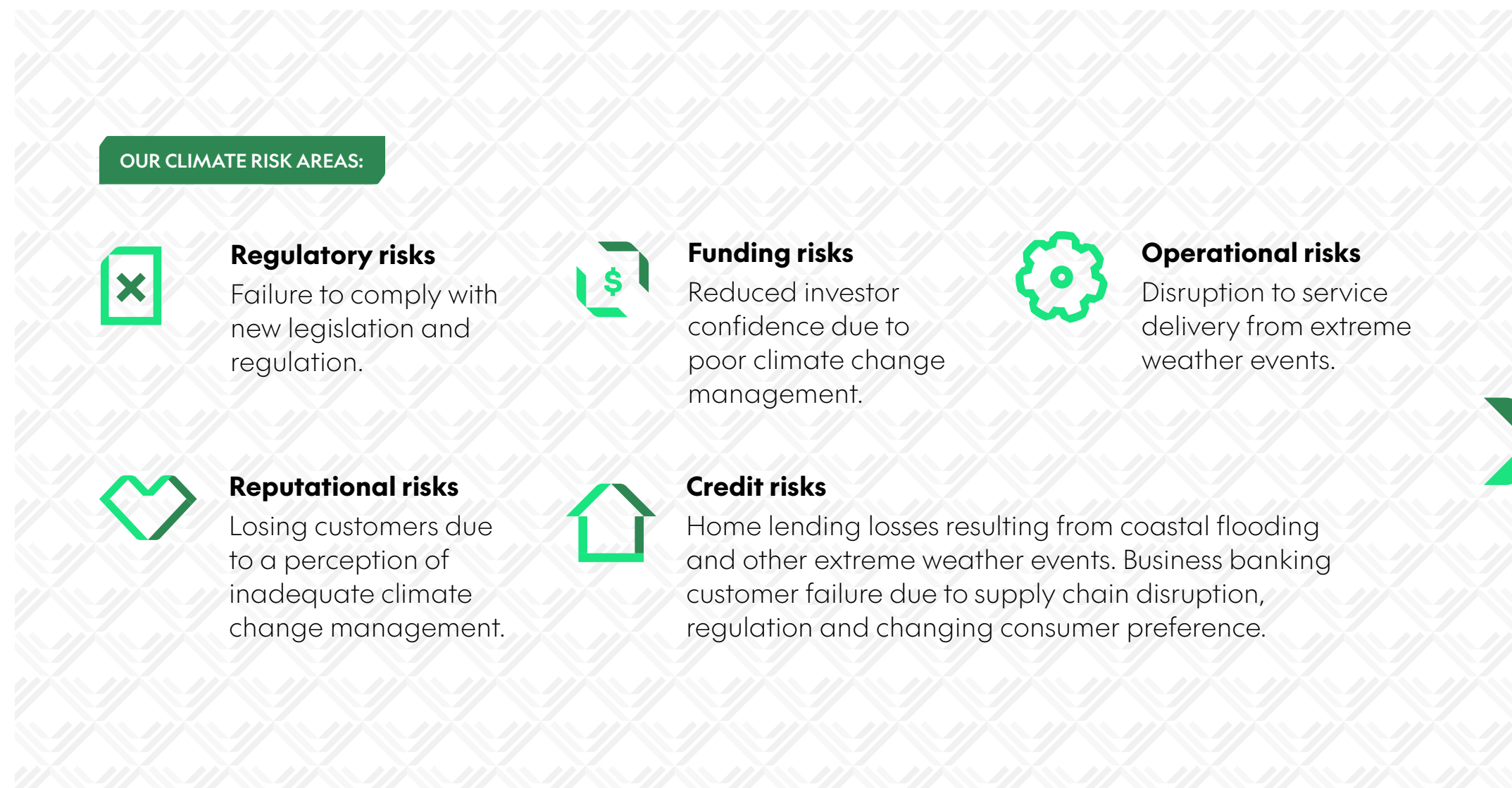
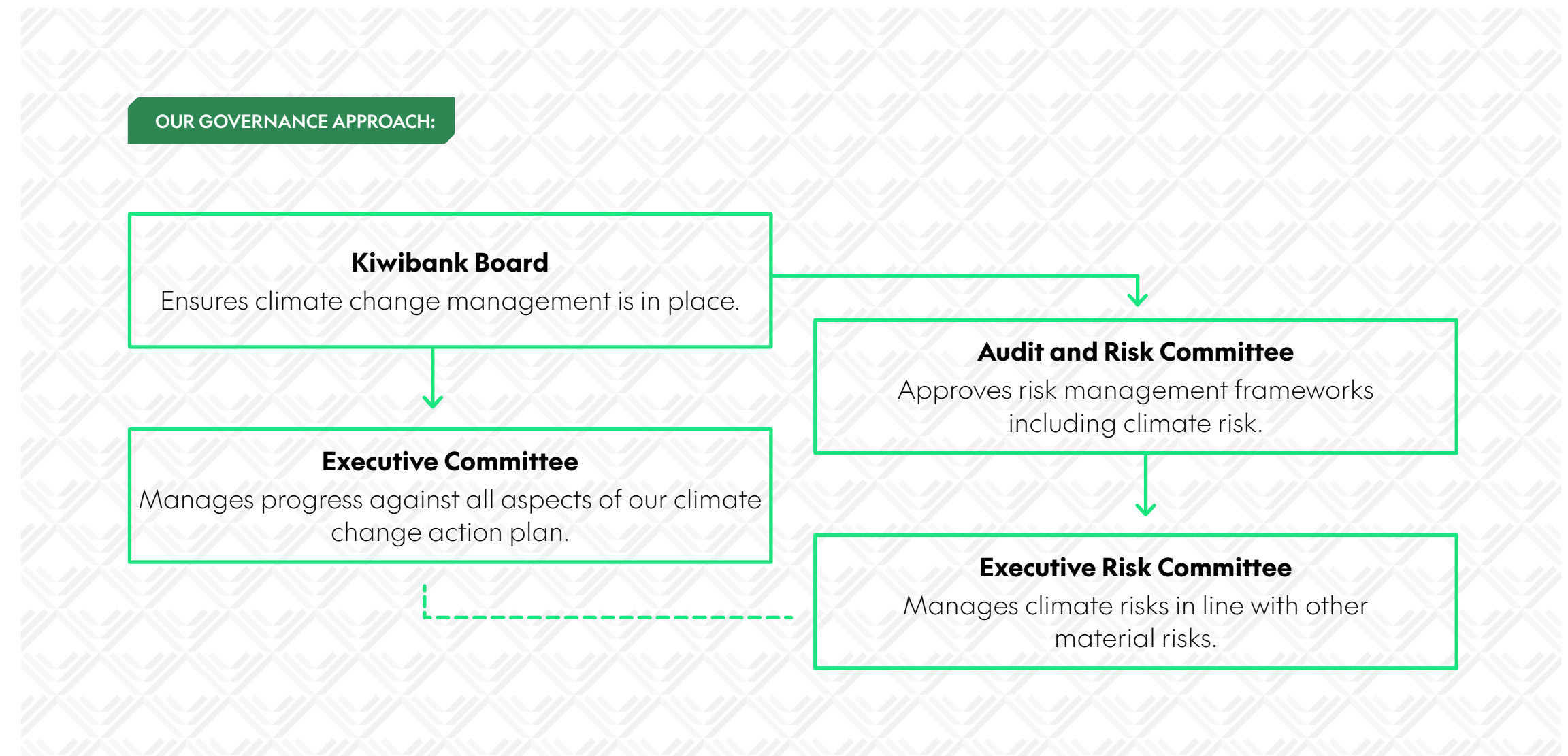
This is understanding the risk of climate change

CLIMATE CHANGE MANAGEMENT IS RAPIDLY EVOLVING. GLOBALLY, AND IN NEW ZEALAND, STANDARDS ARE BEING DEVELOPED AND EXPANDED TO PROVIDE INVESTORS WITH CONFIDENCE IN ORGANISATIONS' PREPAREDNESS FOR THE EFFECTS OF BOTH PHYSICAL CLIMATE CHANGES AND THE TRANSITION TO LOW-CARBON ECONOMIES.









As a future-focused New Zealand business, Kiwibank is not only looking to understand its ability to comply with these rapidly evolving standards, but also to ensure its continued resilience in the face of increasingly uncertain futures.

Our approach to climate risk is embedded into our Enterprise Risk Management Framework. This ensures that our Board and Executive Team have clear responsibility for how to manage climate change risk. Whilst climate change is a multi-faceted issue, the first climate risk that we are exploring is the impact that coastal flooding will have on our customers' homes, and the impact that has on our credit risk (see below).
















This year we've also made climate change a standing agenda item for our Executive Risk Committee, ensuring that we are building expertise and understanding of the impacts that climate change will have for our customers and business.



This is our 2022 performance

GOAL	2022 COMMITMENTS	2022 RESULT	COMMENTARY
By 2030, we will support all tamariki to have access to quality financial education.	Supporting more than 50,000 students to use Banqer High and Banqer Primary.	 Achieved: 55,401 tamariki used Banqer	Covid continues to disrupt schools, however both Banqer High and Banqer Primary have exceeded student number targets. In total, 55,401 tamariki used Banqer.
	Using our expertise and insights to work with key stakeholders to improve financial education in Aotearoa.	 Partially achieved	Currently providing feedback into the Ministry of Education Social Studies and Mathematics curriculum review.
	Better understanding the level of financial education amongst school students in Aotearoa.	 Not achieved	Work was not started this year due to capacity limitations, however we have worked with Banqer to establish a partnership with the University of Canterbury to assess the level of financial education in Banqer users going forward.
By 2030, we will support 2m Kiwi to take action to secure their financial futures.	Supporting 25% of our kaimahi to interact with financial security learning to become financially secure.	 Partially achieved	10% of our kaimahi have engaged in our financial security activities this year.
	Ensuring our products, services, tools and resources improve our customers' financial security.	 Achieved	Changed the criteria for the Kāinga Whenua Loan Scheme, launched new home loan calculators and helped our kiritaki avoid a potential \$6.7m being used for gambling via our gambling block.
	Establishing a baseline for our customers' financial security.	 Not achieved	A reporting methodology was developed during the period, however a baseline was not established during this time period. Work to do this is underway for 2023.
	Improving financial inclusion for Kiwi with access to safe, fair and affordable financial solutions through our partnerships by supporting Ngā Tāngata Microfinance Trust to deliver 135 loans and supporting Digital Inclusion Alliance Aotearoa to provide 1,250 people with digital education.	 Achieved	Our financial and digital education programmes have continued to grow this year, outperforming our targets: <ul style="list-style-type: none"> - 1,853 people received digital education. - 219 loans were disbursed via Ngā Tāngata..
By 2030, we will deliver \$2b in sustainable finance to improve Kiwi businesses.	Developing a programme to help businesses measure their carbon footprint.	 Achieved	Entered into partnerships with Cogo and Toitū to help all SME customers measure their carbon footprint.
	Educating our own kaimahi on sustainable business practices and how they can support our customers to improve their sustainability.	 Partially achieved	10 Business Bankers have been appointed Sustainable Finance Champions and received some education on sustainable business practices. Education for all our kaimahi wasn't completed.
	Enabling the growth of impact-led businesses by supporting the Ākina Foundation's Investment Readiness Grants: <ul style="list-style-type: none"> ▪ 120 businesses to apply. ▪ At least 50% of the grants utilised. 	 Achieved	169 businesses applied to the programme. 100% of grants have been utilised.
	Continuing to educate our kaimahi and our kiritaki on how to apply our Responsible Business Banking Policy.	 Achieved	Refresher training provided to all Business Banking people.



GOAL	2022 COMMITMENTS	2022 RESULT	COMMENTARY
To nurture and develop an inclusive culture where we can all belong and that encourages our people to do their best work through learning and growth, enabling us to deliver for our customers.	Evolving our culture with our people.	 Achieved	Launched Ngā Kauwaka, the vessels that carry knowledge and mindsets that prepare, enable and inspire us all, after conversations and input from our people about the environment that helps them to do their best work and deliver on our strategy and Purpose.
	Aligning our inclusion approach with the Aotearoa Inclusion Matrix.	 Achieved	Updated Diversity, Equity and Inclusion Policy is aligned to the Aotearoa Inclusion Matrix.
	Progressing our goal of 40/40/20 male, female and unassigned representation amongst our leaders.	 Achieved	Achieved 43% female, 57% male, 0% reported as unassigned in leadership roles in 2022. This year we expanded our definition of leadership to include all people leaders and updated our goal to be 50% of our people leaders to be women by 2025.
	Providing te reo Māori and tikanga training for 25% of our kaimahi, with a 100% target by 2025.	 Partially achieved	8% kaimahi completed Te Hoe Ākau, a programme designed in partnership with Hēmi Kelly. Work has begun to develop an online learning module to expand the learning to more kaimahi.
	Reviewing and refining the team feedback tools.	 Achieved	Introduced new culture measurement tool, Glint, and updated our Speak Up policy and processes.
As a B Corp we consider the impact that our business will have for our people, our customers, our communities and our environment.	Updating our governance processes to ensure Purpose and stakeholder considerations are included.	 Achieved	Updated Board and Committee templates. Established a Purpose Forum for internal governance of our Purpose and Sustainability Framework.
	Providing 250 of our people and customers with education on what B Corp is, the benefits and what we learnt through this journey.	 Achieved	12,642 kiritaki entered an educational B Corp competition. 130 people and businesses attended webinars or online meetings with Kiwibank to learn more about our B Corp certification. 216 kaimahi and branch teams participated in a B Corp quiz to learn more about the movement.
	Achieving a 10% improvement in our B Impact Assessment points through: improving our supply chain management practices by updating our Supplier Code of Conduct; supporting our suppliers in understanding how to meet the requirements of that code; and surveying suppliers to understand how they are currently performing.	 Achieved	Updated our Supplier Code of Conduct and have begun to engage with Tier 1 suppliers to ensure they meet the requirements of the new code, however we did not complete this engagement this year.
	Exploring ways to increase Māori access to capital, both for our personal and business kiritaki.	 Partially achieved	Completed a comprehensive review of the reasons why Māori businesses struggle to access capital and developed a plan to address the key barriers identified.
By 2025, we will reduce our carbon emissions by 40%, be carbon neutral, and support our customers to transition to a low-carbon future.	Achieving a 15% reduction in our total operational emissions including our specific emissions targets in electricity, travel and fleet.	 Achieved	Total operational emissions and all specific targets reached as reported on page 21. Our operational emissions have been verified by Toitū.
	Completing an electric vehicle pilot by December 2021 and converting 15% of our fleet to electric.	 Partially achieved	Pilot was completed. Converted 7% of our fleet to EVs due to supply chain constraints.
	Providing our Executive Team with annual carbon budgets to meet our long-term goals.	 Achieved	Carbon budgets were implemented for all business units.
	Developing our approach to managing the risks of lending to homeowners in impacted parts of coastal Aotearoa.	 Partially achieved	Work continued this year to understand the impact that adaptation legislation will have on our portfolio.
	Undertaking analysis to understand the climate impact of our business banking portfolio and establish a measure for the carbon intensity of our business banking portfolio.	 Partially achieved	Joined The Partnership for Carbon Accounting Financials and signed our partnership with Cogo to build methodology and emissions data, however we did not establish the measure this year.
	Reviewing our Business Banking Asset Writing Strategy to include sustainable finance criteria.	 Achieved	Sustainable finance now included in our Business Banking Asset Writing Strategy.



Te Reo Māori Kupu

**Ēhara taku toa i te toa takitahi engari he toa takitini
Mai i ngā tihi o ngā maunga Ki te takere o te moana
Ko tātau katoa, ko tātau ka toa**

*We are united across this land. My strength is not that of a single warrior, but of many.
From the highest mountain to the ocean.
To serve and help you achieve your dreams.*

Aotearoa	<i>New Zealand</i>
Ākonga	<i>Student</i>
Haporoi	<i>Community</i>
Kaimahi	<i>Staff</i>
Kia ora	<i>Be well, Hello</i>
Kiritaki	<i>Customers</i>
Mahi	<i>Work, activity, undertaking</i>

Ngā Kauwaka	<i>The vessels used to carry mindsets</i>
Papakāinga	<i>Village, home</i>
Pūrangiāho	<i>Light bulb moment or inspiration</i>
Tamariki	<i>Children</i>
Te Hoe Ākau	<i>The steering paddle</i>
Tikanga	<i>Māori customs and practices</i>
Toitū	<i>Sustainability</i>
Taiāo	<i>Environment</i>

Sustainability Report

July 2021 – June 2022

