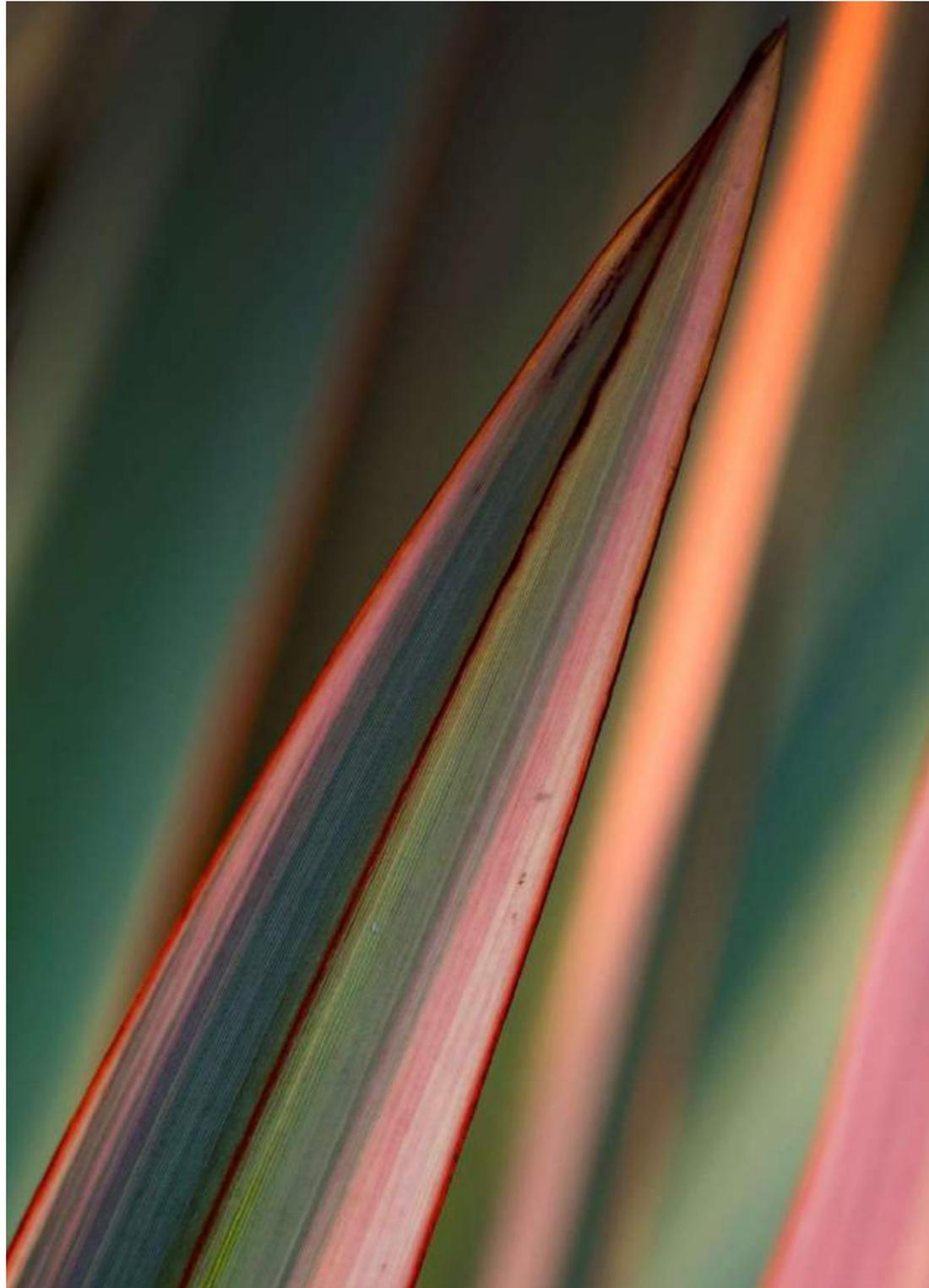




Kiwibank Sustainability Report



2023



Welcome to Kiwibank's 2023 Sustainability Report for the 12 months to 30 June 2023. As we consider a year that included many challenges such as severe weather events and rising interest rates, we reflect on the important role we play in having a positive impact on Aotearoa New Zealand. In this context, we are proud of the progress that we have made to deliver on our goals and annual commitments. We have a clear purpose focused on making Kiwi better off and we believe that being purpose-led in everything we do is how we'll achieve sustainable, profitable long-term growth.

Our commitment to purpose has seen us enable more than 57,000 tamariki (children) use the Banqer financial education platform in schools, support more than 9,000 Kiwi take action to build stronger financial security and lend more than \$46m in sustainable finance to our business customers. We've also helped our kaimahi (staff) move through the organisation with 56% of roles taken by internal candidates, reduced our carbon emissions by 9% and made important improvements to the accessibility of our customer cards. These are a few highlights from the past year which have helped strengthen our reputation as trusted experts and outline the type of organisation we are – doing right for our kaimahi (people), kiritaki (customers), hapori (communities), te taiāo (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 value a modern, progressive and authentic bank that delivers for Aotearoa New Zealand. That's why we stand committed to delivering on our goals for tamariki, Kiwi and Aotearoa, building an inclusive culture, taking climate action and being a purpose-led business.

Tēnā koutou katoa,



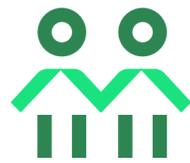
Steve Jurkovich
Chief Executive



Jon Hartley
Board Chair



Our purpose and sustainability goals



Tamariki are better off

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



Kiwi are better off

By 2030, we will support two million Kiwi to take action to secure their financial futures.



Aotearoa is better off

By 2030, we will deliver \$2b in sustainable finance to improve the resilience of Aotearoa.



Build an inclusive culture

To be a leading employer, we want to foster an inclusive culture where we can all belong and one that encourages kaimahi to do their best mahi through learning and growth, enabling us to deliver for our kiritaki.



Taking climate action

By 2025, we will build a sustainable business by reducing our carbon emissions by 40%, be carbon neutral and support kiritaki to transition to a low-carbon future.



Purpose-led business operations

As a B Corp, we consider the impact that our business will have for our people, our kiritaki, our hapori and our te taiāo.



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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 Task force on Climate-related Financial Disclosures framework. Carbon emissions measurement is in line with the Greenhouse Gas (GHG) Protocol. Where this report refers to a year, this relates to the financial year for that same period (for example, 2023 relates to 1 July 2022 - 30 June 2023).

The harakeke referenced throughout this report is a metaphor of our brand promise and a visual expression of the concept of thriving. In Te Ao Māori, a pā of harakeke symbolises a thriving whānau (family) and hapori. The outer leaves represent ancestors and grandparents, the inner leaves the parents protecting and nurturing the central shoots - the tamariki reaching for the sun.



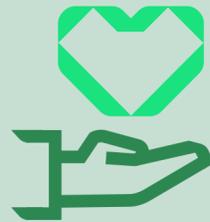
Highlights of the year



57,142 students used Banqer, a financial education platform, this year.



9,484 Kiwi supported to improve their financial security.



Supported **1,242** customers impacted by cyclone and flooding events.



Improved **accessibility** features of our cards to make them user-friendly for all Kiwi.



Lent more than **\$46m** in sustainable finance to Kiwi businesses.



First bank in NZ to offer the Cogo carbon management tool to our business customers.



Our company culture has improved by 8 points, putting us in the top **25%** of companies globally surveyed by Glint.



91% of our people took their Wellbeing Day each quarter.



Developed our people, with **56%** of roles placed by internal candidates.



Developed a financial wellbeing programme for our people.



Reduced our carbon emissions by **9%** from FY21.



Donated more than **1,000** IT items to community groups.



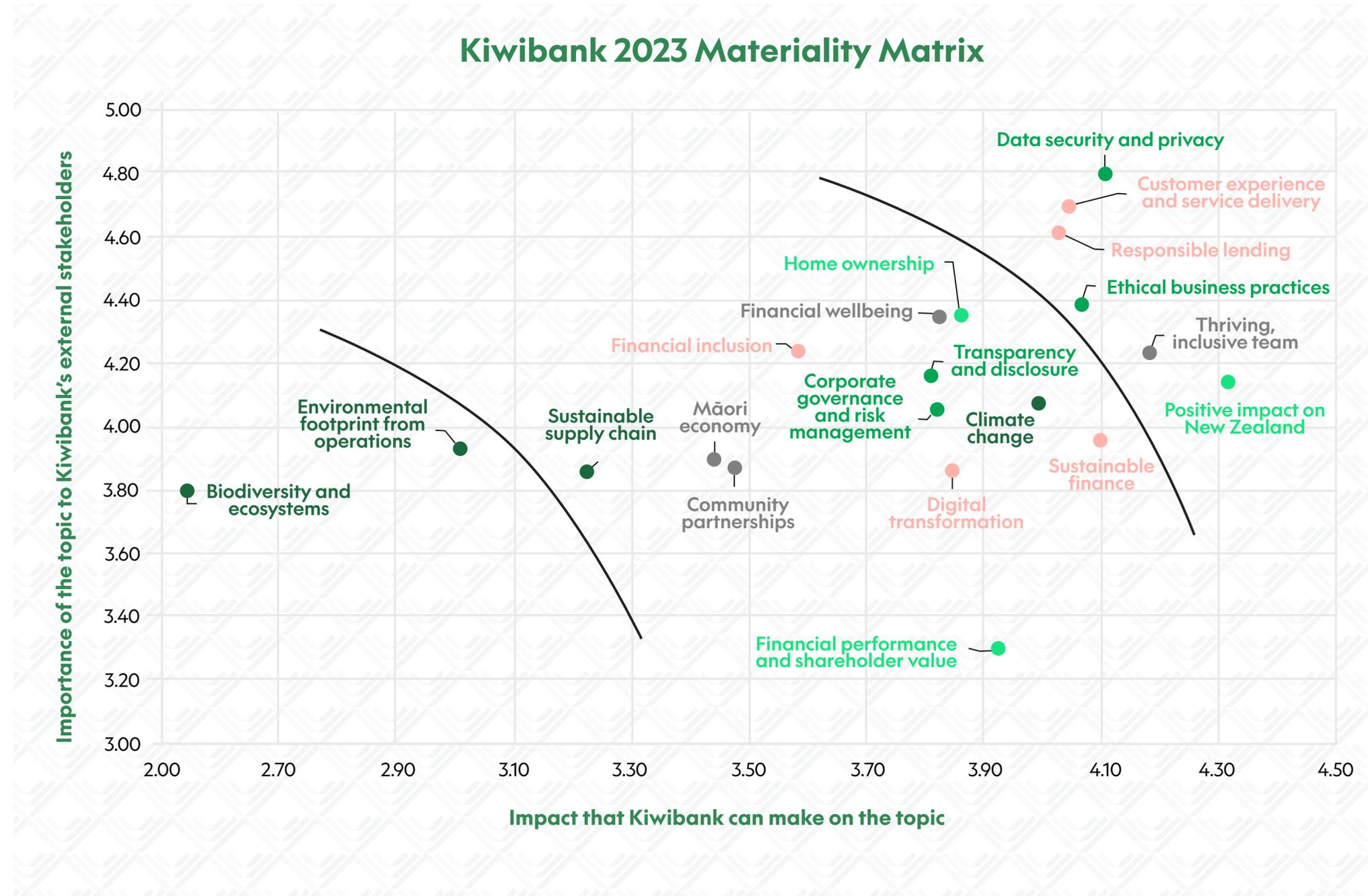
MATERIAL TOPICS

A MATERIALITY ASSESSMENT DEFINES THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) TOPICS THAT MATTER MOST TO THE BUSINESS AND ITS STAKEHOLDER.

Kiwibank worked with Oxygen Consulting to conduct our materiality assessment this year. It is aligned with the Global Reporting Initiative (GRI) Standards. Material topics were chosen based on topics included in Kiwibank’s previous materiality assessment conducted in 2018. Then stress testing these against the GRI, the World Economic Forum Global Risks Report, Sustainability Accounting Standards Board and industry peers to create a heat map showing where issues ranked in terms of low, medium or high relevance to Kiwibank. This refined the

list to 20 topics and definitions. These topics were then tested with internal and external stakeholders via a combination of online surveys, internal workshops and external stakeholder interviews. The responses were then calibrated to create our materiality matrix.

We are pleased with the findings of the materiality assessment, which, **when validated against our Purpose and Sustainability Goals and strategy, shows that we are addressing all highly material and material topics.**



This is making tamariki better off

GOAL

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





Banqer being used at Westlake Boys High School

Research shows financial confidence is a crucial determinant of financial behaviour and self-perception, and we know many tamariki enter adulthood unsure about managing pūtea (money). We believe schools and businesses have a role to play ensuring rangatahi (young people) have the right knowledge to succeed later in life. As a bank, we want to support tamariki to have access to quality financial education.

Since 2016 we've partnered with **Banqer**, a financial education platform, to prepare tamariki for their financial future. **This year we've supported 57,142 ākongā (students) across 727 primary and intermediate schools and 132**

secondary schools to access the platform, and we've supported more than 300,000 tamariki to use Banqer since our partnership began. This engaging, innovative platform has been proven to increase ākongā confidence around pūtea, increase their interest in making real-world financial decisions, and increase their knowledge of the financial world. Teachers tell us that the platform is beneficial; on average rating the platform 4.1 out of 5 in terms of how much they believe their ākongā learnt from using Banqer, and 4.3 out of 5 in terms of how much they think their ākongā enjoyed using Banqer.

We see an opportunity for financial education to be better articulated in the curriculum and provide clarity for educators about where and how this critical life skill should be taught. This year, senior executives from Kiwibank and Banqer met with the Minister of Education, Jan Tinetti and this resulted in the Banqer team working with the financial education sector and the Ministry of Education to identify how this could happen. We're also proud to have completed our research project with the University of Canterbury to better understand the importance of financial education for rangatahi.

Key progress made in 2023:

- Supported **57,142** tamariki to build financial confidence using the Banqer financial education platform.
- Engaged with the Ministry of Education on the role of financial education in the national curriculum refresh.
- Finalised our research with the University of Canterbury to better understand the importance of financial education for tamariki and rangatahi.

Our goals for 2024:

- Support a further **67,000** tamariki to build financial confidence by using the Banqer platform.
- Create age-appropriate resources for our own kiritaki.
- Improve our processes for people under 18 to operate their bank accounts.

CASE STUDY

Learning from the learners: The link between financial confidence and capability in rangatahi

UNDERSTANDING THE STATE OF FINANCIAL CONFIDENCE AMONG ĀKONGA IN AOTEAROA IS IMPORTANT FOR ENABLING OUR TAMARIKI TO SUCCEED IN THE FUTURE.

We wanted to better understand the relationship between education and financial capability, so we partnered with a multidisciplinary research group from the University of Canterbury to analyse the impact of financial education programmes like Banqer.

The goal was to answer one question: what is the relationship between financial confidence and financial decision-making behaviours among adolescents in Aotearoa New Zealand?

More than 5,800 ākonga in Years 9 to 13 took part in the research and their answers painted a clear picture of how ākonga are feeling as they start to navigate the financial world. The research shows that tamariki having access to unbiased, widely available financial education and exposure to real-life pūtea conversations at home are important when it comes to supporting and growing their financial confidence.

“ We sincerely believe that Kiwibank and Banqer have meaningful opportunities for rangatahi from diverse backgrounds to learn, understand and gain self-efficacy when working with pūtea. This has the potential to educate and empower a whole generation of rangatahi. ”

University of Canterbury research report, 2022

The key findings are:

- There is a strong correlation between the general confidence of ākonga and being confident to make decisions about pūtea.
- Many of the tamariki surveyed are already making financial decisions or are planning on doing so soon. These types of activities include having a bank account, having a KiwiSaver account, making voluntary contributions to their KiwiSaver, and earning pūtea.
- Ākonga in general were least confident in more complex financial activities, like choosing a KiwiSaver provider and fund, or choosing how to make investments in the stock market. They were most confident in making savings goals, having a budget, and picking the right insurance policy for them.

The research also reinforced the importance of quality financial education and access to programmes like Banqer. The results showed a key determinant of whether rangatahi are confident in their ability to understand, talk about and make decisions around pūtea is their lived experience.

Put simply: experience with financial decision-making and financial confidence influence one another.



Banqer being used at Westlake Boys High School



Julia Jackson
Kiwibank
Te Upoko Aronga Toitū
Head of Purpose and Sustainability

“ This research provides valuable insight into how we can design offerings that build the financial confidence of rangatahi. ”

*Huge thanks to the University of Canterbury’s Learning, Achievement, & Motivated Behaviour (LAMB) Research Lab (led by Dr Valerie Sotardi, including Dr Xin Kate Ren, Victoria Leggett (PhD candidate), and Dr Maansa Bajaj) and the Department of Economics and Finance (Dr Steve Agnew and Prof Tom Coupé).



This is making Kiwi better off

GOAL

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



Kiwibank, Henderson Branch

Key insights into our customers' financial wellbeing

51%

of respondents have a positive outlook on life, believing that they'll be better off in 2 years' time than they are today.

55%

of respondents live for the present rather than actively preparing for the future.

43%

of respondents only have enough savings and investments to last for 3 months without having to borrow or change their lifestyle.

11%

of respondents have said that their income decreased over the last year.

Being financially secure looks slightly different to everyone and we want to understand how we can best support kiritaki.

Our Customer Financial Wellbeing survey – which has seen us speak to nearly 7,000 kiritaki – has provided valuable insights on what's important to them and how we can best support our kiritaki to improve their financial security. A common theme is they want to have a fulfilled life, and the way they spend, save, borrow and plan can help achieve that.

Our support of kiritaki this year has seen them take action to improve their financial security.

This year, we've supported kiritaki to improve their financial security in the following ways:

- 438 kiritaki chose to **block gambling transactions** on their cards (895 since we started offering this service), helping each of those kiritaki avoid \$14,000 on average on gambling per year.
- **Ngā Tāngata Microfinance Trust** delivered 247 no fee, no interest loans to Kiwi, and had a 35% increase in inquiries.
- We've had 489 kiritaki settle a **First Home Loan or Kāinga Whenua Loan** and over 1,000 kiritaki enquire about purchasing a property with their family or friends with Co-own.
- We provided 1,163 kiritaki and 79 pakihi (business) kiritaki with flooding and cyclone recovery support offerings.
- We offered a one-off \$500 payment to help with immediate impacts for our affected kaimahi following the extreme weather events.
- We introduced a new 24-month process for supporting refugee kiritaki who join Kiwibank.

Key progress made in 2023:

- We've supported **9484** Kiwi in FY23, and 11,303 in the past 2 years, to take action to build financial security.
- Surveyed **6,758** kiritaki with our customer financial wellbeing survey.
- Continued to improve our processes to support kiritaki in vulnerable circumstances.
- Successfully piloted our kaimahi financial wellbeing programme.

Our goals for 2024:

- Support **30,000** Kiwi to take action to secure their financial futures.
- Use the insights from our customer financial wellbeing survey to inform our product and service design.
- Support our kiritaki to build savings behaviours.
- Support all new refugee customers to learn about financial wellbeing and banking in Aotearoa.
- Launch of Financial wellbeing programme to all our kaimahi with the aim of supporting **35%** of them to participate and achieve their goals.



CASE STUDY

Supporting our kiritaki to be financially secure starts with supporting our kaimahi



WE WANT TO HELP 2 MILLION KIWI TO TAKE ACTION TO BE FINANCIALLY SECURE. WE BELIEVE THIS JOURNEY STARTS BY SUPPORTING OUR OWN KAIMAHI.

This year, we spent time listening to our people about what financial security means to them and what they would like from Kiwibank to be more financially secure. This led to the development of a new financial wellbeing programme. The programme is designed so that it can be tailored to the needs of individuals by helping them take action to achieve their goals – whatever they might be. The programme, which was piloted from November 2022 to March 2023, includes an assessment of someone's current behaviours and financial goals, then focuses on creating an action plan. This is supported by activities, learning content, and an in-house Financial Wellbeing Coach to help them stay on track. Every person that actively participated set around three goals, often focused on financial freedom, home ownership and emergency savings. Feedback from participants, as well as other measures, indicated the pilot was hugely successful. Going forward, we are launching this programme to all kaimahi across Kiwibank to help our people build their financial wellbeing.

Delivering credit policy changes beyond the programme.

Our Financial Wellbeing Coach identified opportunities to improve our home lending credit policy that will benefit all kiritaki. She noticed that child support payments were not accepted as a valid form of income when applying for a home loan – something that was creating a significant barrier to achieving our people's goal of home ownership. The feedback informed the changes made to include child support payments as a source of income when assessing a customer's home loan application.

Key outcomes from the Financial Wellbeing Programme Pilot



89%

of participants stayed engaged in the programme.



53%

of participants set a long-term financial goal and 100% of them took action to achieve it.



100%

of participants that set a short-term goal achieved it.

Short-term financial goals include:

- Paying down short-term debt like credit cards or Buy Now Pay Later
- Consolidating debt to make it easier to manage

Long-term financial goals include:

- Buying a house
- Being prepared for retirement
- Having the right insurance to cover the unexpected



Lara Hares
Kiwibank
Kaiāwhina Matau
Executive Assistant
Customer Business Leadership Team

“ I now have the tools and knowledge to go further with my financial wellbeing and it will be a lifelong journey, which I am so grateful for. ”



This is making Aotearoa better off

GOAL

By 2030, we will deliver **\$2 billion** in sustainable finance to improve the resilience of Aotearoa.





At Kiwibank, we want to support New Zealand pakihī to be resilient and thrive – today and tomorrow. This means supporting them to be more sustainable and prepare for the impact of climate change.

Since the inception of our Sustainable Finance team a year ago, we've developed propositions and partnerships to support small- and medium-sized enterprises to be more sustainable. These include Sustainability Linked Loans and [Sustainable Business Loans](#), which provide competitive and attractive terms for pakihī that want to improve their toitū (sustainability). **We're proud to have supported everyday Kiwi pakihī to access more than \$46m in sustainable finance since October 2022.**

Another way we've been supporting kiritaki to thrive is through meaningful partnerships. This year, we became the first bank in Aotearoa to offer kiritaki the ability to measure their carbon footprint via the [Cogo](#) platform, at no cost to them and in just a few short clicks. To date, 116 pakihī have signed up, with 52% of them reviewing what they can do to take action to reduce their carbon emissions, and 52% of those committing to a specific action.

Our partnership with the Ākina Foundation is in its sixth year and continues to enable impact-led pakihī to thrive with, [Investment Readiness Grants](#). This year, there were 173 applications with 11 successful recipients.

We also began reviewing our Responsible Business Banking Policy this year. However, we've identified that the scope of the review is larger than anticipated. This policy deals with important and complex issues and it's important we fully consider them and engage with our stakeholders. Next year, we've decided to dedicate more time to a wider and more strategic review that further integrates and streamlines the policy into the way Kiwibank operates.



Key progress made in 2023:

- Launched our Sustainable Business Loans, making us the first bank in Aotearoa to offer sustainable finance options to pakihī of all size, including small- and medium-sized enterprises.
- Implemented our Cogo partnership, allowing kiritaki to access their carbon footprint.
- Started collaborating with our major clients to help them develop a toitū strategy.
- Supported **11** pakihī through the Ākina Foundation's Investment Readiness Grants.

Our goals for 2024:

- Deliver **\$170m** in sustainable finance.
- Identify key pakihī segments for sustainable finance.
- Complete a strategic review of our Responsible Business Banking Policy.
- Continue to support Kiwi pakihī to measure their emissions through our partnership with Cogo.
- Broaden our understanding of ESG risk across our pakihī.

CASE STUDY

Partnering with our customers to enable them to be more sustainable



Claymark pine seedlings.

WE KNOW THAT DEVELOPING MEANINGFUL SUSTAINABILITY STRATEGIES TO ADDRESS THE VARIOUS ISSUES THAT A BUSINESS FACES IS DIFFICULT, ESPECIALLY IN THE TOUGH ECONOMIC CONDITIONS RECENTLY.

Many businesses may not have the capability in-house to do this. That’s why we want to co-invest in our customers’ success by helping them to get the right support they need to develop a tailored, actionable sustainability strategy.

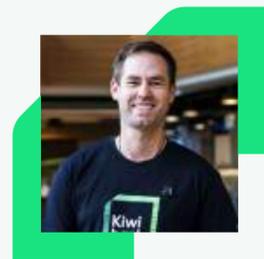
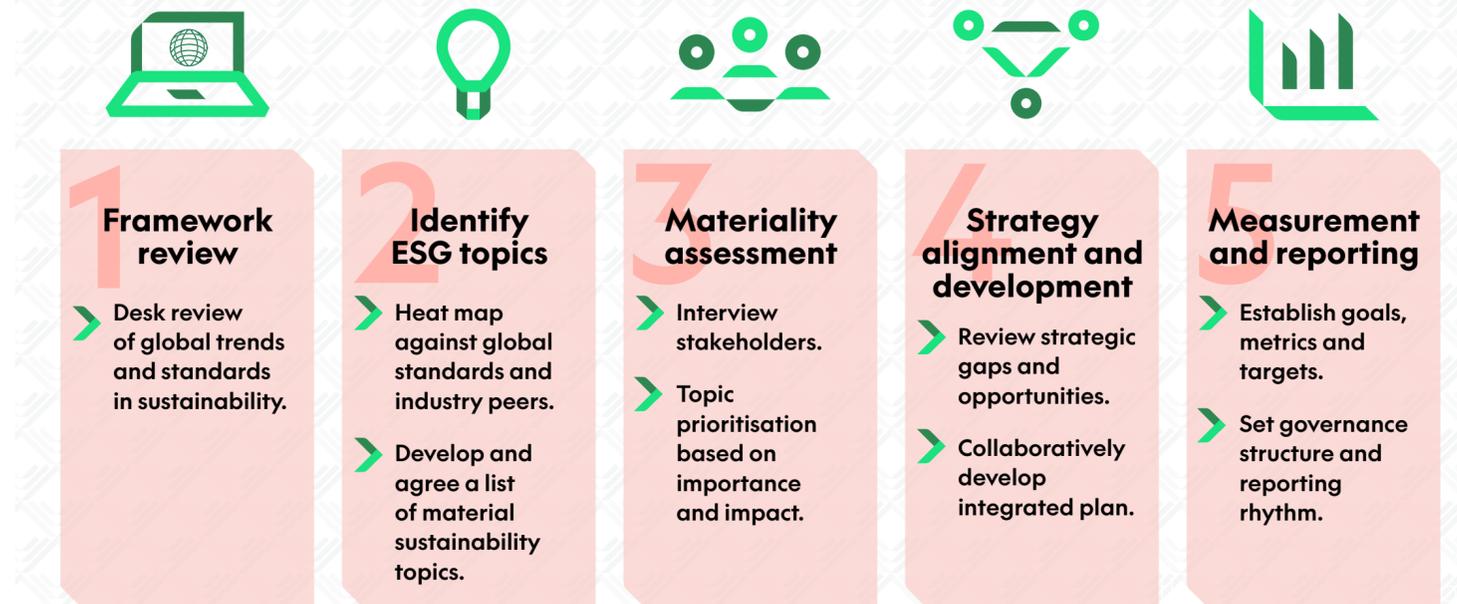
Claymark is New Zealand’s largest manufacturer and exporter of premium pine products. We’ve had a strong relationship with Claymark since 2021 when a consortium led by Paul Pedersen bought the business. Since then Kiwibank has worked with them to grow their focus on sustainability.

Prior to developing their sustainability strategy, Claymark had a number of internal sustainability initiatives in progress but no formal sustainability approach in place. We saw the good Claymark was doing and wanted to support them with developing a strategy which ultimately enables them to manage their risks, strengthen their stakeholder relationships and build long-term resilience.

Kiwibank provided Claymark with high-level guidance on things we’d like them to think about in their sustainability strategy and together, Claymark and Kiwibank selected Oxygen Consulting to develop their strategy. From there, a materiality assessment to identify what social and environmental issues are important for their business was undertaken and this formed the basis for their sustainability strategy framework. This includes an action plan, tactics and targets to support the goals in the strategy.

Pedersen said Kiwibank prompted Claymark to build and action their sustainability strategy. **“The support they provided helped us to make this strategy part of our board charter, which holds us accountable and ensures a sustainable approach is always at the forefront of our decision-making. For us, the strategy is a living document and shows our current and future customers that we have a strong sustainable system in place and work will continue to deliver on our commitments.”** For Kiwibank, working hand in hand with pakihi like Claymark means we’re supporting them to be more resilient and successful in the future. It also means we’re acting on our commitment to make Aotearoa better off by providing sustainable finance.

The Sustainability Strategy Development Process



Tom Williams
Kiwibank
Te Upoko Toitū Ahumoni
Head of Sustainable Finance

“ Supporting customers like Claymark NZ to build their sustainability strategy is so rewarding. We’re pleased to see the level of conversations that Claymark have had with Oxygen Consulting and their commitment to building resilience. We look forward to seeing the strategy in action. ”



This is culture

GOAL

To be a leading employer, we want to foster an inclusive culture where we can all belong and one that encourages kaimahi to do their best mahi through learning and growth, enabling us to deliver for our kiritaki.





Kiwibankers volunteer at Auckland City Mission.

We're continuing to develop and nurture an inclusive culture of support and acceptance where we can all belong and are encouraged to grow.

We believe that all our people are leaders regardless of their role or title, and should be enabled to develop their leadership. This year we've created a leadership development programme for all kaimahi which runs over 14 weeks with diverse cohorts made up of people from across Aotearoa, departments, and levels in our pakihi. It encourages participants to be curious, seek differing perspectives, become more comfortable with uncertainty, and find new and better ways to tackle situations, and enable our people to think, feel, and act in complex environments. Nearly 340 (17%) of our kaimahi who are eligible have participated in this programme to date, and we have a goal of enabling all our kaimahi to participate in the programme within their first 12 months of joining us.

We've also developed te reo Māori and tikanga (Māori customs and practices) online learning, making it accessible for all our people to grow their capability and engage with Te Ao Māori (The Māori World) to support Māori aspirations. This was developed in partnership with AUT Lecturer Hēmi Kelly. So far, 595 kaimahi have engaged in the programme since it was launched.

To have diverse kaimahi means we need to support their diverse needs. Learning and working is not 'one size fits all'. We're leaning into a new challenge alongside partners Brain Badge and our newly established Neurodiversity Network to better understand how we can remove some of the barriers faced by our people in the working environment, both when people are in the process of joining Kiwibank (applying, interviewing, being inducted) and during their career with Kiwibank. This year, we introduced 'Supporting Kanorau ā-roro - Neurodiversity Guidelines' to provide support to our people and their leaders.

Investing in our people also means investing in their wellbeing. Last year, we introduced a new benefit of one Wellbeing Day per quarter for our people to recharge. **This year, 91% of our people took their Wellbeing day each quarter, totalling 7,427 wellbeing days across the year. Our people also supported their hāpori by using 395 Better Off Days.**

We're proud of the efforts we've made, and through our newly introduced ways to seek feedback from our kaimahi, we have heard that the changes that we're making are improving our culture - with our overall culture score improving by 8 points in the last year.

All of this mahi goes a long way to enabling our people to be the best version of themselves at Kiwibank, deliver what really matters for our customers, and ultimately support Kiwi being better off. We're looking forward to exploring how we can make even more progress in the coming year.

Key progress made in 2023:

- Our newly introduced culture and engagement surveys are showing how we're making Kiwibank a better place to work, with our culture results improving by 8 points.
- Developed e-learning modules so our kaimahi can learn the basics of te reo Māori and tikanga at their own pace.
- Launched Navigator, our Leadership Development Programme.
- Introduced Diversity, Equity and Inclusion Recruitment Guidelines along with business area goals to address industry and role specific gaps and biases.
- Introduced Neurodiversity Guidelines, and established a Neurodiversity Network led by kaimahi.
- Made our career bands and associated salary ranges transparent for all kaimahi (including our Executive and Chief Executive salary ranges).

Our goals for 2024:

- Increase the diversity of our kaimahi to:
 - **40.6%** of Band 4-7 roles to be women
 - **11.8%** of all kaimahi to be Māori
 - **9.2%** of all kaimahi to be Pasifika Peoples
- Develop Disability and Accessibility Guidelines.
- Ensure all of our people have active development plans in place.



CASE STUDY

Reflecting Aotearoa: New initiatives aimed at bolstering our diversity and inclusion

WE WANT OUR TEAM TO BE REFLECTIVE OF THE DIVERSITY OF OUR KIRITAKI AND HAPORI IN AOTEAROA. WE CONTINUE TO FOCUS ON IMPROVING OUR POLICIES, PROCESSES, SYSTEMS AND OFFERINGS TO HELP ACHIEVE THESE GOALS.

We've been working on attracting a wider pool of talent to Kiwibank, being more deliberate about how we are promoting our kaimahi internally and establishing goals to address industry- and role-specific gaps and biases in our pakihī.

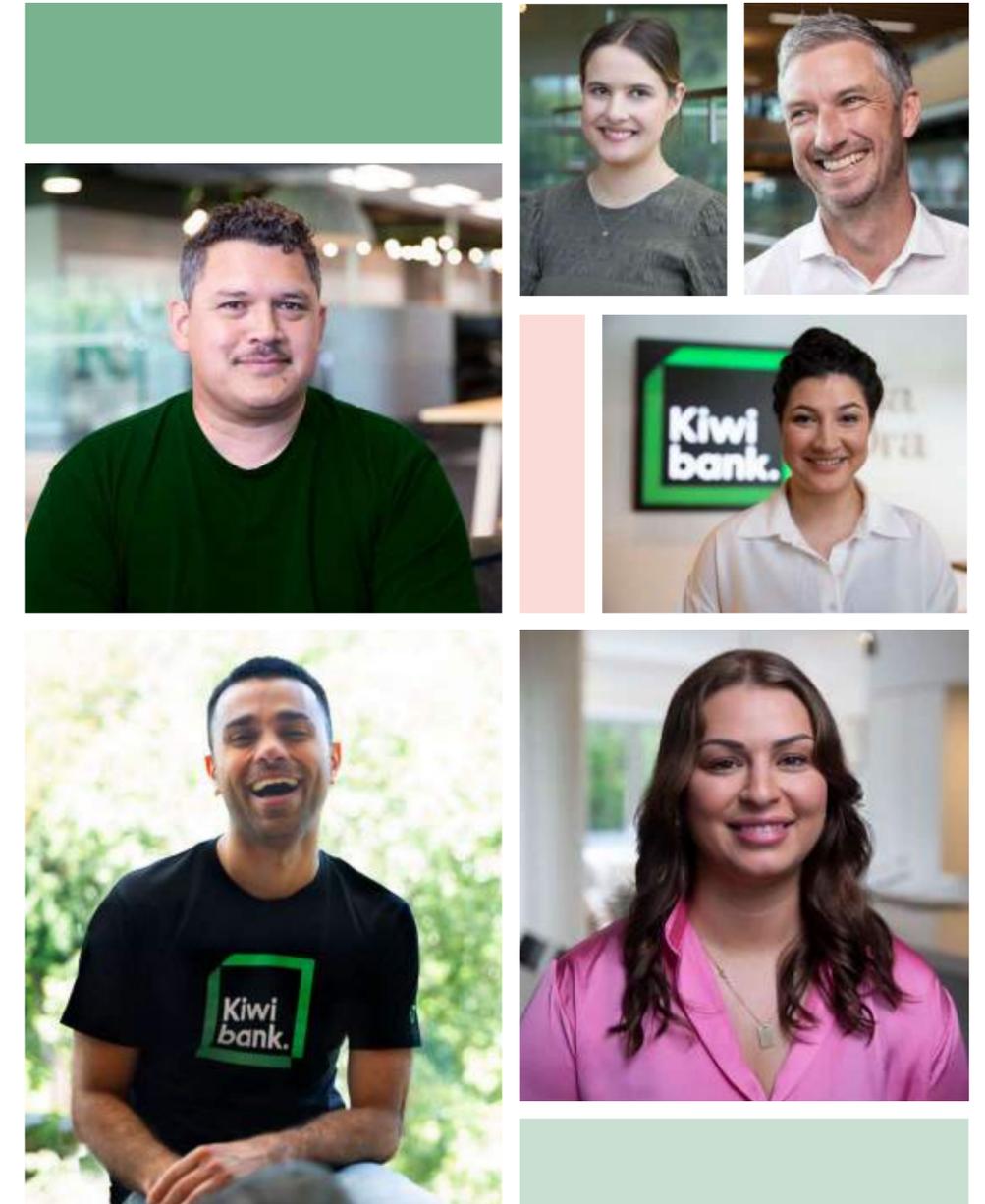
Diversity, Equity and Inclusion Recruitment Guidelines help build a diverse workforce

In March 2023 we published new Diversity, Equity and Inclusion Recruitment Guidelines. These Guidelines challenge the way we are thinking about roles, the way we do our mahi, and the way we recruit. They provide practical guidance to attract and select a shortlist of candidates with a diversity of backgrounds, experience, identities, skills and attributes. Most importantly, we're encouraging our leaders to confront gender, ethnic and behavioural biases through the recruitment process and to help them enable and consider candidates that

maybe they wouldn't have otherwise. For example, spelling isn't necessarily a marker of competence in many roles and certainly not a requirement, but typos can mean candidates aren't considered which means missing out on fantastic candidates. We're challenging our leaders to consider why a candidate may have made spelling mistakes, and focus on the role requirements, strengths and skills evident in the CV instead.

Supporting our people to progress and develop within Kiwibank

Alongside our Recruitment Guidelines, we have developed an internal mobility strategy to recognise and develop our own kaimahi. As part of this strategy, we consider the needs and outcomes of each role and look at alternative structures that work for our people. This could include offering supported secondment, split roles and being clear on the outputs expected for a role, as well as the necessary skills. All kaimahi have quarterly development conversations with their leaders and set development plans. This supports kaimahi to be active in their own development and enables us to understand our people's skills and career aspirations to build an internal talent pool to enable them to progress further.



Justine Hastings,
Kiwibank
Kaiwhakahaere Matua
Pakihi Mahi
General Manager
Enterprise Operations

“I feel lucky to have been provided with so many new opportunities and I've received great support from my leaders along the way. You don't need to tick every box to apply to new roles, it's about putting yourself up there and really backing yourself when new opportunities arise.”



GENDER PAY GAP



WE EMBARKED ON OUR JOURNEY TO REDUCE OUR GENDER PAY GAP IN MARCH 2022. WE SET OURSELVES THE VERY AMBITIOUS TARGET OF REDUCING OUR GAP BY 4% BY THE END OF FY23. HOWEVER, AT THE CLOSE OF THIS YEAR, OUR GENDER PAY GAP HAD NOT IMPROVED ON OUR FY22 MEASURE OF 33.6%.

We were immensely disappointed with this outcome and have identified two factors. Firstly, we acknowledge that our target of reducing our gap by 4% was very ambitious and not realistic for the first year in what will undoubtedly be a long journey. Secondly, while we launched several initiatives aimed at reducing our gap, we need to place more focus on gender parity (where men and women are equally represented at different levels of the organisation). We have more women in front-line, customer-facing and customer support roles (bands 1-2), which typically pay less. And many more men in more senior roles (bands 3-7), which typically pay more, as shown in the graph. We place a strong focus on pay equity within roles, and do not have any significant gaps on a role by role basis. Gaps within bands are smaller and we analyse these to ensure we understand the underlying reasons and can work to remedy any issues.

Some of the key initiatives we implemented this year to help reduce our gender pay gap included:

- Regularly updating our executive team and Board on our progress.
- Introducing our Diversity, Equity and Inclusion Recruitment Guidelines (discussed in more detail on the previous page) and working with each business unit to develop a plan designed to address their specific diversity needs.
- Improving how we communicate with our people about how remuneration is determined.
- Updating our people regularly about the pay gap, what we're doing to reduce this, and the impact it's having.
- Launching our Women's Network, which provides ka tīmata i a tātou - a place to belong, for all wāhine.

Our Women's Network, which is run by a 20-member steering committee, is focused on inspiring and empowering Kiwibank women to achieve their full potential by championing causes relevant to women. The steering committee is made up of representatives from across the business who help organise events, provide resources, partner with the business to facilitate discussion and develop initiatives to overcome barriers and biases that impact women in the workplace. The network has three main pillars of focus: health and wellbeing, career development, and financial wellbeing.

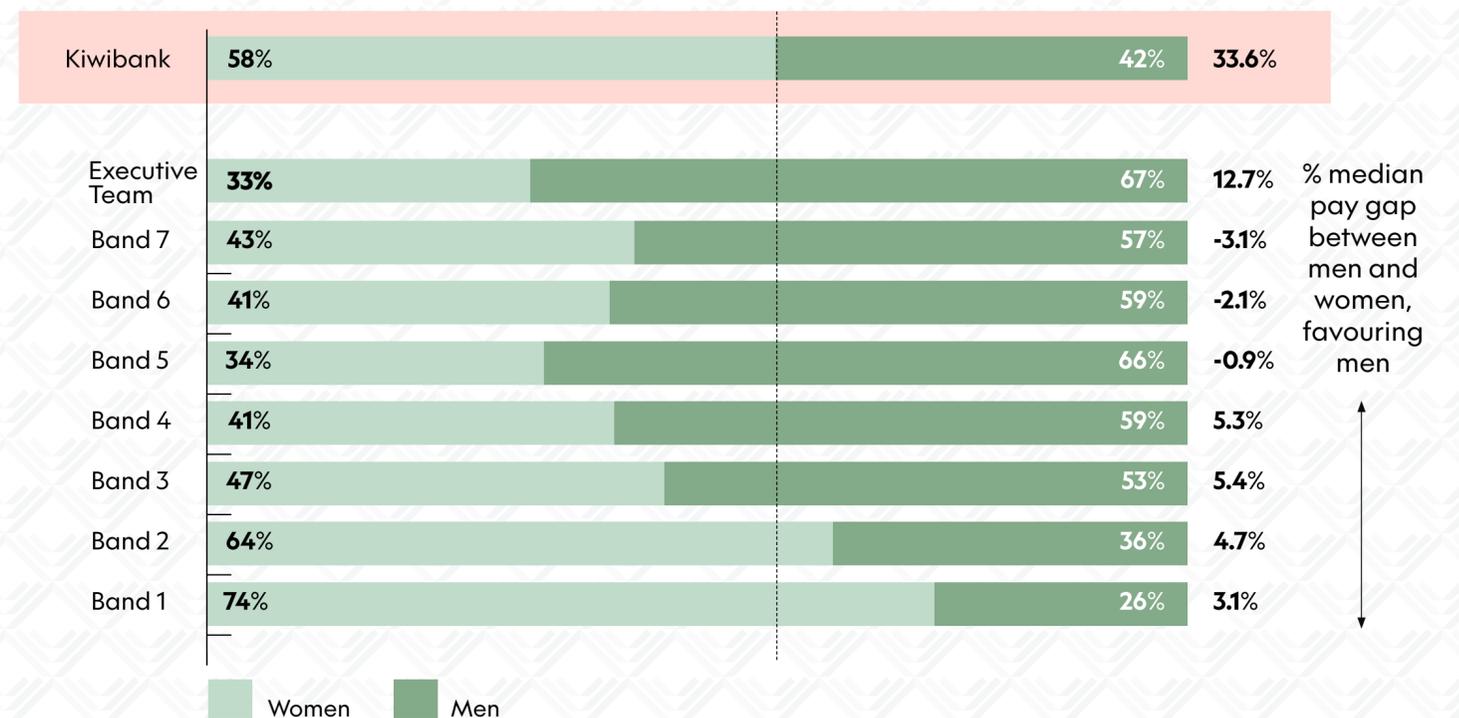
We remain committed to addressing our gender pay gap and know it will take time. In FY24, we want to reduce our gap by 1%, to 32.6%.

Salary band definition.

Band	Example role type
Executive Team	Executive Team including CEO
Band 7	Enterprise Leader, General Manager
Band 6	Enterprise Leader, Head of Department, General Manager
Band 5	Enterprise leader, Head of Department, Senior Manager, Principal
Band 4	Manager, Senior Manager, Advanced specialist
Band 3	Manager, Technical Specialist, Analyst
Band 2	Specialist, Senior specialist, Advisor, Analyst, Team Leader
Band 1	Assistant, Representative, Coordinator, Specialist, Analyst

Highest paid
↑
↓
Lowest paid

Gender representation and median pay gap by career band



This is climate action

GOAL

By 2025, we will build a sustainable business by reducing our carbon emissions by 40%, be carbon neutral and support kiritaki to transition to a low-carbon future.





Key progress made in 2023:

- Reduced our operational emissions by **9%** in FY23.
- Continued to use carbon budgets to manage our air travel emissions.
- Upgraded the equipment of our data centres to improve their efficiency.
- Converted **15%** of our fleet to electric vehicles in FY23. Now **22%** of our vehicles are electric.
- Developed scenarios about how climate change may impact our pakihi.

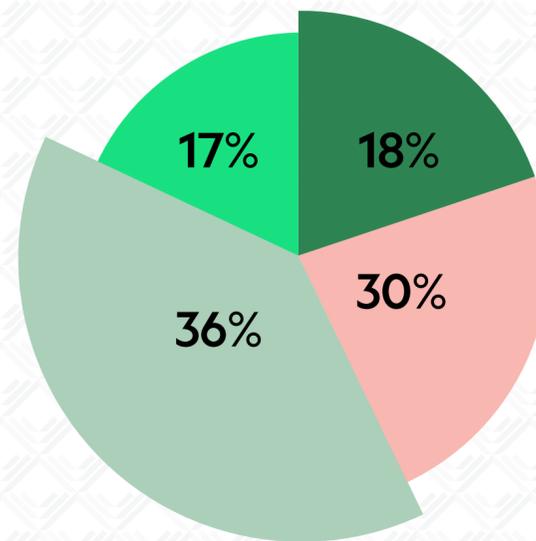
We have a responsibility to make sure the impact of our operations doesn't have a detrimental effect on our hapori and Aotearoa.

We're committed to reducing the environmental impact of our business activities and carbon footprint in everything we do, from running our branches to travelling for mahi. **We set climate action targets in 2021, which provide a pathway to continually reduce our impact and become a carbon-neutral business by 2025.**

Our progress is tracked as part of our regular reporting to ensure we stay true to our commitment. We're working on expanding the emissions sources we track and measure, especially the carbon impact of our lending portfolio.

Alongside this, we want to ensure we're monitoring any climate risks relevant to our pakihi. We've developed a road map of the mahi that needs to be done to manage our climate-related risks and opportunities. As part of the process to develop this road map, we've spent time understanding what the future might look like by conducting internal workshops with more than 30 senior leaders. These workshops used three different climate scenarios to explore the potential risks and opportunities presented by climate change. Our Board has also worked with external experts to increase their understanding of climate-related matters.

Breakdown of Kiwibank carbon emissions in FY23



■ Fleet and on-site fuel ■ Electricity ■ Travel ■ Purchased products

Our goals for 2024:

- Develop our Transition and Adaptation Plan to lay out the pathway that we will follow to ensure our pakihi and our kiritaki create a low carbon future.
- Continue to use carbon budgets to manage our air travel emissions.
- Reduce operational emissions by **28%** compared to FY21 baseline including:
 - **20%** reduction in electricity
 - **30%** reduction in data centre consumption
 - Convert **50%** of our fleet to electric
- Set targets for the carbon emissions from our lending activities (financed emissions).
- Incorporate material climate risk and opportunity into strategic decisions and our enterprise risk management.



Reducing and adapting to the impacts of climate change

To take action to reduce and adapt to the impacts of climate change, we need to reduce the impact of our own business operations, and understand how climate change will impact our customers.

Our operational emissions reporting measures the progress we are making to reduce the impact of our business operations, and we are pleased with the progress we've made since our baseline year to reduce across all of the key emissions categories that we monitor. In FY23 we reduced our total emissions by 9% from FY21, and achieved emissions reductions in every category:

- 19% reduction in fleet and on-site fuel
- 4% reduction in electricity
- 2% reduction in travel
- 16% reduction in products purchased.

Due to a change in methodology for FY23, we have changed the emission factor used for air travel in both FY21 and FY22 to enable us to make like-for-like comparisons.

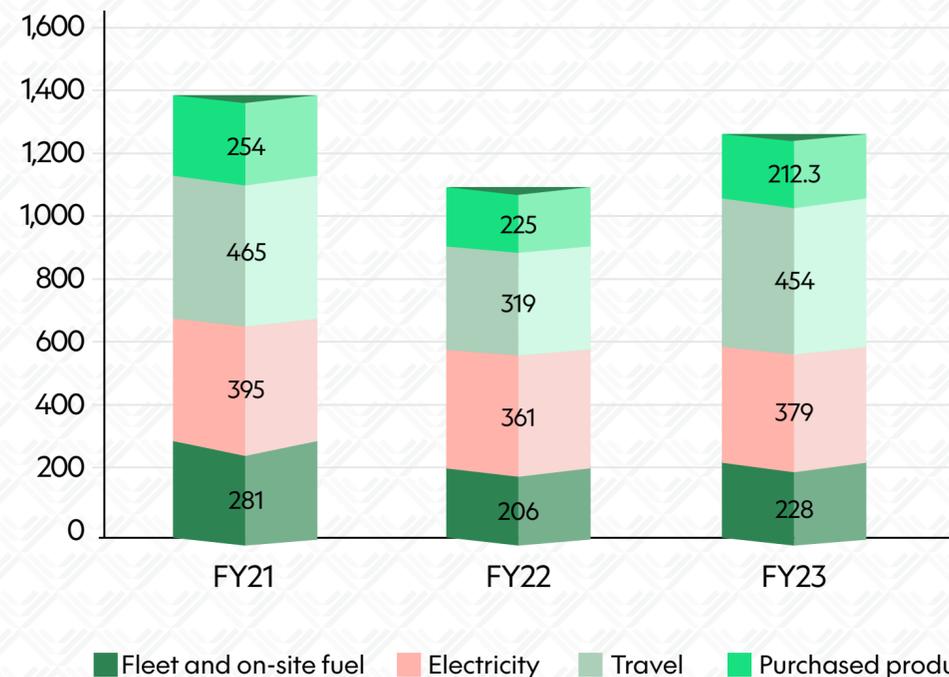
We have also changed the value for electricity consumption in FY22 due to an error in previous reporting.

One of the primary risks that kiritaki and hapori across Aotearoa need to adapt to is the impact that increased storms and sea-level rise will have. We have monitored the exposure that our home loan portfolio has to these impacts, and how this will change over time. The coastal flooding exposure numbers have been modeled using the assumption that weather events

will become more severe (1 in 100 year events) and global warming will reach at least 3 degrees Celsius by 2100 (Representative Concentration Pathway 8.5H+). The coastal flooding exposure numbers used in this report represent around 90% of Kiwibank's home lending portfolio as at June 2023. The remaining properties cannot currently be matched to climate change modelling.

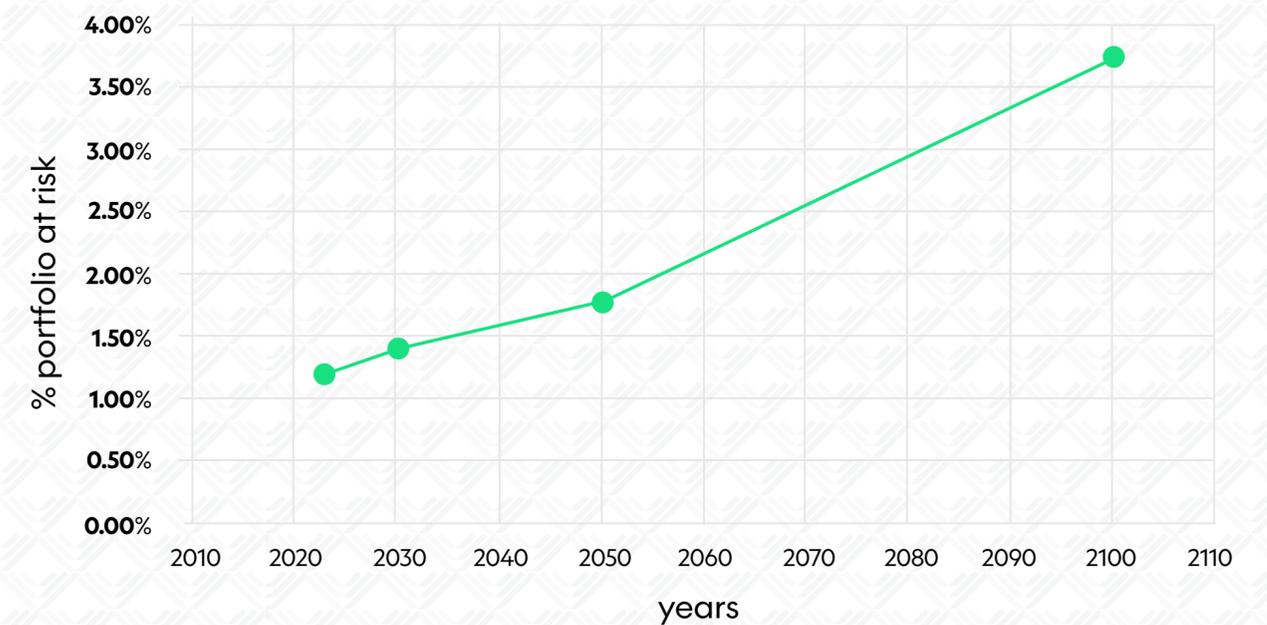
The underlying climate data used for the graph below comes from the National Institute of Water and Atmospheric Research (NIWA).

Our emissions trends since baseline year



- Fleet and onsite fuel:** Diesel generators, fuel cards, electric vehicles, and refrigerant gas use
- Electricity:** Electricity and electric vehicle charging
- Travel:** Business air travel, accommodation, car hire, taxis, Uber, and mileage claims
- Products purchased:** Paper usage, general waste, and data centres

Potential exposure of mortgage portfolio to coastal flooding



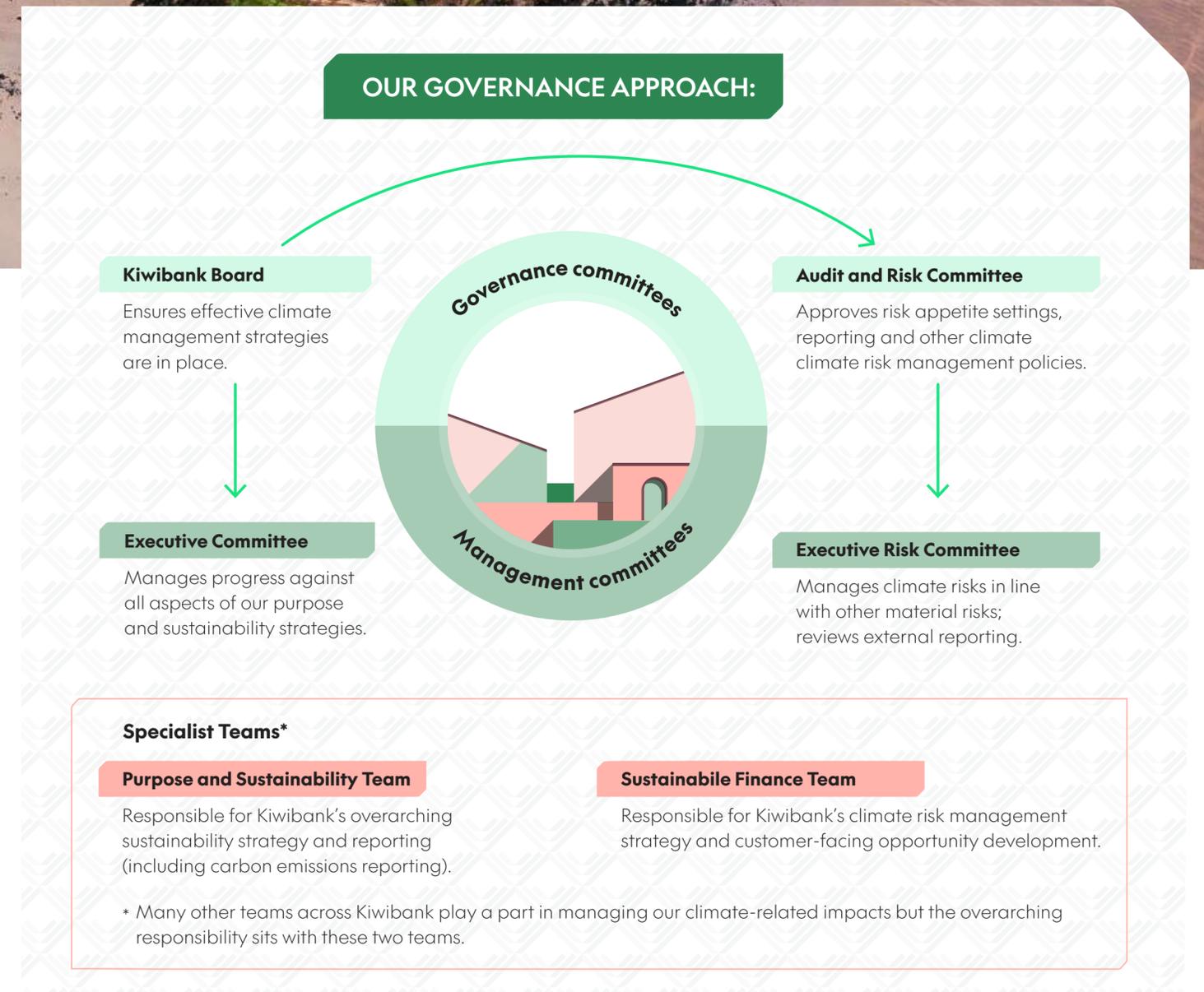
Managing the risks and opportunities of climate change

Kiwibank takes an integrated approach to climate risk and opportunity management. Climate risk is reviewed as part of the enterprise risk management framework and considered alongside all other enterprise risks.

We recognise that climate change is a unique risk that spans financial, operational and strategic risk. Our Board and Management team play an active role in managing the risks of climate change, with the topic being discussed nine times at both the Executive Risk Committee (ERC) and the Audit and Risk Committee (ARC). Climate change is a standing agenda item at ERC, allowing the committee to discuss issues in a timely manner. In 2022, we updated the ARC Charter of our Audit and Risk Committee to clarify the roles and responsibilities this forum plays in managing and responding to the risk climate change has on our pakihi.

In September 2022, Kiwibank completed a review with the support of external consultancy firm KPMG to assess our processes and systems for managing climate risk and opportunity, in line with the Taskforce on Climate-related Disclosures (TCFD) framework. **KPMG rated Kiwibank's maturity as advanced.** We were pleased with this result, but also recognise we have more mahi to do to truly embed climate resilience into our pakihi.

Developing plausible scenarios of what different futures may look like under different temperature and policy settings is important for us to be able to make decisions around how we want to manage our climate risk. This year, significant mahi has been done to develop three different climate scenarios and understand the driving forces for our pakihi in these scenarios across three time horizons (2030, 2050 and 2080-2100). This has helped us identify our top climate risks and impacts.



CASE STUDY

Driving towards a better future – in a sustainable electric vehicle (EV)

BY TRANSITIONING TO EVS, OUR CARBON EMISSIONS FROM OUR FLEET HAVE REDUCED BY 19% AND ARE 52 TONNES OF CARBON EMISSIONS LESS THAN OUR BASELINE YEAR OF FY21.

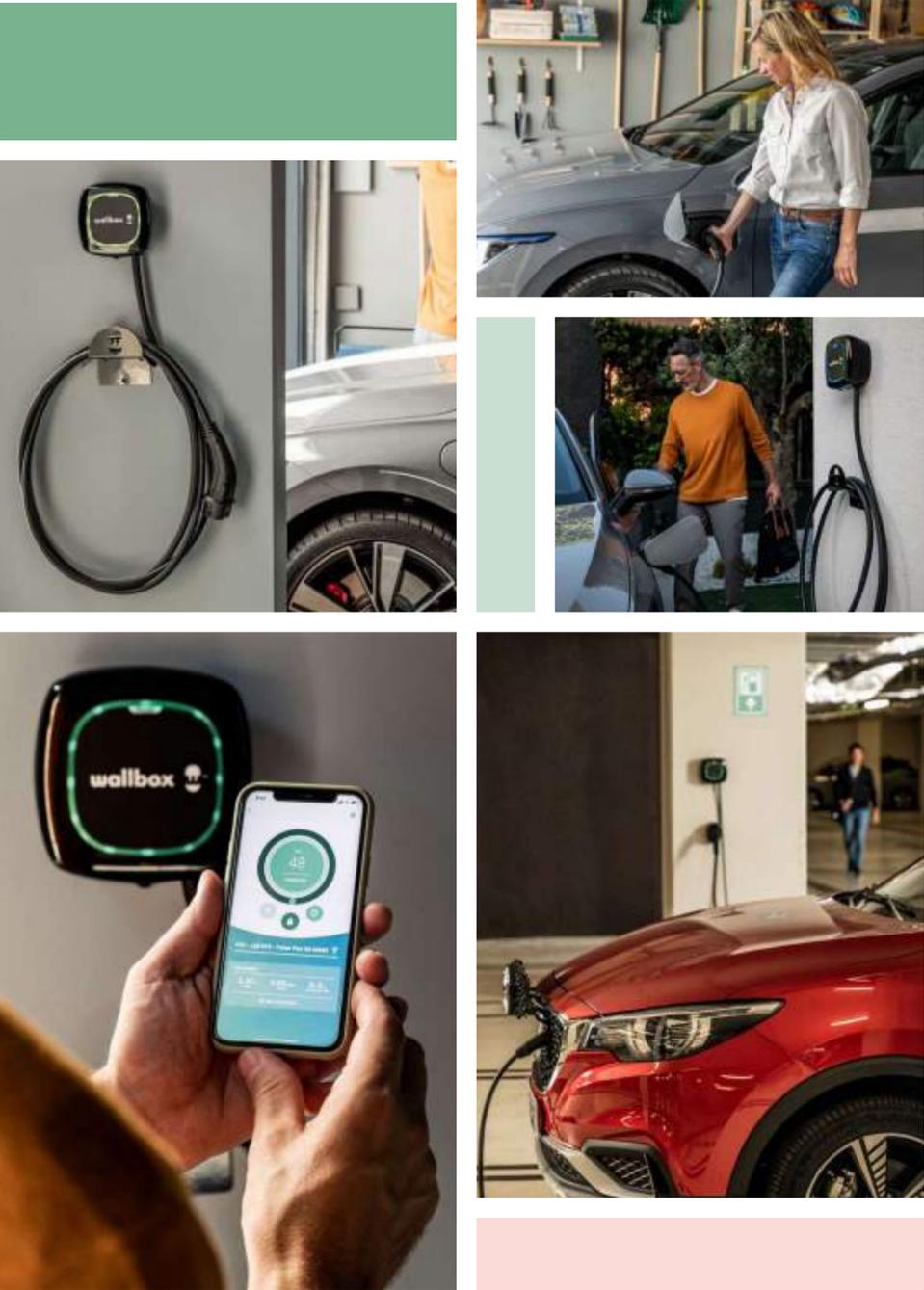
As part of our commitment to reducing carbon emissions, we have a long term aspiration to have a fully electric car fleet. Our transition started in FY22 with an electric vehicle pilot with seven Mobile Mortgage Managers being

given EVs, and a Wallbox Pulsar Plus system installed at home to charge their vehicles. As a result of the pilot and feedback from pilot users, we have made some minor adjustments to our implementation plan.

This year we began rolling out EVs to the rest of our mobile mortgage managers, albeit slower than we'd planned. Ensuring our people were fully equipped with their home chargers,

public charging access set-up, and availability of vehicles took longer than anticipated. However, we've already seen a positive impact on our carbon emissions. **To date 20 out of 89 in our fleet are EVs.**

As more and more of our people have received their EV and their confidence in using the vehicles grows, the whakaaro (feedback) has become increasingly positive.



Wallbox Pulsar Plus EV charging system.

“ I was excited to hear we were transitioning to EVs as I think we all have to do our part to ensure we have a planet to pass on to our tamariki and mokopuna (grandchildren). I'm proud to work for an organisation that's walking the walk as well as talking the talk. ”



Liz Tee
Kiwibank
Kaiwhakahaere Mōkete
Mobile Mortgage Manager



This is purpose-led business

GOAL

As a B Corp, we consider the impact that we have on our kaimahi, kiritaki, hapori and te taiāo.





Sarah Hirini, Whatu Kōkiri Kiwibank Impact Champion.

As a **B Corp**, we consider the impact our business will have on our kaimahi, kiritaki, hapori and te taiāo.

For our kiritaki, we have a programme of mahi to improve the security and privacy controls we have in place and in FY23, we completed 24 of our initiatives to improve our cyber security. We track how often our online and banking services are unavailable for our kiritaki and we're pleased to report that as a result of significant investment in our platforms and resilience, **customers were able to access our banking platforms 99.7%** of the time this year. We've introduced new cards with accessibility for all kiritaki at the heart of their design, and so far we've issued 302,012 of these new cards. And we've completed a significant piece of mahi to improve our lending policies and processes to support all pakihi, but particularly pakihi Māori, to thrive.

This year we announced Sarah Hirini's role as **Whatu Kōkiri, Kiwibank Impact Champion** and this partnership will help us build aspirational delivery of our purpose into our business, as well as embedding leadership behaviours in our kaimahi.

This year has been tough for many hapori across Aotearoa, with numerous extreme weather events. **To support our kaimahi and kiritaki affected by Cyclone Gabrielle, we opened our head office site in Hawke's Bay for kaimahi that needed a safe, warm and dry place to go to if they didn't have access to their homes, and donated \$330,000 in financial donations and generators to impacted hapori. These funds have been used to support the rebuild in those hapori. This included providing food, furniture, clothing and other essential items to help impacted whānau to set up their homes.**

For our kaimahi, we've introduced a new Kiwibank Wardrobe to help them be their best selves at work. Sustainability was a key consideration during the procurement and design process. To ensure we are actively considering sustainability, we have developed a roadmap which outlines our milestones to improve the impact of our wardrobe in collaboration with our suppliers. We aim to rethink the resources in our supply at the end of their life so that we can support hapori and te taiāo by extending their life. We've continued our mahi with Recycle a Device by donating laptops that rangatahi use to learn to refurbish and donate to people in need in their hapori and we donated more than 100 mobile phones to Women's Refuge. Additionally, we've partnered with UPPAREL to ensure our wardrobe items don't go to landfill at the end of their life.

Key progress made in 2023:

- Updated our constitution to commit to achieving a positive impact beyond making profit and ensure we consider stakeholders in our decision-making.
- Launched new card designs which have accessibility for all kiritaki at the heart and issued **777,756** cards from recycled plastic.
- We expanded our support of Ngā Tāngata in Christmas 2022 where our kaimahi donated 215 books or boardgames donated and **\$625** in monetary donations to **61 families** who are members of their My Pūtea Kete programme. We also donated a \$50 supermarket voucher for each family.
- Improved our end-of-life process for our wardrobe by working with **UPPAREL**, who will donate what they can and repurpose the rest into 'Upparel fill'.
- Improved our credit processes for start-ups and rangatahi pakihi to access capital easier.

Our goals in 2024:

- Continue to develop our wardrobe to ensure it meets our sustainability goals.
- Create an internal Purpose and Toitū Network to increase engagement and education across our pakihi.
- Continue to uplift tikanga and educate our Business Banking teams on the fundamentals of pakihi Māori.
- Continuously improve our credit policies to ensure they are equitable for our kiritaki.



CASE STUDY

Small changes having big impact for pakihi Māori



Pakihi Māori and Kiwibank customer, Tippett Electrical

WE'RE COMMITTED TO TRYING TO IMPROVE MĀORI ACCESS TO CAPITAL AND BETTER SUPPORTING PAKIHI.

In an effort to support pakihi Māori to grow, we conducted a comprehensive review to identify the barriers they face. We found a common constraint is their inability to get funding to meet their business needs. This challenged us to think outside the normal banking conventions to consider how we could bring Kiwibank to the forefront of tackling this issue.

Typically, banks apply a one-size-fits-all risk approach whereby they require the business owner or owners to provide their residential home as security over the business loan. This

disproportionately disadvantages Māori, who are statistically less likely to own their own home, or the land they own is communally held and harder for banks to lend against.

We found we could make it easier to obtain a loan by moving away from this standardised approach to assessing risk. We've changed the way we evaluate a company's historical performance; we now take a closer look at non-financial factors, such as experience and expertise, as well as financial factors like debt servicing being assessed over shorter timeframes. Importantly, for smaller sums of lending, we've also removed the requirement that the lending be secured against a pakihi owner's personal property.

With our new approach in place, we've been pleased by what we've found.

While we set out to reduce the barriers faced by pakihi Māori, we've realised these changes are beneficial for all start-ups and young pakihi in need of lending to grow, and therefore have made these changes for all small business lending we offer. This initiative will enable more pakihi - both Māori and non-Māori - to be better off. We're already seeing these changes having a positive impact, with applications and approval rates increasing via our **Fast Capital** tool on the website:

- **Increased approvals the first time kiritaki apply by 10%.**
- **Increased the number of pakihi applying for lending with our Fast Capital tool by 60%.**



Nathan Ryba
Kiwibank
Kaiārahi Whakarite Hunga Pakihi
Business Banking People and Practice Lead

“Our Business Banking team loves the impact this has had to date in their ability to provide outcomes more quickly and efficiently for any pakihi in Aotearoa. I look forward to Kiwibank being at the forefront of driving equitable outcomes for tangata whenua (people of the land).”



2023 performance

 Achieved

 Partially achieved

 Not achieved

GOAL	2023 COMMITMENTS	2023 RESULT	COMMENTARY
Tamariki are better off By 2030, we will support all tamariki to have access to quality financial education.	Continue to support financial education to become better articulated in the national curriculum.		Formal meeting held with senior executives from Kiwibank and Banqer with the Associate Minister of Education at the time, Minister Jan Tinetti. This led to further workshops and conversations to better articulate financial education in the national curriculum.
	60,000 active ākonga on Banqer.	 57142	In the 2022 school year, there were 44,467 ākonga using Banqer Primary and 12,675 using Banqer High. We did not reach our target in 2022 due to the ongoing impact of COVID-19 disruptions in schools.
	Support the University of Canterbury to investigate financial capability in schools.		Successfully completed the investigation and report. See pg 8 for full details of the study.
Kiwi are better off By 2030, we will support 2 million Kiwi to take action to secure their financial futures.	Build a financial wellbeing programme for Kiwibank kaimahi.		The financial wellbeing programme was developed in the first half of the year, and the pilot successfully completed in March 2023 with 22 participants.
	Support the Crown review of Kāinga Whenua and improve the product knowledge of lenders.		12 Kāinga Whenua champions have been appointed across the country. The Crown review of the Kāinga Whenua product is still being finalised.
	Continue to improve our processes to support kiritaki in vulnerable circumstances.		We delivered a number of new initiatives this year including a refresher training for all frontline teams, released monthly reporting, developed new support options for specific vulnerable circumstances and improved internal controls to provide on-going support for kaimahi.
	Survey at least 10,000 kiritaki about what financial security means to them.	 6,758	While we received fewer responses than we had projected; we consider this initiative has been successful due to the quality of responses that we have received from our kiritaki.
	Support Ngā Tāngata to deliver 300 loans to Kiwi.	 247	Slightly fewer loans were given than we had projected, however overall Ngā Tāngata still sees an increase in enquiries and applications, with enquiries increasing by 35% since last year. The repayment rate for loans is 92% and they have given 1,237 loans since our partnership began.
Aotearoa is better off By 2030, we will deliver \$2b in sustainable finance to improve the resilience of Aotearoa.	Deliver \$100m in sustainable finance.	 \$46m	We were pleased to launch Sustainable Business Loans and Sustainability Linked Loans this year. This number doesn't capture the many loans we've given that were slightly outside of our criteria but were still doing great sustainable things. While we are disappointed not to have met our target, economic conditions for pakihi have been tough and this has meant that there has been less lending in general.
	Set targets for our sustainable finance identifying business areas to focus on.		This mahi was started but the scope was larger than anticipated and requires more research into our current customer base. We have focused our resources on delivering our Sustainability Business Loan offering and CoGo partnership instead.
	Review our Responsible Business Banking Policy to ensure it is meeting its policy aim.		The scope of the review is larger than originally anticipated. So far the review has focussed on the existing sectors in the policy, and investigation as to whether any new activities should be introduced. But a more strategic review is required to better integrate the policy into the way Kiwibank operates.
	Develop the expertise of our Sustainable Finance Champions.		13 Sustainable Finance champions appointed across the country, and training was delivered to all relevant front-line teams, with over 100 people receiving specific training on the Sustainable Business Loans.
	Support Kiwi pakihi to measure their emissions through our partnership with CoGo.		CoGo app partnership was launched during this year.
	Mahi with Toitū Envirocare to support complex business to measure their carbon emissions.		3 pakihi used the Toitū Envirocare platform to begin to measure their emissions.



● Achieved
 ● Partially achieved
 ● Not achieved

GOAL	2023 COMMITMENTS	2023 RESULT	COMMENTARY
Inclusive Culture To be a leading employer, we want to foster an inclusive culture where we can all belong and one that encourages kaimahi to do their best mahi through learning and growth, enabling us to deliver for our kiritaki.	Improve pay transparency and reduce our gender pay gap by 4%.	● 33.6%	We have improved pay transparency by releasing the various salary bands and our kaimahi can now see which band their role is. Despite a lot of work, our pay gap is the same as last year, 33.6%.
	Introduce recruitment guidelines to require diverse recruitment panels and candidate lists.	●	The recruitment guidelines supporting diverse recruitment panels and candidate lists were released in March 2023.
	Increase the percentage of people leaders that are women to 45% with a goal of 50% by 2025.	● 42.5%	Women in leadership is static since the beginning of FY23 due to the impact of turnover/role reduction and an overall increase in both the number of women in leadership roles and the overall number of leaders increasing over this period. This is based on any leader of people.
	Increase Māori and Pasifika representation in people leader roles to 8.8% and 3.3% respectively (average increase of 1.5%).	● 8.8%	Māori and Pasifika in Kiwibank leadership has increased by 0.5% since the beginning of FY23. This change was driven by an increase in both the number of Māori and Pasifika in leadership roles and the overall number of leaders in Kiwibank increasing over this period. Note: This is based on people who have reported their ethnicity (36% of kaimahi have currently done this) and self-identified as Māori or Pasifika. We've recently changed the way that we gather this data and we expect this will improve our data quality in the future.
	Introduce neurodiversity guidelines and support.	●	In April we launched Neurodiversity Guidelines which outline the various ways in which we can support our neurodiverse kaimahi. We also partnered with Brain Badge and established a neurodiversity network.
	Provide our kaimahi with the opportunity to share their thoughts on our culture, to understand if our initiatives have made an impact.	●	Implemented a new tool to regularly engage our people on both our culture and how engaged they feel in their mahi. This is providing great insight into the impact of our initiatives, and we use these insights to help plan and take action on areas for improvement.
Taking Climate Action By 2025, we will reduce our carbon emissions by 40%, be carbon neutral, and support our kiritaki to transition to a low-carbon future.	15% absolute reduction on FY21 emissions.	● 9%	Compared to our baseline year, emissions in FY23 have reduced by 9% overall against our target of 15%. Although we did not meet our target for this year, significant reductions have occurred in fleet and data centres.
	50% of fleet to be electric.	● 22%	The EV transition has been a bit slower than expected due to a number of unforeseen circumstances as detailed on page 23.
	Complete our climate change scenario analysis.	●	We were involved in creating industry-level climate change scenarios, and Kiwibank specific scenarios.
Purpose-led business As a B Corp we consider the impact that our pakihī will have for our kaimahi, our kiritaki, our hapori and te taiāo.	Continue our partnership with Recycle A Device to support tamariki with access to laptops.	●	Our partnership with Recycle a Device has continued to be strong and we are regularly donating devices to them. Multiple initiatives completed this year including: created an end-of life process for our wardrobe, created guidelines for how to conduct retrofits, relocations and closures to minimise waste, on top of the laptop donation programme. We donated 100 phones to Women's Refuge, worked with our IT asset suppliers to create end of life processes for our servers and component parts.
	Continue to look at ways to design out waste in our supply chain.	●	
	Create sustainability specific criteria for our high impact procurement items, like uniforms and fleet.	●	Sustainability specific criteria were successfully built into the procurement process for the Kiwibank wardrobe (uniform) and cleaning suppliers, which were our significant high impact procurement processes for this year.
	Pilot a new risk management approach for start-ups and sole traders to help more small pakihī to grow and scale.	●	We have made changes to our start-up and sole trader policies, as documented on page 26 of this report.



Ngā kupu Māori

Ākonga	<i>Student</i>	Rangatahi	<i>Younger generation, youth</i>
Aotearoa	<i>New Zealand</i>	Tamariki	<i>Children</i>
Hapori	<i>Community</i>	Tangata whenua	<i>People of the land</i>
Kaimahi	<i>Staff</i>	Te Ao Māori	<i>The Māori World</i>
Kiritaki	<i>Customers</i>	Tēnā koutou katoa	<i>Greetings to all</i>
Mahi	<i>Work, activity, undertaking</i>	Tikanga	<i>Māori customs and practices</i>
Mokopuna	<i>Grandchildren</i>	Toitū	<i>Sustainability</i>
Pakihi	<i>Business</i>	Taiāo	<i>Environment</i>
Pūtea	<i>Money</i>	Whānau	<i>Family</i>
		Whakaaro	<i>Thoughts/ideas/feedback</i>





Please get in touch with any feedback or suggestions:

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