

Spark New Zealand

**FY15 Corporate
Social Responsibility Report**

1 JULY 2014 - 30 JUNE 2015

**sharing
playing
creating
building
living
caring.**



**Spark
New Zealand**



Spark New Zealand's ambition is to unleash the potential in all New Zealanders. Contributing positively to all aspects of our community and being a good corporate citizen is an important facet to realising this ambition.

WE DO THIS THROUGH:

- the programmes we run via the Spark Foundation, encouraging generosity and building a better future for New Zealand kids. In FY15, Spark New Zealand provided more than \$2.5 million to fund the Foundation.
- the support we provide to a number of community groups around the country, to foster education, innovation and leadership.
- reaching out to those impacted by local and international disasters, assisting with restoring communications and offering free calling and texting to those in affected areas.
- the work we do to reduce our impact on the environment.

\$2.5M+

— provided by Spark New Zealand to fund the Spark Foundation

Spark Foundation



The Spark Foundation is a charity funded by Spark New Zealand, governed independently by a board of trustees. The Foundation has four main focus areas: administering Spark New Zealand’s employee volunteering and payroll giving programmes; owning and operating Givealittle, New Zealand’s premier crowdfunding platform; and driving digital learning outcomes in partnership with the Manaiakalani Education Trust.

1,238

— volunteer days gifted into the community

\$792k

— donated into the community via payroll giving

\$19M

— donated via Givealittle

3,000

— students currently studying under the Manaiakalani digital learning methodology

VOLUNTEERING

Every Spark New Zealand employee is offered one paid volunteer day each financial year, to help them make a difference in their local community. Spark New Zealand people choose a range of ways to use their volunteer day. Some get involved in team activities, while others choose to use their knowledge in skill-based volunteering opportunities.

IN FY15:

- 1,238 volunteer days were gifted into the community by Spark New Zealand people, reflecting a participation rate of 26%.
- This equates to around \$370,000 of staff time.

PAYROLL GIVING

Payroll giving enables Spark New Zealand people to donate directly from their pay to any of New Zealand’s 26,000+ charities or schools that have donee status for tax purposes with the Inland Revenue Department. Employees receive an immediate tax deduction on the donation, and their donation is also matched dollar for dollar by the Spark Foundation on the first \$1000 of charitable giving (with an additional \$1000 matching cap for donations to schools that is renewed annually).

IN FY15:

- \$792,000 was donated into the community through employee donations and matching donations from the Foundation.
- The participation rate among eligible Spark New Zealand employees was 19% (international benchmarking shows a participation rate of greater than 10% is commendable).
- The programme reached a milestone of \$3 million donated to New Zealand schools and charities since it began in mid-2011.

GIVEALITTLE

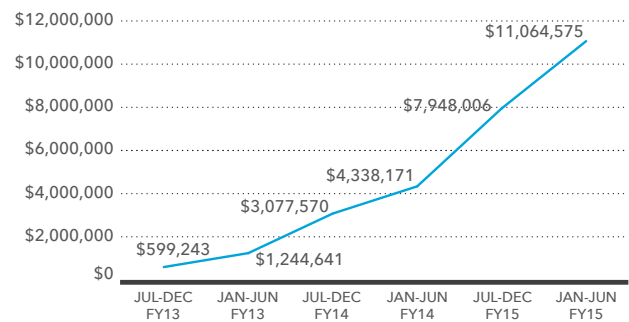
The Spark Foundation is the proud owner of Givealittle, New Zealand’s largest and most successful crowdfunding platform. The Givealittle platform enables charities, community groups, schools and individuals to raise funds online, at zero fees.



IN FY15:

- \$19 million was donated through Givealittle - two and a half times the prior year’s \$7.4 million and more than the total amount donated since the platform was created six years earlier.

Givealittle donation growth



- The Foundation contributed more than \$1.5 million to operate and develop Givealittle, ensuring it remained a zero fees, best practice platform.
- Givealittle celebrated its first \$2 million month and on the last day of the financial year, reached the milestone of \$30 million lifetime donations.
- After the devastating Nepal earthquake in April 2015, more than \$1 million was donated through Givealittle to a range of charities and causes to help those who were impacted by the disaster. This was the most generous response we’ve seen to a natural disaster on Givealittle to date.

SPARK MY POTENTIAL

Spark My Potential, an accelerator programme to help talented young New Zealanders raise funds to realise their dreams and unleash their potential, successfully ran during FY15 as a key Spark New Zealand rebrand initiative.

During this time, participants were given access to zero fee fundraising, expert crowdfunding coaching and selective dollar for dollar matching of donations from the Spark Foundation. Forty eight participants raised a total of \$585,000 and the Foundation contributed \$209,000 in matching.

The platform helped fund a range of projects including several music recordings and films, the construction of a winning race car and many other entrepreneurial initiatives. A few of the high profile successes from the programme include:



• **RICARDO CHRISTIE** crowdfunded the costs to get to the World Qualification Series in the Azores, at which he became the second New Zealand male professional surfer to qualify for the ASP World tour (which has been renamed the World Surfing League).



• **BRYLEE MILLS** crowdfunded almost \$33,000 to become the first disabled dancer to attend Brent Street Dance Academy in Sydney. (Her story was featured on Campbell Live.)



• **BEN WILLIAMS** crowdfunded \$25,000 to train at Impact Basketball Academy in Las Vegas, an elite training facility where countless NBA players, college stars and high school athletes have gone through their program and achieved success.



• **ZAC AND JOSH LYON** received more than \$35,000 in pledges to achieve their dream of being the first people to ski across the world's four largest ice caps: Greenland, the South Pole, Patagonia and the North Pole.



MANAIAKALANI PROGRAMME

The Manaiakalani Education Trust brings a unique approach to digital learning to low income communities around New Zealand, transforming teaching and learning methods and significantly improving educational outcomes across participating schools. The Foundation has been a major funding partner of the Trust since 2012 and is proud to be supporting an initiative that is reducing the digital divide.

IN FY15:



- The Foundation contributed \$250,000 to:
 - Enable research into improved student outcomes in the Manaiakalani school cluster in Tamaki, Auckland, as a result of enhanced teacher practice within digital learning environments. Research (on a classroom by classroom basis) into the outcomes being achieved indicates a measurable shift in the learning outcomes being achieved by the students. Significant acceleration across all year levels is evident, particularly in writing, with the achievements of the 2014 student cohorts being much higher than the same year grouping in 2012. The proportion of students now at or above the national average in writing is 35%, compared with only 23% in 2012. The variation between teacher delivery is also reducing as a greater proportion of teachers are becoming highly proficient in the Manaiakalani digital methodology.
 - Continue developing an innovation hub within the Tamaki cluster, including a Spark Manaiakalani Innovative Teachers programme. This programme provides extra support to those teachers who are pushing the boundaries of e-learning.
- \$600,000 of support was also provided to kick-start the Manaiakalani outreach programme, an expansion of the original programme into five clusters of predominantly decile 1 and 2 schools in Hornby (Christchurch), the West Coast of the South Island, Papakura and Mt Roskill (Auckland) and Kaikohe (Northland). This outreach will make it possible for more than 8,500 students to take part in this programme.

Community



Spark New Zealand, together with our people, partners with and supports a wide range of community organisations around the country.

LIGHTNING LAB

Spark New Zealand is a National Foundation Partner for the Lightning Lab programme, which provides digital start-ups with structure, start-up methodologies, business skills and focused support so they can successfully prove, build and launch their ideas into market. In FY15 Spark New Zealand provided the Auckland programme with 10 mentors (including the CEO of Spark Home, Mobile and Business), the secondment of two staff for three months (to assist start-ups build their businesses and secure further funding) and additional funding and support.

FIRST FOUNDATION

First Foundation is a unique educational trust founded to give young New Zealanders, with plenty of talent but few financial resources, a hand up to tertiary education. As a Scholarship Partner, Spark New Zealand provided 15 scholarships to students who showed leadership potential in FY15. Each student was provided with a manager mentor and a minimum of five weeks paid work experience, a partnership that lasts four years for each student.

THE SIR PETER BLAKE TRUST

The Sir Peter Blake Trust aims to inspire and celebrate environmental awareness, adventure and leadership in action by recognising, supporting and celebrating the work of New Zealand's young leaders. In FY15 Spark New Zealand's support included hosting three Live Leadership events in Auckland, Wellington and Christchurch; providing staff as Dream Team leaders, who visited classrooms around New Zealand and talked to students about leadership; and providing financial support for the Trust's activities.

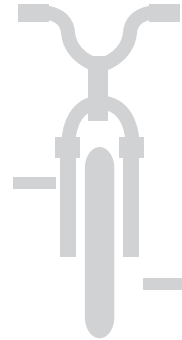


15

AS A SCHOLARSHIP PARTNER TO THE FIRST FOUNDATION, SPARK NEW ZEALAND PROVIDED 15 SCHOLARSHIPS TO STUDENTS WHO SHOWED LEADERSHIP POTENTIAL IN FY15



SPARK NEW ZEALAND PARTNERED WITH LOCAL CHRISTCHURCH RESIDENT ROB HENDERSON TO BRING A FREE PUBLIC BIKE-SHARE SYSTEM TO THE CITY.



SPRINGBOARD TRUST MENTORING

The Springboard Trust seeks to enhance the leadership and planning skills of school principals, helping them to achieve better educational outcomes for schools and their students. Many Spark New Zealand people volunteer their time as Capacity Partners (or mentors) and work alongside these principals, providing fresh thinking and support as they work through the programme. This engagement by Spark New Zealand people often provides valuable personal development in the areas of coaching and mentoring and broadens their understanding of educational contexts.

KEEP LITTLE HEARTS BEATING

This viral campaign was launched by Sir Ray Avery (New Zealander of the Year 2010) to raise \$2 million to produce breakthrough LifePod baby incubators. These low-cost incubators have the potential to save young lives on a global scale, especially in developing countries. In FY15 Spark New Zealand hosted the global launch of the campaign at Spark City, Auckland, and set up a Givealittle page with an initial donation to help kick-start the worldwide appeal.

SPARK LAB EVENTS

Spark Lab is a space provided by Spark New Zealand to Auckland’s creative community in the heart of the downtown Britomart precinct. It provides creative Aucklanders with a space to learn and encourages successful creatives to mentor those starting out. In FY15 Spark Lab hosted more than 60 free events in curated monthly cycles (covering music, fashion, technology and architecture).

SPARK BIKES

Spark New Zealand partnered with local Christchurch resident Rob Henderson to bring a free public bike-share system to the city. The system links key sites within the Christchurch CBD, allowing people to move easily between businesses and local attractions. Spark New Zealand is backing the two-year pilot by covering the daily operation of the bikes and providing support with publicity of the scheme.

WELLINGTON FREE AMBULANCE

The Wellington Free Ambulance depends on support and donations to provide a free emergency service covering the Greater Wellington area and Wairarapa. In June 2015, Spark New Zealand contributed funding to help purchase one Mercedes ambulance alongside a number of other corporate sponsors. The new vehicle is based at the Johnsonville station and will work to aid the 500,000 people in the area.

DISASTER RELIEF AND

TELECOMMUNICATIONS SUPPORT

In FY15 Spark New Zealand provided support to those who were impacted by local and international disasters. In these difficult times, many customers called or texted family and friends in disaster affected areas, worried about their wellbeing. To ensure customers didn't have to worry about a large phone bill at the end of the month in addition to everything else, Spark New Zealand offered telecommunications support.

Cyclone Pam, Vanuatu

- Spark New Zealand worked with partners to restore communications as fast as possible.
- Spark New Zealand also credited customers' landline and mobile calls and texts made to Vanuatu, from 7pm, Friday 13 March 2015 until 7pm, Monday 16 March 2015.

Nepal earthquake

- Spark New Zealand credited customers for the cost of landline and mobile calls and texts to Nepal in the days following the earthquake, from 5pm, Saturday 25 April 2015 until midnight Wednesday 29 April 2015.

Whanganui floods

Spark New Zealand provided support to those affected by the Whanganui flooding.

- Spark New Zealand offered free local, national, 018 and mobile calls from its 26 payphones in the Whanganui region, between Wednesday 24 June 2015 and Wednesday 1 July 2015.
- Whanganui customers who were forced to evacuate their homes also received:
 - The CustomerLink service (allowing them to choose to divert their current landline calls to another nominated landline, mobile or Call Minder service) free for six months.
 - Reconnection, disconnection and early termination fees were waived, for six months.

SPONSORSHIPS

Spark New Zealand supported a number of other community groups and initiatives through sponsorships in FY15.

Connect Smart

Spark New Zealand backs this Government initiative to help keep New Zealand individuals and businesses safe online.

Grey Power

Spark New Zealand supported a number of smaller Grey Power associations to attend the Grey Power national event, so they could take a full part in representing older New Zealanders. Assistance was also provided to Grey Power on issues impacting its membership.

Rural Women NZ

Spark New Zealand sponsors Rural Women's enterprising women award that celebrates and promotes innovation in business from rural women.

MASSIVE

Spark New Zealand supported this campaign, which encouraged sexual abuse victims and those at risk of offending to make a call to support services, through providing a free calling number so that callers wouldn't have to worry about toll charges.

NZ Principals' Federation

Spark New Zealand has enabled a multi-year programme of supporting the Federation and the 2,300 principals throughout New Zealand who do such amazing work leading their schools.

Nethui

Spark New Zealand backs the internet community's annual get-together to discuss the future of our country's internet and how we can best take advantage of the opportunities it enables.

Duffy Books in Homes

This programme provides free books in more than 100,000 New Zealand children. Spark New Zealand sponsored the books provided to Owairaka District School, Mt Albert in FY15.

SHARING OUR FACILITIES

Spark New Zealand regularly hosts conferences, seminars, networking events and planning workshops for charitable and community groups, free of charge. The use of Spark New Zealand rooms and technology, such as video and audio conferencing, are especially useful for groups that have participants in multiple locations. This can lead to significant savings for smaller organisations who require a quorum for meeting or AGM attendance.

Environment



2%

— increase in annual Greenhouse gas (GHG) emissions

45%

— reduction in annual GHG emissions as compared to the FY06 base year

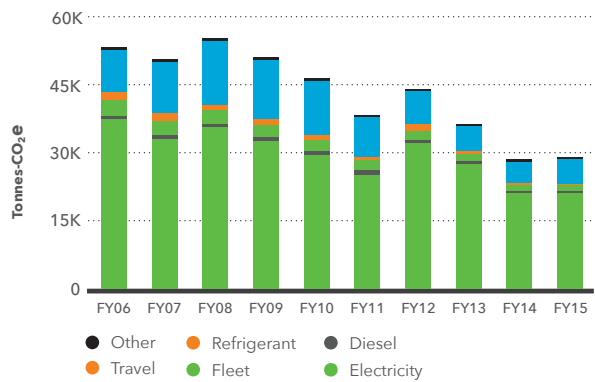
10,860

— trees planted on Motuihe Island by Spark New Zealand volunteers since FY12

26,715

— phones recycled through the RE:MOBILE programme

GREENHOUSE GAS EMISSIONS



Spark New Zealand is committed to reducing our impact on the environment, and has proven success in reducing GHG emissions over the long term. In FY15, despite a 2% increase on FY14 total emissions, GHG emissions (in continuing operations) were 45% lower than in the FY06 base year. Since FY06 emissions have reduced on average by 6.5% per annum (CAGR) - around twice the level required to achieve science-based targets.

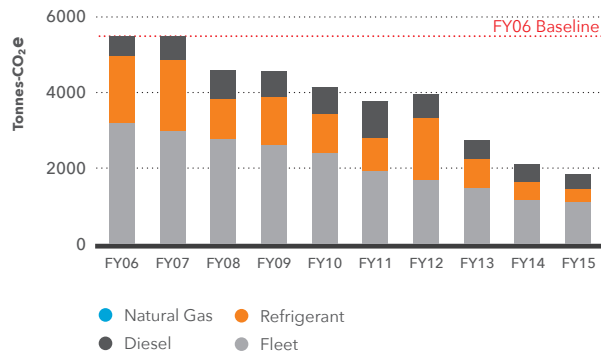
The table below shows FY15 emissions compared with FY14 and the FY06 base year:

TONNES-CO ₂ E	FY15	FY14	% INCREASE/ (DECREASE)	BASE YEAR FY06	% INCREASE/ (DECREASE) SINCE FY06 BASE YEAR
Direct Emissions	1,843	2,102	(12%)	5,483	(66%)
Indirect Emissions	27,249	26,405	3%	47,790	(43%)
Total Emissions	29,092	28,507	2%	53,273	(45%)

Direct emissions

Spark New Zealand has reduced direct emissions by 12% in FY15 and by two thirds since FY06. Direct emissions are those sources directly controlled by the company and include: diesel generators, the vehicle fleet, refrigerant and natural gas (which is de minimis). Spark New Zealand has achieved reductions in each of the three major direct sources.

Direct emissions



In FY15 direct emissions were 2 kilotonnes of CO₂e accounting for 6% of total emissions, 12% lower than in FY14. Vehicle fleet emissions reduced by 5%, diesel emissions by 18% and refrigerant emissions by 27%.

In the nine years since the FY06 base year Spark New Zealand has reduced refrigerant leakage by 80%, reduced diesel consumption by 76,000 litres or 35%, and reduced fleet fuel consumption by two thirds saving more than 900,000 litres per year.

Spark New Zealand continues to make excellent progress in reducing emissions from these sources. An 11% annual (CAGR) reduction is notable - well above the level expected to combat climate change.

Indirect emissions

While indirect emissions increased by 3% in FY15, they have reduced by 43% since the FY06 base year. Indirect emissions include the two largest sources, electricity and air travel, as well as waste, taxis and rental cars. Significant emission reductions have been achieved in each of these indirect sources with the exception of waste to landfill.

ELECTRICITY EMISSIONS

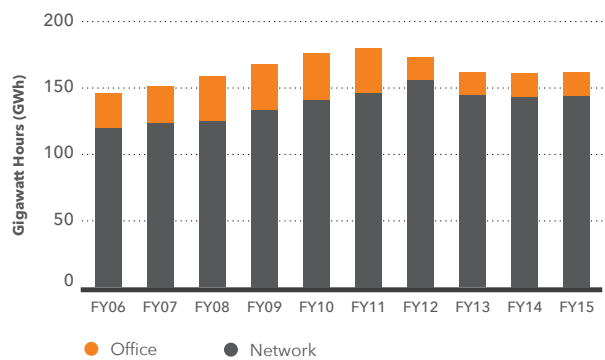
Total electricity consumption was up slightly in FY15 by 0.5%, partially driven by a huge growth in demand across our networks. During FY15 the average home broadband data usage increased 58% and mobile data usage increased 65%. Consumption also increased when a large new data centre in Takanini was opened in October, and a new hall within an existing facility was opened in Christchurch in September. Although data centres are high on electricity consumption, a modern facility can be

as much as 50% more energy-efficient per unit of data stored compared with customers managing their own services in-house. These drivers of increased electricity consumption were partially offset by energy-efficiency measures including the removal of redundant equipment from exchange buildings.

Since the FY06 base year electricity emissions have reduced by 44%. Two key factors driving this are electricity consumption and the carbon intensity of the national grid.

Electricity consumption increased steadily from FY06 to FY11 (which is typical in the ICT industry) but has mostly declined since. Significant ongoing investments in the fixed, mobile and data networks, along with power saving initiatives have enabled Spark New Zealand to reduce electricity consumption by 10% since 2011. Reductions total 19 gigawatt hours (GWh). Spark New Zealand continuously improves energy efficiency both in the telecommunications network and in the commercial real estate portfolio and this we regard as vital to sustainability.

Electricity consumption



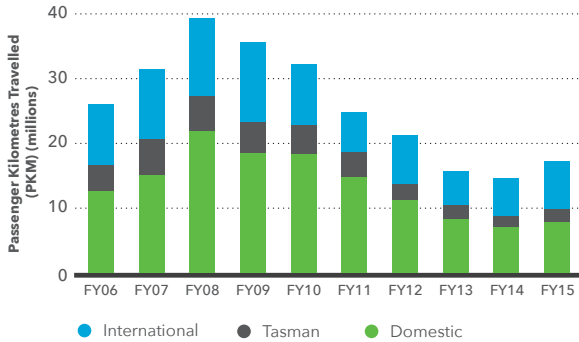
Almost three-quarters of Spark New Zealand's emissions are from electricity sourced from the national grid. New Zealand has one of the least carbon-intensive electricity grids in the world and since FY06 the grid's carbon intensity has reduced by 49%. As the New Zealand electricity market is becoming less carbon intensive over time this is helping Spark New Zealand reduce its GHG emissions. The proportion of electricity generated from renewable sources is now 80%. Electricity is the primary source of Spark New Zealand's energy emissions, accounting for 96% of the total.

AIR TRAVEL EMISSIONS

Spark New Zealand has steadily reduced air travel since its peak in FY08 and in FY15 travel was 17 million passenger kilometres (PKM), one-third less than FY06. In FY15 air travel emissions increased by 17% due to increased domestic and international travel demand. Travel had decreased significantly in the prior year but new ventures required more travel, particularly to the United States. To decrease the amount of domestic air travel between

the Auckland, Hamilton, Wellington and Christchurch offices, the use of smart meeting rooms and videoconferencing continues to be encouraged.

Air Travel



OTHER INDIRECT EMISSIONS

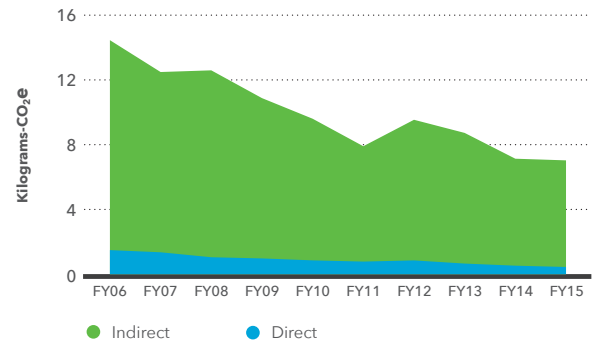
The remaining 2% of emissions include taxis, rental cars and waste, for which there is a successful recycling programme in place. Other indirect emissions have reduced since the FY06 base year; increases in emissions from waste to landfill have been more than offset by reductions in taxis and rental cars. In FY15 emissions from waste reduced by 7% compared with FY14, while emissions from taxis and rental cars remained at around the same level.

Spark New Zealand has constrained office waste to landfill and related emissions through a recycling programme. In FY15 the portion of office waste recycled was 30% and since the FY06 base year Spark New Zealand has avoided 1,945 tonnes of landfill waste and 3,583 tonnes of GHG emissions to atmosphere.

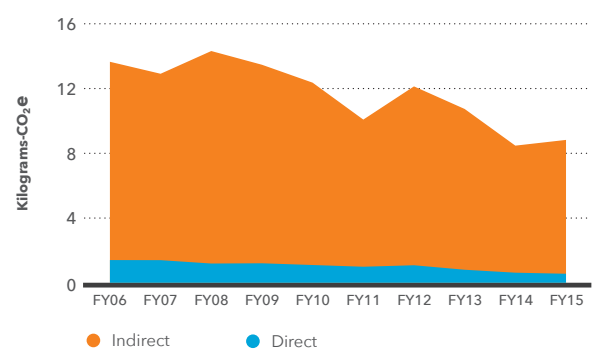
IMPROVEMENT IN CARBON INTENSITY

Spark New Zealand has significantly reduced carbon intensity since FY06. As a result of the emission reductions since the base year, carbon intensity measures demonstrate excellence in carbon performance. Direct emissions per customer connection have reduced by 15% in FY15, and by 70% since FY06, while direct emissions per million dollars of revenue have reduced by 10% in FY15 and by 60% since the base year. In FY15, direct emissions dropped to a record low of 445 grams-CO₂e per customer connection. Indirect emissions per million dollars of revenue have reduced by one third since the base year, although with extra travel in FY15, increased by 5% this year. Indirect emissions per connection improved slightly by 0.3% in FY15 and overall have reduced by 49% since the base year. The following two graphs show the long-term downward trend in these indicators.

Carbon emissions per connection



Carbon emissions per million revenue \$



CARBON OFFSETS

Since FY12 Spark New Zealand volunteers have planted 10,860 native trees to help restore Motuihe Island in Auckland. Although carbon is sequestered in these trees, the carbon offsets generated has not been quantified. Over the lifetime of the trees planted, carbon offsets achieved may be material to Spark New Zealand’s carbon footprint.

NETWORK RECYCLING

Spark New Zealand’s waste management strategy proactively manages and coordinates the removal and recycling of all waste to ensure it’s processed in an efficient, cost-effective and environmentally friendly manner. Each business unit within Spark New Zealand manages and processes its own waste by a centralised recycling team.

The waste management programme utilises a concept of four ‘R’ priorities: recovering, reusing, reselling and recycling. Waste is allocated into different waste-streams, including mobile phone, printed circuit boards copper cables, lead batteries and all types of metals which are then processed appropriately. Some components are exported to the US, China and Japan for reuse or recycling.

The waste management strategy was established to ensure waste-stream processes were standardised, that we are transparent in waste recovery activities, we adopt best practice sourcing and we comply with New Zealand’s current waste legislation.

MOBILE PHONE RECYCLING

Spark New Zealand is a member of the Telecommunications Forum RE:MOBILE product stewardship scheme, which was created to reduce the environmental impact of unwanted mobile handsets. In July 2014 this became the first e-waste scheme in New Zealand to receive accreditation from the Ministry for the Environment.

In FY15, 26,715 phones were recycled by Spark New Zealand customers and staff through the RE:MOBILE programme, resulting in potentially harmful substances being diverted from landfills. Once collected, working devices are onsold to emerging markets, and in FY15 a percentage of the profits went to Starship Children's Hospital in Auckland. Unusable devices are recycled through the correct channels.

Spark New Zealand works to achieve agreed programme targets, along with other telecommunications providers who are also part of the scheme, to ensure the success to this programme.

Continuing to grow the awareness of this programme through internally and external promotion and participating in a formalised review will be a focus for FY16.



IN FY15, 26,715 PHONES WERE RECYCLED BY SPARK NEW ZEALAND CUSTOMERS AND STAFF THROUGH THE RE:MOBILE PROGRAMME, RESULTING IN POTENTIALLY HARMFUL SUBSTANCES BEING DIVERTED FROM LANDFILLS.

HELPING OTHERS BE SUSTAINABLE

Spark New Zealand is dedicated to helping customers achieve their own sustainability goals. Information and communications technology (ICT) help businesses and individuals to overcome the problem of distance. Providing data centres for customers also increases energy efficiency across the board. We are constantly inspired by the way our customers use our technology to buy and sell products and services, and to communicate with colleagues, customers, friends and family. ICT enables New Zealanders to reduce the need for travel and transport, better manage the country's resources, and increase productivity - which all helps reduce emissions.

MEASURE	DESCRIPTION	UNITS	FY15	FY14	INCREASE/ (DECREASE)	BASE YEAR FY06	INCREASE/ (DECREASE) SINCE FY06 BASE YEAR
Greenhouse Gas (GHG) Emissions	Kilotonnes of carbon dioxide-equivalents	kt-CO ₂ e	29	29	2%	53	(45%)
Electricity Consumption	Grid electricity consumption in gigawatt hours	GWh	161	161	0.5%	146	10%
Renewable Electricity	Proportion of electricity consumption from renewable sources		80%	79%	1% point	63%	17% points
Air Travel	Passenger kilometres	Million PKM	17	15	18%	26	(34%)
Office Waste	Residual waste to landfill	tonnes	258	276	(7%)	249	4%
Recycling	Volume of office waste recycled since FY06 (or landfill waste avoided)	tonnes	(1,945)	(1,827)			