



**bnz** 

# Sustainability report 2021

# About this report

This is Bank of New Zealand’s (BNZ) second sustainability report. We’ve prepared this report in accordance with the [Global Reporting Initiative’s](#) standards (GRI) core requirements.

**X In 2020 we outlined our Sustainability Strategy – Te Pae Tawhiti – and set commitments and targets. This year we’re reporting on the first full year of progress and setting new targets to further define our ambition.**

As part of the development of this report we’ve sought to understand the issues that are most material to our stakeholders. Given the uncertainty that exists across the domestic and international economies, largely as a consequence of the impact of COVID-19, we’ve seen some significant shifts in emphasis as to our stakeholders’ most material issues.

Our climate-related risk reporting is in line with the recommendations of the [Taskforce on Climate-related](#)

[Financial Disclosures](#) (TCFD). Our FY21 TCFD report is being released in conjunction with this report and can be found [here](#).

This report does not contain BNZ’s statutory financial reporting information, including disclosure statements, or detailed disclosures about economic performance. This data is regularly disclosed and can be accessed [here](#). This report relates only to BNZ-branded entities and does not, for example, cover the operations of JB Were in New Zealand.

The report covers the period 1 October 2020 to 30 September 2021. All data is for the year ending 30 September with the exception of environmental data, which is for the year ending 30 June 2021.

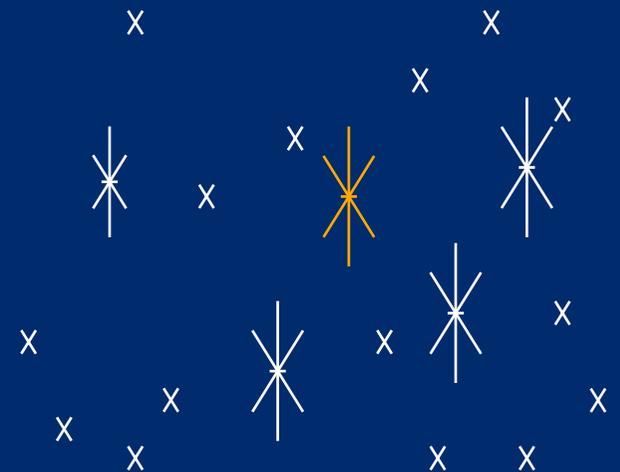
This report is only available digitally (including downloadable), in line with our commitment to improving our sustainability impact.

This year, the report includes Toi Māori design elements. This acknowledges BNZ’s commitment to embedding Te Ao Māori (Māori world view). It also recognises that Te Ao Māori principles are aligned not just with principles of sustainability, but also the interconnected nature of Te Taiao (the natural environment) and Te Ira Tangata (mankind). Readers can find more information on this report’s design elements [here](#).

Please provide feedback on this report and the commitments we’re making within it.

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# Our 2021 snapshot

## Financial metrics

Statutory net profit <b>\$1,322m</b>	Operating revenue <b>\$2,859m</b>	Total lending <b>\$94.7bn</b>	Customer deposits <b>\$78.1bn</b>
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## SME

Became the **biggest business bank** for 2021.<sup>1</sup>

Launched the **Climate Action Toolbox** for SME customers in March.



## Our footprint

No. of BNZ employees <b>5,290</b>	Branches & Partners Centre Network <b>140</b>	No. of ATMs <b>592</b>	<b>33% reduction</b> in operational emissions over 2021 <sup>2</sup> , <b>50% reduction</b> since 2019. On track to hit our <b>60% emissions reduction</b> target by 2025 <sup>3</sup> .
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Tracking toward **100% electric vehicles<sup>4</sup>** in our fleet by 2023.

## Community

**\$12.5m** in **low- or no-interest loans** and advances since programme inception. Tracking well towards our target of **\$50 million in low- or no-interest loans and advances by 2024.**



**\$514,000** in **advances provided since March** through the PaySauce, PayNow pay day advance programme.

## Digital inclusion

**Approximately 92,000 New Zealanders** helped to be safer online through two scam savvy campaigns.

**91% of migratable, OTC<sup>5</sup> transactions** moved to smart ATMs.

**86,876 customer phone calls** answered through the dedicated over 70s line.



Founding member of the **digital boost alliance** and first **digital skills report** released.

## Sustainable finance

**\$618m** towards our sustainable finance target of **\$10 bn in sustainable finance by 2025** (focussing on impact in NZ).

International sustainability bonds of **\$1.2bn**

**NZ's first sustainability linked loan** for an agribusiness customer.

## Our people

**39% of our senior leaders are women.** We have exceeded our FY21 target to have 38% of women in our senior leader cohort.



**144 colleagues** completed Te Pūtaketanga, BNZ's cultural intelligence programme in FY21.

**18 kaimahi Māori** (Māori colleagues) graduated from a new, intensive Māori Leadership Programme – **Te Hōkaitanga** in FY21.

<sup>1</sup> Excluding agribusiness customers  
<sup>2</sup> Our environmental reporting year is 1 July to 30 June  
<sup>3</sup> Against a 2019 baseline  
<sup>4</sup> Includes plug-in hybrids  
<sup>5</sup> Over the counter

# How we are tracking

Our commitments	Progress in FY21 <sup>6</sup>	Progress indicator	SDGs <sup>7</sup>	
<p><b>Kaitiakitanga</b> Accelerate the just transition to a net zero emissions economy, one that supports the regeneration of the natural environment.</p>	<ul style="list-style-type: none"> <li>• \$10 billion in sustainable finance by 2025.</li> </ul>	<ul style="list-style-type: none"> <li>• \$618 million in sustainable finance completed with a strong pipeline of future opportunities.</li> <li>• Arranged and structured first Sustainability Linked Loan (SLL) for an agribusiness customer in New Zealand.</li> </ul>	<p>More to do</p>	
	<ul style="list-style-type: none"> <li>• Align our operational and attributable Greenhouse Gas (GHG) emissions from our lending and investment portfolios with pathways to net zero by 2050, or sooner, consistent with a maximum temperature rise of 1.5° above pre-industrial levels by 2100.</li> </ul>	<ul style="list-style-type: none"> <li>• 33% reduction in operational emissions, 50% reduction against 2019 baseline (target of 60% operational emissions reduction by 2025).<sup>8</sup></li> <li>• Completed 12 transition assessments for emissions-intensive customers. Confirmed five of highest emitting customers have science-based emissions reduction targets.</li> <li>• Commenced oil and gas sector review.</li> </ul>	<p>More to do</p>	
	<ul style="list-style-type: none"> <li>• Support 50% of all BNZ SME customers to actively measure and reduce emissions by 2025.</li> </ul>	<ul style="list-style-type: none"> <li>• Launched the Climate Action Toolbox in March 2021 to support SMEs to take action on climate change.</li> </ul>	<p>More to do</p>	
	<ul style="list-style-type: none"> <li>• Disclose our climate impact in FY21.</li> </ul>	<ul style="list-style-type: none"> <li>• BNZ is publishing our climate related disclosures report alongside this sustainability report. This includes the first risk assessment for our agricultural and housing portfolios.</li> </ul>	<p>On track</p>	
<p><b>Manaakitanga</b> Grow the long-term social, cultural, and financial wellbeing of all New Zealanders.</p>	<ul style="list-style-type: none"> <li>• \$50 million in no- or low-interest loans and advances by 2024 (cumulative).</li> </ul>	<ul style="list-style-type: none"> <li>• \$12.5 million in loans and advances since 2014. Including \$1.7 million in lending through the Habitat for Humanity Home Repairs Programme.</li> <li>• New relationship with PaySauce to deliver PayNow, a payday advance programme.</li> <li>• Set up new Economic Abuse Team.</li> </ul>	<p>On track</p>	
	<ul style="list-style-type: none"> <li>• Drive digital inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>• Launched our Digital Boost Alliance pledge.</li> <li>• Launch of our Digital Skills Report.</li> <li>• 86,876 calls answered via the over 70s line.</li> <li>• Approximately 92,000 Kiwis reached in two scam savvy campaigns.</li> </ul>	<p>More to do</p>	
	<ul style="list-style-type: none"> <li>• More New Zealanders in warm, dry, resilient homes.</li> </ul>	<ul style="list-style-type: none"> <li>• Work with the Housing Foundation to streamline and expand Progressive Home Ownership (PHO) scheme.</li> <li>• Expansion of the Habitat for Humanity (H4H) Home Repairs Programme to other H4H affiliates across the country.</li> <li>• Advocating with the Reserve Bank of New Zealand (RBNZ) for changes to better enable lending on Māori land.</li> <li>• Streamlining our approach to prefabricated homes.</li> </ul>	<p>More to do</p>	

<sup>6</sup> FY21 numbers, unless otherwise stated. This excludes our operational environmental data which is year ending 30 June 2021.

<sup>7</sup> Sustainable Development Goals

<sup>8</sup> Environmental reporting year is 1 July to 30 June

# How we are tracking

Our commitments	Progress in FY21 <sup>6</sup>	Progress indicator	SDGs <sup>7</sup>	
<p><b>Hardwire sustainability</b></p>	<ul style="list-style-type: none"> <li>Embed ESG into BNZ risk appetite statements, key controls, and processes.</li> <li>All colleagues have sustainability KPIs in their performance scorecards.</li> <li>Sustainability outcomes are linked to performance measures for senior leaders.</li> </ul>	<ul style="list-style-type: none"> <li>CEO performance assessment and remuneration outcomes include ESG commitments in FY22.</li> <li>Executive Leadership Team (ELT) performance assessment and remuneration outcomes include ESG commitments in FY22.</li> <li>BNZ embedded ESG in BNZ risk appetite statements in 2021.</li> </ul>	<p>More to do</p>	
<p><b>Transparent leadership</b></p>	<ul style="list-style-type: none"> <li>Scale our impact through partnerships and thought leadership, and advocate to remove barriers to deliver our commitments.</li> </ul>	<ul style="list-style-type: none"> <li>Annual sustainability reporting and TCFD reporting is now BAU.</li> <li>Ongoing membership and participation on <a href="#">The Aotearoa Circle</a>, <a href="#">Toitū Tahua   Centre for Sustainable Finance</a>, <a href="#">Sustainable Business Council</a> and <a href="#">Sustainable Business Network</a>.</li> </ul>	<p>More to do</p>	
<p><b>Grow our people</b></p>	<ul style="list-style-type: none"> <li>The diversity of our workplace reflects NZ communities.</li> <li>BNZ is an employer of choice in the BNZ market, with a compelling employee value proposition.</li> <li>5-point uplift in colleague wellbeing by 2025 (Heartbeat survey results October 2021 baseline).<sup>9</sup></li> </ul>	<ul style="list-style-type: none"> <li>Champions of Change programme launched.</li> <li>Invested in all of our Leaders (700+) to go through BNZ’s Distinctive Leaders Programme.</li> <li>39% of our senior leaders are women. We’ve exceeded our FY21 Target of 38%.</li> <li>Building Inclusion Programme run for senior leaders, we reviewed our senior leadership diverse recruitment practices, and we implemented a sponsorship programme for prioritised female talent.</li> <li>Launched SleepLoop as part of wider wellbeing programme.</li> <li>Five point uplift in response to the question “Our company takes a genuine interest in the employees’ wellbeing” between October 2020 and July 2021.</li> </ul>	<p>More to do</p>	 
<p><b>Integrate Te Ao Māori</b></p>	<ul style="list-style-type: none"> <li>15% of colleagues identify as Māori across BNZ by 2025.</li> <li>15% of colleagues identify as Māori across all levels of BNZ by 2030.</li> <li>Implement Māori business strategy.</li> <li>Embedding Tikanga Māori and Te Reo Māori into our business practices, policies, products, and services.</li> </ul>	<ul style="list-style-type: none"> <li>8% of colleagues currently identify as Māori.</li> <li>18 kaimahi Māori (Māori colleagues) graduated from a new, intensive Māori Leadership Programme – Te Hōkaiatanga.</li> <li>144 colleagues have been through Te Pūtaketanga, BNZ’s cultural intelligence programme.</li> <li>Revised Māori Business Strategy aimed at serving Māori well and helping Māori communities prosper.</li> </ul>	<p>More to do</p>	
<p><b>Green our operations</b></p>	<ul style="list-style-type: none"> <li>60% reduction in operational emissions by 2025 (against 2019 baseline).</li> <li>60% reduction in waste to landfill by 2025 (against 2019 baseline).</li> </ul>	<ul style="list-style-type: none"> <li>33% reduction in operational emissions over 2021, 50% reduction since 2019.<sup>10</sup></li> <li>33% reduction in waste to landfill (since 2019).<sup>10</sup></li> </ul>	<p>On track</p>	 

<sup>6</sup> FY21 numbers, unless otherwise stated. This excludes our operational environmental data which is year ending 30 June 2021.

<sup>7</sup> Sustainable Development Goals.

<sup>9</sup> Baseline has changed from June 2020 to October 2020 as the specific wellbeing question was only asked for the first time in the October survey, not June.

<sup>10</sup> Environmental reporting year is 1 July to 30 June.

# CEO statement

Kia ora koutou.

In October I was privileged to be appointed as the new Chief Executive of the Bank of New Zealand. I am excited by this opportunity to lead BNZ at a time when our bank has an important role to accelerate positive change for our customers, communities, environment, and economy.

By way of whakapapa, I grew up in Taranaki. While I have worked and lived abroad, Aotearoa is home. We chose to bring our young family back to give them a Kiwi upbringing. I am passionate about preserving those things that make our country unique.

We have been living with a pandemic for over 18 months. Economies around the world have been impacted with uncertainty the hallmark of our battle against COVID-19. While nobody knows what will happen over the coming months, we have sought to provide stability and confidence where we can.

I am proud that we have provided the majority of the banking sector's overall lending to businesses under the COVID-19 Business Finance Guarantee Scheme. We have supported our business customers to get through this challenging time and remain committed to doing so. We have developed a range of support measures to help our retail customers and those individuals and families struggling as a result of the pandemic. We are all part of the same team, and supporting individuals, whānau, and businesses to navigate uncertainty and change is what 'partnership' means to us.

While COVID-19 places immediate pressure on our wellbeing, climate change remains the most significant threat to our way of life. The world must coordinate and reduce emissions. This challenge lies at the heart of our actions to ensure a rapid, and just, transition to a low emissions economy.

Environmental, Social, and Governance (ESG) considerations are embedded into our decisions. We continue our commitment to net zero emissions by 2050 and are working with our highest emitting customers to support them to transition. And we are backing customers and partnering with small and medium enterprises to increase the sustainability of their businesses.

This commitment to partnership equally applies to our farming customers. Many are making rapid progress in cutting emissions and greening their operations. In the last 12 months we have developed sustainability linked loans to incentivise environmental and biodiversity improvements.

Last year we released a refreshed sustainability strategy. Anchored around two principle pillars of **Kaitiakitanga** — to accelerate the just transition to a net zero emissions economy, that supports the regeneration of the natural environment — and **Manaakitanga** — to grow the long-term social, cultural, and financial wellbeing of all New Zealanders. We have made good progress on our commitments.

We know that significant benefits flow from secure, affordable, quality housing and we are working with a range of partners to advance these objectives. This includes supporting the development of a prefabrication industry, progressive home ownership solutions, home repair financing, and making funding available for the development of Māori land.

A vibrant Māori economy is also critical to Aotearoa's long-term success, and directly supports broader social, economic, and environmental objectives. We are committed to earning the right to support Māori businesses and communities. Over the year we have developed a dedicated Māori Business Strategy and invested in the resources and capability to support delivery.

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The challenges we are seeking to address require urgency. Our focus over the coming 12 months is to accelerate our efforts and address the short term goals identified in this report – by doing so, we will be making a measurable difference in the lives of New Zealanders and increasing the sustainability of local businesses and the economy.

For 160 years, BNZ's foundations have been in customer partnerships. We have a track record of backing our customers when it really counts and that theme of partnership is central to our approach to help lead the development of a fairer and more prosperous Aotearoa.

I invite our customers and stakeholders to hold us to account on delivering the commitments we have made.

Ngā mihi nui.

Dan Huggins



# He kōrero matua nā Te Upoko Mātārae

Tēnā koutou katoa.

I te Whiringa-ā-Nuku, i riro i a au te tūranga Upoko Mātārae o Te Pēke o Aotearoa. E hikaka ana ahau i tēnei āhuatanga kia arataki au i Te Pēke o Aotearoa i tēnei wā i runga i te ngākaupai ki te hunga kua piri nei ki te pēke, ki ō tātou hapori, ki tō tātou taiao me te ōhanga anō hoki.

Nā tōku whakapapa ahau i tupu ai i Taranaki. Ahakoa taku mahi, taku noho hoki ki Tāwāhi, ko Aotearoa tōku kāinga. I whakatauria kia whakahokia mai taku whānau ki Aotearoa nei kia whakaturia ai ki konei. E ngākaunui ana ahau ki ngā mea e motuhake ana ki tēnei whenua.

Kua 18 marama tātou e noho ana me tēnei mate urutā. I tēnei tonu, kua raru haere ngā ōhanga puta noa i te ao i tēnei āhuatanga i a tātou e whawhai tonu nei i tēnei mate. Ahakoa kāhore tātou e mōhio ana ka pēhea hei ngā marama kei mua i te aroaro, ko te whāinga tonu kia kaha, kia maia hoki te tū.

E whakahihī ana ahau kua whakarawehia ki ngā pakihī te nuinga o te rāngai pēke i raro i te COVID-19 Business Finance Scheme. Kua tautokohia e mātou ā mātou kiritaki pakihī kia koke tonu i tēnei wā o te taumaha, ka mutu, ka tautokohia tonutia rātou, ā, haere ake nei. Kua whakaritea e te pēke ētahi momo āwhinatanga mō ngā kiritaki, mō ngā whānau hoki kua pāngia e te taimahatanga o te mate urutā nei. Kei te whakaaro kotahi mātou e tautoko ana i ngā tāngata, i ngā whānau, i ngā pakihī hoki ki te ārai atu i ngā wero o te wā. Kei te waka kotahi tātou.

Ahakoa ngā wero a te mate urutā i tēnei wā, ko te 'climate change' te mate nui tonu kei mua i te aroaro. Me tino heke te rahi o te paitini e whakaputahia ana ki te ao. Koia nei te wero e arataki ana i ā mātou mahi katoa, e tere huri ai ki tētahi taiōhanga e iti haere i te whakaputahia o tēnei mea, te 'emissions'.

Kua whakatōria ngā whakaaro (ESG) Environmental, Social and Governance ki roto i ā mātou whakataua. Ko te whāinga kia 'net-zero emissions' hei te tau 2050, ka mutu e akiaki tonu ana, e tautoko ana hoki mātou i ā mātou kiritaki e kaha whakaputa ana i te paitini ki te ao kia iti haere te whakaputahia o tēnei mea, te 'emissions'. Ā, e tautoko ana, e mahitahi ana hoki mātou ki te hunga 'small and medium enterprises' kia toitū te taha ki te taiao i roto i ā rātou pakihī.

E rite tonu ana tēnei rangapū i waenganui i a mātou me ā mātou kiritaki kaiwhakahaere pāmu. Tokomaha rātou e tere koke ana kia iti haere te whakaputahia o tēnei mea te 'emissions', ā, kia kākārīki haere ā rātou mahi. I ēnei marama 12 kua hipa, kua whakaritea e mātou he pūtea taurewa 'sustainability-linked' e akiaki ana i te whanaketanga o te taiao.

I tērā tau, i whakaputahia e mātou he rautaki e toitū ai te taiao (Sustainability Strategy). E rua ngā pou matua o te rautaki nei. Ko te pou tuatahi, ko te **Kaitiakitanga** – Kia tere te huri hei ōhanga paitini-kore e tautoko ana i te hokinga mai o te taiao. Ko te pou tuarua, ko te **Manaakitanga** – Kia whakaturia he oranga pāpori, he oranga ahurea, he oranga pūtea anō hoki mō Aotearoa whānui. E kitea ana ngā hua o ngā mahi kua mahi nei mātou, kua whai mana te kupu.

E mōhio ana mātou, ka ahu mai ngā hua nui i te whakahaumarutanga, i te wharurutanga, i te kounga hoki o ngā kāinga. E mahi tahi ana mātou ki ētahi hoa ki te whakawhanake i ēnei whāinga. Ko ngā whāinga, ko te tautoko i te 'prefabrication industry', progressive home ownership solutions, he pūtea whakatika whare, ā, he tuku pūtea hoki te hanga kāinga ki runga Whenua Māori.

He mea nui kia ora te ōhanga Māori, kia tino eke ai a Aotearoa, kia tautoko hoki i te whānuitanga o ngā whāinga pāpori, ōhanga, taiao hoki. Ka tautoko mātou i ngā pakihī me ngā hapori Māori. I tēnei tau kua waihanga mātou i tētahi rautaki pakihī Māori. He rautaki motuhake e aro pū ana ki haumitanga o ngā rauemi e taea ai e mātou te tuku tautoko.

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Me tere whai aro ēnei wero. Ko te aro nui kei mua i te aroaro hei ēnei marama 12 e haere ake nei, he whakawhanake i ngā nanaioretanga ki ngā whāinga o te pae-tata (short-term goals) kua tohua ki te pūrongo nei. Mā tēnei ka kite i ngā hua mō Aotearoa whānui, ā, mā tēnei hoki e whanake ai te toitūtanga o ngā pakihī me te ōhanga katoa.

Mō ngā tau kotahi rau, ono tekau, ko roto ngā tuapapa o Te Pēke o Aotearoa i te mahi tahi a te tangata me te pēke. E mōhiohia ana mātou mō tā mātou tautoko i ā mātou kiritaki i ngā wā o te mahurangi, ā, koia tēnei ko te mea nui ki a mātou i a mātou ka āwhina ki te arataki i ngā whanaketanga o tētahi āhuatanga matatika ki Aotearoa nei. He pōhiri tēnei ki ā mātou kiritaki, ki te hunga whaipānga hoki kia wero mai i Te Pēke o Aotearoa, kia ū ki te kupu, kia ū hoki ki ngā mahi me ngā whāinga kua kōrerotia nei.

Ngā mihi nui.

Dan Huggins



# About BNZ

BNZ is one of the country’s largest and oldest financial institutions. In October 2021 BNZ turned 160 years old. Over that time it has developed into a full service retail and business bank and wealth management provider.



The company is one of New Zealand’s largest employers, with approximately 5,290 colleagues located across the country.

BNZ is owned by [National Australia Bank \(NAB\)](#). BNZ retains an independent local Board and management team, both of which are detailed in the Governance section of this report.



One of the four core pillars of BNZ’s 2020 business strategy is a focus on a long-term, sustainable approach. Our sustainability strategy outlines our key focus areas and targets for how we can deliver long-term social, environmental, cultural, and financial outcomes for Aotearoa.

## Our values

BNZ is a values-driven organisation with a strong culture in which people are encouraged to be themselves and where clear standards of conduct and behaviour are expected from each other. This approach allows our people to perform well, optimises the role of the workplace in wellbeing, and is the best way to build open, trusted partnerships with our customers.

These mātāpono have been taken from Whakataukī, which traditionally represent the wisdom within Māori culture. This approach helps us to connect BNZ’s people and customers in a meaningful, inclusive, and authentic way.

### Our mātāpono / how we work:



**Whāia te iti kahurangi / Excellence for customers**



**Toa takitini / Grow together**



**Tika, pono, aroha / Be respectful**



**Mahia te mahi / Own it**

## BNZ’s management and governance structure

Transparency of governance at BNZ is important to enhance trust with our stakeholders. Head [here](#) for more information on governance structures and our Board and Executive leadership teams.

# Te Pae Tawhiti: Our Sustainability Strategy

In 2020, BNZ set and reported against a new sustainability strategy and a range of accompanying targets that guide our operations, our commitments, and shape our culture for the future.

Following ongoing conversations with stakeholders as to their most material issues, there’s increasing alignment between the priorities of our strategy and those of our communities, customers, and stakeholders.

The following sections of this report are broken down into the two core elements of this strategy and then the five foundations that underpin its delivery and the targets within it.

At the heart of our strategy is our vision to:

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‘Build a resilient, regenerative, and inclusive Aotearoa, for the long term.’

In delivering against this vision we’re committed to two core pillars:

## Kaitiakitanga

to accelerate the just transition to a net zero emissions economy that supports the regeneration of the natural environment; and

## Manaakitanga

to grow the long-term social, cultural, and financial wellbeing of all New Zealanders.

## Strengthening our commitments

Our strategy is reviewed annually to check our commitments remain dynamic, ambitious, and relevant.

In this last year we’ve made changes to strengthen our commitments. These changes reflect [stakeholder feedback](#) on where we can have the greatest impact and refinement to ensure our commitments are clear around the societal outcomes we wish to see.

### A commitment to net zero emissions

Under our Kaitiakitanga pillar, we’ve strengthened our ambition by committing to aligning our lending and investment portfolios with pathways to net zero by 2050. We must significantly reduce our emissions this decade and are committed to taking transparent and immediate action.

### A focus on culture

Under our Manaakitanga pillar, we’ve added a commitment to grow the cultural wellbeing of all New Zealanders. The intention of a Te Ao Māori foundation for our strategy is to ensure we build capability internally to deliver better outcomes for Māori customers and communities. This change better reflects both our inward and outward focus; on our customers, communities, and colleagues.

## A stronger voice in the market

Over 2020, our foundation commitment to transparent leadership was achieved primarily through a wide range of public thought leadership initiatives — webinars, speaking events, podcasts, articles, and posts on issues at the heart of our strategy — as well as through transparent disclosures (an annual sustainability report on how well our strategy is working) and climate risk reporting in line with the TCFD framework.

One year on, all of these initiatives are now business as usual. We’re broadening our ambition to be more focused on how we can scale our impact through active partnerships and participation, and a more prominent role in advocating on issues we care about.

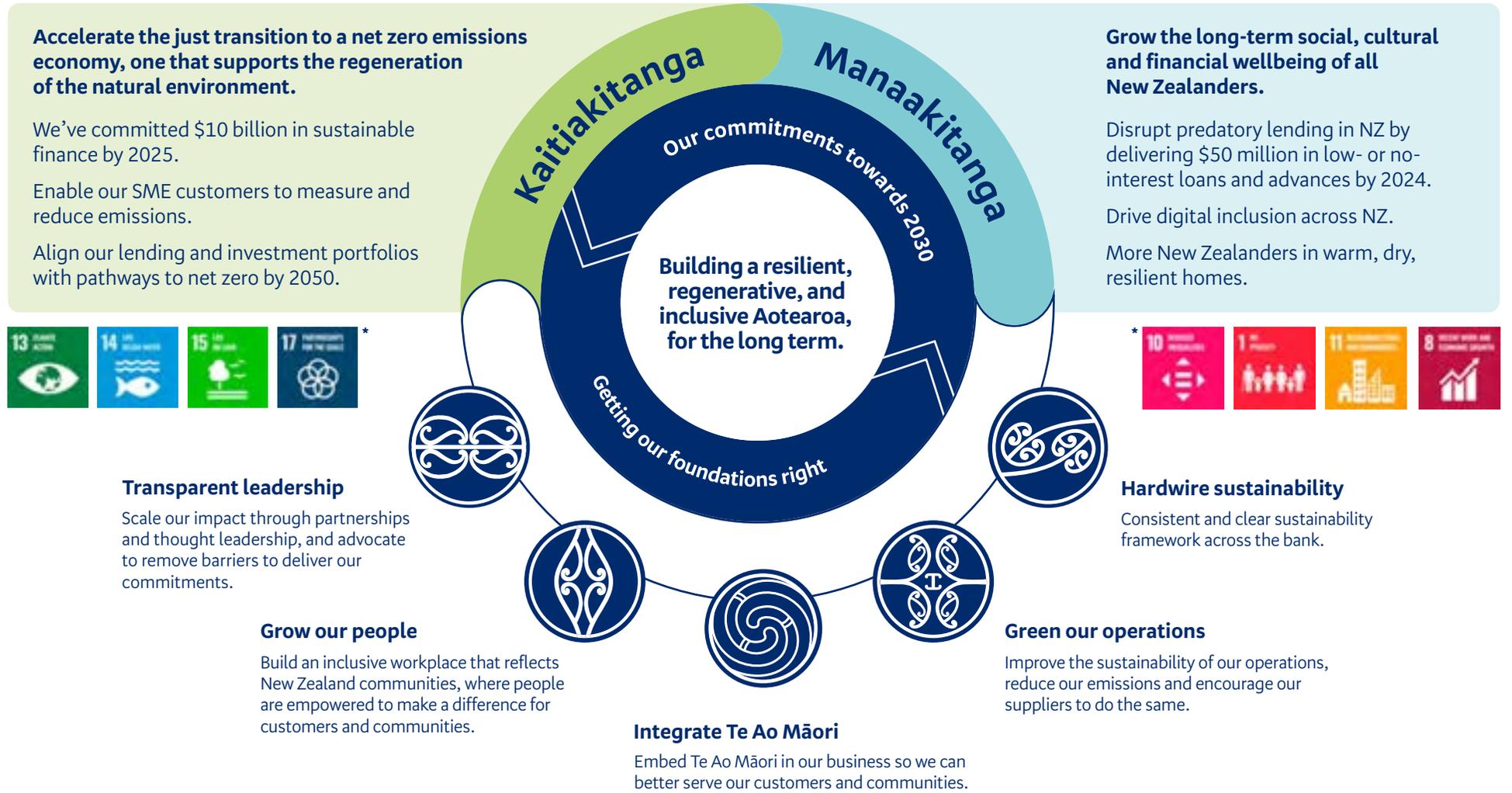
## Empowering our people

We’re also amending the ‘grow our people’ pillar to better reflect stakeholder feedback around how we can support and empower our people to deliver good outcomes for both customers and communities.

Diversity and inclusion remains a core focus of our ‘Grow our people’ pillar.

The [Sustainability Strategy](#) reflects these changes.

# Te Pae Tawhiti: Our Sustainability Strategy



**Te Pae Tawhiti** - translates as distant horizon or taking a long-term, intergenerational view.  
 \* **United Nations Sustainable Development Goals** - note these icons are relevant to each commitment.

# Partnerships are paramount

Over 2021 there has been a shift in weighting around the issues our stakeholders consider most material.



These material issues were identified through engagement with key stakeholders including customers, industry bodies, NGOs, and government agencies. We interviewed 12 new stakeholders and used an email survey to engage with others. We also engaged internal colleagues to validate the materiality of the issues identified through the external engagement process. Given these changes to the most material issues identified, we've refreshed our [strategic commitments](#) accordingly.

## Long-term partnerships

X Emerging as the most material issue for BNZ in 2021 was the importance of long-term partnerships between banks and customers.

There was a desire for banks to work harder to genuinely know and understand each individual customer and to actively support customers during periods of economic uncertainty.

This is particularly pertinent during the health and economic response to COVID-19 and as customers look to access capital to transition their operations to a low emissions future. There was a desire to see banks continue to provide capital to transitioning businesses, particularly in the context of the agriculture sector. Our enduring commitment to support transitioning businesses is covered in the [sustainable finance](#) and [agriculture](#) sections of this report.

## Wellbeing and inclusion

Increasing inequality is a concern, with pandemic and economic factors exacerbating existing housing and asset ownership disparities. Those with homes and investments have generally done well over the last year while those without assets see home ownership and wealth accumulation move out of reach.

X Stakeholders' feedback reflected our view that banks have a responsibility to support customer and community wellbeing.

This includes financial wellbeing and pressing social, and economic issues such as housing, primary sector change, and Māori community development. Supporting customers and communities requires banks to innovate and create new products and services, and support digital adoption.

## Responsible lending

We welcome the continued stakeholder expectation that banks will increasingly apply social and environmental criteria to lending decisions and directly support improved environmental, social and economic outcomes. At the same time, concern was expressed about banks potentially cutting off the supply of capital to 'unfashionable' industries that are trying to change, particularly in terms of reducing their emissions.

### Responsible investing

Responsible investing – what a bank will and will not invest in on its customers’ behalf – has grown in profile and importance over the year. Stakeholders expect that an organisation investing on behalf of customers will seek to drive social, economic, and environmental change through its investment choices. This includes what sectors it will exit, what it chooses to support, and how it supports a just transition to a net zero emissions economy.

### Culture and capability

Delivering against these stakeholder expectations requires a capable, innovative, and inclusive culture at BNZ.

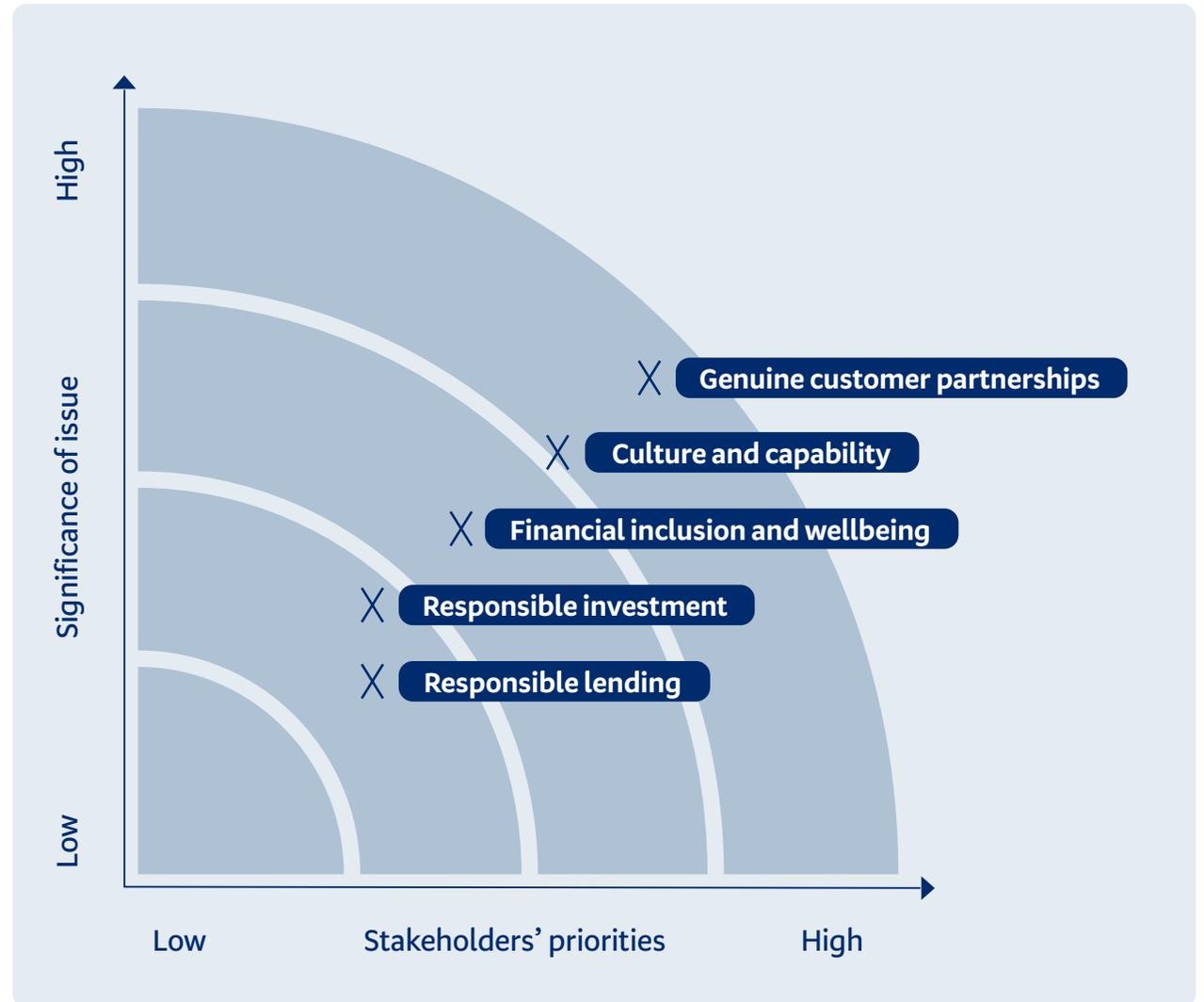
X Stakeholders said it was necessary for BNZ’s people to understand the role of the bank in a rapidly changing world and how they can support the growth of a more productive and inclusive New Zealand economy.

### Our house is in order

BNZ’s own operational environmental footprint was not mentioned this year. It goes without saying that any company wanting to lead on environmental matters must have their own operations in order. This is now an expectation of BNZ to such an extent that it no longer needs to be raised.

See the [‘Green our operations’](#) for further action around our operational footprint.

## BNZ materiality matrix 2021





## Kaitiakitanga

To accelerate the just transition to a net zero emissions economy, one that supports the regeneration of the natural environment.

# Committed to net zero emissions by 2050

Our Kaitiakitanga commitment is to accelerate a just transition to a net zero emissions economy in Aotearoa. The most impactful way we can do this is through the way we lend and invest.

X

BNZ has committed to align the operational and attributable emissions from our lending and investment portfolios<sup>11</sup> with pathways to net zero by 2050, or sooner.

This is consistent with keeping global warming to a maximum temperature rise of 1.5° above pre-industrial levels. Our approach will take into account the best available scientific knowledge, including the findings of the United Nations Intergovernmental Panel on Climate Change and the best available BNZ data.

We've begun to look at some of our emissions intensive sectors (i.e. oil, gas, and coal) and will work with these sectors to set transition pathways. While we're committed to transition, there are some industries where this is not possible and we'll need to look to exit customers or industries. In FY20, we committed to withdraw lending to thermal coal mining by 2025 and to all remaining coal mining by 2030. We're actively engaging with impacted customers.

BNZ is developing a transition plan in FY22 that will outline a 2030 emission reduction target, on a pathway to net zero 2050. We acknowledge that we'll be unable to meet a net zero target without similar commitments being made by our customers. We're committed to supporting our customers to reduce their emissions and are actively encouraging the development of customer transition plans

and building business partnerships such as the Climate Action Toolbox.

## Transition plans

We cannot deliver on our net zero commitment without our customers committing to their own transition pathways. We're currently working with our 50 most emissions-intensive customers<sup>12</sup> to develop climate change transition plans.

We've committed to complete this work by the end of FY22. We're currently undertaking a number of transition assessments to identify a customer's current status in setting clear transition plans.

In FY21 we completed 12 customer transition assessments, with five of these customers already having set science-based targets, approved through the [science-based targets initiative](#).<sup>13</sup>

We've already had one large emitter opt to bank elsewhere rather than work through the development of a transition plan.

## Supporting small businesses to reduce emissions

We've set a target for 50% of our small and medium (SME) business customers to measure and be working to reduce their emissions by 2025.

SME businesses do not usually have the capacity or capability inhouse to undertake this work.

BNZ has recognised that we need to actively support our customers if we're to meet this target. Over the last year we've made an important start by launching a free, easy-to-use climate change toolbox for small businesses.

X

BNZ is the banking partner in a public and private sector collaboration to deliver the [Climate Action Toolbox](#).

The Climate Action Toolbox was released on 31 March 2021. Led and coordinated by the Sustainable Business Network, the toolbox supports small businesses to reduce emissions.

To the end of September 2021 there have been 13,796 unique visitors to the online toolbox, with 5,965 climate action assessments completed. We're now working on version 2.0 of the tool which will integrate an emissions measurement tool. This will enable BNZ to more fully understand SME emission profiles and develop specific financial support for our customers to transition.

[Here's a video](#) explaining more about the Toolbox and why we've helped develop it.



<sup>11</sup> This refers to on-balance sheet investment and lending activities with the exclusion of on-balance sheet securities held for client facilitation and market-making purposes (as opposed to held for investment).

<sup>12</sup> In our Corporate and Institutional Banking business only at this stage (large corporates). We have identified emissions intensive customers based on the most emissions intensive sectors that we finance (i.e. energy, transport, manufacturing) and manually searching for emissions data, where publicly available.

<sup>13</sup> Science-based targets show companies how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change. These targets are aligned with keeping global warming to a maximum temperature rise of 1.5 degrees above pre industrial levels.

## BNZ’s emissions footprint



In the year ending 30 June 2021, we reduced our operational emissions by 33 per cent. Since 2019 we’ve, in total, seen a 50 per cent reduction in emissions across our operations.

BNZ is on track to meet our target to reduce our operational emissions by 60 per cent by 2025 (against a 2019 baseline).

This year we worked with Toitū Envirocare to review our operational emissions reduction target and confirm it is aligned with pathways consistent with a maximum temperature rise of 1.5 degrees above pre-industrial levels.

Our progress in this area is outlined in the [‘Green our operations’](#) section of this report.

## Building climate capability

We’ve committed to delivering climate change risk training for all BNZ staff so that they can engage with customers on transition plans.

While bespoke climate training has been provided to some teams, we originally committed to deliver climate risk training to all staff by the end of 2021. We’ve not met this target. The internal ESG training programme has been in development over 2021 and will include the latest BNZ climate risk work and analysis.

We’ll begin to roll out training to all colleagues at all levels over FY22 and will adjust it according to latest science and developments.

## Reporting on climate-related risk

We’ve committed to disclosing BNZ’s climate-related risk across our portfolios, in accordance with the [Taskforce on Climate-Related Financial Disclosures](#) (TCFD) framework. Understanding our climate risk is critical to taking urgent action to mitigate or adapt them. Our FY21 disclosure statement can be found [here](#).

## Financing the future

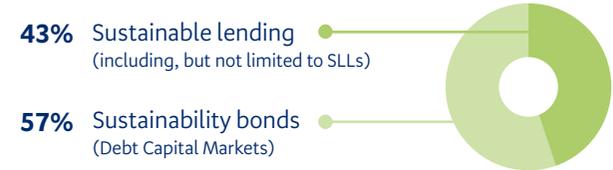
We’ve committed to deliver \$10 billion of sustainable finance<sup>14</sup> in New Zealand by 2025. We believe the finance sector is uniquely placed to accelerate the investment in positive environmental and social outcomes through supporting New Zealand businesses to meet their own sustainability targets and aspirations. Developing scalable sustainable finance solutions that are accessible to a wide range of sectors and organisations is essential to supporting the just transition to a net zero economy and will be a continued focus for FY22 and beyond.

We’ve determined eligible environmental and social categories in line with our Sustainability Strategy and aligned New Zealand-focussed sustainable lending and bonds with international recognised frameworks<sup>15</sup>.



In FY21, our focus has been building a strong foundation to provide the ability to scale sustainable finance opportunities in New Zealand across our customers. While building these foundations, we have also delivered \$618 million towards our target.

## Sustainable finance transactions FY21



BNZ has brought to market green and sustainability bond issuances by Kāinga Ora and Precinct Properties. We’ve supported positive ESG outcomes through Sustainability Linked Loans (SLL) with Summerset Retirement Villages, Contact Energy, and Southern Pastures. These loans aim to incentivise businesses to meet ambitious environmental and social targets. We’ve extended finance to a range of sustainable businesses of varying sizes and sectors that meet BNZ’s sustainable finance criteria. These businesses span the economy, including sustainable forestry, renewable energy, aged care facilities, low carbon transport, waste recycling, and green buildings.

As well as our commitment to \$10 billion of sustainable finance to support our Sustainability Strategy, we’re very proud of supporting positive social outcomes globally through our relationships with international organisations.

BNZ was a joint lead manager for the:

- World Bank issuing bonds in alignment with the World Bank’s Core Principles of Sustainable Finance
- Asian Development Bank issuing a Gender Bond to extend micro finance solutions, as well as funding for education, skills development, and basic infrastructure, to women in developing nations.

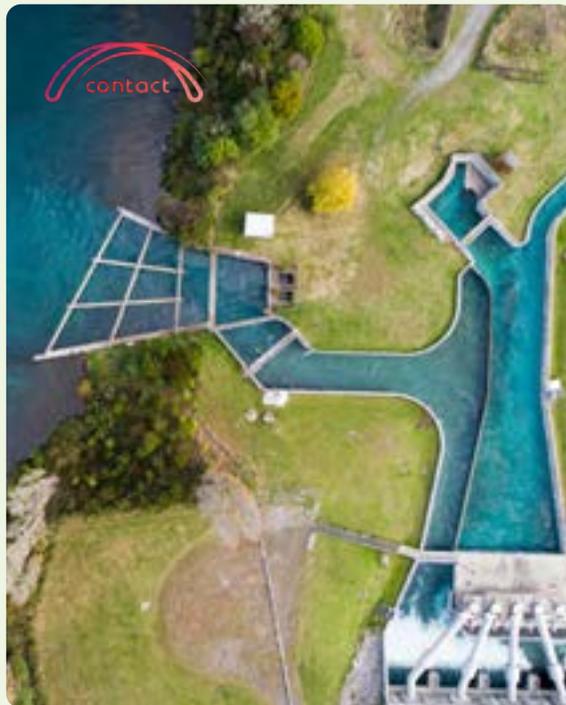
<sup>14</sup> Sustainable finance is where lending and investment decisions incorporate ESG factors for the long-term benefit of clients, partners, stakeholders, and society.

<sup>15</sup> We have aligned sustainable lending with Green Loan Principles, Social Loan Principles, or Sustainability linked Loan Principles. We have aligned sustainable bonds to ICMA Bond Principles, Climate Bond Taxonomy, or the EU Taxonomy for sustainable activities.

## Case studies

### Contact Energy

BNZ converted an existing \$50 million bank facility with electricity generator and retailer, [Contact Energy](#), to a Sustainability Linked Loan (SLL) with pricing tied to ESG performance. Under the SLL, Contact will receive a discounted interest rate if it meets targets linked to the ESG rating determined by independent agency SAM (owned by S&P Global). Contact will pay higher interest costs if the rating targets are not met. The ESG rating includes assessment of climate strategy, electricity generation mix, corporate governance, and stakeholder engagement.



Prem Maan, Executive Chairman of Southern Pastures Dairy Group.

### Southern Pastures

BNZ arranged and structured a \$50 million SLL to [Southern Pastures](#) (BNZ share \$30 million), a corporate dairy farming business and owner of Lewis Road Creamery. Southern Pastures owns 20 farms in the Waikato and Canterbury and produces milk under an independently verified 10 Star Certified Values Programme which sets strict environmental, climatic, animal, and human welfare requirements.

The Southern Pastures SLL – the first on-farm SLL in Aotearoa – sees financing costs directly linked to water quality and biodiversity improvement, and emissions reductions targets.

### Summerset Retirement Villages

BNZ was an active participant in a \$700 million syndicated SLL for [Summerset](#). The key areas of focus for the targets in this financing are reducing operational emissions, reducing construction waste to landfill, and provision of quality dementia care facilities. Summerset is the first retirement village operator in Aotearoa to adopt a SLL loan and this is the largest loan of its type in the domestic market.



## Case study

### Electrification of agriculture

Our Natural Capital team and Agribusiness bankers are seeing innovation across the primary sector. One such example is BNZ customer [Forest Lodge \(cherry\) Orchard](#). Forest Lodge is in the process of becoming 100 per cent electric and plans to have its first zero emissions cherries to harvest in January 2022.

Forest Lodge is a newly-established six hectare cherry orchard near the Central Otago town of Cromwell. Through the set-up of the orchard all processes and equipment have been designed to run on renewable electricity. This will cut carbon emissions from the orchard by over 80 tonnes per year, as opposed to an equivalent orchard using fossil fuels.

Forest Lodge will use a network of rooftop solar – perfect for the long summer Central Otago days – with increasing volumes of battery storage. It will supplement this with electricity from the national grid. While most orchards remain dependent on fossil fuels – for powering windmills, pumps, tractors, and light vehicles – Forest Lodge will pioneer new technology, including first electric frost-fighting fans, imported from South Africa and potentially the country’s first electric and autonomous tractor which is being imported from California in June 2022.

While the electric equipment is more expensive to purchase, it will reduce ongoing energy costs by nearly 90%, approximately \$50,000 every year, compared to running the operation using fossil fuels.

The house on the orchard has also been completely electrified, removing gas and diesel as sources of space and water heating and as a fuel for cooking.

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Forest Lodge owner-operator Mike Casey says he believes Forest Lodge may be the first zero emission food producer in the world.

He says a major motivator in the electrification is to demonstrate to other producers what is possible with a change of thinking and plenty of New Zealand number eight wire innovation and improvisation.

Mike says being aligned with BNZ’s own sustainability commitments has made the financing incredibly easy.

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“I’ve been incredibly impressed with the support from BNZ and the way they have quickly understood what we are trying to achieve and gone out of their way to back us.”

As Forest Lodge’s banking partner we’re excited by what the company is demonstrating in the horticulture space.

As agriculture in all of its forms comes under increasing pressure to decarbonise and minimise its environmental footprint, we’re committed to highlighting this case study to demonstrate to other customers how innovation can deliver for both the natural environment and the bottom line.



# Supporting agriculture

BNZ works with our agricultural customers to improve on-farm environmental and social performance. BNZ was the first New Zealand bank to pilot incentive-based, on-farm lending against sustainability targets. We expect financing arrangements linked to measurable sustainability improvements to become more common.

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Over the next 12 months, we'll set clear and measurable sustainable finance targets for BNZ exclusively in the agri sector and disclose these publicly.

## Bringing consistency to farm sustainability

Over FY21 BNZ has worked with The Ministry of Primary Industries and other rural banks to develop a consistent standard for sustainable finance for the agricultural sector.

The [Sustainable Agriculture Finance Initiative \(SAFI\)](#) is a workstream of the [Aotearoa Circle](#). SAFI is a set of guidelines and standards informed by international best practice. They provide a clear and consistent set of industry guidelines for sustainable finance in the context of lending and investment to agriculture.

## Taking ESG to the dairy sector

A large proportion of debt in the New Zealand agricultural sector is in the dairy industry. As the [second largest lender](#) to the agricultural sector, it's important that we're there to help the dairy industry understand its environmental obligations and explore what steps need to be taken.

Over 2021, BNZ partnered with [DairyNZ](#) to hold 'The Dollars and Sense of going Green' workshops in 13 regions across New Zealand as part of their [Dairy NZ Step Change Project](#). The focus of these workshops was on the increasing importance of ESG factors in banking agribusiness; exploring shifting consumer and investor expectations of sustainable practices; and the intersection between reduced emissions and profitability to create long-term environmentally and financially sustainable agribusinesses. The workshops were attended by approximately 400 dairy farmers.

## Making the shift happen

BNZ's flagship agricultural report is [Shift Happens – The Future of Agribusiness](#). This report is an annual exploration of the views and actions being taken by food producers to adapt to the forces at play within their agribusiness. The report showcases best practice in agriculture, embodied in this Māori proverb: 'Manaaki whenua, manaaki tangata, haere whakamua' – care for the land, care for people, go forward.

In 2021, the Shift Happens report explores who the farmers of 2030 will be, how they will farm and how they will adapt to change. It examines the views and solutions being established across the primary sector to adapt to a once-in-a-generation level of change and celebrates some extraordinary performance and leadership from the farmers and growers across New Zealand. BNZ also contributes regularly to industry conversations around the future of agribusiness, best practice, and ESG. Over the last year, BNZ contributed to KPMG's [2021 Agribusiness Agenda](#) and a National Science Challenge [White Paper on Regenerative Agriculture](#).

## Case study

### Ātihau Whanganui Incorporation – a 50-year partnership

The Ātihau Whanganui Incorporation is a leading Māori-owned and managed business collective, with annual turnover of \$20 million. Formed more than 51 years ago, Ātihau comprises approximately 42,000 hectares of farmland nestled between the Whanganui and Tongariro National Parks.

The land making up the collective comes from the return of Māori ancestral land. The land is now collectively managed on behalf of 9,000 Māori shareholders, with 180,000 stock units, approximately 3,000 beehives and large tracts of native bush in permanent protection.

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Ātihau's operations actively apply the Māori principle of *toitū te whenua, toitū te tangata, toitū tō mana* – we look after nature so nature can look after us.

The success of the Collective in sustainably farming ancestral lands represents a significant change of fortune for its landowner shareholders.

BNZ is proud of its 50-year-plus partnership with Ātihau Whanganui Incorporation and thinks the best way to profile this remarkable organisation and its considerable achievements is through [this video](#).



Case study



## Ahuwhenua Trophy “A win for Māoridom”

A Tūhoe dairy farming operation that won the country’s most prestigious Māori farming award, has described the acknowledgement as “a win for Māoridom” and a source of motivation for other Māori farmers.

Paki Nikora runs an organic Māori dairy farming operation via the Tataiwhetu Trust, situated on Tūhoe land in the Ruatoki Valley. In May 2021 the Trust was awarded the coveted Ahuwhenua Award at a black tie event attended by 800 people including Cabinet Ministers, the Māori King, agribusiness leaders and a strong contingent of whānau.

In speaking about the Award and what it meant for the Trust, Paki Nikora says he wasn’t even sure whether or not to enter. “You’re not sure if you’re good enough but eventually we decided to have a go and worked our butts off to get our farms up to a standard I was happy with.”

He says while a lot of work went into the farms in the run-up to the awards, the foundations had been set by a switch to organic production five years ago and a very different farming philosophy.

“We used to have a sharemilker on the property running a conventional operation with 600 cows milked twice a day all year around and taking half of the returns. The land and the cows were being farmed hard when we took the operation back and some tough calls were needed.”

“So we dropped stock numbers down from 600 to 450, cut the fertiliser and moved to seasonal, once-a-day milking. With the shift to organics, we’re securing a price premium and generating better returns from the same land area with lower stock numbers.”

Paki says previous operators were “always on the tractor, ploughing up the paddocks” trying to get more supplementary feed to maintain a high stocking rate.

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He says producing a premium product through less intensive farming makes better economic and environmental sense.

He says the Trust uses a specialist soil advisor to monitor soil conditions and uses a fish oil supplement to stimulate grass growth and maintain soil pH instead of fertilisers. The move to once-a-day milking is also an important part of the farm philosophy.

“If you look at our cows in the afternoons they’re smiling and playing. If you’re milking them twice a day, they’re had it by the end of the day.”

Paki describes the Tataiwhetu Trust’s philosophy as instilling “pride, passion and performance in everything we do”. This philosophy runs across all parts of the operation, from governance and on-farm management through to the beneficiary shareholders.

Paki describes the collaboration within the sector as one of the most meaningful benefits of winning the Ahuwhenua Trophy.

“Winning this award has shown that we can deliver better outcomes for ourselves, for Māoridom, and that we can achieve all of these things. It doesn’t mean we know everything – there is always more to learn – but this award has cemented a new attitude into our farm operations right through into our communities.”

The award is doubly sweet from the BNZ perspective as it banks the Tataiwhetu Trust and has sponsored the Ahuwhenua Awards for 18 years.

“BNZ has always been there to help. When you’re in business there are peaks and troughs and the same is true in farming. They’ve been very generous in walking with us through the troughs, making it easier to align with annual planning.”



Rēnata Blair, GM Māori Agribusiness at BNZ congratulates Paki Nikora following his Ahuwhenua Trophy win.



## Manaakitanga

To grow the long-term social, cultural, and financial wellbeing of all New Zealanders.

# More Kiwis in warm, dry, resilient homes

BNZ is focussed on improving access to warm, dry homes by addressing the affordability, quantity, and quality of homes.

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BNZ is working to deliver this by:

### **Partnering**

BNZ's role in the housing ecosystem enables us to leverage our various customer, supplier, partner, and iwi relationships to identify and connect those with aligned commitments to help open up opportunities and scale impact.

### **Creating foundations**

Using our skills and experience to develop frameworks, guidance, and internal standards to address barriers and create opportunities.

### **Championing**

Using our people, resources, and relationships to advocate for causes with government and industry bodies, lending our weight to remove barriers and unlock further opportunities.

This section of the report highlights initiatives already underway to deliver on our strategy.

## Housing development on Māori land

In the 1930s, more than 70 per cent of Māori dwellings were owner-occupied but this has declined sharply. A government report in 2018 showed the percentage of Māori now owning their own homes was 31 per cent, approximately half of the rate for Pākehā/Europeans.<sup>16</sup>

Legal complexities around Maori Freehold Land titles (MFL) have historically dampened development opportunities. Legislation governing MFL has contributed to a conservative position on the use of MFL as security for lending.

Over the past 12 months we've reviewed these settings and are exploring regulatory options in relation to the treatment of MFL. BNZ aims to improve the availability of funding and pricing for lending on MFL and make this comparable with land held in general title.

This change is expected to significantly improve Māori access to funding for the development of housing solutions on Māori land.

## Supercharging alternative construction methods

BNZ lends to a number of providers of prefabricated and modular homes — houses built inside a warehouse or factory and delivered to site.

Prefabrication is a fast, efficient way to build affordable, quality homes that is being increasingly promoted as a part of regional growth plans. BNZ sees significant opportunity for prefabrication to rapidly develop high-quality houses and improved social outcomes. See the prefabrication case study [here](#).

## Habitat for Humanity partnership

In 2019, BNZ has partnered with [Habitat for Humanity](#) on their home repair programme.

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Since 2019, 186 households have accessed \$1.7 million in interest- and fee-free lending for essential home repairs.

During 2021, BNZ increased its support to allow Habitat for Humanity to expand the programme to more locations.

The programme is now available through Habitat for Humanity affiliates in Northland and Auckland; the Central North Island; Christchurch and Invercargill; with further expansion in progress.

we've committed \$5 million in credit or lending to projects like this home repair programme to help get more Kiwis into warm, dry homes. This is a sub target of our broader target to deliver \$50 million in no- or low-interest loans or advances to tackle predatory lending.

## Supporting new models of home ownership

As record house prices prove a barrier to home ownership for many people and whānau, BNZ seeks to become the preferred lender for alternative home ownership solutions. Since mid-2020, BNZ's Innovation and Partnerships team has been working with our partner, Kāinga Ora - Homes and Communities, and one other major bank to develop a common agreement for a shared home ownership scheme.

Getting the details right and fair in this foundational agreement will help Kāinga Ora to effectively support people into shared home ownership and the bank to provide home lending to those customers.

The Government has launched a Progressive Home Ownership (PHO) Fund of \$400 million to help between 1,500-4,000 families – with a focus on low- and medium-income households, Māori, Pacific peoples, and those with children – to buy their own homes. The fund is administered by The Ministry of Housing and Urban Development (HUD).

The Government PHO Fund also provides dedicated funding pathways for iwi and Māori organisations to help whānau Māori into home ownership, via Te Au Taketake (the iwi and Māori pathway). BNZ is committed to supporting our Māori/iwi customers wanting to access funding from Government in support of better housing outcomes for whānau Māori.

Since 2017, we've partnered with the Housing Foundation and its shared ownership scheme. Over the last year we worked with the Housing Foundation to streamline the process. This can now be used to expand this offer, using this framework, to other organisations, including iwi.

BNZ is committed to actively supporting the development of a strong shared home ownership model in Aotearoa that helps New Zealanders into homes.



<sup>16</sup> <https://www.stats.govt.nz/reports/te-pa-harakeke-maori-housing-and-wellbeing-2021#overview>

## Case study

### A new era of on-site manufactured housing solutions

BNZ is proud to be the banking partner of The Property Partners Group – a collection of stand-alone businesses covering property development, architecture, and construction. The company, which was formed in 2010, employs around 50 staff and, through its use of contractors and consultants, indirectly employs hundreds of New Zealanders in the design and construction of housing solutions.

Property Partners specialises in high-quality, affordable apartment developments, including social housing and build-to-rent complexes.

In November 2021 the company will launch the most innovative element of its business – a factory dedicated to the construction of off-site manufactured (OSM) apartments which are delivered finished to site.

Property Partners' General Manager of Business Performance, Marg Heeney, says the company has been working towards this point since 2017 and in 2020 successfully piloted the design, manufacture, and installation of a high-quality modular apartment complex in Auckland.

“While modular housing is relatively new in New Zealand, it is common around the world and has been widely used in other countries for almost 100 years.

“If we built cars like we currently build houses, we'd never be able to afford a car and it would take years to build. The modular construction approach makes a lot of sense, particularly given the supply and labour challenges facing the New Zealand housing market.”

The initiative has been driven by Property Partners Chief Executive Steve Mikkelsen – a passionate advocate for OSM for the last five years. He sees OSM as an integral part of the future of the construction industry, with real benefits for the industry and its workforce, the people and communities it serves, and the natural environment.

In landing on a vision for high-quality, sustainable OSM housing, Steve Mikkelsen visited several countries to observe the different approaches to prefabrication before settling on a Swedish model. Eighty per cent of homes in Sweden are built in factories and also constructed from lightweight timber.

Marg Heeney says environmental sustainability has been a major driver in Steve's vision for an OSM industry in New Zealand and it guides all of the company's operations. “We've committed to using timber as the primary structural element. For us it's about using a locally-grown renewable resource that is sustainable for our planet. The construction of steel generates significant carbon emissions whereas growing trees for timber absorbs carbon.

“Additionally, we want to support New Zealand's primary industries and regional economies. Timber is lightweight, easy to work with and leads to lighter homes more suited to some of the soil types around the Auckland region in particular,” she says.

Marg Heeney says that building apartments in a factory provides a whole host of other benefits, from health and safety, security of delivery timeframes (no rain delays) for clients, improved quality and speed and efficiency, innovation, and technology. There are also significant cost savings for clients as a result.

Property Partners state that using the Property Partners OSM construction delivery method can save on average 50% in the on-site delivery time with programme savings

in the order of 6-12 months when looking at a typical apartment project. All with reduced disruption to the local community and lower costs. Property Partners state that their factory-manufactured homes built in the Property Partners modular factory will be double-glazed, well-insulated, warm, dry homes that exceed Building Code standards. “The units are delivered fully fitted out, with kitchen, bathroom, and plumbing all installed, with only carpet and some minor finishes required once in position.”

Marg Heeney says there is particular potential for prefabrication as a rapid housing solution on social housing land, affordable housing, in retirement developments, and in build-to-rent projects which provide long-term rental housing with security of tenure for occupants.

Marg says they are grateful to BNZ for providing funding for the development of the new factory. “They said ‘we want this to work, we back this idea, how can we make this happen?’

“The plant and equipment we need is ordered and on the water and we are already hiring the initial team of 40 people we'll need to run it. In November, we will open our new factory and get cracking. Our goal is that five years from now we will be operating a highly sophisticated OSM factory, producing large numbers of high-quality and much-needed homes for Kiwis.”



Property Partners modular construction at Bari Lane development, Mangere.

# Driving digital inclusion

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In a COVID-19 environment in which digital transformation is accelerating, BNZ’s digital focus is two-pronged: supporting businesses and individuals to accelerate their use of digital technology in order to realise increasing benefits, while also supporting online banking and general skills for people to operate in a digital world.

**20%** of adult New Zealanders lack essential digital skills. New Zealanders are less likely to have digital skills if they’re in a low income household, have lower levels of education, or have a disability.

**37%** of adult New Zealanders don’t know where to get help to stay safe online.

**More than half** of the adult population is concerned that they spend too long on the internet.

## BNZ’s Digital Boost Alliance pledge

BNZ is a strong backer of the MBIE [Digital Boost programme](#).

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BNZ was a founding partner of the Digital Boost Alliance, launched in May 2021 – a collaboration of some of the country’s leading companies that share a commitment to bridging the digital divide by inspiring and helping small businesses and individuals across Aotearoa to lift their use of digital technologies.

## The digital journey starts with data

In early 2021, BNZ published its first [Digital Skills Report](#), providing a comprehensive assessment of New Zealanders’ ability to safely use technology and charting an evidence-based approach towards increasing digital capability and inclusion. The report confirms the potential for digital technology across our economy, as well as the risks of people being left behind or put at risk in a digital future.

**86%** of New Zealanders believe online banking is beneficial and helps financial management.

**95%** of New Zealanders agree the internet provides more benefits than disadvantages.

**85%** of New Zealanders know how to transact online.

While these findings are generally positive, there are some worrying observations that require coordinated leadership from business and government to turn around.

## As part of the Alliance, BNZ is supporting inclusion and growth via these eight pledges:

Ensuring that basic online banking services meet accessibility needs (Web Content Accessibility Guidelines 2.0) for our website and personal banking channels by the end of 2023.



Offering essential digital skills training for all BNZ employees by the end of 2022.



Providing **\$600,000** to support face-to-face digital skills training for our customers and the community in consultation with Digital Equity Coalition Aotearoa (DECA).



Supporting customers in vulnerable circumstances (such as victims of domestic abuse) by providing support to use digital channels.



Continuing to measure the process of digital skills of New Zealanders and SMEs through our Digital Skills in Aotearoa regular research survey and report.



Supporting NZ SMEs to digitally transform their business through digital courses to the value of **\$300,000**.



Equipping our SME bankers to help businesses transform utilising eCommerce platforms by the end of 2022.



Supporting business through our ‘Good to Grow’ proposition to access capital to help digitise their businesses.



## Supporting customers, with a digital banking future

One of the most physical signs of the digitisation of our economy and the transformation of banking is the reshaping of our bank branch network as customers choose the convenience of banking online.

During the 2020 COVID-19 lockdown we began automatically channelling calls from customers over 70 years old to dedicated call centre colleagues. This remains an important service.

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Over FY21, 86,876 calls were answered via the dedicated over 70's service team.

This service is providing much needed support for some customers who might not have anyone else to help them learn how to bank online, or who do not have access to the technology.

## The future of the banking network

In a rapidly changing environment we must adapt to the needs of our customers in a way that suits them, and makes sense. Where our people are physically located is becoming less important to our customers.

We must invest time in supporting our customers through this transition, communicating clearly with our customers as to the range of services available to them such as online, phone, and Smart ATMs.

BNZ will maintain a physical branch network across the country and continue to maintain our BNZ business partner centres – regional workspaces and meeting spaces for our partners and business customers. Over the last year we've opened two more, in Albany and Newmarket. Over the year we've also added another mobile banking van to support banking services in the regions.

## Helping New Zealanders be safer online

In 2018, we launched our first community focused scam education programme, Scam Savvy, with great success. Each year has seen Scam Savvy grow in reach and importance.

Our website [getscamsavvy.co.nz](https://getscamsavvy.co.nz) received a facelift and a full content refresh in November 2020. Following the success of the 'introduction to a scammer' module in 2019, we launched Scam Savvy with a personal quiz and a business quiz highlighting scams that we see impacting SME businesses in Aotearoa. Our online tools are available in English, Te Reo Māori, Samoan, and Tongan.

In two weeks of activity over FY21, we helped more than 90,000 New Zealanders. After three years of Scam Savvy activity, we have helped approximately 177,000 New Zealanders be safer online and avoid scams.





# Supporting financial inclusion and wellbeing

## Tackling economic abuse

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BNZ has committed to being an active part of the solution to the problem of economic abuse.

We work with customers who, for example, are having their access to money limited, their use of money controlled, or their finances sabotaged by a current or former partner. This has included situations where one party is blocking all access to money to a former partner; where debt has been coerced onto children when they turn 18 or taken out in the names of elderly parents; where somebody has decided to leave an abusive partner but cannot access the money to do so; or where one party is coerced into taking all the household debt under their name.

Partnering with organisations like Women’s Refuge, Shine, and independent refuges across the country, BNZ provides personal financial support services to people referred to us. That support may be simply accessing banking, from opening new bank accounts, accessing their own money, generating cards, credit facilities if required, and referring to other agencies to providing wraparound services, including help with safe relocation and potential legal advice regarding unwinding debt agreements that may have been signed under duress.

Through our partnerships with [Good Shepherd NZ](#) and Dr Ayesha Scott, from Auckland University of Technology, we have come to understand that the banking system is being used to send harassing, threatening, and abusive messages via low-transaction online transfers between parties.

Over 2021, we’ve [raised this issue publicly](#) and are actively on the look out for this behaviour. Domestic and economic abuse is unacceptable and we’ll end perpetrators’ banking services with us if it continues after we’ve contacted them.

## Disrupting predatory lending

Since 2014, BNZ has been partnering to disrupt predatory lenders who target communities forced to borrow from loan sharks and pay-day lenders at an extortionate cost.

We’ve committed to providing \$50 million in no- and low-interest loans and advances by 2024, to promote financial inclusion, disrupt predatory lending, and improve the quality of life for those that may otherwise fall victim to predatory lending practices.

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At the end of FY21, BNZ has provided \$12.5 million in loans and advances.<sup>17</sup>

We’ve targeted \$5 million of our \$50 million commitment to support lending through the Habitat for Humanity Home Repairs Programme. This programme contributes to both our mission to disrupt predatory lending and our commitment to enable more New Zealanders into warm, dry, resilient homes. You can read more about our progress on this programme in the [housing section](#) of this report.

## Good Loans

BNZ continues, through our partnership with Good Shepherd NZ, to provide no- and low-interest [‘Good Loans’](#) to eligible people across Aotearoa who may not otherwise be able to access mainstream credit.

Good Shepherd NZ provides the framework, quality assurance, monitoring and learning, and development for the partnership. Good Loans provide a pathway to fair and affordable borrowing, through Good Shepherd NZ and its community provider partners The Salvation Army, Aviva, Presbyterian Support Otago, and BudgetFirst. Good Loans are available across Aotearoa.

The Good Loans programme includes DEBTSolve which combines specialist debt coaching and advocacy with debt solution loans for unmanageable debt. Piloted in early 2020 this programme has been expanded in FY21 and is now a growing feature of the Good Loans programme. The Debt Coaches, based at Good Shepherd NZ, work with clients to make a debt repayment plan, support clients to advocate with creditors to reduce debts, and where appropriate apply for a debt solution loan.

At the end of FY21, BNZ has provided \$10.2 million through the Good Loans programme since its inception, with 3,731 loans. Loans provided through the Good Loans programme are for essential household items and services focused on building assets and improving quality of life. Cars and car repairs feature highly and are critical in helping people into, and keeping people in, the work force.

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We conservatively estimate we have saved borrowers \$5.3 million in interest and fees through the Good Loans programme and, in doing so, kept thousands of families from potentially falling into a spiral of unsustainable debt.

<sup>17</sup> This is a cumulative number, since inception of the programme

## The PaySauce payday solution

For many customers and communities, paying unexpected bills that hit before payday can make life difficult. In March 2021 we partnered with employment solutions provider, [PaySauce](#), who has developed an innovative solution for the times when payday cannot come soon enough - 'PayNow'.

For people who are paid on a fortnightly or monthly basis there will be times when urgent financial commitments can't be met because payday might be two, three, or four days away - maybe with a weekend in the middle. Under this situation, a worker will have actually earned part of that future salary or wage money, but needs to wait until the employer pays them.

PayNow sees these people paid the money they are already owed for work already done ahead of their payday.

Funding from BNZ allows it to happen, addressing cashflow challenges for businesses by covering the advance of accrued wages and taking the financial pressure off employers.

This solution can help workers through tight situations and allow them to meet unexpected financial commitments by accessing their own money before payday without turning to predatory lenders and entering a debt spiral.

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The PayNow pilot launched in March 2021 and has provided \$514,000 in advances since inception, contributing to our \$50 million target to disrupt predatory lending.



# Becoming the bank for Māori

One of the foundations of our sustainability strategy is to embed Te Ao Māori across our business.

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Our progress against this objective over the last year is covered in more detail in the [Foundations section](#).

At the end of 2020, Rēnata Blair (Ngāti Whātua) came to join us as Head of Māori Sector and Relationships. Over 2021, BNZ has also worked to develop a clear Māori Business Strategy, based around two primary objectives:

**To serve Māori well and help Māori communities prosper.**

**To uplift the economic success of Māori and create a more inclusive economy.**

This strategy is focused on improving our service for Māori and the Māori economy as well as transforming the culture, capability, and composition of our bank to support these objectives.





## Rēnata Blair: Bridging the cultural divide

Banks and Māori have traditionally stood for very different things and been guided by philosophies that, at some level, could not be further apart, leaving us often talking past each other rather than searching for solutions cooperatively.

Māori traditionally never embraced the concept of individual wealth, with notions of wealth instead being measured at a collective level — the wealth of an iwi over that of a person. A Te Ao Māori worldview sees notions of wealth intrinsically connected to the wellbeing of people and the health of our environment. Traditionally, Māori operated in a cashless economy dominated by trade built on strong relationships and an understanding of long-term mutual benefit.

Banks, on the other hand, have traditionally been focused on managing and increasing individual wealth, reducing risks, and delivering profits. Relationships are more transactional than inter-generational and the return timeframes are years not decades. Overlay the complexities and challenges of collective ownership presented by Māori over things like land and the equation for the traditional bank model becomes complex, and up until now, left in the 'too-hard basket'.

So, as an iwi leader that is now the Head of Māori Business for the BNZ, how do we bridge this disconnect? And more importantly, can it be bridged?

Rather than feeling it's impossible, I've never been more optimistic. The circumstances we have collectively created for ourselves and our planet require urgent rebalancing. I sense a strengthening commitment from across Aotearoa for reconnection with each other, acknowledgement of the value of personal relationships, and a desire to restore and regenerate our natural environment for future generations.

I sense a willingness to embrace better ways of doing business, of putting personal relationships at the heart of our commerce, and of earning trust and respect over lifetimes, not career cycles.

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For BNZ, a company that has been part of the fabric of Aotearoa for 160 years, to now seek to embed Te Ao Māori at the heart of its strategy excites me and gives me great cause for hope.

I see similar commitments in the likes of Aotearoa's Reserve Bank and major corporates also embracing intergenerational commitments that link the health and wellbeing of people with that of our planet.

There's never been a clearer acknowledgement from across our communities that good business must reflect our communities. As the generations change, there's a rapidly fading tolerance for any form of racism or discrimination and a growing acceptance that all people are worthy of fundamental human rights, like living above the poverty line and having a warm, dry house to live in.

So this is what I sense. But this doesn't in itself equate to any change. I'm a Kaipara boy from fairly humble rural beginnings but I've always been instilled with the belief that through hard work I can create opportunities for my kids that previous generations might not have enjoyed. I've always been interested in banks — in particular the influence they have to drive change. A different kind of bank with long-term, crystal clear commitments

to improving social, economic, and environmental outcomes for all people is an incredibly powerful agent for change.

I'm really serious about bringing Te Ao Māori alive in the BNZ and to earning the right to be the Bank for Māori. I'm also under no illusions around how big a shift this represents and what it will take from our people. We'll make some mistakes along the way, but where we do we'll front them and own them.

We must build a bank in which Māori see themselves — in our people at every level, in the physical environments we create, in the way we speak, and in the way we demonstrate our commitment to Te Tiriti o Waitangi. We must invest in lifetime relationships with our Māori customers, and value the privilege of banking generations of whānau. Our customers must become our life partners.

Through our business decisions our goal is to actively support a vibrant growing Māori economy and work collaboratively to remove roadblocks or barriers to Māori development. For true success, both sides of what shouldn't be a complex equation must rethink their own traditional concepts of risk and work to establish a uniquely Aotearoa approach. I truly believe that every dollar invested in a Māori community benefits not just that community, but all of us.

It's through a better understanding and integration of the traditional Māori world view that our bank has the real opportunity to deliver a fairer, more prosperous, and inclusive economy over the long-term. During a time in which the way we have all traditionally done business is catching up with us, I'm incredibly proud to be a part of a whānau that is committed to building a culture and capability that puts people and our planet at the forefront of business.

I'd love for our bank to be called the Bank of Aotearoa. But we must earn this right. That's my personal goal and this is why I'm at the BNZ.

## Case study

### Saving Whakatāne Mill

One of the ways BNZ has best demonstrated the power of its commitments to communities, sustainable finance and commercial partnerships over FY21 has been in our role refinancing the Whakatāne Mill.

Previously owned by a Swiss company, Whakatāne Mill uses domestic wood pulp products to create packaging solutions – primarily food-grade foldable cardboard – for global export. The mill is the largest private employer in Whakatāne, employing approximately 200 locals, and is the only folding box supplier in Oceania.

Approximately half of the mill workforce is Māori.

In February 2021, following the loss of a major client, the former Swiss owner deemed the plant uneconomic. Staff were presented with a plan to close the established mill, with the loss of all jobs, and for the mill to be decommissioned.

Civic leaders described the potential closure of the mill as devastating for the local economy, which had already been impacted by a loss of tourism as a result of Whakaari White Island and COVID-19.

While the mill owner was working through consultation around closure of the mill, a new consortium of potential investors came together with a goal of keeping the mill operating in the short term, replacing the plastic laminated cardboard product with fully compostable food grade cardboard and growing that business.

BNZ's Deal Team started working with Ross George (Founding Partner of Direct Capital); European investors Dermot and Michael Smurfit; and Ian Halliday and designed a significant funding package to help sustain the mill's business operations on a split debt/equity basis.

With BNZ's funding support, at the same time as trying to buy the mill, the new consortium negotiated new terms with existing and new customers to fill the order books. This was particularly important in ensuring cashflow and operational momentum in the business immediately following the acquisition.

Given the community concern around the pending mill closure, this was a high-profile transaction attracting significant interest from business leaders, politicians, media, and unions.

BNZ's funding support for the acquisition of the Whakatāne Mill represents how capital providers, in partnership with the right investors, can deliver positive social economic and environmental outcomes.

While the public focus was most on the importance of saving 200 jobs in the local economy, BNZ's funding support is directly linked to a number of ESG commitments made by the investors:

**Environmental:** the investors will shift the mill's product mix away from all plastic-based products with a new focus on manufacturing renewable, recyclable, and biodegradable packaging solutions.

**Social:** the investors have committed to retention of 170 employees in the Whakatāne community, with the social and economic benefits to whānau and the region that flow from that.

**Governance:** the investors will introduce best-practice strategy and governance into the mill and invest in its sustainable growth. Dermot and Michael Smurfit come from the founding Smurfit Kappa Group family. The Smurfit Kappa Group is listed on the London Stock Exchange and employs 46,000 employees in 33 countries across five continents.

Directors, Ian Halliday and Alan Dargan have both worked with the Smurfit family for more than 20 years. The consortium's skill and experience in global packaging, particularly with a focus on renewable export products, provides significant opportunity for optimising the Whakatāne operations, for the betterment of our country and the environment.

This transaction needed to be closed in a tight timeframe for all involved given, in the absence of a sale, the mill's closure was certain. BNZ was delighted with the alignment between our values and those of the consortium's partners. This was new business to our bank that, through a willingness between the parties to innovate, kept an iconic New Zealand business alive, saved hundreds of jobs, and helped protect a New Zealand community during a challenging economic period.

The Bay of Plenty province and local community has welcomed these investors to Whakatāne with open arms given the tremendous benefits the mill brings to both Aotearoa and overseas markets. We also extend this warm welcome to Aotearoa to Ross George's overseas-based business partners Ian Halliday, Alan Dargan, and the Smurfit Family.



Whakatāne Mill

# Our foundations

Underpinning our strategy are five core foundations. These are the building blocks of our strategy – the internal focus areas that we must get right if we are to achieve the objectives set out in our core outward looking pillars; Kaitiakitanga and Manaakitanga.



BNZ's five foundations are:



**Integrate Te Ao Māori**



**Green our operations**



**Hardwire sustainability**



**Transparent leadership**



**Grow our people**



# Integrating Te Ao Māori

Over 2021 we've strengthened our commitment to integrating Te Ao Māori in and across our business. We've developed a new [Māori Business Strategy](#) which sets out the areas we are focussed on, to deliver against our commitments.

Delivering on this strategy will require us to significantly increase our understanding and appreciation of Māori history, culture, language, and tikanga, and increase our capability across our organisation to best serve and support Māori customers and communities.

## Te Hōkaitanga

On 12 August 2021, 18 kaimahi Māori (Māori colleagues) graduated from a new, intensive Māori Leadership Programme – Te Hōkaitanga.

Participants of the programme are from all levels and areas of the business including frontline bankers, senior partners, technology and risk specialists, and branch manager roles. The 18 graduates completed a 10-month programme exploring leadership and their own leadership potential through a Māori lens.

Starting at an 'off-the-grid' Tuapō Marae in Ngāi Tūhoe lands within the Waimana Valley, the programme sought to connect participants to their Māori identity and whakapapa at the same time as exploring the role of Te Ao Māori in a commercial context.

This programme was a challenging and demanding commitment from our people. It required hard conversations around balancing two worlds and asked participants to actively develop business projects that seek to see BNZ better serve Māori customers and communities.



Te Hōkaitanga alumni, Programme Leads and the BNZ Executive Team at Te Manukanuka o Hoturoa marae for the programme graduation (August 2021). Photo credit: James Duffy

The programme was supported with funding from Te Puni Kōkiri and was designed and delivered in partnership with expert knowledge from Switch Trainers and Consultants Ltd.

The graduation ceremony was a poignant and impactful celebration of the accomplishment of our people. It took place over a full day on Te Manukanuka o Hoturoa marae with BNZ’s Executive Team attending alongside the whānau of graduates. Starting with pōwhiri, the graduates spoke of their experience and presented the projects they had undertaken on how BNZ could better support Māori customers and communities. These have received executive sign-off and are moving to implementation.

Each participant has been personally impacted by this programme in varying ways and we’ve already seen movement of participants into new roles.

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“Te Hōkaitanga has helped me connect to my inner self, be confident in who I am and how to incorporate my culture into the corporate space. I have been able to take my learnings from Te Hōkaitanga and take up leadership in certain kaupapa within BNZ.”

- Ange Tuhura  
(Ngā Rauru, Ngai Raukawa, Ngapuhi).

As a result of this programme, BNZ started recruitment for a Head of Māori Colleague Strategy role in September, with a focus on leading and advising on talent acquisition activities, working across teams to advise on how we integrate Te Ao Māori, and setting and reporting on key recruitment metrics.

This is an important role in helping BNZ build the culture we need to deliver against our strategic commitments, including an inclusive workplace, and the following targets:

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15% of our people across the company identifying as Māori by 2025 and 15% of people identifying as Māori at every level of the organisation by 2030.

Currently, based on a refresh of people’s data in our internal systems, 8% of our people identify as Māori.

Each of the graduates from the Te Hōkaitanga programme will spend one day per week committed to embedding Te Ao Māori into our business and supporting both our Head of Māori Business and our Head of Māori Colleague Strategy. The allocation of these resources greatly supports our ability to embed the changes we need to make to embed Te Ao Māori.

## Supporting and celebrating Māori business leaders

As part of recognising and celebrating Māori business leaders and their achievements, in January 2021 we signed a partnership arrangement with University of Auckland Business School that sees BNZ continue to be the principal sponsor of [Ngā Taumata Rau: Aotearoa Māori Business Leader Awards](#).

As part of this partnership we’ve also committed to funding \$50,000 in annual scholarships for a PGDipBus Māori Development Award. Rather than sponsor one person, we’ll sponsor 15 postgraduate students with the aim of investing in the pipeline of the next Māori business leaders.

## Te Pūtaketanga – BNZ’s cultural intelligence programme

BNZ has developed and delivered a Māori cultural intelligence programme available to everyone at BNZ. Te Pūtaketanga serves to deliver against two of our foundation commitments: embedding Te Ao Māori and growing our people.

The programme covers content such as Te Tiriti o Waitangi, land confiscations, discriminatory actions and laws in Aotearoa history, te reo Māori, tikanga, and the Māori economy. It provides our people with a base level of understanding of Māori culture and history upon which they can build over time.

The programme is a one-day interactive, kanohi ki te kanohi (face to face) workshop which was designed internally. Demand for the programme from colleagues has been very high and delivery will be scaled up in 2022 to reach greater numbers.

At the time of preparing this report, 185 colleagues have been through the programme across Tāmaki Makaurau (Auckland), Ōtautahi (Christchurch), Ōtepoti (Dunedin), Rotorua, Te Whanganui-a-Tara (Wellington), and Tauranga, with a further 224 colleagues booked to attend. The COVID-19 lockdown has meant a number of sessions have been postponed.

Over 2022, this programme will continue to be made available to all colleagues and we’ll report annually on this.



BNZ colleagues on completion of Te Pūtaketanga



# Green our operations

## Reducing our emissions

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In 2020 we set a target of reducing our operational emissions by 60 per cent by 2025 (against a 2019 baseline). Since 2019 we have reduced our operational emissions<sup>18</sup> by 50 per cent.

At the end of our environmental reporting year (June 2021) our total emissions were **5,711 tCO2e**<sup>19</sup> (see [KPMG Assurance Statement](#)).

COVID-19 has changed the way we work – business travel has significantly reduced and working from home has become commonplace. This change in how we work has contributed to emissions reductions over the year. However, this reduction is also attributed to active emissions reduction projects, such as the transformation of our vehicle fleet. We’ve nearly halved the size of our fleet since 2019 and have introduced electric vehicles with a plan to be 100 per cent electric (plug in hybrid or full electric) by 2023<sup>20</sup>.

<sup>18</sup> Scope 1, Scope 2 and operational Scope 3. Scope 3 includes business travel, external data centre and remote ATM electricity, paper, transmission & distribution losses, waste, water and working from home emissions. This does not include other Scope 3 emissions such as those incurred in our lending or investment portfolio or by our suppliers.

<sup>19</sup> Tonnes of carbon dioxide equivalent.

<sup>20</sup> This will rely on ensuring access to adequate supply of plug-in hybrid and electric vehicles.

<sup>21</sup> Scope 1 GHG emissions are direct GHG emissions that occur from sources that are owned or controlled by a company.

<sup>22</sup> Scope 2 GHG emissions are indirect emissions from the generation of purchased electricity consumed by a company.

<sup>23</sup> Historical figures restated due to additional electricity charges.

<sup>24</sup> Scope 3 GHG emissions are a consequence of the activities of a company as a result of its use of third-party products and services and activities, where the emissions sources are not owned or controlled by the company.

## BNZ operational emissions — year on year

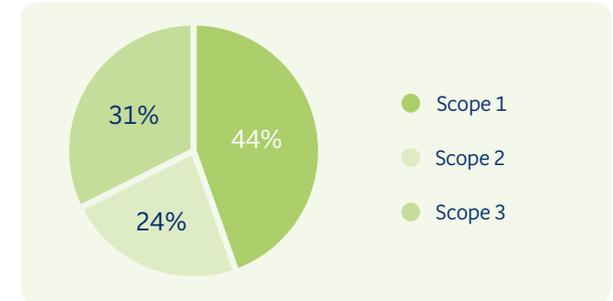
BNZ has a full emissions inventory with current measured operational emissions largely associated with the following activities:

- Scope 1 emissions: relate primarily to transport related emissions from our own fleet of vehicles;<sup>21</sup>
- Scope 2 emissions: primarily associated with electricity consumption in our buildings and offices;<sup>22, 23</sup>
- Scope 3 emissions : relate primarily to business travel, external data centre electricity and working from home).<sup>24</sup>

## Reductions in our operational emissions



## BNZ operational emissions — Scope % Year ending June 2021



## Ensuring our operational target is based in science

In 2021 we worked with Toitū Envirocare to ensure our operational emissions target, covering Scope 1, 2 and selected operational scope 3 emissions meets and exceeds science-based alignment with pathways to keep global warming to no more than 1.5 degrees above pre-industrial levels.

Through this process our target is considered both science-based and ambitious, exceeding [Science Based Targets Initiatives \(SBTi's\)](#) minimum reduction pathway requirement by just over 30 per cent. We'll be working to set a 2030 operational target to further our ambitions by the end of FY22.

We recognise that our operational emissions are only a small part of our wider climate change impact. As stated in the [Kaitiakitanga section](#) of this report, we've committed to aligning both our operational and attributable greenhouse gas emissions from our lending and investment portfolios with pathways to net zero by 2050, or sooner, consistent with a maximum temperature rise of 1.5 degrees above pre-industrial levels. We'll be progressing this work over FY22.

**Emissions/environmental reductions on a year on year basis (2021 vs 2020)<sup>25</sup>**

<b>Vehicle fleet</b>	BNZ’s vehicle fleet decreased in size by 25 per cent on average. Fleet emissions fell 20 per cent (40 per cent from a 2019 baseline).
<b>Business travel</b>	Air travel emissions fell 81 per cent (88 per cent from the 2019 baseline). Emissions associated with hotel stays fell 73 per cent. Taxi emissions fell 75 per cent. Rental car emissions fell 26 per cent.
<b>Paper</b>	Paper for customer statements fell 16 per cent. Office paper use fell 40 per cent. BNZ’s network of printers decreased by 63 per cent.
<b>Working from home</b>	Increase of 1,033 per cent in working from home emissions. <sup>26</sup> 7.5 per cent of total BNZ operational emissions (430.4t CO2e).
<b>Electricity use</b>	Scope 2 electricity emissions fell 4 per cent.
<b>Water</b>	Water use fell 16 per cent across all of BNZ’s operations.
<b>Waste</b>	Total waste to landfill reduced 12 per cent (33 per cent against 2019 baseline).

**Future-proofing our fleet**

In 2019 there were on average 622 light passenger vehicles in the BNZ fleet, many of which didn’t meet the strengthened organisational policy requirements on distanced travelled for the purpose of doing business.

By the end of June 2020, the overall number of our vehicles had dropped to 514 and by the end of June 2021 had decreased to 329.

X **We’ve nearly halved our vehicle fleet in two years with little negative impact on our operations. This has resulted in a 40 per cent reduction in fleet emissions (from a 2019 baseline).**

With a clear policy in place, a manageable fleet, and the ability to measure and monitor its use, our focus now is on electrification of all remaining vehicles.

As our vehicle leases roll off, we look to move them to either plug-in hybrids or pure electric vehicles. Within the next 12 months we’ll look to transition 60 per cent of the remaining fleet and in the following 12 months reach very close to 100 per cent of our fleet to either plug in hybrids or 100 per cent electric vehicles.

We’re rolling out electric vehicle charging infrastructure where we can around our sites and continue to focus on alternative forms of sustainable mobility for our people, including corporate use of public transport.

**Our partnership with Ecotricity**

We recently appointed Ecotricity as our electricity provider across all of our physical locations. Ecotricity sources 100% of their electricity from certified renewable energy sources including wind, hydro, and solar. Their solar energy is sourced from rooftop and ground-mounted solar energy obtained from approximately 45 per cent of their total customer base.

Ecotricity is the only electricity retailer that is 100 per cent Toitū carbonzero certified, having measured the cradle-to-grave lifecycle greenhouse gas emissions of its sourced electricity product in accordance with [PAS 2050:2011](#). Ecotricity has committed to managing and reducing the emissions intensity of its product and offsetting any unavoidable emissions through the purchase of biodiversity carbon credits which support the regeneration of biodiversity in places like the Chatham islands, the Hinewai Reserve in Akaroa, and Kaikoura. Ecotricity supplies Toitū carbonzero electricity to both commercial and residential customers.

Ecotricity is also the supplier of Aotearoa’s largest electric vehicle rapid charging network – Chargenet – with whom BNZ partners for the charging of our electric vehicles.



Waipipi Wind Farm, South Taranaki.

<sup>25</sup> The year to the end of June 2020 vs the year to the end of June 2021.

<sup>26</sup> We’ve applied a new methodology in FY21 to calculate emissions associated with staff working from home. This methodology aligns with the Ministry for the Environment’s new tailored working from home guidance and emission factor. Using this methodology, BNZ has noted an 11x increase in working from home emissions in 2021 vs 2020 as well as reflecting a full 12 months of working from home activity across the business in 2021 but just four months in 2020 - i.e. from March 2020.



# Transparent leadership

Over 2020, our foundation commitment to transparent leadership was achieved primarily through a wide range of public thought leadership initiatives – webinars, speaking events, podcasts, articles, and posts on issues at the heart of our strategy – as well as through transparent disclosures (an annual sustainability report) and the adoption of climate risk reporting in line with the TCFD framework.

One year on, all of these initiatives are now business as usual. We're now seeking to broaden our ambition to be more focused on how we can scale our impact through active partnerships and participation, as well as a more prominent role in advocating on important issues for New Zealand.

## Reporting on climate change

How we report against the risks of climate change and the steps we're taking to minimise its impacts is a core requirement for us. Last year we committed to reporting in line with the TCFD framework.

Climate-related disclosures will now be mandatory in New Zealand. While we will continue to report in line with TCFD ahead of the mandatory regime, we recognise this is no longer an ambitious commitment to leadership.

## Industry advocacy

Over 2021, BNZ has taken leadership positions in the formation of two new industry bodies that provide advocacy on two core issues at the heart of our strategy: sustainable finance and sustainable agriculture.

Through our partnership with [Aotearoa Circle](#) we actively support its commitment to:

X 'the pursuit of sustainable prosperity and reversing the decline of New Zealand's natural resources... taking a shared responsibility for long-term investment in our natural resources.'

We're also a founding partner of the newly created Toitū Tahua, Centre for Sustainable Finance.

We actively partnered in the development of the new Sustainable Agriculture Finance Initiative (SAFI), which sets clear industry definitions and standards around sustainable finance in agriculture.

## Finding solutions for the issues that matter

This report has provided a range of other tangible examples as to where we have sought to use our influence in support of our strategy commitments, for example, in advocating for increased digitisation of the economy for a more equitable approach to lending against Māori land and supporting greater use of Te Reo Māori across our business, and engaging and supporting a number of regulatory and policy changes to accelerate the transition to a low emissions economy. We'll be building on our leadership and advocacy position in FY22.



# Hardwiring sustainability

Over FY21 we've been embedding sustainability into the decisions we make as a business. We've enhanced our systems and processes across the bank to manage ESG risk and ensure we're well placed to identify and execute on opportunities, particularly relating to sustainable finance. We've embedded ESG into our risk appetite

statements, with clear accountabilities and our executives' performance is linked to delivery of ESG commitments. Wrapped around this system change is a clear governance structure and a programme of colleague training to ensure everyone understands the 'why' and the applicability of ESG/ sustainability to their roles.



# Grow our people

The culture and capability of BNZ people is critically important in delivering against our targets and community expectations.

Growing our people remains a vital part of building our bank to deliver on the challenges of the future. This includes how and who we recruit in order to build a diverse organisation that reflects the communities we serve, actively building our collective Māori cultural capability, and supporting and mentoring talent to ensure strong career pathways for our people.

## The importance of a solid benchmark

Data on our colleagues gives us a baseline of information on demographics such as ethnicity. For example, we now know we need to nearly double the number of our Māori colleagues to achieve our 2025 target of 15% of colleagues identifying as Māori.

This year we're able to report on ethnicity. Next year we'll again improve our diversity data capture and disclosure.

### Basic salary female to male ratio<sup>27</sup>

Group 7 (CEO)	N/A
Group 6 (Executive General Manager / Senior General Manager)	0.9
Group 5 (General Manager/ Head of)	0.9
Group 4 (Manager / Senior Consultant)	0.96
Group 3 (Lead / Consultant / Senior Analyst)	0.94
Group 2 (Team Leader / Analyst / Associate)	1
Group 1 (Team Member / Associate)	0.99

### Permanent workforce by age and gender (%)

Age group	Female	Male	All
<25	2%	2%	4%
25-<35	15%	12%	27%
35-<45	17%	14%	31%
45-<55	12%	11%	23%
55+	9%	7%	16%
<b>Total</b>	<b>55%</b>	<b>45%</b>	<b>100%</b>

### Permanent workforce by employment level and gender (%)

Employee Level	Female	Male
Group 7 (CEO)	100% <sup>28</sup>	0%
Group 6 (Executive General Manager / Senior General Manager)	39%	61%
Group 5 (General Manager/ Head of)	36%	64%
Group 4 (Manager / Senior Consultant)	39%	61%
Group 3 (Lead / Consultant / Senior Analyst)	49%	51%
Group 2 (Team Leader / Analyst / Associate)	62%	38%
Group 1 (Team Member / Associate)	73%	27%
<b>Total</b>	<b>55%</b>	<b>45%</b>

### Permanent workforce ethnicity list (%)<sup>29</sup>

New Zealand	74.0%
British and Irish	12.5%
South East Asian	8.2%
Māori	7.8%
Other European	6.2%
Southern and Central Asian	4.3%
North East Asian	3.4%
Australian	2.2%
Samoan	1.9%
Fijian	1.3%
Sub Saharan African	1.2%
People of the Americas - North American	0.8%
Cook Islands Māori	0.6%
People of the Americas - South and Central American	0.6%
Tongan	0.5%
Niuean	0.2%
North African and Middle Eastern - Arab	0.2%
Other North African and Middle Eastern	0.2%
Other Pacific Peoples	0.2%
North African and Middle Eastern - Jewish	0.1%
Tokelauan	0.1%
Other (another ethnic origin not shown above)	6.8%

<sup>27</sup> Ratio of female to male salary includes full-time and part-time permanent and fixed-term employees only. The ratio is calculated by dividing female average salary by male average salary per employment level. Salary data excludes contractors.

<sup>28</sup> This is for FY21 only and does not reflect the appointment of our new CEO on 1 October.

<sup>29</sup> Data based on ethnicities selected by survey respondents, multiple ethnicities may be selected. List aligns to the Australian Standard Classification of Cultural and Ethnic Groups (ASCCEG), 2019 and Ethnicity and New Zealand Standard Classification 2005.

## Progress on diversity

BNZ has taken a number of steps over FY21 to strengthen and embed a culture which values and promotes diversity and inclusion (D&I), and a sense of belonging across the bank.

Over FY21, BNZ conducted a review of our recruitment and colleague selection processes and policies, with a focus on ensuring fair and inclusive recruitment and eliminating unconscious bias. Ensuring internal people are considered for roles has also been a priority.

As a result, a new recruitment standard governs recruitment processes – this review recognised the inadequate resource and capability for effective Māori recruitment, leading to a dedicated strategy and resource to support it, which will be in place in FY22.

We continue to have a D&I Council, chaired by the Chief Executive, to monitor progress and take decisions around D&I performance across the business. Each executive team member is actively sponsoring two female emerging leaders within the business, as this is where attrition rates are most inconsistent with our goals.

We've introduced an executive sponsorship programme and created a 'Champions of Change' group across the business, made up of Enterprise Leaders to role model inclusive leadership.

Self awareness has been a focus of our internal capability building with a new programme, 'Building Inclusion,' rolled out to support the capability of BNZ's leaders to identify future leaders, and talent retention.

Unconscious bias training continues across the business and there's a requirement to interview at least one woman for all roles.

## Diversity means supporting all of our people

BNZ acknowledges and celebrates a wide range of different cultural events, campaigns and milestones on an ongoing basis to ensure we provide the support and leadership that our people expect of a genuinely inclusive bank.

By way of a few examples, over FY21 we launched a campaign around the use of personal pronouns to support an inclusive and safe culture.

We raised funds during international Pride Month and made new efforts to acknowledge, celebrate and explain the significance of Matariki and Te Wiki o Te Reo Māori – Māori Language Week, and other culturally significant events. We renewed our Rainbow Tick Certification and continue to run our 'Returning with Confidence' programme to support BNZ people returning from parental leave.

## BNZ's commitment to colleague wellbeing

Our people need to be and feel at their best. In an environment of COVID-19 uncertainty, steps to protect wellbeing have never been more important.

Ensuring that mental health and wellbeing is afforded the same level of consideration as physical health has been a fundamental aspect of BNZ's Health, Safety, and Wellbeing (HS&W) strategy over the past three years. The HS&W strategy uses data and insights to deliver programmes which support colleagues' wellbeing against our wellbeing framework.

## The foundations of BNZ's wellbeing support:

### Supporting colleagues' mental health

There is mandatory training for BNZ's people leaders to ensure understanding of the difference between stress, burnout, mental health, and mental illness – and how this is relevant to supporting colleagues. This involves knowing how to start conversations with colleagues, and where to go to get support and understand the 'why' in mental wellbeing promotion. Approximately 900 BNZ people leaders have received this training over the last three years.

### Wellbeing referral

Proactive and confidential support given by the BNZ's Wellbeing and Injury Management Business Partners is available for the most vulnerable colleagues. The team acts as supporters and advocates to develop plans to ensure colleagues either return to work or stay at work safely. Over 340 colleagues have been supported through this programme since its inception.

### Employee Assistance Programme (EAP)

BNZ has a confidential colleague EAP – an independent, confidential wellbeing counselling support service – run by Benestar. This is an important part of our overall colleague wellbeing programme and it is well used by our people – 14.5 per cent of the BNZ team used the function in some way over FY21 (compared to 5.8 per cent of the Australasian banking and financial services industry using the Benestar service).

Part of the success of the EAP programme is a Wellbeing Warrant of Fitness (Wellbeing WOF). The Wellbeing WOF is a proactive 'once over' conversation with a clinical psychologist focused on all aspects of wellbeing. The take-up rate for the Wellbeing WOF across BNZ colleagues was 13 per cent over FY21.

## Supporting our people with financial wellbeing

As part of our commitment to financial inclusion and wellbeing, BNZ has a dedicated Employee Financial Assistance Programme (EFA) service for our people. This is in addition to our broader Employee Assistance Programme (EAP) and the two services work together, cross-referencing people between them, depending on the individual needs.

Our EFA programme is 100 per cent confidential, outside of existing colleague support processes, and able to be accessed safely by anybody in the business. The service provides dedicated budgeting and financial wellbeing advice and counselling, including assistance in consolidating and managing debt when required.

## Supporting better sleep

As part of our annual 'Wellbeing 360' survey, we identified that BNZ colleagues were not getting the recommended amount and quality of sleep.

In June 2021, BNZ partnered with SleepLoop and launched a dedicated sleep recovery programme for colleagues. This involved an initial sleep survey from which we invited 270 BNZ colleagues to be part of a large-scale sleep coaching programme.

The coaching lasted for five weeks and gave participants access to sessions with international sleep experts as well as a forum to ask questions on sleep patterns.

Participants in the programme improved their 'sleep performance' by 10 points after the five weeks. More than half of the participants had not been involved in any other BNZ wellbeing initiative so it was positive seeing a service which added real value to a broad range of our colleagues.

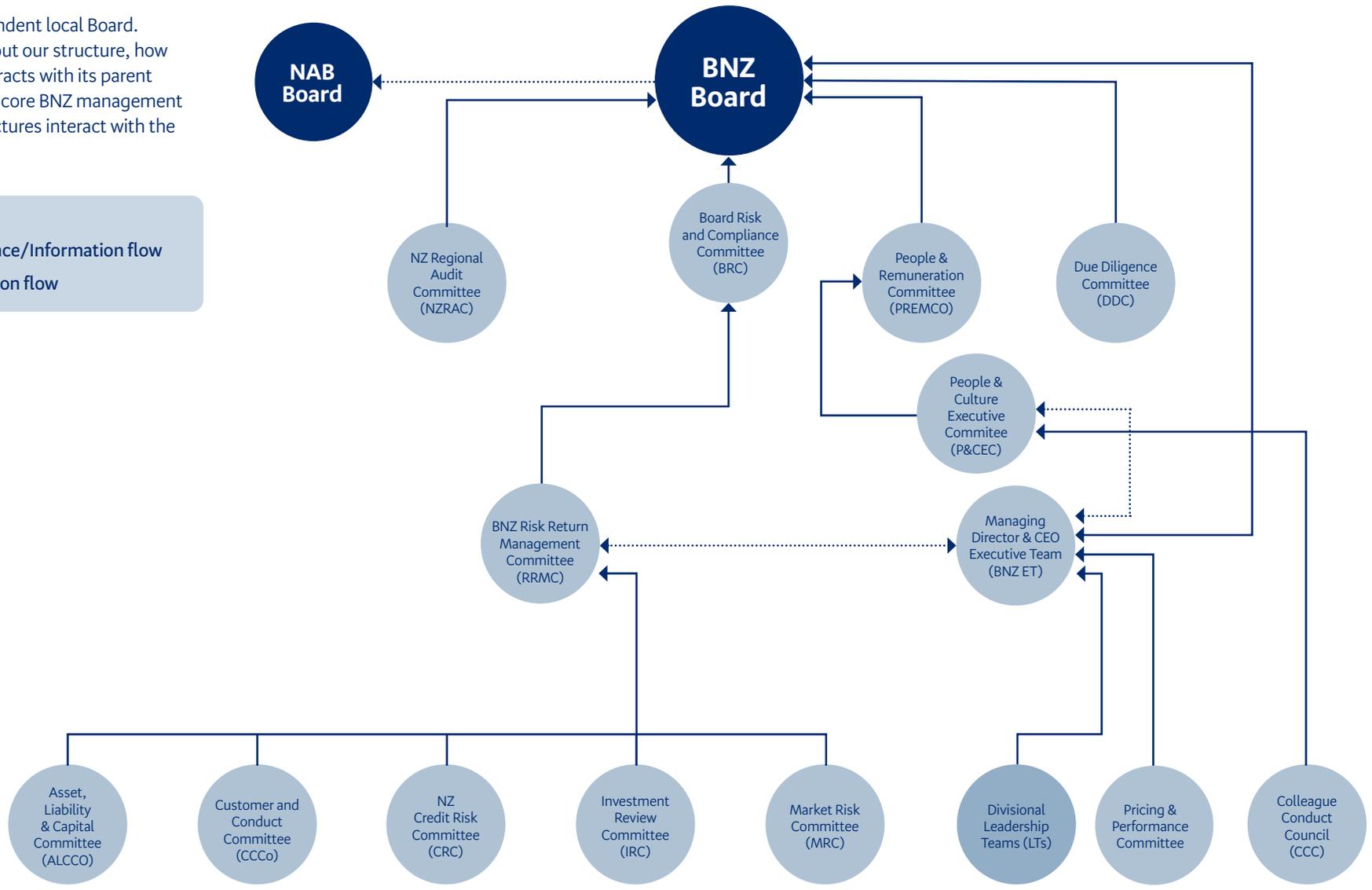


# Our governance and leadership structures

BNZ has an independent local Board. This diagram sets out our structure, how the BNZ Board interacts with its parent company, and how core BNZ management functions and structures interact with the BNZ Board.

**Key**

- Governance/Information flow
- ..... Information flow



# Our Board

A wide range of perspectives is essential to achieve effective governance in a time where the only constant is change. The BNZ Board members oversee the overall strategic direction of the bank. Our directors provide diverse views and skills to ensure that we are best placed to navigate change and complexity.

BNZ is a wholly-owned subsidiary of National Australia Bank Limited (NAB) and is independent. The BNZ Board is committed to meeting the independence requirements set out by the RBNZ. The majority of BNZ’s directors are independent, with no relationship to NAB, with one third of directors having a relationship with the parent company.

[Full profiles](#) and contact details of our directors are available on our website as part of BNZ’s commitment to transparency, good governance, and ethical conduct.

On 1 October 2021, Barbara Chapman joined the Board as an independent, non-executive director.



**Doug McKay**

Chair



**Dan Huggins**

Managing Director and Chief Executive Officer (CEO)



**Mai Chen**

Independent non-executive director



**Bruce Hassall**

Independent non-executive director



**Kevin Kenrick**

Independent non-executive director



**Louis Hawke**

Independent non-executive director



**Gary Lennon**

Non-executive director



**Linley Wood**

Independent non-executive director



**Barbara Chapman**

Independent non-executive director

# Our Executive

BNZ’s senior leadership is made up of an Executive Team of 12 people. Together they lead their BNZ colleagues to achieve the strategy, goals, and objectives of our organisation.

[Full profiles](#) are available on our website.

The most material change in the governance and management arrangements from FY20 is the replacement of Angela Mentis with Dan Huggins as Managing Director and Chief Executive Officer.

Kate Skinner, Anna Flower, and Karna Luke will all formally join the Executive Team from late 2021/early 2022 once regulatory non-objections are received.



**Dan Huggins**

Managing Director and CEO



**Penny Ford**

Executive, Chief Customer Officer – Corporate and Institutional Banking



**Peter MacGillivray**

Executive, Chief Financial Officer



**Brigid Gibson**

Executive, Chief People Officer



**Sam Perkins**

Executive, Chief Risk Officer



**Hayley Cassidy**

Executive, Chief General Counsel



**Kate Skinner**

Executive, Data, Analytics and Strategy



**Anna Flower**

Executive, Chief Customer Officer – Partnership Banking



**Karna Luke**

Executive, Customer, Products and Services



**Dean Schmidt**

Executive, Commercial Services and Responsible Business



**Paul Carter**

Acting Executive, Operational Excellence



**Paul Littlefair**

Acting Executive, Technology

# GRI content index

This report has been prepared in accordance with the GRI Standards: Core option.

Description		Page	Information/Omissions
GRI: 102: General disclosures 2016	<b>Organisational profile</b>		
	102-1	Name of the organisation	2 Bank of New Zealand.
	102-2	Activities, brands, products, and services	4, 9
	102-3	Location of headquarters	Auckland, New Zealand.
	102-4	Location of operations	New Zealand.
	102-5	Ownership and legal form	9 Wholly owned subsidiary of National Australia Bank. National Australia Bank is a limited liability company listed on the ASX.
	102-6	Markets served	4, 7, 8, and 9
	102-7	Scale of the organisation	4, 9
	102-8	Information on employees and other workers	38
	102-9	Supply chain	4 No significant changes.
	102-10	Significant changes to the organisation and its supply chain	N/A
	102-11	Precautionary Principle or approach	16
	102-12	External initiatives	19 UNEP FI: Principles of Responsible Banking, Principles of Responsible Investment, Sustainable Agriculture Finance Initiative (SAFI), Toitū Environmark Diamond, Rainbow Tick Certified, Living Wage Certified.
	102-13	Membership of associations	37 <ul style="list-style-type: none"> <li>• Sustainable Business Council and Climate Leaders Coalition</li> <li>• UNEP FI Principles of Responsible Banking (BNZ Membership)</li> <li>• UN Principles of Responsible Investing</li> <li>• Aotearoa Circle</li> <li>• Toitū Tahua   Centre for Sustainable Finance and Sustainable Business Network – investor, climate.</li> </ul>
GRI: 102: General disclosures 2016	<b>Strategy</b>		
	102-14	Statement from senior decision-maker	7, 8
	<b>Ethics and integrity</b>		
	102-16	Values, principles, standards and norms of behaviour	9
	<b>Governance</b>		
102-18	Governance structure	41	
GRI: 102: General disclosures 2016	<b>Stakeholder engagement</b>		
	102-40	List of stakeholder groups	12
	102-41	Collective bargaining agreements	9% are covered by collective bargaining agreements.
	102-42	Identifying and selecting stakeholders	12
	102-43	Approach to stakeholder engagement	12
102-44	Key topics and concerns raised	12, 13	

Description			Page	Information/Omissions	
GRI: 102: General disclosures 2016	Reporting practices				
	102-45	Entities included in the consolidated financial statements		<a href="#">NAB Annual Financial Statement 2021, BNZ's 2021 disclosure statement</a>	
	102-46	Defining report content and topic boundaries	2		
	102-47	List of material topics	13		
	102-48	Restatements of information	35	Historical figures for Scope 2 emissions have been restated due to additional electricity charges.	
	102-49	Changes in reporting		No changes in reporting boundaries.	
	102-50	Reporting period	2	1 October 2020 to 30 September 2021 (except for environmental reporting which is 1 July 2020 to 30 June 2021).	
	102-51	Date of most recent previous report		December 2020.	
	102-52	Reporting cycle	2	Annual	
	102-53	Contact point for questions regarding the report	2		
	102-54	Claims of reporting in accordance with the GRI standards	2, 44		
	102-55	GRI content index	44		
	102-56	External assurance	35, 46	BNZ's operational emissions are assured.	
Material theme: <b>Integrate Te Ao Māori</b>					
GRI 103: Management approach	103-1	Explanation and boundary	33		
	103-2	Management approach	33		
	103-3	Evaluation of approach	33		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	34, 42		
Material theme: <b>Responsible lending</b>					
GRI 103: Management approach	103-1	Explanation and boundary	15		
	103-2	Management approach	15		
	103-3	Evaluation of approach	15		
BNZ indicator	BNZ	Amount of lending to drive positive outcomes	16		
BNZ indicator	BNZ	# SME customers measuring		No data for FY21.	
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	16	<a href="#">Additional information in our separate TCFD disclosure.</a>	
Material theme: <b>Responsible investing</b>					
GRI 103: Management approach	103-1	Explanation and boundary		Our <a href="#">responsible investment policy</a> was updated in FY21. This is on our website.	
	103-2	Management approach			
	103-3	Evaluation of approach			
No indicator		Reduction in impacts across portfolio		Indicator being developed during year.	

Description			Page	Information/Omissions
<b>Material theme: Employee wellbeing</b>				
GRI 103: Management approach	103-1	Explanation and boundary	38	
	103-2	Management approach	38	
	103-3	Evaluation of approach	38	
GRI 403: Occupational Health and Safety 2016	403-6	Promotion of worker health	39, 40	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	34, 42	
	405-2	Ratio of basic salary and remuneration of women to men	38	
<b>Material theme: Financial wellbeing</b>				
GRI 103: Management approach	103-1	Explanation and boundary	22, 25, 27	
	103-2	Management approach	22, 25, 27	
	103-3	Evaluation of approach	22, 25, 27	
BNZ indicator	BNZ	Interest savings through the community finance programme	27	
GRI 203: Indirect economic impacts	203-2	Significant indirect economic impacts (availability of products and services for those on low incomes)	27, 28	
BNZ indicator	BNZ	Amount invested in the Home Repair programme	23	
BNZ indicator	BNZ	Digital Education Queue (Over 70s line)	26	
<b>Material theme: Operational environmental footprint</b>				
GRI 103: Management approach	103-1	Explanation and boundary	35	
	103-2	Management approach	35	
	103-3	Evaluation of approach	35	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	35	
	305-2	Energy indirect (Scope 2) GHG emissions	35	
	305-3	Other indirect (Scope 3) GHG emissions	35	
	305-5	Reduction of GHG emissions	36	

## Assurance

KPMG has provided an unqualified reasonable assurance opinion confirming that BNZ's end June 2021 operational emissions totalling 5,711 tCO<sub>2</sub>e, in all material respects, has been prepared in accordance with the calculation principles of Greenhouse Gas Protocol's Corporate Standard. Please refer to the full assurance opinion available online [here](#).

# Toi Māori

Co-designed by Hāmiora Bailey (Ngāti Porou Ki Harataunga, Ngāti Huarere) this report has been adorned with Purapura Whetū, Taki Toru, Kowhai Ngutukākā, Mangopare, Rautawa, Pātiki, and Te Takarangī. These pattern systems, are inspired by toi whakairo, tukutuku, and taniko. They act as poutokomanawa along the spine of the report providing support for the content, and as new icons to bring our sustainability strategy to life. Visualising Te Pēke O Aoteroa on its haerenga (journey) in supporting a more sustainable future for New Zealand.

These taonga stand to embody our people, our natural environment, and our aspirations for the future.

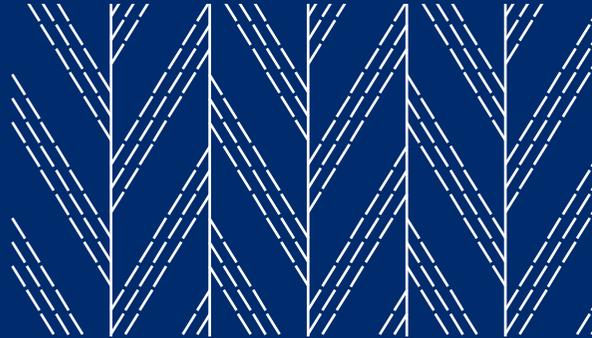
By engaging with BNZ’s Whānau Kaimahi within the bank, during the creative process, these designs act as a testament of Te Pūtaketanga and Te Hōkaitanga leadership programmes. As well as looking internally, these new design elements symbolise our BNZ customers and the wider hāpori (communities) we are committed to as a business.

As well as representing our people, these toi Māori work to illuminate BNZ’s strategy of integrating Te Ao Māori into all of our business practices, policies, products and services.

## Taki Toru

Taki Toru, meaning the rising or towing of three, is a reoccurring element within the Whare Tipuna. It is seen in many forms — woven through whāriki, on and behind the lashings of our heke and tukutuku, and supporting the space above us, painted on our ceiling rafters.

A symbol of reciprocity, hospitality, open communication and manaakitanga — these three notches are symbolic of embracing visitors as whānau. In Te Ao Māori there are many stories shared and connect many different Iwi, hapu, and whānau. Many, on both the East and West Coasts of Te Ika A Mauiā (The North Island) will attribute it to the Purakau of the great voyager Whātonga and his grandson Toi.



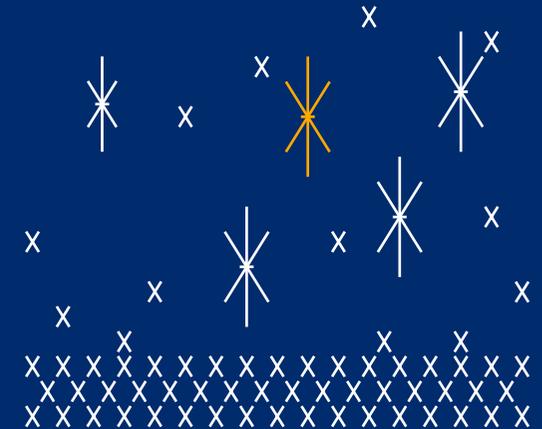
Others might say it looks at the three stages of the Māori Creation Story; Te Kore (the void of opportunity), Te Pō (Darkness/Night) and Te Ao Mārama (the world of light, knowledge and abundance).

In this particular instance, Taki Toru is used to honour our natural environment and Ngā Atua — in denoting Ranginui (the sky father), Papatūānuku (the earth mother) and how they set an example for us in how to Manaaki (hold, protect, foster, and care) for others within this realm, Te Ao Mārama.

## Purapura Whetū

Purapura Whetū denote Ngā Atua as the natural environment. Through observing the stars we understand our primordial relation to our ecosystem, and see preserving it as a marker of excellence.

Through Matariki, we know that there are indeed nine Atua — Matariki, Pohutakawa, Wai-Puna-Rangi, Uru Rangi, Tupuanuku, Tupuarangi, Waiti, Waita, and Hiwaiterangi — who reveal themselves to us during the first month of our Maramataka (Lunar Calendar) when they are visible in the night sky.



However, more than a date in the calendar, Matariki is an embodiment of Purapura Whetū — where everybody comes together, to honour the bounty Te Taiao (our natural environment) provides us. Waiti, Waitā, Tupu A Nuku, Hiwai-te-Rangi, Tupu A Rangi, Ururangi, and Waipunarangi are all Atua who provide us with sustenance from their respective domains in the natural environment. So, we celebrate them in taking care of our fresh water sources, the ocean, the soil, our agriculture, our air quality and our rain catchments.

Through Purapura Whetū we know that, our sustainability efforts should reach for the stars. Furthermore, by understanding our world through a Te Ao Māori lens, we know our whakapapa to Ngā Atua — and so give thanks to the natural environment — as it is a testament of how the stars, in-turn, are reaching for us.

For as many stars as are there are in the night sky, there are our Tipuna, who came before us, and our Mokopuna, who continue on to serve not only our people, but also, our natural environment. Purapura Whetū are used to represent strength in numbers and our need to work together with the nation, bringing every New Zealander with us on this journey to truly achieve our bold ambitions for a more sustainable future.

# Toi Māori

Taki Toru and Purapura Whetū draw their inspiration from the natural environment, honouring our commitment to Papatūānuku through this sustainability report, and, so too do our new sustainability icons. Looking to kowhaiwhai Ngai Iwi Maori have used throughout history to embrace tohu in the natural environment, as markers of being in good relation. We're proud to adopt new icons that, not only represent our strategy goals in a closer sense of their aspirations, but also honour our natural environment and a Te Ao Maori world view.



## Hardwire sustainability

Mangopare

Inspired by the Hammerhead Shark and its tenacity, these dual Mangopare stand to honour a constant, steadfast and earnest path forward, towards hardwiring sustainability. By sharing the frame, these Mangopare are in a constant state of whanungatanga — noting how this a journey for our customers, our staff, and our stakeholders to take together.



## Grow our people

Pātiki

Inspired by the Black Flounder this diamond Pātiki, honours Parawhenuamea, Waiti and our fresh water systems. Known for denoting hospitality and providing for the whole whānau this Kowhaiwhai looks to BNZ knowing and embracing all the ways, we can learn to grow our people.



## Transparent leadership

Kowhai Ngutukākā

Inspired by the Ngutukaka flower, this kowhaiwhai represents the pride we have in our native flora. At the same time, by showing four mirrored and balanced beaks of the kaka bird — who are known for their talking — sharing the same frame, this icon now stands to affirm the importance of open channels of communication and transparent leadership.



## Green our operations

Rautawa

Inspired by the Tawa tree, these reflecting leaves honour the great forest of Tane Māhuta. Known for its thin narrow leaf, the Tawa, in its maturity, grows strong buttress roots, can host numerous epiphytes, supports native reptile and insect life and, in the summer, bears fruit that are a staple diet for our Kererū (Native Wood Pigeon). We look to the Rautawa kowhaiwhai, motivating us to act like the Tawa tree, setting an example of how to nurture and sustain the ecosystem we belong to.



## Integrate Te Ao Māori

Te Takarangi

Te Takarangi is a circular motif where two spirals meet in the middle. Te Takarangi perfectly embodies Te Ao Māori by acknowledging the duality in all things. Be that of Ranginui and Papatūānuku, of Te Pō and Te Ao Mārama, of Ngā Atua and Te Taiao, of our Tīpuna and our Mokopuna. Te Takarangi encapsulates infinity, pulling it into the centre, reminding us that through our whakapapa we are the embodiment of all things. By Integrating Te Ao Māori into our business Te Takarangi reminds us that a whakapapa (holistic) perspective sees our work as business, as a window of agency we can enact to affirm positive change for whānau, hapu and Iwi.

# Get in touch

## BNZ sustainability enquiries

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Auckland CBD,  
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Call 0800 275 269

[www.bnz.co.nz](http://www.bnz.co.nz)

## BNZ general enquiries

Call 0800 275 269 for general enquiries

Free phone, available 8am - 8pm Monday to Friday,  
and 9am - 6pm Saturday, Sunday and on public holidays.

From overseas, call +64 4 931 82091.

Internet Banking and the BNZ app are available 24/7  
for general banking enquiries.

[www.bnz.co.nz/contact](http://www.bnz.co.nz/contact)