



## MARKET RELEASE

23 March 2022

### **Spark Finance issues first Sustainability-Linked Bond**

Spark Finance Limited, the wholly owned subsidiary of Spark New Zealand Limited that carries out the borrowing activities for the Spark group ("Spark"), announced today that it successfully completed a bookbuild for a 6.5-year NZ\$100m Sustainability-Linked Bond to institutional investors. The domestic notes will mature on 29 September 2028 and will pay an interest rate of 4.37% per annum. The bonds are expected to be rated A- by S&P.

To support both this transaction and any further sustainably linked financing that Spark may choose to undertake in future, Spark has established a Sustainable Finance Framework, which is closely aligned to its Sustainability Framework. Spark's Sustainable Finance Framework outlines the company's sustainable financing focus areas and the process by which Spark intends to issue and manage bonds and/or loans that are linked to the achievement of sustainability outcomes.

For its Sustainability-Linked Bond (SLB), Spark has selected one timebound Sustainability Performance Target (SPT) to reduce absolute Scope 1 and Scope 2 Greenhouse Gas emissions. The SLB target is informed by Spark's Science Based Target (SBT) that has been verified by the Science Based Target initiative (SBTi) to reduce absolute Scope 1 and Scope 2 Greenhouse Gas emissions by 56% by FY30 from an FY20 baseline. The target reflects material ambition in relation to current performance and is consistent with Spark's business strategy.

The SLB includes a financial impact that is dependent on the achievement of the SPT as at 30 June 2026. Should Spark fail to meet its emissions reduction target, a premium pricing adjustment in the form of an interest rate step will occur and will apply until maturity.

Stefan Knight, Spark Finance Director, says: "Spark Finance is pleased to issue New Zealand's first Sustainability-Linked Bond, following the refinancing of three existing loans to incorporate a Sustainability-Linked Loan structure back in November 2021. Sustainable finance is one way we can demonstrate our commitment to supporting Aotearoa's decarbonisation and continuing to work hard to improve our own environmental performance."



ANZ Head of Sustainable Finance, Dean Spicer, says: "ANZ is proud to have supported Spark on the completion of the first Sustainability-Linked Bond, which is an important development of the sustainable finance market in Aotearoa New Zealand. ANZ commends Spark for demonstrating its commitment to sustainability through this transaction."

### Details of Spark's Sustainability-Linked Bond:

<b>Issuer</b>	Spark Finance Limited
<b>Description</b>	Unsecured, unsubordinated, Sustainability-Linked fixed rate bonds
<b>Credit Rating</b>	Issuer credit rating A- (stable) (Standard & Poor's) Expected credit rating for Sustainability Linked Bonds: A- (Standard & Poor's)
<b>Issue Amount</b>	Up to NZ\$100,000,000
<b>Term</b>	6.5 years, maturing 29 September 2028
<b>Sustainability Performance Target</b>	To help achieve Spark's SBT by reducing absolute Scope 1 and Scope 2 emissions by a specified percentage by FY26 against a FY20 baseline
<b>SPT Observation Date</b>	30 June 2026
<b>Performance Threshold Premiums</b>	The SLB includes a financial impact depending on the achievement of the SPT as at 30 June 2026. Should Spark fail to meet its specified emissions reduction target, a premium pricing adjustment in the form of an interest rate step up will occur and will apply until maturity. Any interest rate step up will be applied at the commencement of the next interest period.
<b>Interest Rate</b>	4.37% per annum
<b>SPT Notification Date</b>	28 September 2026



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<b>Interest Rate Step Up (if applicable)</b>	Being the period beginning on the Interest Rate Step Up Date (being the day after the Interest Payment Date scheduled to occur on 29 September 2026) and will apply for each subsequent payment date up to and including 29 September 2028.
<b>Purpose</b>	General corporate purposes
<b>Arranger and Sustainability Coordinator</b>	ANZ Bank New Zealand Limited
<b>SLB Framework</b>	The Sustainability-linked Bond is aligned with Spark's Sustainable Finance Framework dated March 2022. Spark's Sustainable Finance Framework will be made available to investors as part of the SLB materials and will be made available on the Spark Finance Bonds section of Spark's investor centre website: <a href="https://investors.sparknz.co.nz">investors.sparknz.co.nz</a>

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- ANZ Bank New Zealand Limited (ANZ), Bank of New Zealand (BNZ) and Westpac New Zealand Limited (Westpac) together were appointed as Joint Sustainability Coordinators for the purposes of establishing the Sustainable Finance Framework.
- DNV provided a Second Party Opinion on the Sustainability-Linked Bond and the Sustainable Finance Framework confirming alignment with the International Capital Market Associations Sustainability Linked Bond Principles 2020.
- Russell McVeagh advised Spark on the issuance of the Sustainability-Linked Bond.

#### **About the SBTi**

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

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