

# Delivered.

2019

Integrated  
Report

New Zealand Post   
Tukurau Aotearoa

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# What do you know about NZ Post?

Your answer will depend on whether you shop online, whether you're a business or how you've used or experienced NZ Post's services in the past. It will also be influenced by how much contact you've had with our people such as our CourierPost partners, posties, delivery agents or the many people who work hard behind the scenes for us.

Read inside and you will find out something new, something different and a lot of things that build a picture of an agile, innovative and caring organisation that is making a difference to the New Zealand economy and community.

This is NZ Post's seventh Integrated Report. We are one of the few organisations in the world in a position to make this claim. It is our way of telling NZ Post's value creation story for the year to you, our people, our customers, our shareholders, our communities, in fact all our stakeholders. It celebrates our achievements and recognises our challenges, including the way we manage the most important issues we face as a business – our material issues. We also showcase our ambitious plans for what is just around the corner for this most trusted national asset, NZ Post.

NZ Post has been part of our communities for almost 180 years and has evolved into a truly Kiwi company that can change and grow as the world changes and grows. At the heart of NZ Post are our people, whose expertise keeps evolving to match demand from eCommerce, online shopping and changing consumer trends and behaviours. These exceptional people deliver products and services to New Zealand businesses, organisations and residents. We are in almost every community in New Zealand and continue to expand around the globe to provide a key link between New Zealanders and the world.

NZ Post is more than just a delivery business. We are an innovative, complex organisation contributing to the economic and social wellbeing of the country. Our purpose is to "deliver what people care about". This Integrated Report is transparent and clear on what went well during the year and what didn't, balancing the successes with the challenges, the risks addressed and opportunities taken. We present NZ Post's value creation story using feature stories about our people, online shopping, sustainable mail, community and governance. Each feature takes you through the relevant material issues that are being faced in that area and our innovation to address them.

We have tried to shake things up a little this year with a more magazine-style Integrated Report using these feature stories to showcase how we are delivering value – please read on.



**Jacqui Cutler**  
EDITOR  
NZ POST INTEGRATED REPORT

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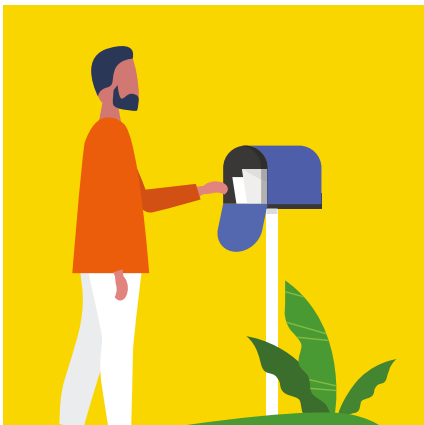
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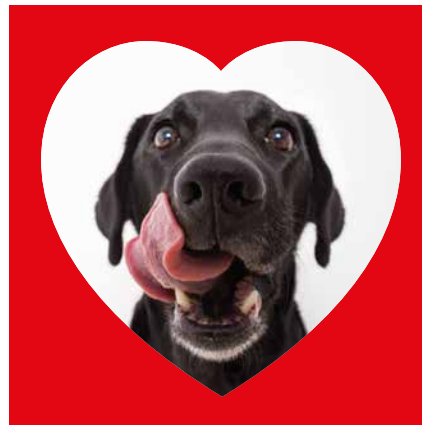
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**How to read this  
Integrated Report**

Our Integrated Report tells New Zealand Post's story for the year, with the help of the best reporting frameworks, focusing on our purpose, material issues and value creation across the resources we utilise and that, in turn, have impacts on our resources in the short, medium or long term.

Integrated reporting evaluates the effects of an organisation's activities to create value across a range of resources and assets. It also takes account of the views and impacts on a range of key stakeholders. It informs stakeholders about how we have created value from each of our six resources in the reporting period and how we plan to keep doing so over the medium and long term.

**Stakeholder engagement,  
material issues and  
value creation**

We develop our business strategies based on the material issues that are important to our business and our stakeholders – in particular, those that have the potential to substantively affect our ability to create value over time.

You can read how we engage with our stakeholders and determine the material issues and how this process shapes our strategies and actions (which directly inform the content of this report) in the Appendix on page 64.





**David Walsh**  
NZ POST CHIEF EXECUTIVE

**Jackie Lloyd**  
DEPUTY CHAIR

# Balancing the future and past, creating a new legacy

NZ Post Chief Executive David Walsh and Deputy Chair Jackie Lloyd know that the connection between CEO and Board is crucial for success – where ideas and innovation are developed that will help navigate and create the NZ Post of the future.

Jackie has been Acting Chair since November 2018, and in August 2019 NZ Post's new Chair, Rodger Finlay was appointed. Rodger has strong governance and senior commercial experience and is well placed to help lead the company through the next phase of changes for NZ Post.

This New Zealand institution's future is being created in an environment of rapid change – characterised by explosive growth in online shopping on the one hand, and plummeting numbers of letters being sent on the other.

The reality of the continued decline in letter volumes has led to NZ Post's decision to write-down their mail assets.

"We will continue to meet our mail obligations under the Deed of Understanding between NZ Post and the Crown, but the likelihood of making profits from the mail business

is very low. As a result of this we also 'derecognised' our tax assets.

"This year, we have also settled a warranty claim by our co-investors in Kiwibank (NZ Superfund and ACC).

"Lastly, like many organisations, over the last 12 months, we realised that entitlements under the Holidays Act were being calculated incorrectly, so money has been set aside to ensure this is rectified. The 2019 financial year was the year to 'clean up' the balance sheet" says David.

Jackie and David share the view that NZ Post is one of New Zealand's most interesting and dynamic organisations.

"The future prospects for our eCommerce and parcels business are real and strong. The legacy challenges of our letters business are real – but the social connection through mail and letters remains," says Jackie Lloyd.

It is not, however, just a story of two fortunes.

"What makes NZ Post valuable to New Zealand, the economy, businesses, consumers and communities is the impact and value we create in every decision we make and service we offer," she says.

It is an organisation that is not just focussed on the bottom line at all costs. As integrated thinking becomes more embedded in how NZ Post makes decisions, it is much more deliberate and focussed on considering the impact of what it does and decisions it makes on its people, relationships, the environment, expertise, network and finances.

Since David took over the CE role two years ago, customer and consumer needs and preferences have continued to change a lot.

"We are becoming more adept at keeping pace with, and sometimes ahead of the growth. We are really pleased with the growth in our parcels business, and we continue to look to invest for the future to meet the opportunities from eCommerce. However, we also continue to juggle record low numbers of letters being sent and the impact this has on our bottom line."

"Our recent operational performance shows that the strategy to focus on parcels is the right one, and we reported a \$35 million improvement in revenue this year due to a strong operational performance for the 2018/19 financial year and a record-breaking 12 months for our parcel delivery business.

"We have proven that we can deliver parcels to high service standards even with the highest ever number of parcels flowing through our network. We're delivering well over half of all parcels bought online in New Zealand and we're primed to continue maximising the growth and opportunities that eCommerce brings, especially in the fast-growing business-to-consumer market where NZ Post has the largest share. We've had the short term covered, and our sights are firmly on the medium and long term.

"Keeping pace with existing, new and emerging customer needs tapping into our eCommerce knowledge and expertise, building sound and agile data and digital solutions and making the right investment decisions in infrastructure, are amongst the things we are juggling and prioritising," says David.

In the medium-term NZ Post is focussed on building and creating value for New Zealand businesses and for consumers, through providing services that make them successful and their customers happy.

"Our history is built on delivering letters. This has put NZ Post in the privileged position of being embedded in the fabric of New Zealand. We treasure that. It means we are connected with every community, we are known and trusted and hold a special place for many," he says.

"We continue to grapple with matching the number of letters being sent and delivered, with the cost of reaching every household across the country while still meeting our commitments. We are proud of the steps we have taken each year with the aim of maintaining a mail service that can be sustained.

"We've turned the model for delivering letters on its head, introduced new ways of delivering and continued the shift from owning and running PostShop stores ourselves. We are reaching a point where this is not enough."

The NZ Post team is working hard to find new ways to create an environment where the eCommerce and online shopping parts of its business are free to grow and deliver for its customers. It is taking a pragmatic and realistic approach to the letters service. More work is needed and decisions are to come on this.

The pair is also conscious of the requirements and obligations that NZ Post's stake in Kiwibank creates, as the bank is growing and requires capital to support that growth.

"How we do things is becoming just as important as what we do," says David.

"What it's like to work at NZ Post, how we support our people, keep them connected to life at NZ Post and its role in their families and communities, how we keep them safe – physically and emotionally, the ways we value and celebrate all our people, how we reward and recognise them will shape and influence our success as an organisation."

As such a large organisation, with a presence in every community, supporting and helping other businesses succeed and grow, David and Jackie believe NZ Post has an obligation and opportunity to contribute to New Zealand's economy, environment and future workforce.

"We are deliberately crafting the NZ Post of the future right now, which will contribute to aspects of who New Zealand is in the future as well," conclude David and Jackie. ●

# OUR PEOPLE

**Reynaldo Consignado**  
Wellington Courier

## 550

PARCELS HANDLED  
EVERY DAY

ONE OF OUR COURIER  
PARTNERS SINCE

## 2009

## 226-254KM

TRAVELLED APPROX. EACH WEEK

**AN INTEGRAL PART OF THE  
TEAM, AND ALWAYS WILLING  
TO OFFER HELP AND ADVICE  
TO NEW COURIERS**

**VERY INVOLVED IN THE  
FILIPINO COMMUNITY,  
FAMILY MEANS A LOT  
TO HIM AND SO DOES  
PROVIDING EXCELLENT  
CUSTOMER SERVICE TO  
ALL OF HIS CUSTOMERS**







**Devon Chapman**  
Wellington  
Delivery Agent

**2,100**

LETTERBOXES DELIVERED  
TO EACH DAY

**32KM**

APPROX. DRIVEN EACH DAY  
IN A PAXSTER

**8,000**

LETTERS AND PARCELS  
DELIVERED OVER HER FOUR  
DAY A WEEK ROSTER

**54.9%**

OF NZ POST'S EMPLOYEES  
ARE FEMALE

**DEVON HAS BEEN  
A DELIVERY AGENT  
FOR 2 MONTHS**



# UNLOCKING OUR PEOPLE POTENTIAL

## A word from our Chief People and Governance Officer

In my 19 years at NZ Post, I've seen a huge amount of change and worked with and alongside a lot of fantastic people.

There's definitely something special about the people who work at NZ Post.

Our people get why we are here – they genuinely care about our customers, the communities that we operate in and each other. We hear time and again that colleagues are more like whānau, and our people are often celebrated for their compassion and the care they show when they are out in our communities delivering what people care about.

As an organisation, we want NZ Post to be the best place to work in the country. We are striving to be the best delivery business for New Zealand,

AND the best PEOPLE business for New Zealand. I am very proud of not only what our people do but of our aspirations for the future too.

To help us make these aspirations a reality, we are focusing on listening to our people to understand what is important to them. This will allow us to nurture and grow a culture that is underpinned by values and behaviours that reflect who we are and who we want to be in the future.

We've got a lot of great people in our team doing fantastic work in the communities we operate in, and they are rightly proud of the part that we at NZ Post play in connecting New Zealanders.



**Malcolm Shaw**  
CHIEF PEOPLE AND  
GOVERNANCE OFFICER



# HIGH ENGAGEMENT

A shared desire to make things better has led to a collaborative way of managing employment-related opportunities and issues between NZ Post, E tū and the Postal Workers Union of Aotearoa (PWUA).

NZ Post, E tū and PWUA have signed a charter that outlines a framework for engagement. The charter underpins the relationship between NZ Post and the unions, and the framework reconfirms and demonstrates all parties' commitment to the process.

The unions agree that the High Performance High Engagement (HPHE) framework provides an additional platform towards consensus to issues that affect members, recognising there are differing interests in the employer/employee relationship.

So far, the HPHE discussions have created national improvement teams that work on change projects in the operations area. Alongside this, the parties have begun to introduce the HPHE principles to more frontline people through the establishment of local frameworks.

This allows and encourages more constructive, collaborative discussions and the joint resolution of local issues at local level. Issues of national importance are worked through at a national level. Where consensus cannot be reached, the HPHE structure provides an escalation process from individual worksites to a regional then national level.

Naturally, should a solution not be found through the HPHE framework, all parties retain their rights to pursue their interests through traditional means.

# HIGH PERFORMANCE



**MATERIAL ISSUES ADDRESSED P. 64-67**

- Workforce health, safety and wellbeing
- Ethical culture
- Future-ready workforce
- Human and labour rights



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## CELEBRATING OUR DIFFERENCES

NZ Post is taking steps to help create a culture where backgrounds, beliefs and interests are recognised and valued to build a stronger workplace and teams.

Jon Later, Head of Talent Management and Sourcing, says he believes that what’s important to NZ Post people is important to NZ Post’s business. “We have spent time listening to understand what our people think about diversity and inclusion at NZ Post. This will form the basis for future work, supporting a culture where there’s genuine appetite for and celebration of inclusivity.”

As well as being driven by its people, NZ Post’s Board stands behind its commitment to diversity, with CEO David Walsh also being an active member of Champions for Change, which aims to raise awareness of the value of inclusivity and diversity in organisations. Fifty-three CEOs and senior leaders from across a wide range of industries and sectors lead this initiative.

## Creating stronger connections with Māori leaders

NZ Post recently worked with an external provider (Indigenous Growth Limited) to design a leadership programme specifically for Māori. The programme, Te Hononga – The Connection, gave 16 NZ Post people the opportunity to use the values that are anchored deeply within Māori culture – whanaungatanga (inclusiveness), wairua (spiritual wellbeing) and manaakitanga (kindness) – as a framework to further develop their leadership capabilities. The aim of Te Hononga is to nurture the talent already within NZ Post while upskilling its people in a way that harnesses the power of their shared culture.

Developing Māori leaders and talent is twofold says Jon. “NZ Post is also a keen supporter of TupuToa, which is about creating pathways for Māori and Pasifika students into careers in the corporate and public sectors. In 2018, three interns joined us to gain practical experience in a variety of roles within a commercial organisation. This benefited both the interns and the teams they supported, leading to NZ Post looking to continue its commitment to TupuToa by taking more interns this year.”



## Helping women be the best they can be

Off the back of International Women’s Day 2018 and the banner of #pressforprogress, women from NZ Post said there was a gap in companywide support for women. To help address this, a group of committed, diverse and focused women came together to form the NZ Post Women’s Network, Ngā Tuāhine o Tukurau Aotearoa, with the aim of supporting and empowering others.

Jon says that the priority for the network has been to establish a mentoring programme for women. “The reaction to the Le Faufautua mentoring programme has been positive, with male and female leaders from across NZ Post volunteering their time and expertise to make the programme a reality. Eighteen mentors have signed up to this brand-new support programme, and the company is currently seeking mentee applications.”

#pressforprogress

## Adding colour to the rainbow

NZ Post is exploring a focused effort to support colleagues who identify as lesbian, gay, bisexual, takatāpui, transgender or intersex (LGBTI) to help them feel they can bring their true, authentic self to work. The activity is still in the early stages of being developed, with NZ Post aiming to secure the Rainbow Tick.

We know that it is not just sufficient to get this recognition, it must reflect the true experience of our people. ●



MATERIAL ISSUES ADDRESSED P. 64-67

- Workforce health, safety and wellbeing
- Ethical culture
- Future ready workforce
- Human and labour rights
- Partnerships and collaboration



# Supporting our people to return home safe and well every day

NZ Post is a complex business operating around the clock, with a workforce of around 6,500 people exposed to a number of critical risks every day. Safety is a priority, and it requires vigilant and diligent focus to build a culture of safety in every pocket of the organisation.

From people in NZ Post's transport fleet with its interconnected network of vehicles on the road and in the air to frontline people working on and near machinery, forklifts and hoists, the environment they operate in is inherently dangerous. The company aim is for every NZ Post person and those who come into any of their sites to all go home safe every day. It is this deep care for the welfare of anyone working for NZ Post that has prompted a concerted focus – from board level to frontline people – on safety and wellbeing.

Under the Safe Home Every Day (SHED) banner, the NZ Post safety and wellbeing team, leaders and local safety and wellbeing action groups (SWAGs) have identified ways that they can improve processes to make sure that risks are managed and mitigated as much as they can be.

Peter Taylor, NZ Post's General Manager for People Capability and Wellbeing, believes the first step in tackling any risk is to fully understand it.

"Previously, the process was paper based, labour intensive and passed through many hands before an incident

"Over the last 12 months, we've concentrated on making it easier for our people to tell us about any risks or hazards that they encounter or any incidents that they experience."

## 6,500

PEOPLE EXPOSED TO A NUMBER OF CRITICAL RISKS EVERY DAY





**INSIGHT**



**KEEPING OUR PEOPLE'S AND CUSTOMERS' DATA SAFE**

The security and privacy of our people and our customers underpins every decision my team makes. As a business, we're constantly evaluating and improving how we handle confidential data and information and improving our security measures to safeguard against any possible disruptions to our services.

Over the last 12 months, we've trained all of our people to help them identify risks and scams. We understand that customers are trusting us with their confidential information through different channels, so we're continually reviewing our systems and processes. It is our obligation to keep our people's and customers' data safe, and we take this obligation very seriously.

**Ray Chow**  
HEAD OF IT RISK AND SECURITY

got to the people who could effect a change. We have introduced an online reporting tool called Vault. Vault allows our frontline people to report any safety-related situation in real time on their scanner. This means that, if they see any hazards while they are delivering for our customers, they can log this at the time rather than waiting until they get back to their depot to fill out a paper form. Vault can also be used by anyone across NZ Post to report, investigate and manage any form of safety event including near misses and positive safety observations."

Above this, Vault gives NZ Post superior levels of reporting, which is a step up from before.

"We can track and identify risks and hazards and report on this in real time. This gives our safety business partners and local leaders visibility, and they can take appropriate action quickly. Our senior leaders can also be across any and all hazards as they are reported," says Peter.

Another important part of managing risks is to identify and document how you intend to manage them. With the complexity of the safety issues that could impact NZ Post's people, a major project for the team has been undertaking a comprehensive view of all critical risks across the business.

"We've done this using the 'bowtie' methodology to map our processes and controls. From this, we have made significant progress in areas such as development and refinement of our forklift standards and operating procedures. This is ensuring consistency and common expectations, which we believe is reducing risk in this challenging area," says Peter.

Although the company has made positive progress in reducing the risks its people face each day, it has been overshadowed by the tragic deaths of two maintenance workers contracted to undertake work at two of NZ Post's sites.

"This has served as a stark reminder of how much more we all have to do to make sure that we keep our people safe and heading home to their family and friends and how dire the consequences can be," says Peter. ●



**MATERIAL ISSUES ADDRESSED P. 64-67**

- Data security and cyber safety
- Workforce health, safety and wellbeing
- Ethical Culture
- Future ready workforce
- Human and labour rights

# ONLINE SHOPPING





# New Zealand’s best partner for online shopping

WE SAT DOWN WITH CHIEF MARKETING OFFICER BRYAN DOBSON TO FIND OUT WHAT ONLINE SHOPPING MEANS FOR NZ POST.

People buying things online are part of NZ Post’s lifeblood according to Bryan.

It’s a big claim – and for those of us who still think NZ Post means birthday cards from grandparents, it might be a confusing leap – but if you consider the fact that the same technology causing rapid reductions in the number of letters people and organisations send is also the same technology causing a huge growth in parcel delivery from online shopping, it makes perfect sense.



**Bryan Dobson**  
CHIEF MARKETING OFFICER

**“NZ Post now delivers well over half of all parcels bought online in New Zealand.”**

Parcel delivery has surpassed mail as the largest contributor to NZ Post revenue. NZ Post now delivers well over half of all parcels bought online in New Zealand.

“NZ Post has been expecting this growth to occur and has been busy preparing its network for this future,” says Bryan. “In fact, if you look back on previous years’ reporting you’ll see that eCommerce has contributed to growth in parcel delivery for several years now.”

The NZ Post ecosystem of people, technology and logistics is being continuously developed to capture the incredible opportunities that eCommerce brings.

“This includes a public campaign we started in 2019, pushing NZ Post as the best partner for online shopping, which is also a top priority in the company’s strategic plan.”

Bryan believes capturing the ‘best partner’ status is an achievable goal – with NZ Post helping e-tailers find the right solutions specific to their business and then designing exactly what they need for the best possible experience for their customer who orders from them.

**“It’s the people who really matter.”**

“Ecommerce has huge financial benefits for us,” says Bryan, “and also affects our NZ Post people, bringing energy and optimism. And it’s the people who really matter, the people who are passionate about delivering what New Zealanders care about – right through the entire journey of a parcel or letter.”

But Bryan warns that many of the NZ Post parcel facilities are running close to full capacity, which means NZ Post needs to be front-footing this growth by updating technology and relieving pressure on manual handling to increase the capacity for more parcels to move through the network. It’s also essential that NZ Post is making the most of customer data to provide bespoke delivery options.

While NZ Post prepares the network to process and deliver more

parcels, it needs to consider how this can be done sustainably. Electric Paxster vehicles have been rolled out to many neighbourhoods throughout New Zealand, allowing non-tracked parcels to be delivered efficiently and cleanly, while some tracked parcels are currently being delivered by a selection of electric courier vans, which are currently in trial stage. This is all part of the plan for NZ Post to be completely carbon neutral from 2030. ●



**MATERIAL ISSUES ADDRESSED P. 64-67**

- Customer experience
- Dynamic business model
- Digitisation
- Globalisation
- Competitor threat and disruption
- Transition to a low carbon business
- Competition for capital

# THE FULL DOWNLOAD

– 2019 –

“Online shopping is growing at eight times the rate of shopping in store and is set to continue.”

Taking a look at NZ Post’s report released in June – The Full Download 2019 – that highlights research findings into eCommerce, it’s easy to see why New Zealand businesses such as Merchant 1948, part of the Overland Footwear Group, would choose NZ Post as their delivery partner.

The Full Download 2019 includes expert tips for New Zealand e-tailers, encouraging the growth of local businesses by providing advice on how to get started online, how to grow their customer base and how to go global.

These are tips that NZ Post is encouraging retailers to start adopting, pronto, because the report shows that online shopping is growing at eight times the rate of shopping in store and is set to continue.

It’s good news for NZ Post’s sending customers, like Merchant 1948. Not only is spending by New Zealanders in New Zealand growing at double the rate of international, spending on clothing and footwear in New Zealand increased a massive 45 percent online, while shopping for the same items in store actually fell one percent.



## INSIGHT

### HELPING OUR CUSTOMERS BRING THEIR BUSINESS TO THE WORLD.

Bringing global businesses closer to New Zealand and helping Kiwi businesses expand into the world is something we do well. We make it our business to understand our customers' business. We work as though we're part of their team, we understand their ambitions and we help them grow, across the Asia-Pacific region, UK/Europe and USA.

We help New Zealand exporters access the global market and help Kiwi consumers access a broader range of products.

To help smooth the path and make it easier for them to move their product, we've been growing our specialist hubs in Australia, New Zealand and Singapore, where we have experts on the ground who get us closer to our customers and understand the local infrastructure, rules and requirements. In these hubs, we provide end-to-end supply chain management and fulfilment, account management and customer service in the way locals understand and expect it, which in turn helps our worldwide import and export business.

Our growth through our international and commercial networks has translated in an improvement in NZ Post's bottom line. We're particularly proud of our contribution this past year in light of a changing eCommerce market, where customers are choosing to buy goods locally as opposed to internationally. The growth in overseas transactions has slowed to six percent in 2018 from 37 percent in 2017. Furthermore, with the changing demographics in the Asia-Pacific region coupled with global market change, we've seen dynamic growth of eCommerce in Asia-Pacific, which is adding pressure and intensifying competition for innovation and integration of service amongst e-tailers and logistics operators.

**Sohail Choudhry**  
CHIEF INTERNATIONAL BUSINESS OFFICER



# THE EXCITING ARRIVAL OF YOUR ONLINE SHOPPING PARCEL

Business-to-consumer sending of items is one of the fastest areas of growth and is an area that NZ Post is primed to maximise, with the largest market share compared to competitors such as New Zealand Couriers and Fastway Couriers.

For businesses like Merchant 1948, their customers' satisfaction is top priority, so it's essential that their chosen delivery partner provides a service to these customers that Merchant 1948 can be proud of.

Picture this: Merchant 1948 shoes has a Black Friday online sale. "Ooh look," says 42-year-old Millie from Waikato.

"Those boots I tried on the other day are half price now." Boom! Five days later, there they are on her front door step, courtesy of NZ Post.

Millie might also have her boots delivered to the local Countdown supermarket for her to pick up, or she might text her delivery agent to tell them to leave her boots on the back porch because she isn't going to be home for several hours due to swimming lessons and then the car broke down and then she had to go back to the pool because Tommy forgot his goggles. Whatever makes Millie's life easier, says Bryan, is possible with NZ Post's range of delivery options. And when Millie is a happy customer, so is Merchant 1948.

**"Customer needs are changing quickly: we want speed, efficiency and convenience."**

Customer needs are changing quickly: they want speed, efficiency and

convenience. They want to know where our parcel is at all times during its journey, and they want delivery at a time and place that works for them. These are all areas where NZ Post is ahead of the game – continuously trialling new tracking and notification technology, as well as flexible options for parcel delivery, to provide customers with the best possible experience.

**"Being integral to that moment of joy when your online shopping parcel arrives is part of NZ Post's identity, brand and future."**

There's a big feeling of pride when a business that has been part of Kiwis' lives for nearly 190 years is able to evolve to meet new opportunities. Being integral to that moment of joy when your online shopping parcel arrives is part of NZ Post's identity, brand and future, concludes Bryan. ●



## FIVE MINUTES WITH MERCHANT 1948



### Q. What trends are you seeing in online retail?

A. eCommerce is an ever-evolving side to our business and one that is growing quickly. Recently, we have switched to a mobile-first approach due to the rising numbers in mobile users. We think eCommerce is about giving customers answers quickly and offering them a zero-effort shopping experience.

We don't believe that eCommerce will ever replace retail, but we do think that our online business will become very centred around convenience for our customers while our stores will offer the experience of shopping with us.

### Q. What do your customers want in their online shopping experience?

A. Customers continue to expect more from e-tailers, and these expectations are rapidly changing, often faster than the industry can keep up with. What was a 'nice to have' two years ago is now an essential business practice to maintain customer satisfaction, such as free shipping. Being quick to make changes that address challenges is essential.

### Q. The NZ Post Full Download report shows a big uptake in buy now, pay later payment methods – have you seen this growth with your customers?

A. We've had great success using Afterpay across our customer base but particularly with our younger demographic. As Millennials and Gen Z tend to have lower disposable incomes and therefore tend to opt in to lower price points, being able to offer them buy now, pay later payment options has been game changing for marketing our higher-priced items.

### Q. What challenges has the growth of online shopping brought to your business?

A. Having an eCommerce side to your business automatically puts you into an international competitive space. You are no longer just competing in your local market, your customers have access to retailers from all over the world. Being able to continue to appeal to our local market is an ongoing challenge for us.

Discount culture within the e-tail space also continues to present challenges for us in such a competitive market. With the rise in popularity of online events such as Click Frenzy and Black Friday, participation in discounting has been essential.



### Q. What is it that you like about working with NZ Post as your delivery partner?

A. Our Account Manager at NZ Post is incredibly organised and will do everything she can to put her customer first. She is in touch regularly, even liaises directly with our external suppliers when necessary, all to ensure that our experience is smooth and on time.



## ABOUT MERCHANT 1948

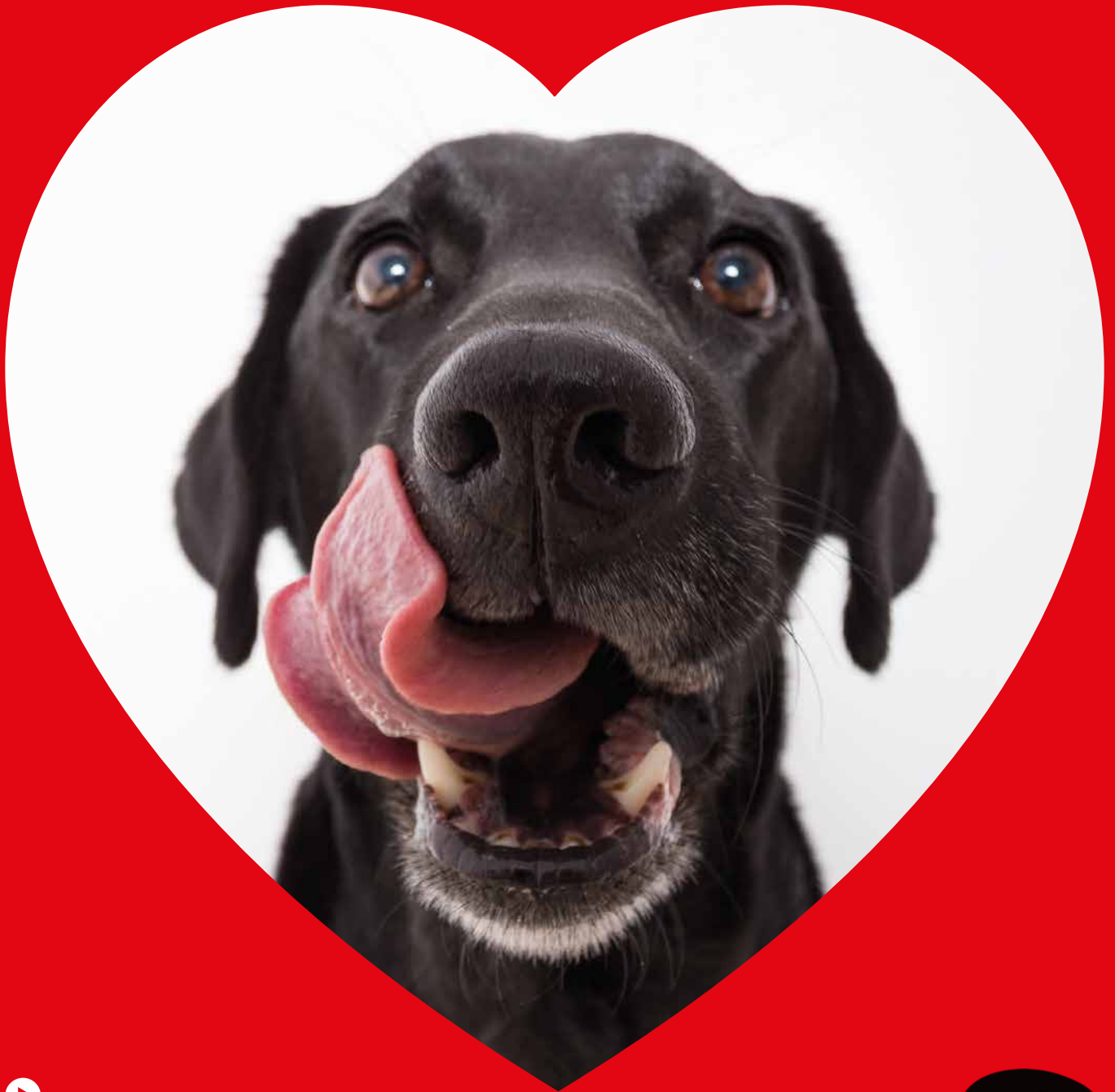
We pride ourselves on exceptional customer service. When you visit Merchant 1948, you're not simply shopping; you'll experience the warm and caring nature of our teams, with unparalleled footwear knowledge and fitting expertise.

You're not just a customer either – we want to hear your story and share ours too. We'll do everything we can to give you a truly transformative footwear experience. You could say footwear is in our blood. Merchant 1948 founder Shane Anselmi comes from a long line of footwear merchants and some 50 years later is focused on innovation and progress.

[merchant1948.co.nz](http://merchant1948.co.nz)

# Feed My Furbaby

A START-UP THAT'S READY TO SCALE UP



Visit [thefulldownload.co.nz](http://thefulldownload.co.nz) to see the full Feed My Furbaby story.







Auckland start-up Feed My Furbaby, quickly understood that one of their greatest challenges for their pet food subscription service was having a start-up business that's designed and set up to be scalable to become a big business. Amy Rennell, owner and co-founder of Feed My Furbaby, explains:

**“You don't want to start small and then chase your tail the whole time with your systems and processes and constantly have to keep investing. You'll never get ahead.”**

So Amy and husband Ben Rennell set about getting everything in place from the start – from branding, to website, to the whole customer journey and fulfilment.

“One of the challenges of our business actually is that it's quite complex having that tailored subscription service, but we've got to make that look really easy for each individual customer. We invested a lot of time up front to make sure everything was slick from the front for the consumer and the backend for the fulfilment process,” says Ben.

As you'd expect, when you are in the business of feeding animals, delivery is critical. If you don't deliver on time, there's a very hungry pet and pretty angry customer, so reliable overnight delivery is really important for Feed My Furbaby.

But they were also quick to recognise that customers want to customise their type of delivery. Making options available from overnight to weekend deliveries puts the power back in their customers' hands.

Like many New Zealand e-tailers, they use the NZ Post APIs to help automate their order taking and processing as much as possible. Ben with the final word:

“We couldn't do what we do without the APIs. You literally click a couple of buttons, and all our tickets are printed out, tracking numbers are sent to customers so they are in control of their parcel. NZ Post was a huge help in terms of helping us integrate it into our systems. They have completely enabled our business to happen.”



## **FEED MY FURBABY COMPANY PROFILE**

Husband and wife team Ben and Amy Rennell had a “light bulb” moment after lugging heavy dog food bags back from the supermarket. With help from Kickstarter, they launched the Feed My Furbaby pet food subscription service in November 2017. The idea has taken off with double-digit percentage growth each month and continues to gather momentum with more and more pet owners subscribing to the service nationwide.

**[feedmyfurbaby.co.nz](http://feedmyfurbaby.co.nz)**

# ETHIQUE AND NZ POST TAKE ON THE WORLD

**From humble beginnings and driven by a vision of less plastic in the world, Brianne West and the team at Ethique are a very special Kiwi success story.**

Ethique makes all sustainable beauty bars that can be used on the face, hair and body, and because the bars are solid and wrapped in compostable packaging, they eliminate all plastic.

Loved by environmentally conscious beauty fans and celebrities across the globe, Ethique has grown from Brianne's kitchen table to become a fully fledged award-winning international beauty brand with big plans for growth. And right by their side and supporting them with their worldwide ambitions is NZ Post.

With phenomenal growth in the USA and eyes firmly focused on developing European and Asian markets, Ethique started looking for a partner with significant warehousing and logistics capability, international reach and overseas expertise that would help them scale their logistics to match their ambition. In 2018, Ethique's Chief Operating Officer Tristan reached out to NZ Post International Outbound Solutions Specialist Bex O'Malley and asked the question "Can you help us?" The partnership has grown from there.

The first step was for all Ethique's stock to be transferred from Christchurch, where the company is based, to NZ Post's warehouse in Auckland – no mean feat given that 280 pallets of product filled four full truck-



and-trailer loads. "The logistics of this were complicated in itself," says Bex. "We had to free up the four trucks from our network and partner networks, so our transport teams played a big part in the move.

"Once the product arrived at our warehouse, our teams there spent time getting familiar with it so that they could expertly pick and pack it to Ethique's exact and high standards. Understandably with a plastic-free product, the last thing Ethique wants is for lots of unnecessary packaging to be used alongside the bars. I spent time with the warehousing team to make sure that everyone knew the expectations around packaging and that everything leaving our warehouse is completely plastic free."

With warehousing in place and going well, the strength and reach of the NZ Post global network was put to the test recently with Ethique clinching a deal with UK high street chain Holland & Barrett. With over 800 stores ready and



**Knowing that NZ Post has got such expertise has been a huge advantage to us."**

waiting to stock the Ethique product range, NZ Post had to move quickly to ship the initial order of 58 pallets of product to the Holland & Barrett central distribution centre. The distribution centre has strict protocol around the presentation, labelling and coding of product, and as Ethique's partner, NZ Post worked hard to ensure there were no issues. The result was an on-time delivery with no damage to any of the product – an outstanding result given the distance travelled and the perishable nature of the bars.



“Knowing that NZ Post has got such expertise has been a huge advantage to us,” says Brianne. “It’s great to know that they are taking care of things on the ground so we can get on with growing our business. The advice and guidance that they give us is invaluable too, and we love how Bex comes to us with solutions and talks to us about areas we’ve not thought of yet. Working with NZ Post as our partner means that we are scaling faster, and we wouldn’t have got so far so quickly without them.”



## CHALLENGES AND OPPORTUNITIES 2019–2021

- Our sending customers need to be well supported for online growth. The better they do, the better we do.
- Our people need to be supported with learning opportunities and development to meet new opportunities, and they need to be well and safe at work.
- Our network and logistics need to be future-proofed to capture and benefit from the forecast growth in eCommerce.
- Our brand needs to evoke strong emotional connection with New Zealanders and to be synonymous with online shopping.
- Our pricing strategy needs to reflect our value proposition as the best partner for online shopping.
- Our parcel strategy needs to be agile, allowing for unprecedented and unpredictable change.
- Our transport fleet and packaging need to be sustainable, and we need to be carbon neutral from 2030.
- Our technology needs to be modern and simpler to maintain in order to support future growth.
- Our data collection, storage and use need to be robust to stay ahead of the curve and need to be trusted to protect everyone’s information.



## THE FUTURE OF PARCEL DELIVERIES

Our goals for the future:

- Continue to be the number one parcel company in New Zealand, the first choice for customers, the best in New Zealand.
- Know and care about our customers’ business as much as they do.
- Continue to be right there with our customers as more of them go online – understand them, show them how to do it, have the right tools.
- Reduce ownership costs and simplify legacy technology so we can truly innovate.



**MATERIAL ISSUES ADDRESSED P. 64–67**

- Customer experience
- Dynamic business model
- Digitisation
- Globalisation
- Competitor threat and disruption
- Competition for capital





**Most people give little thought to the behind-the-scenes effort that goes into delivering the love and thoughtfulness as people give gifts to each other at Christmas time.**

In reality, it is a long way from the fairy tale ease of Santa's workshop, where conveyor belts magically deliver the perfect gift to the perfect gift-wrapping machine and onto Santa's enchanted sleigh.

For Kiwis, NZ Post's aim is pretty much the same: to be the invisible force that helps keep the magic and emotion of Christmas – and birthdays, celebrations, gifts and purchases – alive.

NZ Post's Chief Operating Officer, Customer Service Delivery Mark Stewart tells us that the premise of what NZ Post does is actually quite simple. "We deliver things from one place to another – from where it is to where our customer wants it to be.

"The magic is in how we do it – we are experts in delivering what people care about. Quite simply, we aim to be the best, and not surprisingly, we achieved the honour of being the best overnight parcel delivery service over consecutive months in the past year."

It takes meticulous coordination and a pragmatic – and sometimes gutsy – response to the many things beyond NZ Post's control. The number of items entering the NZ Post network can fluctuate dramatically on any given day with no prior warning. The size and weight of these items varies greatly, which helps determine their means of transport and delivery – from magazines, letters and Christmas cards to the latest life-sized children's Christmas gift must-have.

"Customers expect that delivery deadlines are met for mailouts and their special parcel reaches a loved one before their birthday. To have the best chance of meeting these expectations, we ensure our machines are well maintained and ready to perform under pressure, we resource our teams to process and deliver to our customers when they expect it and we are brave in responding quickly to the unknown. No matter what comes our way – extreme weather events, transport issues, natural disasters – we continue to process, transport and deliver to Kiwis," says Mark.

Despite its challenges, NZ Post has continuously delivered volumes of letters and parcels meeting or exceeding its service performance targets. Over the Christmas period, it delivered a record number of parcels – 14.5 million or 2.8 parcels a second. It also responded to 90,000 letters to Santa written by Kiwi kids.

To continue to deliver Christmas (and all the other things people care about during the year), NZ Post must effectively manage the complexity of a network that manages parcels in the multi-millions within set deadlines.

CHRISTMAS PERIOD 2018

14.5 million

PARCELS DELIVERED – A RECORD NUMBER THAT EQUATES TO

2.8 parcels a second

90,000

LETTERS TO SANTA REPLIED TO

"We don't lose sight of the fact that delivering the massive surge in parcel volumes at Christmas – as well as throughout the year – is absolutely about caring about what our customers care about," says Mark.

He adds that NZ Post also places a huge priority on its own people.

**"We firmly believe people matter most. That's why we make safety and wellbeing a priority, especially at the really busy times."**

Mark acknowledges that non-busy times are few and far between.

"What we're seeing is year-on-year growth in the number of parcels in our network. For the last three years, every Christmas has been the biggest yet, with that swell of Christmas sending starting earlier every year."

Volumes after the Christmas period are also on the increase.

"The trend has been for the parcel volumes to remain higher overall after Christmas, so every January, February, March and so on is experiencing a higher volume of parcels than the same month the year before."

Mark is quick to add that NZ Post is focused on delivering for customers and is preparing for continued growth.







**A RECORD!**

14.5 million parcels delivered over Christmas...



...that's around **2.8 parcels a second!**



Over 90,000 'Write to Santa' responses...



...that's nearly **1 in 7 children in NZ!**

to Deliver Christmas 2018 we added...



**+27** extra trucks



**+173** extra courier vans



**+165** extra flights



Our future-focused strategy means we can reduce the complications – make it easier – and better manage the things we can control or influence (the complexity) for the lowest cost possible.

Online shoppers are also demanding more choice from a delivery business, including after-hours, weekend and even same-day delivery.

“Being ahead of growth is essential in the highly competitive business we’re in. It takes time to construct new buildings or implement new technology and get it really humming. That’s why, as a business, we’re always looking and planning ahead, making sure we have enough time to get things in place.

“Our future-focused strategy means we can reduce the complications – make it easier – and better manage the things we can control or influence (the complexity) for the lowest cost possible. It means we and our customers can be confident that we have a safe, reliable and strong network for the next 10 years and beyond.” ●



**MATERIAL ISSUES ADDRESSED P. 64-67**

- Customer experience
- Dynamic business model
- Brand and reputation

# SUSTAINABLE MAIL







# FUTURE OF MAIL

**Eighteen months ago, New Zealanders sent over one million more letters a week than they do today. And it's businesses that are sending those letters – only one percent of all mail in New Zealand is made up of personal letters.**

This isn't a new thing for NZ Post, and it isn't a New Zealand-only thing. Worldwide, consumers and businesses have shifted to communicating digitally rather than sending physical mail.

The team at NZ Post have spent years working out ways to keep pace with the plummeting number of letters being sent. Significant changes have been made behind the scenes to reduce costs to help mail delivery pay its way.

"We face this challenging situation. As fewer letters are sent, the cost to deliver them goes up so we have to keep finding ways to reduce costs. But at the same time mail is a valuable service for many people in our communities, so we need to try and achieve this with minimal impact on the service," says General Manager Mail Matt Geor.

NZ Post is working hard to find a way through this.

"We need to look for solutions that enable mail to be delivered to all corners of the country within a timeframe that ensures it remains relevant through a reliable network that remains financially sustainable," says Matt.

NZ Post has responded to the changes to how Kiwis prefer to communicate by finding new ways of processing and delivering mail, but more needs to be done.

One thing it is doing is seeking guidance from its shareholder about the challenges it is facing and what solutions might be.

The 330 million letters that will be delivered in this financial year represent important communications and connections for New Zealanders, in particular for those who have low or no digital connectivity.

"NZ Post has anticipated the decline in the number of letters posted to and around New Zealand for many years, but the rate of change has increased in the last two years," says Matt.

"What this means is that, while the total cost of delivering mail is being maintained at its lowest possible point, the price to deliver each letter is increasing.

"That's why we have a specific strategy that balances a range of factors – including our role as a large employer and the value of our people in delivering our services. When we make decisions and trade-offs, we also consider the value created through our role in the community, relationships with customers, impact and contribution to environmental outcomes, expertise, assets and ultimately NZ Post's financial performance."

NZ Post's strategy for mail has included more-efficient processing and delivery systems, price and regulatory changes. Over the last year, this included the decisions to disband the Postal Network Access Committee (PNAC), introduce changes to prices for customers who send large volumes of mail and increase the price of posting a standard domestic letter by 10 cents from \$1.20 to \$1.30.

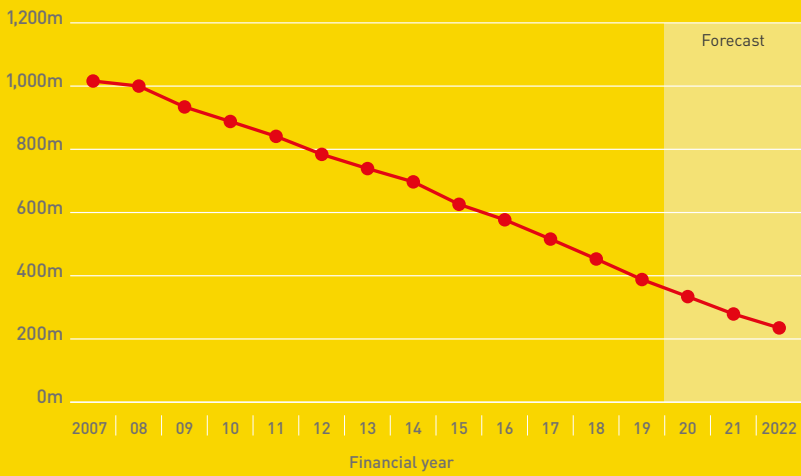
NZ Post continues to look at how other postal services around the world have addressed the challenges and is considering whether and how any of these options could be applied here.

"We are at a fork in the road. Providing a physical mail service for New Zealanders that meets the needs of New Zealand is part of NZ Post's DNA – but it must be financially sustainable on its own," says Matt. ●



**Matt Geor**  
GENERAL MANAGER MAIL

Total letter volumes



## OUR GOALS FOR THE FUTURE

- Continue to streamline our mail operations to be as efficient as we can while still meeting our social and commercial obligations.
- Proactively respond to the falling number of letters being sent, and refresh the way we price, sell and market our mail services.
- Address our key challenges by actively engaging with our stakeholders and shareholder.
- Explore all our options to create a viable and sustainable mail service.



**MATERIAL ISSUES ADDRESSED P. 64-67**

- Customer experience
- Dynamic business model
- Digitisation
- Competition for capital





# RAKINO ISLAND

DELIVERING WHAT PEOPLE CARE ABOUT  
ACROSS THE HAURAKI GULF

With a permanent population of 21 people, Rakino Island residents love the isolation of their community in Auckland's Hauraki Gulf.

However, with a ferry service from downtown Auckland only visiting the island three times a week, it's this isolation that has created an interesting challenge for NZ Post's service delivery team to solve.

Before NZ Post stepped in to put a reliable service in place, deliveries to the island were often sporadic and often the mail arrived in a poor condition. This all changed when one of NZ Post's service delivery leaders, Darlene Wyles, took a day trip to Rakino Island and saw





what the experience was like for its most remote customers.

“It was disappointing to see the unsorted mail left in bags on the wharf,” Darlene explains. “It seemed like there was a huge opportunity to improve things for our customers. I reached out to the islanders and asked if they would meet with us to talk about making it better. We worked together to design a solution where we would install PO Boxes at the wharf. A mail officer from NZ Post would travel on the ferry once a week to drop mail to the boxes and also collect mail and parcels that islanders want to send. Many of our customers go online and pay for postage so it’s a smooth process to get their items into our network.”

Tina Makiri, Auckland Central Box Lobby Leader, is responsible for all mail that goes to and from Rakino Island.

“We offer Rakino a community solution to their isolation,” says Tina. “There are five mail officers on the Rakino Island roster who take turns to sort the mail and head off on the ferry each Wednesday. Often the mail officer doesn’t even have the chance to fill the PO Boxes as islanders are ready and waiting as the ferry docks at the wharf. The consistency of service means that our customers know when to expect their mail, and over the many trips, my mail officers have built strong relationships with the Rakino island residents.” ●



**MATERIAL ISSUES ADDRESSED P. 64-67**

- Customer experience
- Dynamic business model
- Brand and reputation
- Partnerships and collaboration

# MORE PEOPLE MORE DELIVERIES



**Queenstown-Lakes district is a picturesque and popular destination amongst holiday makers and adventure seekers. It's also one of New Zealand's fastest-growing populations.**

With more people comes more houses, more infrastructure, more shops and more spending – especially online.

An NZ Post report on eCommerce in New Zealand shows West Coasters (including Queenstowners) spent \$28 million online last year – a 16 percent jump on 2017 – with people spending more than \$80 each time. The report shows West Coast people made 300,000 online transactions.

More parcels are being delivered in the area to more delivery points than ever before as the region's growth continues.

This year, NZ Post expanded its Queenstown delivery depot by the 150m<sup>2</sup> which it believes will accommodate the next five years' predicted growth in online shopping. The number of parcels being delivered has grown by 12 percent in the region, with an average of 25,500 deliveries per week. The highest growth is in the towns surrounding Queenstown, with less choice of retail shops and differing socio-economic make-up. NZ Post now occupies a new purpose-built depot in Wanaka to manage the higher volume of parcels coming into the area.

NZ Post employs 102 people in the Queenstown-Lakes district – mail officers who process and sort mail and manage PO Box lobbies, posties and contractors delivering letters and parcels to urban areas, small business owners delivering more than just mail and parcels to rural and provincial areas. They mostly travel on foot or by e-bicycle, motorcycle, vans and utes.

Orchestrating the daily pick-up of mail and parcels and send-off of teams with different expertise on their varied rounds is no mean feat. It takes careful planning on a good day – and top-class response on a bad one.

Last year's severe flooding in South Westland that cut access to Fox Glacier for several weeks demanded quick thinking, coordination between and across various teams with different expertise and a genuine one-team approach and cooperation to maintain NZ Post's service performance for the area. Processes were changed to make it easier for contractors delivering to addresses that were unfamiliar to them, couriers delivered letters, which is not the norm, and more demand was placed on NZ Post's network to absorb products from competitors' customers.

Queenstown's scenic mountainous terrain and extreme seasons are a drawback for out-of-towners, contributing to the area's positive growth – and growth for NZ Post's parcel delivery service.

It also poses challenges to the company to maintain its obligation of delivering to every household in New Zealand. In the past year, NZ Post delivered 13 percent fewer letters than in 2018 and continues to find the right balance between delivering a world-class standard at the same time as keeping costs down.

The future of mail and what New Zealanders expect from a national mail service is uncertain, and NZ Post continues to look at options for the

# \$28m

AMOUNT WEST COASTERS SPENT ONLINE LAST YEAR

# 150m<sup>2</sup>

EXPANSION OF QUEENSTOWN DELIVERY DEPOT

# 102

PEOPLE EMPLOYED BY NZ POST IN THE QUEENSTOWN-LAKES DISTRICT

future to ensure its mail service matches how customers prefer to communicate and is sustainable and commercially viable. ●



**MATERIAL ISSUES ADDRESSED P. 64-67**

- Customer experience
- Dynamic business model
- Transition to a low carbon business
- Partnerships and collaboration
- Climate adaptation
- Demographic change



# COMMUNITY CONNECTIONS



# FABRIC OF THE COMMUNITY

85-year-old Tawa resident Hylda Cutler is a regular customer at the Take Note bookstore and postal agency. There is a clear familiarity and fondness between Hylda and the staff, and Hylda tells us that visiting Take Note is one of the highlights of her day.

“They’re all so friendly and helpful. I come here for everything – to pay my bills, to post letters and cards to my friends and family and even to get advice about birthday presents.

“I really appreciate that they come out from behind the counter to help me pick out a book to buy or just to make sure I have everything I need. At 85, I really value them taking the time to help me, as I enjoy being able to have a quick chat. I’m thinking about giving up driving soon, so it’s wonderful that I’m still within walking distance of Take Note to run all my errands.

“I know everyone is told to go online these days, but I’m not very confident with my computer. I only use it to send emails, and I would never do any of my banking on it. I also have trouble with my hearing, so speaking on the phone can be a challenge. I much prefer speaking with a real person face to face.”

Rowena Sanders, Manager of Take Note Tawa, has been providing postal services to the community for nearly 25 years. Take Note is part of the Paper Plus Group, with each store locally owned and operated. Rowena’s parents own the Take Note store, and they’re both still very much involved in the day-to-day running of the business.

“We’re part of the fabric of the Tawa community. We’ve grown with our customers, and they have become our friends. NZ Post supports us to

provide a high quality of service to all our customers, and it’s great that we can be a convenient one-stop shop,” says Rowena.

“We love to see Hylda. Just recently, my parents’ home was burgled, and Hylda brought in a lovely bunch of flowers to cheer them up.

“Our Regional Manager Karyn visits regularly and is only ever a phone call away if we need anything. We believe our partnership with NZ Post works well, both for us and our customers. We have longer opening hours including Saturdays, accessible premises for the Tawa community, and it adds value to our core book, stationery and gift business,” says Rowena.

NZ Post recognises the role it plays in bringing communities together. However, with the increase in technology, people are changing the way they do things – from having their weekly meals delivered, buying clothing and shoes online and paying their bills electronically. This has meant that NZ Post has had to change too to ensure that it remains a sustainable business and that customers still receive the same high level of service they have come to know and value. ●



## STORE NETWORK

NZ Post aims to have a presence in communities and ensure that customers have easy access to its services.

The Deed of Understanding is the agreement between NZ Post and the Government. The Deed provides for NZ Post to have at least 880 points of presence nationwide.

To ensure NZ Post is able to meet this commitment, it partners with local businesses in over 800 locations to provide services on its behalf. This removes the costs associated with owning and leasing retail operations while enabling the company to remain in locations where it otherwise may not be viable.



### MATERIAL ISSUES ADDRESSED P. 64-67

- Customer experience
- Brand and reputation
- Economic wellbeing
- Demographic change

## PARTNERING WITH SOCIAL ENTERPRISES



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NZ Post invests in communities by partnering with social enterprises. It currently partners with six social enterprises across the country, which Matt Parsons, NZ Post's Procurement Team Manager, says enables NZ Post to continue with its commitment to community investment by buying from them.



“We are very proud to support the growth in social enterprise and innovation in New Zealand. By taking these steps, we hope to create even greater business demand from this sector, helping it grow even further.

“This is money that we would have spent anyway. By using it to buy from social enterprises, we are not only getting quality goods and services, we are also creating social impact,” says Matt.

One of the NZ Post’s social enterprise partners is Dignity, making sanitary items more accessible to women across New Zealand using a buy one, give one approach. Jacinta Gulasekharam, Co-Founder and General Manager, gives us her perspective.

“Ultimately, we wanted women to have dignity, so we created it. Period poverty in New Zealand is a growing issue. Girls have been missing school and creating make-shift items out of telephone books, toilet paper and rags because the cost of sanitary products is just too high. When you’re living on \$10 a day, a \$6 packet of pads can have a huge impact.

“Through Dignity’s buy one, give one model, businesses can help aid students and community groups by providing these safe, quality and accessible tampons and pads to schools.

“NZ Post purchases sanitary items from us on a regular basis and supplies them to their staff, primarily their frontline, for example, their courier depots and mail sorting centres. In doing so, every product purchased by NZ Post not only benefits its staff but also ensures other women in New Zealand have access to sanitary protection.

“We also use NZ Post’s delivery network to send products to schools, community groups and businesses across New Zealand. Our NZ Post Account Manager is a wonderful help with anything we need. He has set us up with eShip, which is so quick and easy. All we do is enter in our customer’s details, the system generates a shipping label for us, which we print and attach to the parcel, then it’s all ready to go!

“On occasion, we’ve had to chase up a couple of things, which is just the nature of logistics, but NZ Post has always sorted things out for us quickly. We really value the partnership we have and think it’s great that NZ Post is using some of its spend to buy from social enterprises and playing its part in creating positive outcomes for communities to help themselves.”

An accredited Living Wage Employer, Dignity has been operating for just over two years and currently supports over 25,000 women through 100 schools, youth organisations and women’s groups. ●

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**Social enterprises** are businesses that trade to support social or environmental goals. They have the heart of a charity with the mind of a business. Typically, they reinvest any surpluses towards these goals rather than maximising profit for shareholders. They often offer unique and innovative approaches to address social, cultural or environmental challenges and opportunities.



Through Dignity’s buy one, give one model, businesses can help aid students and community groups by providing these safe, quality and accessible tampons and pads to schools.

SUPPORTING OVER

**25,000**

WOMEN THROUGH 100 SCHOOLS, YOUTH ORGANISATIONS AND WOMEN’S GROUPS



MATERIAL ISSUES ADDRESSED P. 64-67

- Workforce health, safety and wellbeing
- Partnerships and collaboration
- Economic wellbeing



# INVESTING IN COMMUNITIES WHERE IT'S NEEDED MOST

How do we best support what is important to the wellbeing of our communities and people?

For as long as NZ Post has been around, it has understood the special role it plays in the communities that it serves – and it's not just about delivering the mail. As an organisation, NZ Post has a responsibility to contribute to New Zealand and to do so in an ethical and responsible way in the communities it is part of. With that in mind, it is focused on developing community investment that delivers meaningful and measurable social impact and reflects NZ Post's people, their communities and what's important to them.

To achieve this, NZ Post has been conducting a community review, using a design with people at the heart of the process, to understand what truly matters to its stakeholders and where NZ Post can make a meaningful difference.

NZ Post interviewed 60 people, ranging from its own employees, customers and community organisations to iwi, environmental advocates and former refugees, as it pondered the question "How do we best support what is important to the wellbeing of our communities and people?"

Miranda Hitchings, NZ Post's Community Investment Specialist, says they found people to be open, honest and enthusiastic in the interviews. "They shared their stories about what is important to them and the struggles they are experiencing in their wider circles. We now have rich information and insights about what our people and communities are experiencing across New Zealand."

Spending time with the people they love, enjoying a balanced life and being in nature came out as some of the key things that Kiwi communities value. However, it was also apparent that people are facing distinct challenges.

One of the strong themes that came through were concerns about connection. People often feel socially isolated and want to have a feeling of belonging and inclusion. Sadly, some members of our communities are experiencing growing levels of loneliness due to a variety of reasons, but primarily urbanisation, technology and our increasingly busy lives taking up time.

This isolation fed into people wanting to feel part of their community and make time for each other but were struggling to do so. This also linked to the importance of diversity and inclusion and getting the balance right.

One interviewee who works at a city council said, “We don’t just spend time with each other any more. Having a coffee with someone has to have a purpose now. We are forgetting to take the time to just enjoy people and enjoy life.”

Modern life pressures have also had an impact on people’s psychological wellbeing and work/life balance. People are struggling with living conditions, maintaining financial stability, mitigating the housing crisis and obtaining quality education. People’s lives are busier, work and commuting is taking up more time and people are feeling expectations in all aspects of their lives are increasing.

The prevalence of stories around mental health was also noted by all groups we talked to, regardless of their background.

A primary school principal who was interviewed said, “Little kids from all backgrounds are coming to school with anxiety issues... even if they’re from really lovely homes.”

Not surprisingly, people also value New Zealand’s environment. Although numerous interviewees were concerned about the wider impact of climate

change, many see hope in what is happening with the younger generation’s approach to these concerns. Some even noted that their children were a key reason they started taking environmental changes more seriously.

The research process was well received by the communities and people who were interviewed. They appreciated that NZ Post asked their opinions. It was also humbling for those carrying out the interviews to go out and talk with people from all walks of life.

Another interviewee and business owner noted, “It’s been great to see NZ Post having such a proactive and country-wide approach to ascertaining the issues and challenges that are important to the people in the communities that they work across. This will no doubt provide NZ Post with valuable insights to support its future decisions.”

NZ Post’s Miranda Hitchings says the findings are worth their weight in gold and will be invaluable as NZ Post develops its community investment approach.

“It also helps us understand the lives of New Zealanders and our own people who are part of the community too. From what we’ve learned, we hope to develop best-practice community investment that continues to build trust with our stakeholders and makes a real difference to people’s lives. We know how important giving back to the community is, and this shift to supporting causes close to the hearts of our stakeholders and our people will benefit all of us in the future,” says Miranda. ●



TE HONONGA LEADERS PROGRAMME



MATERIAL ISSUES ADDRESSED P. 64-67

- Brand and reputation
- Ethical culture
- Partnerships and collaboration
- Economic wellbeing
- Demographic change



# DOING WHAT'S RIGHT FOR THE ENVIRONMENT

We spoke to Dawn Baggaley, Head of Sustainability at NZ Post, Board member of the Sustainable Business Network (SBN) and member of Enviro-Mark Solutions Independent Technical Advisory Panel.



**Dawn Baggaley**  
HEAD OF SUSTAINABILITY

“I care deeply about creating a sustainable future and firmly believe that businesses can drive significant change. I am proud to work for NZ Post and of the commitment that our Board and executive team have shown in setting some big sustainability goals for our future.

“Along with setting an ambitious goal of being carbon neutral from 2030, we are giving serious consideration to our packaging options and have a goal to develop sustainable sending solutions that do no harm to the environment.”

NZ Post has already started on this journey and is collaborating with local and global companies that have signed a commitment to develop 100 percent reusable, recyclable or compostable packaging by 2025 or earlier. They recognise sustainable packaging is good for profits as well as the planet.

“We’ve developed guidelines for designing sustainable packaging that look at a product’s whole lifecycle. Through this, we’ve assessed options like compostable, biodegradable and fibre bags. We continue to collaborate with others to find the best solution for the future.

“We’ve also refreshed our range of boxes and increased their sustainability features by increasing their recycled content, using Forestry Stewardship Council (FSC) certified materials and using water-based inks. All our boxes are 100 percent recyclable and can be recycled through local kerbside collection or at recycling points.

“We’re putting real effort into reducing our emissions, recognising that a change in emissions reduction is needed. We’ve created a fund to annually invest in low-carbon activities. The fund has a value set against the cost of being carbon neutral now, similar to buying carbon credits to offset emissions. Our target is to reduce emissions by 32 percent from 2018 to 2030, which has been approved as a science-based target. These targets provide a clearly defined pathway to future-proof our growth by specifying how much and how quickly we need to reduce our greenhouse gas emissions and align with the 2015 Paris Agreement (see sciencebasedtargets.org). NZ Post is one of the first three New Zealand based companies to achieve this,” says Dawn.

NZ Post notes it is aware there is no silver bullet and efforts will be needed across the company with an increased investment in electric vehicles and continuing to build on its large electric fleet of Paxsters that are designed to carry letters and parcels, travelling by road and on footpaths.

“This coming year, we’re piloting electric cars and vans while collaborating with suppliers and customers on initiatives aimed at reducing carbon emissions. In our network, we’re focused on maximising the capacity in our vehicles and aircraft, and improving our rate of first-time delivery and avoiding unnecessary redelivery and travel.

“Our processes and technology can make a big difference. In the last financial year, we sent over two million parcel notifications. These notifications provide customers with updates on when we expect to deliver their parcel and allow them to request a safe place for the courier to leave it or access the redirection options available on our website. We’ve found that, when our notification service is used, the likelihood

of us needing to attempt another delivery is almost halved. Imagine the difference if all our customers signed up.

“Technology together with our parcel collect locations also give customers the option of having their parcel delivered to somewhere convenient for them to pick up. If they are planning on doing their grocery shopping at Countdown that evening or stopping by their local Z, they may opt to collect their parcel at the same time. These delivery options help to reduce traffic congestion in the inner cities and the number of trips that our customers need to make,” says Dawn.

NZ Post has also significantly improved the energy efficiency of its buildings and achieved a total reduction of 7.5 percent over the last two years, which equates to 1.7 million kWh – a saving of \$290,725 per year. It continues to focus on improving the energy efficiency of its buildings and engaging people on minimising waste. ●



**MATERIAL ISSUES ADDRESSED P. 64–67**

- Brand and reputation
- Ethical culture
- Transition to a low carbon business
- Partnerships and collaboration
- Climate adaptation
- Economic wellbeing
- Demographic change
- Auckland as a liveable city



**AWARD WINNING**

**2019 Fleet Champion of the Year award**

We all want to do our bit for the environment – and as a delivery business, the biggest impact we can have is through our delivery network. That’s why we’re proud to have won the ‘2019 Fleet Champion of the Year’ award at EVworld New Zealand 2019.

This award recognises our work and commitment to a low-carbon future for New Zealand.

“Our thanks to EECA for supporting us on this journey and our internal team who are working hard behind the scenes to increase the number of electric vehicles in our fleet and share the learnings with the wider industry,” says Sam Bridgman, NZ Post Sustainability Specialist.

We plan to move our owned fleet to 100% electric by 2025 and hope that others are inspired to follow.



# BUT WAIT THERE'S MORE



## STAMPS AND COLLECTABLES

Stamps and Collectables had a rewarding 2018/19 year designing and producing eight coin products and 21 stamp products, each telling a uniquely New Zealand story supported by stunning imagery.

Despite a declining New Zealand collector market, Stamps and Collectables has contributed an EBIT of \$2.7m to NZ Post's bottom line.

In 2019, we showcased our products at international stamp and coin events in Beijing, Berlin, Bangkok, China and Philadelphia, where the collector market is strong, and continue to use social and digital platforms to reach customers globally.

## CUSTOMER COMMUNICATIONS MANAGEMENT (CCM)

NZ Post's Customer Communications Management (CCM) team can help their clients manage statements and promotional or direct marketing material.

CCM has the largest print and mail operation in the country and is on the way to becoming the leading multichannel, digitally led, customer communications business for New Zealand.

CCM enables clients to provide their customers a better experience through their chosen communication platform, specialising in print, email and archive services.

In 2018/19, CCM posted over 100 million mail items, sent more than 20 million transactional emails and printed just under 263 million items.



## KIWIBANK

# 53%

NZ POST SHAREHOLDING  
IN KIWIBANK

NZ Post and Kiwibank continue to separate their services, with both businesses pursuing different strategies for their physical retail models.

NZ Post's best retail option is to offer postal services within other retail businesses to align with changing customer behaviours and provide greater customer accessibility at an operating cost that is sustainable.

The origination of Kiwibank within NZ Post has served its purpose with NZ Post's sizeable retail footprint having assisted the bank to gain market share.

NZ Post retains a 53% shareholding in Kiwibank and maintains a close working relationship.

## RED CROSS

Since NZ Post's partnership with Red Cross began in 2011, we have helped raise over \$800,000 towards special appeals.

Our ongoing assistance supports its five state-of-the-art disaster relief trucks, which are used at times of emergency and disaster across the country. Most recently, these were used during the Nelson fires and to support the community after the Christchurch terrorist attacks.

We helped establish the only curtain bank supporting people in Southland, and in 2018, we partnered with Red Cross on its Curtain Call campaign. As part of this, we transported 1,810 sets of curtains from 370 donors around the country to where the curtains were most needed and saved them from landfill.



# \$800k

RAISED TOWARDS SPECIAL  
APPEALS SINCE 2011



# THE NZ POST BUSINESS







INTERVIEW

# WHAT IT TAKES TO BE A GOOD DIRECTOR



Deputy Chair Jackie Lloyd has many years of commercial experience behind her, and through her role on the NZ Post Board, she has been tasked with keeping the focus of NZ Post firmly on its customers and its future. Read on for Jackie's thoughts on what the fast-moving environment NZ Post operates within will bring.

**What is unique about being on the NZ Post Board?**

For me, it's being in the centre of an organisation that has a long history, especially at a time of such extraordinary change. I think that NZ Post is one of the most interesting organisations. It is incredibly relevant in our communities, and I am thrilled to be a part of rejuvenating our future. It is important that, in this cauldron of change, we keep a view of our future at the same time as nutting through the challenges of today.

**What do you see as NZ Post's biggest challenges and, equally, its biggest successes?**

One of our biggest successes has been our multifaceted approach to dealing with the decline of mail. Despite the structural change that has resulted in mail decline, it has been a real credit to NZ Post in how we have pulled every lever, redesigned our network and service delivery standards and worked with unions, our people and communities and haven't simply taken a linear approach.

We have identified and seized our opportunities in eCommerce.



Our biggest challenge is the nexus of the two. How do we continue to manage the decline of mail while our biggest opportunities require investment?

**What makes a good Director?**

A good Director can balance both the desire to move the business forward as well as working through the issues of the present day.

They have a strong sense of connection with the business, its customers, communities and people. Unless you have that emotional connection, governance simply becomes a functional role, but connection is important.

We aim to role model the culture of the organisation and set the tone from the top as well as being able to engage appropriately at all levels. Our work with the NZ Post health and safety initiatives has been beneficial in this respect, and our Directors are far more engaged with the business.

An important part of our role is also to be a sounding board for the Chief Executive and the organisation. We're an independent group who are here to drive the organisation forward and provide sound, independent advice where needed.

At the same time, we can't get caught up in the detail. We need to have confidence in the Chief Executive and Senior Leadership Team to lead the organisation.

The induction of new Board members is really important to help to get to know the business, but there is also a level of personal responsibility on the individual Directors themselves. I'm a mystery shopper, I engage with NZ Post

in a variety of ways, I speak with our delivery agents when they deliver my mail, I speak to the agency owners at my local bookshop, but it's also important as a Director that you use this information appropriately. If someone does raise a genuine concern with me, I have a responsibility to act on that.

**If someone asked you what NZ Post will look like in five years, what would you say?**

We will still be a valued part of communities and delivering what people care about. However, we'll be using data and technology much more seamlessly.

Our relationships with our people, agencies, unions, communities and shareholders will have grown and strengthened.

I would also like to see more diversity in senior management roles.

**The Board is a relatively new group. What would you say is your greatest collective strength?**

Diversity of thought and perspective. We have Directors with extensive business and governance experience, but we also have new Directors with fresh eyes, different experiences and new skills coming to the Board. This gives us a good mix of perspectives when making the critical decisions for the coming years.

Along with our new Board members, I would like to welcome our new Chair, Rodger Finlay, who was appointed in August 2019. Rodger is a capable and experienced Chair, and I am confident that he will help guide NZ Post through this next period of significant change.



**A good Director can balance both the desire to move the business forward as well as working through the issues of the present day."**

**What are your hopes for NZ Post and how do you think it will achieve them?**

I expect NZ Post will continue to be an integrated part of the community and deliver to all of New Zealand for the next 180 years and beyond, and I don't see any reason why this wouldn't happen.

Great leadership and continually adapting to change as we have done will help us achieve this. We have a strong culture as part of New Zealand society, and this is supported by how we engage our people, how we operate with our customers and our shareholders and how we work socially and sustainably. ●



**MATERIAL ISSUES ADDRESSED P. 64-67**

- Dynamic business model
- Ethical culture
- Competitor threat and disruption
- Competition for capital
- Partnerships and collaboration

## WHO WE ARE AND WHAT WE DO

We deliver what  
people care about



**Parcels** – best partner for online shopping



**Mail** – a sustainable service



We help our **communities to connect**

By providing the best  
customer experience  
for both senders  
and receivers

**Reliability** – consistently  
delivering as promised.

**Visibility** – helping people  
see and understand what's  
happening as it's happening.

**Simplicity** – removing  
complexity and making every  
interaction as easy as possible.

**Care** – friendly, empathetic  
interactions dedicated to  
helping people achieve what  
they want and need.



WE DELIVERED  
WHAT PEOPLE  
CARE ABOUT TO

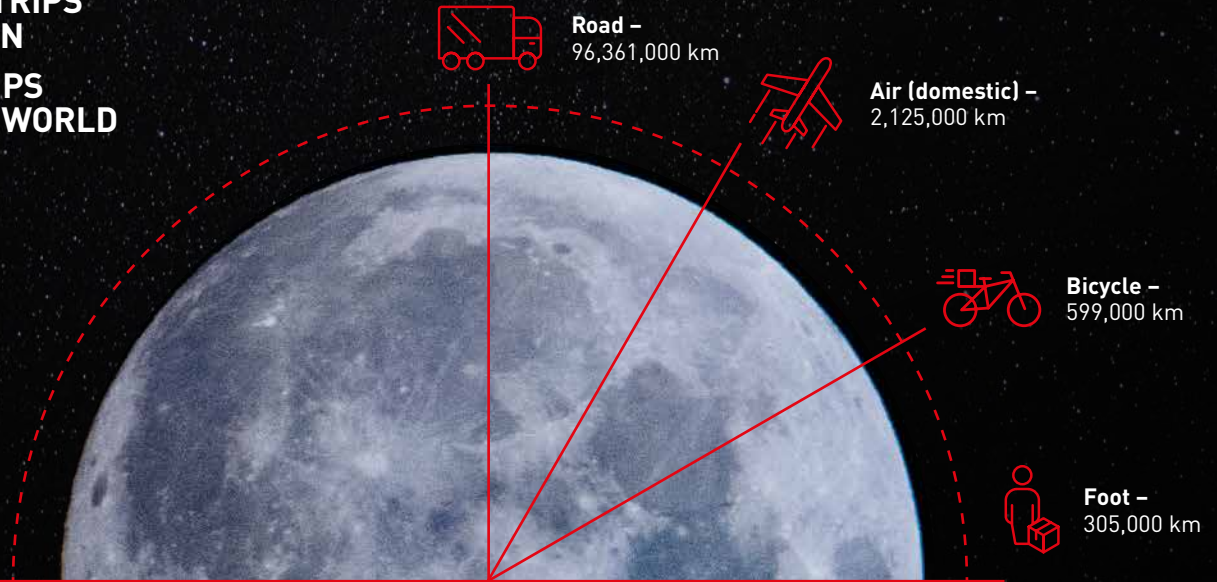
**193**  
COUNTRIES

In the last year, NZ Post's domestic network has covered approximately

# 99,391,000 km

THAT'S **258** TRIPS TO THE MOON

OR **2,484** TRIPS ROUND THE WORLD



USING OUR POWER-SAVING INITIATIVES, WE SAVED A TOTAL OF 1.2 MILLION KWH OVER A 12-MONTH PERIOD

**THAT'S ENOUGH TO POWER 50 AVERAGE NEW ZEALAND HOUSEHOLDS FOR THREE YEARS**

## TUKURAU AOTEAROA

TUKURAU AOTEAROA IS A CONTEMPORARY REPRESENTATION OF NZ POST IN TE REO MĀORI. TUKU CONVEYS THE SENSE OF SENDING OR DELIVERING. RAU MEANS A HUNDRED OR MANY, AOTEAROA BEING NEW ZEALAND.

**Tukurau** - to send or deliver many things.

# 4,700+

PEOPLE EMPLOYED APPROXIMATELY (EXCLUDING CONTRACTORS)



# 2,000+

VEHICLES USED IN OUR DELIVERY NETWORK, AND OUR FLEET OF ELECTRIC VEHICLES CONTINUES TO GROW

# 255,000m<sup>2</sup>

**30 RUGBY FIELDS**  
SPACE OUR PROCESSING AND DELIVERY SITES OCCUPY

WE CURRENTLY HAVE OVER **450 PAXSTERS, 280 E-BIKES AND 18 ELECTRIC CARS AND VANS**



# HOW WE CREATE VALUE

## RESOURCES TO DELIVER VALUE



### Our People

Their skills, knowledge and motivation



### Our Expertise

180 years of logistical know how, data and understanding of New Zealand's needs



### Our Networks

Physical processing, digital access, retail, transport, and collection/delivery partners



### Our Relationships

Breadth, depth and quality – with customers, agencies, communities and suppliers, nationally and internationally



### Our Finances

Our balance sheet, revenues and ability to borrow



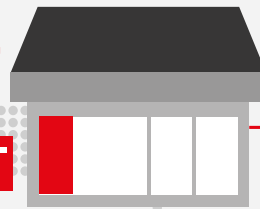
### Our Environment

The natural resources we employ such as land, atmosphere, water and raw materials

## DELIVERING WHAT PEOPLE CARE ABOUT

WHAT WE DO

# COLLECT



# PROCESS



HOW WE DO IT

Right people,  
treated right

Sharing  
our expertise



**THE VALUE WE CREATE +**

**Proud, committed and capable workforce** where people thrive in a safe environment



**Creating a prosperous New Zealand** by being the first choice for New Zealand business through connecting, partnering and trust



**Efficient and resilient delivery,** door to door, local and global, easy access, with best customer service



**Connecting communities** by bringing people closer



**A trusted brand** and essential partner for business growth and a more sustainable New Zealand



**Cash generation** to remain financially sustainable and invest for our future



**A healthier planet** through a low-carbon delivery service and sustainable packaging solutions



**Building a resilient business** for the long term

# OUR PERFORMANCE



## Our People

Their skills, knowledge and motivation.

### Stated goal

Develop a high-performing environment that ensures our people are valued and safe, keeps our people curious and learning and builds a workforce that is flexible and capable.

### How we measure success

Total recordable injuries – employees, applicable for mail and parcels.

ACTUAL		
FY18	401	
FY19	323	▼ 19%
TARGET		
FY20	256	▼ 20%
FY21	205	▼ 20%
FY22	164	▼ 20%



## Our Expertise

180 years of logistical know how, data and understanding of New Zealand needs.

### Stated goal

Developing our business continuously, creating more valuable opportunities and being seen as the trusted partner for our customers and stakeholders.

### How we measure success

In FY19, we measured this as % of total market share. From FY20, we are changing the measure to % of customers who believe we are the 'best' delivery partner for New Zealand.

ACTUAL	
FY18	Not comparable due to changes in methodology and sample definition.
FY19	18%
TARGET	
FY20	23%
FY21	30%
FY22	45%



## Our Networks

Physical processing, digital access, retail, transport, and collection/delivery partners.

### Stated goal

Develop and manage a sustainable, resilient, and responsive network that has the ability to deliver an improved and desired service that meets the needs of our customers now and in the future.

### Targets

- Parcels delivered within target.
- Letters delivered within target.

ACTUAL	PARCELS	LETTERS
FY18	97%	85.9%
FY19	95.8%	89.1%
TARGET		
FY20	96.5%	90%
FY21	96.5%	90%
FY22	96.5%	90%





## Our Relationships

Breadth, depth and quality – with customers, agencies, communities, suppliers, nationally and internationally.

### Stated goal

Adding value to our customers, stakeholders and community by building a more sustainable and prosperous New Zealand.

### Targets

- Consumer net promoter score.
- Business net promoter score.

NB: Having introduced a new measurement approach, we have used the overall NPS score for 2018 as a benchmark to focus on the best customer experience for senders and receivers.

ACTUAL	CONSUMER	BUSINESS
	Not comparable due to changes in methodology and sample definition.	
<b>FY18</b>		
<b>FY19</b>	<b>-7</b>	<b>-7</b>
TARGET		
<b>FY20</b>	<b>-5</b>	<b>-5</b>
<b>FY21</b>	<b>0</b>	<b>5</b>
<b>FY22</b>	<b>5</b>	<b>10</b>



## Our Finances

Our balance sheet, revenues and ability to borrow.

### Stated goal

Grow profitability, financial resilience and value for shareholders.

### Targets

- EBITDA
- EBIT

ACTUAL	EBITDA	EBIT
<b>FY18</b>	<b>-\$15M</b>	<b>-\$50M</b>
<b>FY19</b>	<b>-\$21M</b>	<b>-\$114M</b>
TARGET	EBITDA	EBIT
<b>FY20</b>	<b>\$67M</b>	<b>-\$4M</b>
<b>FY21</b>	<b>\$55M</b>	<b>-\$16M</b>
<b>FY22</b>	<b>\$53M</b>	<b>-\$18M</b>



## Our Environment

The natural resources we employ such as land, atmosphere, water and raw materials.

### Stated goal

Working to reduce carbon emissions by 32% from FY18 to FY30 through operational efficiencies, new technologies and smarter practices. Carbon neutral from 2030.

### Target

Total carbon emissions.

ACTUAL	
<b>FY18</b>	<b>129,509*</b>
<b>FY19</b>	<b>111,208</b>
TARGET	
<b>FY20</b>	<b>111,034 ▼ 0.1%</b>
<b>FY21</b>	<b>110,859 ▼ 0.1%</b>
<b>FY22</b>	<b>108,669 ▼ 1.9%</b>

\* This figure varies from last year's report due to the inclusion of additional data not identified at the time of audit.

## OUR BOARD

NZ Post has a strong Board with a range of skills and expertise.

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### Julia Hoare

BCom, FCA, CMinstD

DIRECTOR

to 31 July 2019

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### John Sproat

BA, LLB (Hons)

DIRECTOR

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### Nagaja Sanatkumar

B.Tech, MBA, MinstD

DIRECTOR



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### Rodger Finlay

BCom, FCA, CFinstD

APPOINTED CHAIR

21 August 2019





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**Jacqueline (Jackie) Lloyd**

BA, BCom, CMinstD

DEPUTY CHAIR

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**Richie Smith**

MBA

DIRECTOR

---

**Carol Campbell**

BCom, CA, CMinstD

DIRECTOR

---

**Jignasha Patel**

BCom, CA, MinstD, GAICD

DIRECTOR





# OUR SENIOR LEADERSHIP TEAM

NZ Post has a Senior Leadership Team with broad experience and a deep commitment to our purpose, led by the Chief Executive and accountable to the Board.



**David Walsh**  
BCA, CA  
CHIEF EXECUTIVE OFFICER



**Bryan Dobson**  
BBS (Hons)  
CHIEF MARKETING OFFICER



**Geri Ellis**  
MBA  
CHIEF DIGITAL AND  
TECHNOLOGY OFFICER



**Janet Selwood**  
BA, MBA  
GENERAL MANAGER  
CHANNELS



**Malcolm Shaw**  
LLB (Hons)  
CHIEF PEOPLE AND  
GOVERNANCE OFFICER



**Mark Stewart**  
BSc (Hons), PhD  
CHIEF OPERATING OFFICER,  
CUSTOMER SERVICE DELIVERY



**Michael Boersen**  
BCom, CA, ACIS  
CHIEF FINANCIAL OFFICER



**Sohail Choudhry**  
BA, BE, ME, PhD  
CHIEF INTERNATIONAL  
BUSINESS OFFICER

## CORPORATE GOVERNANCE

The NZ Post Board recognises the critical importance of strong corporate governance to the company's ability to create value. Accordingly, NZ Post has a comprehensive set of governance structures and practices to promote high ethical standards, rigorous review and deliberation, and sound decision making in all key areas of Board activity. The Board is guided by the eight corporate governance principles of the Financial Markets Authority.

### Principle 1: Ethical standards

The Board supports the principles set out in the Code of Practice for Directors of the New Zealand Institute of Directors, under which Directors are expected to:

- act honestly and with integrity
- comply with the law
- avoid conflicts of interest
- use company assets responsibly and in the best interests of the company
- be responsible and accountable for their actions
- act in accordance with their fiduciary duties.

NZ Post has a set of policies for the conduct of its business with integrity, honesty, fairness and in compliance with all relevant laws, regulations, codes and standards. Furthermore, the Board has adopted a set of Directors' Business Rules and Guidelines to ensure that its practices and procedures are aligned with the policies applying to employees.

The Companies Act 1993, the company's Constitution and the

Directors' Business Rules and Guidelines deal with the disclosure of interests by Directors and the participation and voting at Board meetings where any such interests are relevant. Directors are regularly requested to update their general disclosures of interest, which are recorded in the Register of Interests.

The policies include a specific Ethics Policy which requires NZ Post's people to "maintain the highest standards of behaviour and undertake their duties and responsibilities in an honest and professional manner and in accordance with the New Zealand Post Group ethics, principles and the law". The policies also require the company to maintain a safe and healthy workplace and to manage its business with care for the environment.

To ensure that the essence of the policies is easily accessible and understood by our people, we have created "My Post Code – a personal guide for doing the right thing at NZ Post". The Post Code synthesises the key elements into a wallet-sized guide.

### Principle 2: Board composition and performance

The NZ Post Board may comprise up to 10 Directors. The Directors are not executives of the company. Shareholding Ministers appoint the Directors. Before appointing new Directors, shareholding Ministers consider the balance of competencies and experience on the Board and also consult with the Chair.

The Chair carries out a leadership role in the conduct of the Board and its relationship with shareholding Ministers and stakeholders. The Chair maintains a close professional relationship with the Chief Executive. The Chair has no external commitments that conflict with the Chair's role.

At 30 June 2019, the Board comprised seven Directors. Each Director is considered to be independent, in that each is independent of management and free of any business or other relationship that could materially

interfere with or could reasonably be perceived to materially interfere with the exercise of the Directors' unfettered and independent judgement.

Our Board has ultimate responsibility for the management of NZ Post, which includes its strategic success and ongoing governance of its business affairs.

Applying their range of skills, the Board is committed to ensuring that management maintains the highest standards of corporate governance and upholds high ethical standards.

### Role of the Board

The Board is responsible to shareholding Ministers for directing and monitoring the management and affairs of NZ Post. NZ Post's principal objective is to operate as a successful business, including:

- to be as profitable and efficient as comparable private sector businesses
- to be a good employer
- to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

The Board establishes objectives and sets strategies to achieve those objectives. The Board, in the context of the approved policy, risk and compliance framework within which NZ Post operates, monitors management's performance against those strategies. The Board has delegated the day-to-day management to the Chief Executive.

The Board requires a three-year plan (presented annually), which is consistent with the agreed strategic objectives of NZ Post, to be submitted to it for approval. The Board closely monitors financial and non-financial performance and compares performance to the annual plan and forecasts at its regular meetings.

The Board has collectively reviewed and approved the Integrated Report for 2019. It confirms that, in the view of Directors, the report is presented in accordance with the Integrated Reporting Framework.

### Board Meetings

During financial year 2018/19, the Board held 10 regular meetings (with provision for additional meetings as required). The Board also holds an annual strategic planning session that considers strategic issues in conjunction with the Chief Executive and the Senior Leadership Team.

The Chief Executive, Chief Financial Officer and Chief People and Governance Officer generally attend all Board meetings. Other managers attend Board meetings in relation to matters regarding their areas of responsibility, and Directors have other opportunities, including site visits, for contact with wider Group employees.

### Access to independent information

In circumstances that warrant additional assurance, the Board as a whole and Directors individually may, in order to assist in carrying out their responsibilities, request independent professional advice at the company's expense. Such requests are to be made in consultation with the Chair and are facilitated through the Company Secretariat.

### Safety and wellbeing

Safety and wellbeing governance is a key priority for the Board. The Board plays a leadership role in respect of NZ Post's health and safety strategy and policy, including undertaking due diligence in relation to NZ Post's health and safety performance. This is to ensure the organisation is meeting best practice, including meeting its duties and obligations under the Health and Safety at Work Act 2015. In addition, the Senior Leadership Team meets as a Safety and Wellbeing Committee to ensure there is a focus on safety and wellbeing at the most senior executive level.

The Board has a strong focus on the health and wellbeing of NZ Post employees and contractors, with continuous improvements sought. The company invests in training and education in this area.

Periodically, Directors visit NZ Post sites and attend gatherings of NZ Post people, a recent example being the Board's visit to the Auckland Operations Centre and the National Contact Centre in June 2019. These activities are regarded by the Board as critical to its oversight of safety and wellbeing and to other Board due diligence activities within the company.

### Principle 3: Board committees

A Finance, Risk and Investment Committee and a Human Resources Committee assist the Board in the discharge of its responsibilities. Both committees have formal Charters, approved by the Board, setting out the respective committee's duties and responsibilities. The Board may also establish ad hoc committees as required to deal with specific issues.

All Directors are entitled to attend committee meetings, and copies of all meeting papers and minutes are available to all Directors. The Chief Executive and other relevant management attend committee meetings. The Finance, Risk and Investment Committee holds regular 'Directors only' sessions, which provide for discussions with external auditors to ensure a robust and independent audit process.

### Principle 4: Reporting and disclosure

The Board relies on the Finance, Risk and Investment Committee to oversee and guide the company's external reporting and disclosure. The Committee holds four regular meetings a year, and there is provision for additional meetings to be held to deal with other matters

as they arise. The committee's overall function is to assist the Board in fulfilling its responsibilities relating to the management systems and accounting and reporting practices, including:

- assisting the Board to meet its accounting and reporting responsibilities under the Companies Act 1993, the Financial Reporting Act 2013 and related legislation
- overseeing and reviewing the quality of internal and external audits
- ensuring the integrity of external financial reporting
- ensuring that NZ Post has the framework and methodologies in place that will ensure that all strategic and business risks and opportunities are thoroughly managed
- advising the Board in relation to the governance, performance and strategy of investment and divestment activity.

### Tax strategy and governance

Consistent with best practice, the Board has approved a Tax Policy, which sets the tax strategy and outlines the control framework by which tax obligations are met from an operational and risk management perspective.

The Tax Policy endorses the OECD's Business and Industry Advisory Committee's (BIAC) Statement of Tax Principles for International Business (September 2013), which is supported by Inland Revenue.

The Tax Policy is reviewed regularly, and any changes are approved by the Board.

NZ Post adopts a socially responsible approach to management of its tax affairs. Consistent with the high standards expected of it, NZ Post does not undertake tax planning activities that would be considered aggressive from either a New Zealand or international perspective.



**Tax contribution**

The amount of income tax paid by NZ Post was nil for the year ended 30 June 2019, reflecting a tax loss incurred in that year.

**Principle 5:  
Remuneration**

The Human Resources Committee schedules at least four regular meetings per year and there is provision for additional meetings to be held to deal with other matters as they arise.

The Human Resources Committee's primary purpose is to assist the Board in fulfilling its oversight of 'good employer' and human resources governance responsibilities relating to NZ Post. The responsibilities of the committee include:

- overseeing and reviewing performance of human resources
- overseeing and reviewing performance of health, safety and wellbeing
- reviewing and recommending to the Board for approval the remuneration policy, consistent with the strategic plan
- reviewing the remuneration for members of the Senior Leadership Team
- reviewing and recommending to the Board for approval remuneration arrangements and performance measures and targets for the Chief Executive
- reviewing the performance of the Chief Executive against performance measures and targets.

NZ Post's management remuneration structures are designed to attract, reward and motivate our executive talent while remaining mindful of affordability. In setting remuneration for NZ Post managers and specialists, market information from similarly sized positions within a broad range of New Zealand businesses is assessed.

**Principle 6:  
Risk management**

Management of risk is a key focus of the Board, as it is crucial to the protection of the company's value to stakeholders. NZ Post has a comprehensive risk management and internal control framework designed to identify and treat all significant business and strategic risks.

The Board approves and monitors policy and processes in significant risk areas. The Risk and Internal Audit functions report directly to the Board's Finance, Risk and Investment Committee, with the committee being actively engaged in the development and monitoring of risk management in the organisation.

The Board has approved a comprehensive delegated authority structure that clearly states actions reserved to itself and those delegated to management. As part of this, the Board is required to approve capital and operational expenditure that exceeds the Chief Executive's delegations. Any such request for approval is required to reflect a formal consideration of the relevant risk and prioritisation issues.

**Principle 7:  
Auditors**

The appointed auditor for NZ Post is Michele Embling assisted by PricewaterhouseCoopers, on behalf of the Auditor-General.

**Principle 8:  
Shareholder relations and stakeholder interests**

As a State-owned enterprise, NZ Post has two shareholding Ministers acting on behalf of the Crown. The Minister of Finance and the Minister for State-Owned Enterprises hold the company's shares.

An annual business plan and quarterly reports against the performance set out in the plan are provided to shareholding Ministers. A Statement of Corporate Intent, unaudited half-year accounts and audited year-end accounts are tabled in Parliament annually. Shareholding Ministers are also kept informed about developments of significance on an ongoing basis and in accordance with their "no surprises" policy.

NZ Post has formal and informal processes for regular engagement with stakeholders to identify and explore issues of concern to them that impact on the company's business or are likely to in future. Stakeholders' views make a critical contribution to determining the material issues that NZ Post addresses in forming and implementing business strategies. Independently conducted consultation with stakeholders provides valuable input for the Board's annual review of strategy and for integrated reporting.

**Rodger Finlay, Chair** BCom, FCA, CFinstD

**CHAIR** (from 21 August 2019)

Rodger has more than 10 years' governance experience, following an executive career of 27 years in the financial services industry including senior investment banking and funds management positions with major institutions.

Rodger has a Bachelor of Commerce (Accounting and Finance) from the University of Otago and is a Fellow of Chartered Accountants Australia and New Zealand as well as a Chartered Fellow of the Institute of Directors.

**Jacqueline (Jackie) Lloyd** BA, BCom, CMinstD

**DEPUTY CHAIR**

**ACTING CHAIR** (from 1 November 2018)

Jackie has an extensive background in private and public organisations. She is currently Chair of Experience Wellington (Wellington Museums Trust), a Director of Naylor Love and AgResearch, a trustee of The Lion Foundation and a Board member of the Museum of New Zealand Te Papa Tongarewa. She was also Chair of the State Services Commission Risk and Assurance Committee until December 2018 and the Combined Council of Weltec and Whitireia Institutes of Technology until November 2018.

Jackie has a strong background in business transformation, human resources and leadership. She previously served as global human resources Director for the New Zealand Dairy Board and NZMP Fonterra and subsequently as a consultant and New Zealand country manager for Hewitt Associates and The Gallup Organization. Jackie is a member of Global Women and serves on the National Council of the Institute of Directors in New Zealand.

**Carol Campbell** BCom, CA, CMinstD  
**DIRECTOR**

Carol brings 30 years' financial experience with a background as a Chartered Accountant and is a member of Chartered Accountants Australia and New Zealand.

Carol has extensive financial experience and a sound understanding of efficient Board governance. She holds a number of directorships across a broad spectrum of companies, including T&G Global, NZME, Asset Plus Limited and the Fisher Listed Investment companies Kingfish, Barramundi and Marlin Global where she is also Chair of the Audit and Risk Committee. She is also a Director of Kiwibank and holds a number of private company Directorships.

Carol was a Director of The Business Advisory Group for 11 years, a chartered accountancy practice and prior to that, a partner at Ernst & Young for over 25 years.

**Julia Hoare** BCom, FCA, CMinstD  
**DIRECTOR** (until 31 July 2019)

Julia is a professional independent Director. She possesses a comprehensive range of commercial and financial expertise, developed from both her governance roles and over the course of 20 years as a partner with PwC. She retired from the PwC partnership on 31 December 2012 to pursue a full-time corporate governance career.

Julia is currently the Deputy Chair and Chair of the Audit and Risk Committee for both The a2 Milk Company Limited and Watercare Services Limited. She is also a Director and Chair of the Audit and Risk Committees of both Port of Tauranga Limited and AWF Madison Group Limited and a Director of Auckland International Airport Limited. Julia is a Member of the National Council of the Institute of Directors and the External Reporting Board Advisory Panel. Julia is also a Fellow of Chartered Accountants

Australia and New Zealand and a Chartered Member of the Institute of Directors.

**Jignasha Patel** BCom, CA, MinstD, GAICD

**DIRECTOR**

Jignasha is a passionate advocate of leading business growth and transformations through people and culture coupled with commercialisation and an insights-driven focus on customers. She has more than 25 years' experience in executive and general management leading diverse teams, portfolios and revenue streams in multiple countries. Jignasha is currently Director Enterprise and Finance at Auckland War Memorial Museum and Board Trustee for COMET Auckland.

Jignasha has worked as Consulting Director for Business Catalyst International and General Manager Cargo at Air New Zealand and spent 11 years as General Manager of Air New Zealand Aviation Institute. She is also a member of Chartered Accountants Australia and New Zealand as well as a Member of the Institute of Directors (NZ) and Australian Institute of Company Directors.

**Nagaja Sanatkumar** B.Tech, MBA, MinstD  
**DIRECTOR**

Nagaja has over 20 years' experience harnessing technology to achieve growth and profitability in eCommerce. She has been the General Manager of Global eCommerce at Icebreaker since 2017.

She has worked as General Manager Online at Pumpkin Patch, Senior Manager eCommerce at Paymark and Senior Manager at Amazon. She has an extensive background in eCommerce, and her philosophy is that, if it isn't relevant for a customer, it isn't worth it. Nagaja is a Trustee of the Michael Hill International Violin Competition, a Director of Imagen8 and a Member of the Institute of Directors (New Zealand). She is also an executive of Icebreaker.

**Richie Smith MBA  
DIRECTOR**

Richie brings with him over 20 years' of national and international executive leadership roles with an extensive background in agriculture and logistics. Previously, Richie has served as Chief Executive for companies such as the Farmside Group and GreenFields (CRT). He currently holds directorships in a number of companies including Hilton Haulage Transport Group, Timaru District Holdings Limited and Ngāi Tahu Farming. Previous directorships in a range of industries have included dairy, agriculture, telecommunications, technology and manufacturing. Richie has also previously held a Ministerial appointment to the South Canterbury District Health Board.

**John Sproat BA, LLB (Hons)  
DIRECTOR**

John has over 30 years' experience practising in areas of bank lending, securitisation, structured and project financing and capital markets, working for New Zealand and international corporate and banking clients.

John was a Partner at Chapman Tripp for 23 years. He is currently a member of the Independent Advisory Panel of the Provincial Growth Fund and a member of the Ministerial Advisory Panel for the Reserve Bank Review.

**Richard Dellabarca BCom, LLB, MBA  
DIRECTOR (until 31 July 2018)**

Richard returned to New Zealand in 2015 after 14 years offshore in a variety of CEO, CFO and Director positions in private equity-backed ventures, capital markets, financial services and technology-related opportunities. Prior to this, Richard was an investment banker, working in both New Zealand and Australia in mergers and acquisitions and equity capital markets.

Richard has an MBA from Cambridge University and is qualified as a Barrister and Solicitor and Chartered Accountant.

Richard is currently Chief Executive Officer of the New Zealand Venture Investment Fund and a Board member for the New Zealand Rugby Union, Harmoney Limited, Pocketwise Limited, Kea New Zealand and Solvency II Solutions, an insurance software business based in the UK.

**Alan Dunn  
DIRECTOR (until 31 October 2018)**

Alan Dunn is a Director of Burger Fuel Worldwide Limited and Z Energy Limited. Until 2007, he spent 30 years with McDonald's, holding senior international appointments including Chairman and CEO of McDonald's New Zealand, Vice-President Operations at McDonald's head office in Chicago and regional Vice-President and Managing Director of McDonald's Nordic region based in Sweden.

In addition to his strong business background, he has contributed to a variety of community and education organisations, including Chairman of the Clean Up NZ Trust, the Auckland University of Technology (AUT) Foundation, the AUT School of Hotel and Restaurant Studies Advisory Committee and the AUT Māori Scholarship Committee, and as a Trustee of Ronald McDonald House Charities. In 2001, he chaired the Government Task Force on Business Compliance Cost.

**Jane Taylor LLB (Hons), LLM (First Class Honours), BForSc (Hons) DipAcc, FCA, CFInstD**

**CHAIR (until 31 October 2018)**

Jane is a professional Director with a strong background in both law and finance. Her current governance appointments include Chair of Landcare Research New Zealand Limited and Predator Free 2050 Limited, Deputy Chair of Radio New Zealand and a Director of Silver Fern Farms Limited, Kiwibank Limited, Orion New Zealand Limited and OTPP New Zealand Forest Investments Limited. Jane is also a Board member of the External Reporting Board (XRB).

Jane was awarded the Otago Daily Times Business Leader of the Year for 2016. Jane holds an LLB (Hons) and LLM with First Class Honours from the University of Auckland, a postgraduate qualification in accountancy and finance from Victoria University of Wellington and a BForSc (Hons) from the University of Canterbury. She is a Barrister and Solicitor of the High Court of New Zealand, a Chartered Fellow of the Institute of Directors in New Zealand, a member of the New Zealand Law Society and a Fellow of Chartered Accountants of Australia and New Zealand. Jane is also certified as an Independent Hearings Commissioner (Chair endorsement) under the Resource Management Act 1991.

**Senior Leadership Team**

**David Walsh BCA, CA  
CHIEF EXECUTIVE OFFICER**

David became Chief Executive in May 2017. He joined NZ Post in February 2015 as Chief Financial Officer having previously held the position of General Manager Corporate and Finance at KiwiRail after his role as Chief Financial Officer was widened.

He has significant leadership experience in a wide range of industries undergoing transformational change, with complex infrastructure, consumer products and services and leading large change projects. His professional background also includes Chief Operating and Chief Financial Officer at the New Zealand Racing Board and senior finance roles at Fonterra and TransAlta.

**Michael Boersen BCom, CA, ACIS  
CHIEF FINANCIAL OFFICER**

Michael joined NZ Post in May 2018, having previously held senior leadership roles at organisations as diverse as Auckland District Health Board, TR Group Limited and Southern Cross Healthcare Group.

Michael has also held positions as Finance Director and subsequently Chief Executive at Radius Health Group Limited and most recently as Chief Financial Officer and then as Chief Executive at Yellow Pages Limited, where he led the company through a digital transformation focusing on moving the culture of the business from one that was print led to one that was digitally led. This allowed for the acceleration of the digital growth strategy.

**Sohail Choudhry** BA, BE, ME, PhD  
**CHIEF INTERNATIONAL  
BUSINESS OFFICER**

Sohail has been with NZ Post since 2007 and during that time has been instrumental in helping transform the business through the introduction of digital communication solutions and developing the business lines of supply chain and eCommerce to take advantage of the growing B2C market. Sohail is responsible for NZ Post's critical International multi-lateral and bi-lateral partnerships and multi-channel solutions.

Previously, Sohail was CEO of a cutting-edge technology company based in New Zealand and successfully expanded the business into the US, Europe and Asian markets. His prior roles included work in the electricity and water sectors, IT&T, and setting up new ventures in the technology space. Sohail has brought a strong customer and commercial view to the enterprises in which he has worked, particularly building domestic and international strategic customer relationships and industry networks.

**Bryan Dobson** BBS (Hons)  
**CHIEF MARKETING OFFICER**

Bryan joined NZ Post in February 2017 and brings a wealth of experience in strategic marketing roles in the energy and financial services industries.

He had previously worked for Mercury NZ where he held senior sales and

marketing, digital transformation and general management roles. Bryan has a First Class Honours degree in marketing.

**Geri Ellis** MBA  
**CHIEF DIGITAL AND TECHNOLOGY OFFICER**

Geri Ellis joined New Zealand Post in September 2017 and brings a wealth of experience in digital, technology, marketing and strategy. She held senior general management positions in the United Kingdom, USA and New Zealand working across a number of industries from IT, Publishing, Media, Banking to Telecommunications.

Having previously worked for Vodafone for over six years, Geri has held both global and New Zealand based senior management and digital transformation roles.

**Janet Selwood** BA, MBA  
**GENERAL MANAGER CHANNELS**

Janet joined NZ Post in May 2013 as Strategic Advisor to the Chief Executive, having previously held a variety of roles at Telecom. She was appointed to her current role in December 2017.

She has worked in private, State-owned enterprise and government sectors, predominantly in the areas of strategic planning, business performance management, business and investment analysis, finance and leadership.

**Malcolm Shaw** LLB (Hons)  
**CHIEF PEOPLE AND GOVERNANCE  
OFFICER**

Since joining New Zealand Post in 2000, Malcolm has held the role of General Counsel, and has provided leadership across a range of corporate areas developing extensive experience in general management and leadership.

Prior to joining NZ Post, he had a broad background both as in-house counsel in Contact Energy and the New Zealand Dairy Board, and as a corporate and commercial lawyer in firms in New Zealand and overseas.

Malcolm continues to be a Barrister and Solicitor of the High Court of New Zealand.

**Mark Stewart** BSc (Hons), PhD  
**CHIEF OPERATING OFFICER,  
CUSTOMER SERVICE DELIVERY**

Mark joined NZ Post in 2008 and has held leadership roles across the business since in the store network, mail operations, leading the integration of our parcel (courier) and mail operations and now as Chief Operating Officer.

Mark has previously worked in a number of management consulting roles, most notably with PA Consulting in London, UK. There he worked in private and public organisations across multiple industries to develop and implement customer and operational strategies to improve business performance.



## MATERIALITY

**In the 2019 Financial Year, we once again undertook an annual review of NZ Post's material issues – the issues that matter most to our business and our stakeholders. We did this by engaging internal and external stakeholders in a best-practice materiality process led by an independent expert.**

### Why we do this

Materiality plays a crucial role in focusing the content of our Integrated Report on the most important issues, helping to keep it concise. Identifying these material issues is also critical to good strategic planning as it highlights the priorities for NZ Post to address. With this in mind, the materiality process is timed to feed into our Board's annual review of the NZ Post strategy, namely the Board Strategic Advance which occurs around November each year. Therefore this information is published in the following year's report.

### How we define material issues

A material issue is a risk or an opportunity as determined by our stakeholders (internal and external) that could significantly impact our business performance over the medium or long term. The material issues influence our business strategy and may impact on our ability to create value across all the forms of resources that we rely on to run our business – people, environment, expertise, network, relationship and financial capital.

### Our materiality process

The FY19 materiality process involved an improved stakeholder sample with greater engagement of customers. It incorporated the following:

- An independent best-practice process consisting of the following three steps:

#### STEP 1

Research to identify any new or changed issues by reviewing media coverage, risk registers, global mega trends, peer reports, other industry and international reports and additional issues identified through the FY18 materiality process. A list of 18 issues was presented to stakeholders for consultation, including two new issues. Stakeholders were again invited to propose any new issues they felt were missing from the list.

#### STEP 2

Engaged 30 internal and 21 external stakeholders in completing the FY19 materiality survey.

#### STEP 3

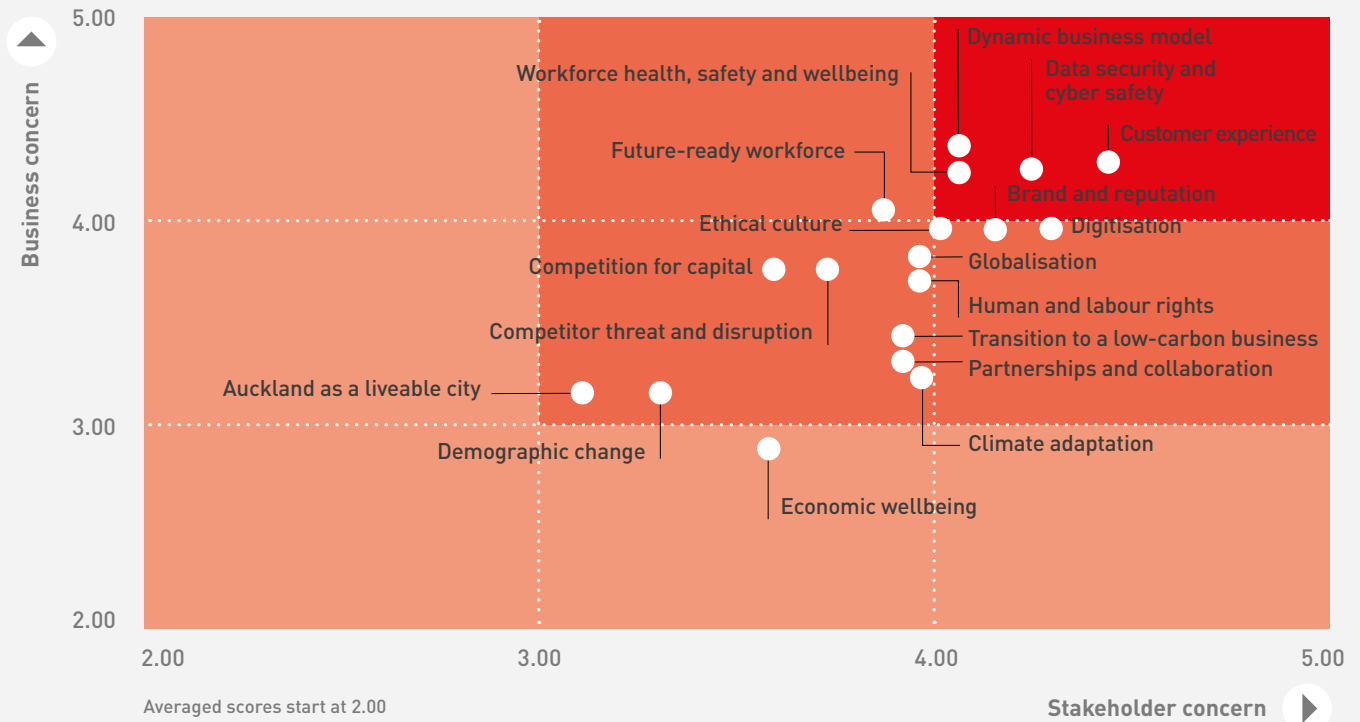
Engaged 11 internal and nine external stakeholders in individual telephone interviews on the material issues.

- Two new material issues were included in the list for FY19. These included *Human and labour rights* and *Climate change* was split into two issues: *Transition to a low-carbon business* and *Climate adaptation*.
- This year, for the first time, stakeholders were also asked about initiatives to address the material issues, thus bringing in new ideas for consideration by the Board.
- All 18 issues averaged a rating of 3 or above out of 5, showing continued importance of all issues from FY2018.
- The top issue remains the same as in FY2017 and FY2018: *Customer experience*.

- Stakeholders consider our management of most issues to have improved since FY18, most notably our top issue, *Customer experience*.
- However, stakeholders are still telling us there are areas where our performance is of concern, in particular *Digitisation* and our *Dynamic business model*.
- There is strong alignment of internal and external views, with the exception of the following issues that were more important externally:
  - Partnerships and collaboration
  - Transition to a low carbon business
  - Climate adaptation
  - Economic wellbeing
- The following issues were more important internally:
  - Dynamic business model
  - Future-ready workforce.
  - Workforce health, safety and wellbeing
  - Competition for capital

As the leading delivery organisation in New Zealand, we have a significant fleet of vehicles which result in greenhouse gas (GHG) emissions and therefore contribute to climate change. We acknowledge that we have a responsibility to take action to limit global warming and have committed to an approved Science Based Target to reduce our emissions by 32 percent by 2030. Transparency is an important part of our ethical approach to business, hence we plan to report in our 2020 IR on the risks and opportunities that climate change poses to our business and therefore our stakeholders. Climate change is integral to our material issues, namely *Transition to a low carbon business* and *Climate adaptation*. We will use the guidance provided by the Financial Stability Board's Task Force on Climate-Related Financial Disclosure's voluntary disclosure framework (TCFD Framework) to guide climate change disclosure in our 2020 IR and its consideration by our Board as they review our strategy.

## FY2019 MATERIALITY MATRIX



Stakeholders consider our management of most issues to have improved since the 2018 Financial Year, most notably our top issue, *Customer experience*

## MATERIAL ISSUES WITH DESCRIPTIONS – IN ORDER OF PRIORITY

Material issue	Issue description
1. Customer experience	Achieve service quality through a customer-centric culture. Innovate our products and services for enhanced customer experience and expectations. Appreciate that our customers' values influence their decisions and they expect our behaviour to be fair, ethical and transparent.
2. Data security and cyber safety	Protect customer and workforce data and privacy. Build cyber safety into our systems. Enhance the data security skills of our customers and workforce. Address our reliance on critical data and information infrastructure.
3. Dynamic business model	Build a flexible, resilient and dynamic business model. Continue to simplify the business and innovate our systems, networks and structure. Operate profitably.
4. Workforce health, safety and wellbeing	Build a safe working environment and culture for our workforce. Ensure conditions that promote physical and mental wellbeing and build resilience. Tackle workplace bullying and harassment with the right policies and education.
5. Digitisation	Build our digital capability, both in house and with external partners. Combine our data with easy-to-use digital platforms to achieve operational excellence and enhanced customer experience. Build user-friendly digital platforms for our customers.
6. Brand and reputation	Understand what is important to our customers and communities. Demonstrate all the value we create: social, environmental and economic. Own our narrative and purpose and communicate with authenticity.
7. Ethical culture	Embed strong corporate governance, transparency and disclosure in all that we do. Create a strong value-based culture that has stewardship and accountability from the Board and Senior Leadership Team.
8. Future-ready workforce	Build a great employee value proposition and engaged workforce. Build flexible workforce policies that meet future business needs. Invest in the development of our people to build collaboration skills, resilience and change agility. Create a work environment that is diverse and inclusive.
9. Globalisation	Help our customers to access global markets locally. Develop our networks and partnerships to operate effectively in global and local markets. Continue to build partnerships and expertise that reflect changes to global trade agreements, tariffs and markets.

Material issue	Issue description
10. Human and labour rights	Protect our workforce against human and labour rights abuses and ensure their legal rights to pay equity and to earn a living wage, fair working conditions, fair labour practices and representation. Influence a secure and responsible supply chain, guarding against human and labour rights abuses. Eradicate modern slavery in the supply chain and operations.
11. Competitor threat and disruption	Leverage the competitive advantage of our market connectivity in every community to grow our parcels business. Innovate to compete in an industry with few barriers to entry for start-ups that can disrupt our traditional channels.
12. Transition to a low carbon business	Play our part in New Zealand’s transition to a low/no-carbon economy. Decarbonise the business by investing in new technologies, process improvements, collaborations and behaviour change programmes that reduce our carbon emissions. Purchase carbon offsets where we cannot eliminate all of our emissions. Offer low-carbon products and services to our customers.
13. Competition for capital	Generate and raise capital through strong financial performance. Invest and deploy capital to deliver outcomes aligned to our strategy.
14. Partnerships and collaboration	Collaborate with business, iwi, community, government and non-governmental organisation (NGO) partners to deliver our business strategy and create new opportunities. Build our capability to partner successfully.
15. Climate adaptation	Consider the resilience of our physical network and operations to climate change-related events and have plans in place to deal with more frequent disruptions. Ensure our workforce can continue to safely undertake their work.
16. Economic wellbeing	Acknowledge the widening gap between ‘the rich and the poor’ and regional differences for our customers, workforce and communities. Align with the government’s Living Standards Framework to measure all forms of value that we create, not only GDP.
17. Demographic change	Respond to the needs of an ageing workforce and wider population. Address the growing issues and opportunities presented by increasing diversity across our workforce and communities.
18. Auckland as a liveable city	Consider the impact of traffic congestion and property prices on our ability to run our network, meet customer needs and attract and retain talent in our Auckland workforce.










# THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In 2017, stakeholders were asked to rate the relevance of the United Nations Sustainable Development Goals (SDGs) to NZ Post’s activities as part of the materiality process. The SDGs are a collection of 17 global goals set by the United Nations in 2015 covering social and economic development issues. The governments of 193 countries, including New Zealand, have signed a commitment to work towards achieving these goals. Our internal and external stakeholders told us that the following seven SDGs are particularly relevant to NZ Post:

- SDG 5: Gender equality
- SDG 8: Decent work and economic growth
- SDG 9: Industry, innovation and infrastructure
- SDG 11: Sustainable cities and communities
- SDG 12: Responsible consumption and production
- SDG 13: Climate action
- SDG 17: Partnerships for the goals

Having identified the most relevant SDGs for our business and aligned them with our Sustainability Framework, we continue to look more closely at the sub-targets behind each goal. We continue to explore how NZ Post can specifically contribute to these sub-targets to implement future initiatives and measurement and reporting against each one.

PEOPLE	PLANET	PROSPERITY
Creating a positive social impact	Decarbonising our business	Long-term inclusive growth
Goals	Goals	Goals
Our community investments will deliver measurable social impact to address issues that our people and communities care about by December 2020.	We will be carbon neutral from 2030. We will do this by reducing our carbon emissions by 32% (from 2018 baseline) and offsetting our remaining emissions.	All our packaging will be 100% reusable, recyclable or compostable by 2025. Integrated thinking will be embedded in our strategy, decision making, long-term planning and reporting by 2021.
Sustainable Development Goals (SDG)		
<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>SDG 5 Gender equality</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>SDG 11 Sustainable cities and communities</p> </div> </div> </div>	<div style="display: flex; align-items: center; justify-content: center;">  <div style="margin-left: 10px;"> <p>SDG 13 Climate action</p> </div> </div>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>SDG 8 Decent work and economic growth</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>SDG 9 Industry, innovation and infrastructure</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>SDG 12 Responsible consumption and production</p> </div> </div> </div>
<div style="display: flex; align-items: center; justify-content: center;">  <div style="margin-left: 10px;"> <p>SDG 17 Partnerships for the goals</p> </div> </div>		

# OUR STAKEHOLDERS

An outline of our primary stakeholder groups and their top material issues.



### Our Directors and managers

- Customer experience
- Dynamic business model
- Digitisation
- Future-ready workforce
- Competition for capital
- Data security and cyber safety



### Our customers

- Digitisation
- Customer experience
- Dynamic business model
- Climate adaptation
- Globalisation
- Data security and cyber safety



### Our shareholder and regulators

- Digitisation
- Customer experience
- Dynamic business model
- Economic wellbeing
- Transition to a low-carbon business
- Partnerships and collaboration



### Suppliers and partners

- Digitisation
- Customer experience
- Dynamic business model
- Future-ready workforce
- Competitor threat and disruption
- Partnerships and collaboration



### Communities and NGOs

- Digitisation
- Customer experience
- Economic wellbeing
- Transition to a low-carbon business
- Data security and cyber safety
- Partnerships and collaboration



### Industry and business associations

- Digitisation
- Customer experience
- Dynamic business model
- Economic wellbeing
- Transition to a low-carbon business
- Human and labour rights



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