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ANZ and Kathmandu partner on A\$100 million sustainability loan

ANZ Bank New Zealand has partnered with Kathmandu Holdings Limited to establish a syndicated A\$100 million sustainability-linked loan (SLL) facility, the largest syndicated SLL in the New Zealand market.

A sustainability-linked loan commits a borrower to key environmental, social and/or governance (ESG) targets. The borrowing costs under the facility are adjusted up or down depending on the performance of the borrower to deliver against predetermined sustainability targets.

"ANZ NZ is delighted to be contributing to a more sustainable economy by working alongside major New Zealand companies like Kathmandu to support them in meeting their sustainability goals," said ANZ NZ Head of Sustainable Finance Dean Spicer.

"This sustainability linked loan facility is another important step in the evolution and acceptance of sustainable lending in New Zealand. Increasingly, shareholders and stakeholders want to see a commitment to sustainability, and this is reflected in the growth of this type of lending."

Kathmandu's SLL will be measured against a reduction in greenhouse gas emissions, B Corp certification, and improving the transparency, wellbeing and labour conditions for workers in its supply chain.

Kathmandu Holdings Group CFO Chris Kinraid commented: "Sustainability is in our DNA and is a core foundation of the Group, linking our financial arrangements to our sustainability goals made perfect sense. It reinforces to our shareholders and stakeholders that we are committed to sustainability across all aspects of our Group."

"I would like to thank our banking group for their support of the refinance which received strong backing from a range of domestic and international banks."

Mr Spicer said Government and industry initiatives, such as the Climate Change Commission's report, the New Zealand Sustainable Finance Forum, the introduction of the Climate Change Response (Zero Carbon) Act and the pending requirement of climate risk disclosure, are motivating companies to think more about how they will meet their obligations.

"In addition, public sentiment around sustainability is seeing a growing need for companies to have a clear sustainability strategy and show progress on delivering on it. Increasingly, sustainable financing is becoming a key tool for companies to meet their objectives. As New Zealand's largest lender, we are committed to foster this outcome," He said.

ANZ has been a leader in social and sustainable finance solutions, acting as Sustainable Finance coordinator for a number of leading New Zealand companies including most recently acting as joint Mandated Arranger and Sustainability Co-ordinator for Kathmandu's SLL.

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