

LGFA Sustainability Committee Charter

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New Zealand Local
Government Funding Agency
Te Pūtea Kāwanatanga ā-rohe

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About this Report

The LGFA Sustainability Committee Charter was developed to set out the role, authority, responsibilities, structure and reporting obligations of the LGFA Sustainability Committee.

This document is available at www.lgfa.co.nz

1. Introduction

The purpose of this document is to set out the role, authority, responsibilities, structure and reporting obligations of the Local Government Funding Agency New Zealand Limited (LGFA) Sustainability Committee (Committee) under this LGFA Board (Board) approved charter. The Committee will provide advice and recommendations to the LGFA Chief Executive (CE) and Board on sustainability issues. This includes LGFA's plans to continually manage and reduce emissions as well as the implementation of a Green, Social & Sustainability Lending Programme (Programme) and LGFA Green, Social & Sustainability Bond (GSS Bonds) issuance under a Sustainability Bond Framework (Framework).

2. Establishment of the LGFA Sustainability Committee

This Committee reports to the CE to assist the CE and Board on all material matters in relation to sustainability within LGFA.

3. LGFA Sustainability Committee Purpose and Responsibilities

The purpose of the Committee is to advise the CE and Board on sustainability issues within LGFA, across its operating, borrowing and lending activities. This includes providing input into the governance and oversight process of the Programme and GSS Bonds issuance. The key responsibilities of the Committee will include:

- a) Make recommendations to the CE as to the introduction of new sustainability initiatives as well as reviewing initiatives that meet LGFA's sustainability obligations (e.g. incorporating and updating sustainability into financial reporting).
- b) Advise the CE on oversight and governance in relation to the Programme and Framework.
- c) Ensure the Program and GSS Bonds adhere to:
 - i. the LGFA's corporate governance principles and make recommendations to the CE and Board; and
 - ii. any other relevant policy.

This will include:

- The approval process for providing LGFA Green, Social & Sustainability Loans (**GSS Loans**) to LGFA Council Members;
 - Sustainable lending data collection processes;
 - Oversee asset selection under the Framework; and
 - Ongoing tracking of allocation of net proceeds against eligible assets.
- d) Review and recommend to the Board the approval of regular impact reporting and other external disclosures.
- e) Review LGFA compliance with the Framework.
- f) Monitor updates and market developments to ensure ongoing compliance with industry standards (i.e. ICMA Sustainability Bond Principles).
- g) Monitor the pool of eligible projects in accordance with the LGFA Green, Social & Sustainability Lending Programme – Criteria (**Criteria**). .
- h) Recommend borrowing request to CE for approval of GSS lending.

4. Committee Composition

The Committee is approved by the Board and comprises a minimum of five members. The Committee will comprise a mix of three LGFA employees and a minimum of two external appointees. The composition of the Committee will be reviewed annually by the Board to ensure an appropriate balance of expertise, skills and experience. Appointments and revocations of appointments to the Committee will be recommended to the Board by the CE.

Member	Functional role
LGFA Head of Sustainability	Chair
LGFA Chief Financial Officer	Member and Committee Secretary
LGFA Senior Manager, Credit & Client Relations	Member
Erica Miles	Member
David Woods	Member
Alison Howard	Member
Chris Thurston	Member

The LGFA Head of Sustainability is the Chair of the Committee. Should the Chair be absent from a meeting, an Alternate Chair from amongst the other LGFA members will be appointed as Chair for that meeting.

External Appointees will be paid an hourly fee for time incurred. The hourly fee will be set by the CE after using external independent advice.

The following people will also be entitled to attend all meetings of the Committee and receive all agendas and related materials:

- a) The LGFA Chief Executive;
- b) Other representatives of LGFA's management or the Board.

5. How the Committee will Operate

The Committee will meet on an as required basis to ensure it fulfils its responsibilities. Meeting frequency and format are outlined as follows:

- a) Committee meetings will be held around six times a year and are to be held as a standalone meeting. They may be held in person or by phone/webcast.
- b) Members are required to attend each Committee meeting or otherwise notify the Secretary. Attendance will be recorded, and updates included in Committee Minutes.
- c) The Secretary will prepare the agenda; a dashboard relating to the agreed targets and any background material one week prior to the meeting whenever possible.
- d) The LGFA Code of Ethics Policy applies to all members of the Committee. All members are responsible for declaring any potential, perceived or real conflicts of interest, whether pecuniary or non-pecuniary.
- e) A quorum shall be four members and include the three LGFA appointed members of the Committee.
- f) Decisions of the Committee will be made by a majority of the members present. In the event of a deadlock, the Chair shall have a second casting vote in addition to the Chair's deliberative vote.
- g) If an urgent decision is required by the Committee between scheduled meetings, a separate paper may be circulated to the Committee and a formal record of circulations and recommendations kept. Where recommendations are made outside a Committee meeting, an update is to be provided to the next Committee meeting.
- h) Copies of Committee papers and reports, together with Committee minutes of each Committee meeting, will be circulated to all members, the CE and the Board.

The Chair of the Committee will update the CE and the Board on the proceedings of the Committee and make appropriate recommendations to the CE or the Board for decision.

On any substantive matter, the Committee will update the CE and/or the Board at the next appropriate opportunity.

The Committee will provide reporting on matters such as:

- a) Non-compliance with the documentation of the Programme or GSS Bonds.
- b) Operational or reputational issues in relation to the Programme or GSS Bonds.

6. Review of the LGFA Sustainable Committee Charter

The Board will review the Committee Charter on an annual basis.

7. Committee Review

The Committee will conduct an annual review of its performance and effectiveness, to ensure the Committee is performing its role and responsibilities, by reference to this Charter and best practice. This review process will include a review of the terms of the Committee Charter. The Committee must refer any recommended changes for decision by the Board.

Any amendments to this document shall be recorded below.

Change history

Update number	Date Published	Date Approved	Changes
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