

# Sustainable Financing Allocation Report

30 November 2023

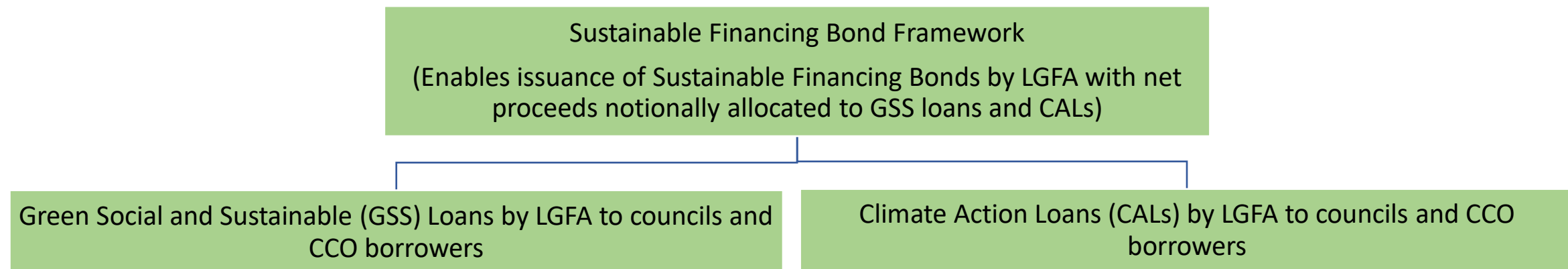


**LGFA**



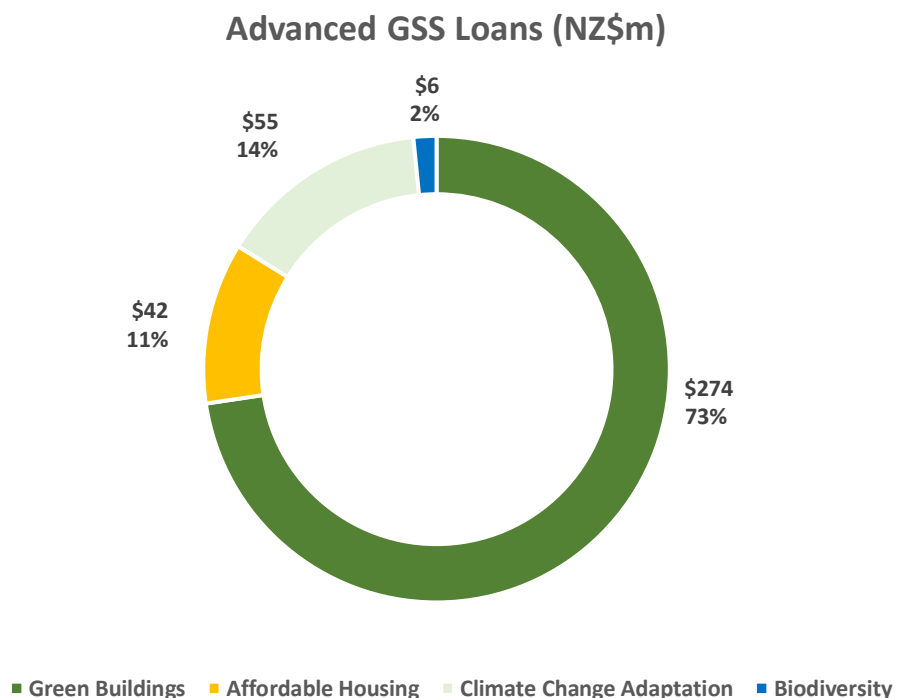
New Zealand Local  
Government Funding Agency  
Te Pūtea Kāwanatanga ā-rohe

April 2021	Head of Sustainability appointed
June 2021	Toitū Envirocare carbonzero certification
September 2021	Sustainability Committee established
October 2021	Green, Social And Sustainability Lending Programme established
December 2022	Climate Action Loans Programme established
March 2023	Sustainable Financing Bond Framework established
April 2023	Inaugural 15 May 2030 Sustainable Financing Bond issued under the Framework



## LGFA Green, Social and Sustainability (GSS) lending programme\*:

- To qualify as a GSS Loan, the loan must finance projects that meet one or more green or social loan categories.
- NZ\$377.2 million of GSS Loans advanced to date.



### Green Loan Categories

- 1: Energy Efficiency
- 2: Green Buildings
- 3: Clean Transportation
- 4: Sustainable Water & Wastewater Management
- 5: Renewable Energy
- 6: Pollution Prevention & Control
- 7: Environmentally Sustainable Management of Living  
Natural Resources & Land Use
- 8: Climate Change Adaptation
- 9: Terrestrial & Aquatic Biodiversity Conservation

### Social Loan Categories

- 1: Affordable Basic Infrastructure
- 2: Access to Essential Services
- 3: Affordable Housing

\* GSS Loans are documented as debt securities under LGFA's Multi-Issuer Deed.

- To qualify for a CAL, a council or CCO borrower (Borrower) must have the following\*:
  - Emission Reduction Plan (**ERP**) setting out Emissions Reduction Targets including:
    - The Borrower's intended pathway to reduce its "Scope 1" and "Scope 2" Greenhouse Gas (**GHG**) emissions in line with the science-based trajectory (i.e. to support limiting global warming to no greater than 1.5 degrees Celsius above pre-industrial levels and net zero by 2050); and
    - Annual GHG targets (for Scope 1 and 2 GHG emissions) covering short-term periods and medium-term targets that ultimately support the Borrower to achieve its long-term goal of net zero by 2050 (or sooner) and an alignment to the science-based trajectory).
  - Borrowers must obtain external verification (by a credible provider) of their GHG emissions inventory to verify its report is in alignment with the guidelines outlined in the CAL criteria and that must be provided to LGFA annually by 30 November.
- Progress to date:
  - Four Borrowers approved as eligible for CALs
  - NZ\$1,110.7 million of CALs advanced to date
  - LGFA is working with a further 5 Borrowers on their CAL applications

\* CALs are documented as debt securities under LGFA's Multi-Issuer Deed.



# LGFA ALLOCATION REPORTING

As at 30 November 2023

## Sustainable Financing Bonds Summary and Sustainable Loan Asset Pool

Sustainable Financing Bond (NZX ticker)	Sustainable Financing Bond (NZ\$ million)	Issue Date	Maturity Date
LGF170	1,100	17/04/23	15/05/30
LGF170	500	12/09/23	15/05/30
<b>Total</b>	<b>1,600</b>		

	NZ\$ million
Total Value of GSS Loans*	377.2
Total Value of CALs*	1,110.7
<b>Total Value of Sustainable Loan Asset Pool*</b>	<b>1,487.9</b>
Total principal amount of Sustainable Financing Bonds on Issue	1,600
<b>Surplus Sustainable Loan Assets</b>	<b>(112.1)</b>
<b>Sustainable Loan Ratio (x)</b>	<b>0.93x</b>

The net proceeds of the Sustainable Financing Bond will be notionally allocated to Sustainable Loans in accordance with the Framework.

LGFA intends to notionally allocate an amount equal to the net proceeds of Sustainable Financing Bonds to GSS Loans and CALs within 24 months of the issue date of the relevant Sustainable Financing Bonds.

If the Surplus Sustainable Loan Assets amount is negative (and the Sustainable Loan Ratio is less than 1.0), it means that the amount of Sustainable Financing Bonds that have been issued is greater than the amount of Sustainable Loan Assets held. In this instance the net proceeds will be invested in line with the Framework pending notional allocation to GSS loans and CALs.

\* Based on principal amount advanced under the relevant GSS Loans or CALs (as applicable).

**Source: LGFA**



