

New Zealand Local Government Funding Agency

Type of Engagement: Annual Review

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Introduction

The New Zealand Local Government Funding Agency Limited ("LGFA" or the "Issuer") is a council-controlled organisation ("CCO") headquartered in Wellington that operates under New Zealand's Local Government Act 2002. LGFA is a funding agency that raises debt for on-lending to councils and CCOs in New Zealand.

Between April 2023 and June 2025, LGFA issued sustainable financing bonds under the Sustainable Financing Bond Framework ("the Framework")¹, raising NZD 3,260 million as of 30th June 2025², to finance or refinance funding to its member councils and CCOs ("the Borrowers"). The net proceeds were offered as loans to Borrowers, which were notionally allocated to a pool of sustainable loans ("Sustainable Loan Asset Pool") that includes:

- i. Green, social and sustainability loans ("GSS Loans") being 'use of proceeds' loans that are intended to finance GSS projects assets and activities that are eligible under the green and social project categories (in Section 4.2.1 and Section 4.2.2 of the Framework and the LGFA GSS Lending Programme - criteria ("GSS Loans Criteria")³; and
- ii. Climate Action Loans ("CALs") being target (or incentive) based⁴ to incentivise Borrowers to reduce their greenhouse gas emissions, which are eligible under section 4.3 of the Framework and the LGFA Climate Action Loan Lending Programme- criteria ("CAL Criteria")⁵.

In September 2025, LGFA engaged Sustainalytics to review the Sustainable Loan Asset Pool financed with proceeds from the sustainable financing bonds (the "Nominated Expenditures") and provide an assessment as to whether they met the eligibility criteria and the reporting commitments outlined in the Framework. Sustainalytics provided a Second-Party Opinion on the Framework in March 2023.⁶ This is Sustainalytics' third annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in September 2023 and September 2024.^{7,8}

¹ LGFA, "Sustainable Financing Bond Framework", (2023), at: https://www.lgfa.co.nz/sites/default/files/2023-03/LGFA_Sustainable_Financing_Bond_Framework.pdf

² LGFA issued NZD 1,100 million in April 2023, NZD 500 million in September 2023, NZD 50 million in March 2024, NZD 50 million in May 2024, NZD 60 million in June 2024, NZD 70 million in July 2024, NZD 80 million in August 2024, NZD 150 million in September 2024, NZD 800 million in October 2024, NZD 50 million in December 2024, two bonds of 50 million each in January 2025, NZD 50 million in February 2025, NZD 50 million in March 2025, NZD 50 million in April 2025, NZD 50 million in May 2025, NZD 50 million in June 2025 totaling NZD 3,260 million as of June 2025.

³ LGFA, "Green, Social & Sustainability Loans", at: https://www.lgfa.co.nz/sites/default/files/2025-09/LGFA_GSS_Lending_Programme_Criteria_0.pdf

⁴ CALs are sustainability-linked loans in nature and structure. LGFA defined a standard KPI and SPT to be used by the Borrowers to incentivize Borrowers to reduce their scope 1 and 2 GHG emissions through the adoption of an emissions reduction plan and 1.5°C aligned science-based GHG emissions reduction targets. Failure to achieve the SPT results in declassification from the CAL Programme, rendering the Borrower ineligible to apply for new CALs until LGFA is satisfied (in its sole discretion) that the Borrower and the declassified CAL meet the CAL Criteria.

⁵ LGFA, "Climate Action Loans Programme – Criteria", at: https://www.lgfa.co.nz/sites/default/files/2025-09/LGFA_CAL_Programme_Criteria_2.pdf

⁶ Sustainalytics, "Second-Party Opinion, LGFA Sustainable Financing Bond Framework", (2023), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/lgfa-sustainable-financing-bond-framework-second-party-opinion-\(2023\).pdf?sfvrsn=d32e2a35_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/lgfa-sustainable-financing-bond-framework-second-party-opinion-(2023).pdf?sfvrsn=d32e2a35_1)

⁷ Sustainalytics, "Annual Review, New Zealand Local Government Funding Agency", (2023), at: https://www.lgfa.co.nz/sites/default/files/2023-11/New%20Zealand%20Local%20Government%20Funding%20Agency_Annual%20Review%20%282023%29.pdf

⁸ Sustainalytics, "Annual Review, New Zealand Local Government Funding Agency", (2024), at: <https://www.lgfa.co.nz/sites/default/files/2024-09/Sustainalytics%20Annual%20Impact%20Report%20Review%20September%202024.pdf>

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and LGFA's reporting for FY2025⁹ based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.
3. Progress towards achieving the SPTs agreed between borrower and lender.
4. Calculation and measurement of the KPI.
5. The reporting practice of the borrower on the KPI.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs for the GSS loans

Use of Proceeds Category	Eligibility Criteria	KPIs
Green Buildings	<p>Investments in this category are intended to support the development and operation of low carbon, energy efficient or sustainably designed buildings.</p> <p>Buildings that meet a minimum rating in national, or internationally recognized green building standards, ratings or certifications including NABERSNZ, NZGBC Green Star, Homestar. This includes the acquisition, construction, retrofit and/or operation of new and existing buildings and includes the building types of office, industrial, retail, health, community facilities, other non-residential buildings and residential buildings.</p> <p>1) Existing buildings (i.e. buildings which are at least two years post build completion) that meet one of the following green building ratings:</p> <ol style="list-style-type: none"> i. For office buildings: Certified as obtaining, or verified as targeting, a minimum 4 Star NABERSNZ Energy Base Building rating or Energy Whole Building rating; or ii. For retail buildings (or other building types, as applicable): Certified as obtaining or verified as targeting (a) a minimum 4 Star Green Star Performance rating or (b) a Green Star Performance rating and a minimum score of 8/20 (base building) or 9/23 (whole building) within the GHG emissions credit section of the Green Star Performance rating. <p>2) New buildings or refurbishments that meet one of the following green building ratings:</p> <ol style="list-style-type: none"> i. For residential buildings: Certified as obtaining, or verified as targeting, a minimum 7 Star Homestar rating. A lower rating of 	<ol style="list-style-type: none"> i. Green building rating, standards or certifications obtained or evidence that indicates the target rating will be achieved. ii. Estimate of the annual energy consumption per square meter of heated area. iii. Estimate of the annual energy and/or GHG emissions reduced/avoided in comparison with an equivalent building that complies with the applicable MBIE Building Code compliance regulations on technical requirements for building works (Section H1 Energy Efficiency) in kWh/tonnes of CO₂e. iv. Information on planned use of biobased/renewable materials, materials with a high proportion of recycled content, low-carbon concrete, and other climate friendly construction materials.

⁹ The reporting period is 1st July 2024 to 30th June 2025.

	<p>6 Star Homestar may be accepted for public housing where significant other GHG emissions criteria on waste or embodied carbon are achieved; or</p> <p>ii. For all other applicable building types: Certified as obtaining, or verified as targeting, a minimum NZGBC 5 Green Star Design and/or Built rating.</p>	
Climate Change Adaptation	<p>Investments in this category are intended to ensure local communities are adapting to climate change.</p> <p>Facilities and installations to manage urban runoff, floods, landslides, avalanches, rising sea levels, etc. This may include information support systems, such as climate observations and early warning systems. These can be classified into three areas:</p> <p>i. Surface runoff management – Measures to manage surface runoff that are not financed by wastewater charges. For example, opening streams, constructing flood bypasses, local surface runoff disposal measures through artificial swales, etc. (Documentation required – The need for the measure).</p> <p>ii. Protection against natural disasters – Protecting buildings, facilities, infrastructure, and cultural heritage sites against natural disasters such as floods, landslides, avalanches, and storm surges. (Documentation required – The need for the measure).</p> <p>iii. Warning systems and emergency preparedness – Warning systems and other emergency preparedness measures in areas with a risk of natural disasters such as floods, avalanches, landslides and storm surges. (Documentation required – The need for the measure).</p>	<p>i. Qualitative targets/indicators relevant to the adaptation to climate change with a description of the weather-related and climate-related problems that will be mitigated by the investment.</p>
Terrestrial and Aquatic Biodiversity Conservation	<p>Investments in this category are intended to prevent loss or degradation of ocean biodiversity, coral reefs, mangrove forests, coastal wetlands, habitat loss and degradation, as well as preventing unsustainable harvesting of species, climate change and pollution. This may include investments to improve plant management strategies or management of invasive species. Further:</p> <p>i. The project must seek to reduce the threat of either terrestrial or aquatic biodiversity degradation and have an explicitly formulated climate/environmental objective.</p>	<p>i. Qualitative indicators/targets in terms of environmental impact.</p>

	<p>ii. Tree species used for afforestation projects must be well-adapted to the site conditions and will include sustainable management plans certified by a credible certification agency (e.g. FSC or PEFC).</p> <p>iii. Investments will exclude the funding of any synthetic or chemical pesticides, herbicides, or weedicides.</p>	
Social and Affordable Housing	<p>i. Construction, maintenance, and operation of registered social housing facilities, including Community Housing Providers, and low-cost housing provided to tenants who are typically low income, reliant on benefits as a significant source of income (i.e., tenants should not pay more than 35% of their income on rent) or to support eligible applicants on the Ministry of Social Development Housing Register.</p> <p>ii. Construction and provision of housing at significantly lower cost than the market and/or that supports owners or tenants to overcome barriers to access housing. This may include progressive home ownership models/schemes to address financial barriers to home ownership, including rent-to-buy shared equity and papakāinga. Projects will often be in partnership with iwi, government entities or charitable organizations. Such schemes will provide financing to construct and provide housing or support owners or tenants which are below the median income of New Zealand.</p>	<p>i. Number of social and/or affordable housing dwellings provided or retrofitted.</p> <p>ii. Number of people housed with new and/or retrofitted social and/or affordable housing accommodation.</p> <p>iii. Modifications, number of new and/or upgraded facilities financed that include mobility, accessibility, intensive support housing considerations.</p>

Table 2: SPT and KPI for the CALs

KPI	KPI Description	SPT (FY2025, 2028, 2030 or 2050) ¹⁰	Baseline
KPI 1: Absolute gross scope 1 and 2 GHG emissions (tCO ₂ e)	The KPI measures the annual scope 1 and 2 GHG emissions (in tCO ₂ e) reported by the Borrowers individually for the relevant sustainability reference period. ¹¹ The KPI at the Borrower level is expected to be in line with the GHG Protocol Corporate Standard or ISO 14064 Standard. The scope 1 and 2 GHG emissions of Councils include organizational emissions from operation of assets and facilities owned and controlled by the Councils. The GHG emission sources of Councils may cover various activities, such as agriculture,	Reduction in absolute gross scope 1 and 2 GHG emissions in line with a 1.5°C science-	n/a ¹²

¹⁰ The emissions reduction plan (ERP) of the Borrowers will include annual targets for scope 1 and 2 GHG emission reductions and cover short term periods (up to five or six years, e.g. 2023 to 2028) in line with their 2030 target, as well as a medium-term target (six to 10 years in line with the 2030 target and beyond, e.g. 2029 to 2032), which will ultimately support the Borrower to achieve its long-term goal of net zero by 2050 (or sooner) and an alignment with the 1.5°C scenario. The SPT years are illustrative to represent typical examples of short-, medium- and long-term targets.

¹¹ The CAL Criteria define the sustainability reference period as the preceding 12 months of each year during which the emissions reduction targets (ERTs) or SPTs are measured (e.g. 1 July to 30 June). The sustainability reference period will be proposed by each Borrower usually in alignment with the relevant financial reporting period and as agreed with LGFA.

¹² The specific baseline is not applicable for the assessment of CAL Criteria. LGFA intends to provide flexibility to the Borrowers to select the baseline year in line with their own ERP considering the decarbonization journeys of the individual Borrowers. LGFA has confirmed to Sustainalytics that the data for the selected baseline year for each individual Borrower would be verified by a recognized independent third-party.

	energy, transport, waste, water, health, public facilities, etc. depending on the geography and governance structure of the Councils. The emissions sources of CCOs may vary depending upon the specific activities that each CCO undertakes.	based scenario	
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Issuer’s Responsibility

LGFA is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from LGFA’s sustainable financing bonds. The work undertaken as part of this engagement included collection of documentation from LGFA and review of said documentation to assess conformance with the LGFA.

Sustainalytics relied on the information and the facts presented by LGFA. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by LGFA.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,¹³ nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework.

Similarly, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, LGFA’s measurement of and reporting on its progress towards the CALs SPTs do not conform with its commitments in the Framework. LGFA has disclosed to Sustainalytics that the proceeds from the sustainable financing bonds were fully allocated as of 30 June 2025.

¹³ Sustainalytics’ limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 3: Detailed Findings for the GSS loans

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures ¹⁴ comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of Nominated Expenditures to determine if impact was reported in line with the KPIs outlined in the Framework.	LGFA reported on at least one KPI per use of proceeds category except for the Climate Change Adaptation and Terrestrial and Aquatic Biodiversity Conservation categories.	None ¹⁵

¹⁴ Regarding the CALs, LGFA has communicated to Sustainalytics that the borrowers have met the following criteria: i) The borrower is committed to reducing its scope 1 and scope 2 GHG emissions in line with the 1.5°C SBTi scenario; ii) It has set annual GHG targets (for scope 1 and 2 GHG emissions) for short-term and medium-term periods to achieve its long-term goal of reaching net zero by 2050; iii) It will obtain verification of its GHG emissions inventory from a credible external third-party agency as outlined in the CAL Criteria, and a report will be provided to LGFA annually by 30 November.

¹⁵ LGFA informed Sustainalytics that the project financed under Climate Change Adaptation is currently under construction. Additionally, the reported impact for the project financed under Terrestrial and Aquatic Biodiversity Conservation category will be provided by Tauranga City Council to LGFA every five years.

Table 4: Detailed Findings for the CALs

Criteria	Procedure Performed	Factual Findings	Errors or Exceptions Identified
Sustainability Performance	Review of achieved progress towards the SPTs	KPI: LGFA has confirmed that each CAL Borrower has established Emissions Reduction Targets (ERTs) aligned with the 1.5°C scenario set by the SBTi. The emissions for the relevant sustainability reference period (1 July 2023 to 30 June 2024) have been independently verified by a third-party assurance provider, and the corresponding assurance reports have already been obtained. Please see Appendix 2 (Table 9) for details on the progress.	None
Calculation and Measurement of KPI	Review of calculation and methodology used for KPIs	LGFA's approach to measuring the KPIs is clear and consistently applied across the years under observation outlined in the Framework.	None
Reporting	Review of the reporting practices to make and keep readily available up-to-date information relating to the SPT	LGFA's reporting practices are aligned with the commitments outlined in it the Framework.	None

Appendices

Appendix 1: Allocation of Proceeds

Table 5: Summary of the Nominated Expenditures and Sustainable Loan Asset Pool

	NZD million
Total Allocation to Eligible GSS Loans	453.9
Total Allocation to Eligible CALs	2,946.7
Total Allocation to Nominated Expenditures	3,400.6
Total Value of Sustainable Loan Asset Pool	4,123.35
Surplus Sustainable Loan Assets	722.75

Table 6: Allocation for Eligible GSS Loans as of 30 June 2025

GSS Loans Category	Name of the Borrower	Name of the Project	Project Description	Amount Allocated (NZD million)
Green Buildings	Wellington City Council	Tākina, Wellington Convention and Exhibition Centre	The centre opened in June 2023 and has been built to host international and local conferences. Tākina spans three floors and 18,000 m ² . The centre has achieved a 5 Star Green 'Custom Design Rating' from the NZGBC. When benchmarked against comparable new builds, the centre has been designed to reduce energy use by 60% and operational carbon emissions by 66%. Energy usage will be monitored and adjusted by building systems and will be made available to the public on screens on the ground floor. The Project is located at 50 Cable Street, Te Aro, Wellington.	180
	Hutt City Council	Te Ngaengae Pool and Fitness Centre	Hutt City Council (HCC) to build the Naenae Pool and Fitness Centre, which will be 65% larger and 53% more energy efficient than the previous facility. The centre will feature a 50m Olympic pool with 10 lanes and movable bulkheads, a leisure pool with family and accessibility features, and state-of-the-art energy and water efficiency systems. Sustainable design elements include high insulation, energy-efficient heating, water conservation systems, and a Climate Adaptation Plan. The project is located in Te Awa Kairangi ki Tai, Lower Hutt. It is New Zealand's first Green Star Five rated aquatic centre and will reduce emissions of the old pool by more than 50%.	41
	Whangārei District Council	Te Iwitahi - Whangārei Civic Centre	The building features 112 solar panels generating up to 50.96kWp, water collection for flushing ground-floor toilets, and a BMS system to manage utilities. Dedicated waste and recycling rooms, along with sorting bins on each floor, support sustainability efforts. LGFA informed Sustainalytics that the civic centre intends to have NABERSNZ certification.	59
	Tauranga City Council	Te Manawataki o Te Papa – Building 1 - Library and Community Hub Building 2 - Civic	Te Manawataki o Te Papa is Tauranga's new civic precinct, designed to revitalise the city centre and celebrate its unique cultural heritage. It will include a library and community hub, civic whare, museum, exhibition gallery, and upgraded arts facilities, all set within landscaped public spaces. The project prioritises sustainability, targeting a 6-Green Star rating through	50

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		Whare, Exhibition & Museum	low-carbon mass timber construction. By 2035, the precinct is expected to attract 5,500 daily visitors, boost city centre GDP, and generate over NZD 1 billion in estimated quantified benefits, while supporting population growth and business activity in the area.	
Climate Change Adaptation	Greater Wellington Regional Council	Te Wai Takamori o Te Awa Kairangi - RiverLink Project	The project includes upgrading stopbanks and deepening and widening the Te Awa Kairangi / Hutt River channel to protect Lower Hutt city centre from a one-in-440-year flood event (a 0.2% chance annually) while also improving the river's ecological health. This programme is a collaboration between Greater Wellington, Hutt City Council, and Waka Kotahi NZ Transport Agency, in partnership with Mana Whenua – Ngāti Toa Rangatira and Taranaki Whānui ki te Upoko o te Ika. LGFA has confirmed to Sustainalytics that they have a flood management plan in place to address the future impact of climate change on flood protection.	73
Terrestrial and Aquatic Biodiversity Conservation	Tauranga City Council	Kopurererua Valley Stream Realignment	Tauranga City Council (TCC) will restore the Kopurererua River, create a new cycle path, and develop a wetland in the 364-hectare Kopurererua Valley Reserve. In partnership with Ngāi Tamarāwaho and Bay of Plenty Regional Council, the project aims to improve water quality, enhance flood control, restore habitats, and increase community access. Approximately 200,000 plants will be added to boost resilience and restore the valley's cultural and ecological significance. LGFA informed Sustainalytics that they will not use any synthetic or chemical pesticides, herbicides or weedicides in the project.	8.7
Affordable Housing	Christchurch City Council	ŌCHT Social Housing	Ōtautahi Community Housing Trust (ŌCHT), manages approximately 2,428 social housing units and aims to build at least 366 more to replace those lost in the Canterbury earthquakes. Supported by the Ministry of Housing and Urban Development, ŌCHT provides affordable housing for people on the Public Housing Register. As of June 2025, 312 of 366 units (496 bedrooms) have been completed. Sustainable features include ecofriendly materials and carbon storage through increased timber use. Sustainalytics notes that ŌCHT is supported by the Ministry of Housing and Urban Development to provide homes for people listed in the Public Housing Register. ¹⁶ The project is located in the Canterbury region. LGFA informed Sustainalytics that the project adopts the rent caps and affordability thresholds for social housing as it is a qualifying criterion for the housing subsidy.	42.2
Total Allocated Amount				453.9

¹⁶ New Zealand Ministry of Social Development, "Housing Register", at: <https://www.msd.govt.nz/about-msd-and-our-work/publicationsresources/statistics/housing/index.html>

Table 7: Allocation for Eligible CALs as of 30 June 2025

Climate Action Loans	Name of the Borrower	Amount Allocated (NZD million)
	Auckland Council	1,100
	Dunedin City Treasury Limited	270
	Greater Wellington Regional Council	327
	Hutt City Council	290.7
	Kapiti Coast District Council	160
	Tauranga City Council	339
	Wellington City Council	460
	Total	2,946.7

Appendix 2: Reported Impact

Table 8: Reported Impact for the Eligible GSS Loans as of 30 June 2025

GSS Loans Category	Name of the Borrower	Name of the Project	Reported/Projected Impact
Green Buildings	Wellington City Council	Tākina, Wellington Convention and Exhibition Centre	Electricity usage: 2,003,489 kWh Gas usage: 1,756,129 kWh Water usage: 8,362 m ³
	Hutt City Council	Te Ngaengae Pool and Fitness Centre	Not yet available ¹⁷
	Whangārei District Council	Te Iwitahi - Whangārei Civic Centre	Water consumption: 4,459 Kilolitres Energy Usage: 687,324.48 kWh
	Tauranga City Council	Te Manawataki o Te Papa – Building 1 - Library and Community Hub Building 2 - Civic Whare, Exhibition & Museum	Not yet available ¹⁸
Climate Change Adaptation	Greater Wellington Regional Council	Te Wai Takamori o Te Awa Kairangi - RiverLink Project	Not yet available ¹⁹
Terrestrial and Aquatic Biodiversity Conservation	Tauranga City Council	Kopurererua Valley Stream Realignment	Not yet available ²⁰
Affordable Housing	Christchurch City Council	ŌCHT Social Housing	Number of homes built: 312

¹⁷ LGFA has informed Sustainalytics that operational GHG emissions and energy consumption for Te Ngaengae Pool and Fitness Centre will be reported in the next annual impact report in June 2026.

¹⁸ This project is under construction. Therefore, the impact is not yet available.

¹⁹ This project is expected to be completed in 2032. Therefore, the impact is not yet available.

²⁰ LGFA has informed Sustainalytics that it is unable to report annual impact for this project, as the Tauranga City Council will provide updates on improved water quality statistics and fish survey results every five years.

Table 9: Scope 1 and Scope 2 GHG reductions performance for the Eligible CALs as of 30 June 2024²¹

	Name of the Borrower	Base year ²²	Base year		Performance (2023-2024)		Combined Absolute Gross Scope 1 and 2 emissions (% reduction/increase from Base year)
			Scope 1	Scope 2	Scope 1	Scope 2	
Climate Action Loans	Auckland Council	2016/2017	15,735	5,787	14,004	3,045	-20.78
	Dunedin City Treasury Limited	2018/2019	72,097	3,682	48,553	2,109	-33.15
	Greater Wellington Regional Council	2018/2019	11,268	806	8,368	643	-25.37
	Hutt City Council ²³	2016/2017	57,805	2,383	60,138	1,821	+2.94
	Kapiti Coast District Council	2021/2022	3,156	1,226	2,534	768	-24.64
	Tauranga City Council ²⁴	2018/2019	14,770	3,515	42,521	2,345	+145.36
	Wellington City Council	2020/2021	87,882	3,421	48,827	2,083	-44.24

²¹ LGFA has informed Sustainalytics that each Borrower's targets are aligned with a 1.5°C science-based pathway. In line with the CALs programme criteria, LGFA has reported the impact of ERTs for the preceding 12-month period.

²² LGFA has informed Sustainalytics that both its current and baseline GHG emissions have been third-party verified, and corresponding assurance reports have been obtained.

²³ LGFA has informed Sustainalytics that the increase in emissions from Hutt City Council was due to increased emissions from its open and closed landfills. This was due to an overall increase in the amount of waste in the landfills, as well as a temporary reduction in the volume of gas destroyed while the engines were being repaired. However, the Hutt City Council has reduced energy-related emissions through gas phase-outs at its facilities and fleet electrification, achieving a 26% reduction in facility emissions and a 72% reduction in fleet emissions. Subsequently, LGFA has ensured that Hutt City Council is on track to achieve its ERTs.

²⁴ LGFA has informed Sustainalytics that the increase in emissions was primarily due to a one-off sludge removal activity from a wastewater pond. However, LGFA has ensured that Tauranga City Council is on track to achieve a reduction in emissions through other initiatives such as wastewater process improvements, landfill closures, expanding renewable energy, phasing out natural gas, and optimizing streetlight usage.

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