LGFA Sustainability Committee Charter

Approved: 15 October 2025 by LGFA Board

1. Introduction

The purpose of this document is to set out the role, authority, responsibilities, structure and reporting obligations of the New Zealand Local Government Funding Agency ("LGFA") Sustainability Committee ("Committee") under this LGFA Board ("Board") approved charter.

2. Establishment of the LGFA Sustainability Committee

This Committee reports to the Chief Executive ("CE") to assist the CE on sustainability related matters (including risks and opportunities) of relevance to LGFA.

3. LGFA Sustainability Committee Purpose and Responsibilities

The purpose of the Committee is to advise the CE on sustainability issues and opportunities within LGFA, across its operating, borrowing and lending activities.

I. The key responsibilities of the Committee are to:

- Provide input into the governance and oversight process of the LGFA Green and Social Loans (GS Loan) Programme, LGFA Climate Action Loans (CAL) Programme, Sustainable Financing Bond issuance, and any other LGFA sustainability lending products, as well as LGFA's plans to continually manage and reduce its own emissions and grow the data collection relating to financed emissions.
- Review and make recommendations to the CE as to the introduction of new sustainability (including sustainable finance) initiatives that meet LGFA's sustainability strategic ambition and legislative obligations.
- Recommend to the CE approval of applications in relation to GS Loans and CALs following review by the Committee.

II. On request from the CE or Head of Sustainability, the Committee will provide the CE and the Board with sustainability and climate-related advice regarding:

- Company policies, plans, and strategies.
- Legislation and regulations that may impact LGFA.
- Asset suitability (including in respect of the relevant borrower) for inclusion in the GS Loan Programme and the CAL Programme.
- The establishment, monitoring, and review of sustainability-related impact measures.

- How the GS Loan Programme, CAL Programme and Sustainable Financing Bond Framework adhere to:
  - market guidelines and principles; and
  - LGFA's established processes that include:
    - The approval process in relation to providing GS Loans and CALs to LGFA Council and CCO borrowers;
    - Sufficient and effective sustainable lending data collection processes; and
    - Review of assets (including in respect of the relevant borrower), as part of the approval process in relation to GS Loans and CALs, to ensure eligibility is in line with the respective Criteria.
- The suitability and quality of regular impact reporting and other external disclosures, in line with established sustainable lending data collection processes and legislative requirements.
- Advice on ongoing compliance with industry standards i.e., International Capital Markets Association (ICMA) Sustainability Bond Principles, and Loans Market Association (LMA) Sustainability-Linked Loan Principles.

The Committee will have input into reporting on matters such as:

- Non-compliance with the documentation of the GS Loan Programme.
- Operational or reputational issues in relation to the GS Loan Programme.
- Non-compliance with the documentation of the CAL Programme.
- Operational or reputational issues in relation to the CAL Programme.
- Non-compliance with the documentation of the Sustainable Financing Bond Programme.
- Operational or reputational issues in relation to the Sustainable Financing Bond Programme.

4. Committee Composition

The Committee is approved by the Board and comprises a minimum of six members; including a representative of the Board as Committee Chair, and 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.

Current composition of the committee

Member	Functional role
LGFA Board Member	Chair
LGFA Head of Sustainability	Member and Committee Secretary
LGFA Chief Financial Officer	Member
LGFA Senior Manager, Credit & Client Relations	Member
LGFA Senior Manager, Sustainable Finance	Member
Four External Appointees	Members

The Board will appoint a member of the Board to Chair the Committee. Should the Chair be absent from a meeting, they will appoint an Alternate 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 receiving external independent advice.

The CE and representatives of LGFA's management or other members of the Board are entitled to attend meetings of the Committee and receive agendas and related materials.

5. How the Committee will Operate

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

- Committee meetings will be held at least four times a year and are to be held as a standalone meeting. They may be held in person or by Teams.

- Members are required to attend each Committee meeting or otherwise notify the Secretary. Attendance will be recorded, and updates included in Committee Minutes.

- The Secretary will prepare the agenda; including updates on GS lending and CAL lending, and any background material one week prior to the meeting whenever possible.

- 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.

- A quorum shall be five members and include the Chair or Alternate Chair and at least two LGFA members of the Committee.

- Recommendations 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.

- 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 of a Committee meeting, an update is to be provided to the next Committee meeting.

- Copies of Committee papers and reports, together with 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 for decision.

On any substantive matter, the Committee Chair will update the CE at the next appropriate opportunity.

6. 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.

The Committee must refer any recommended changes to this Charter for decision by the Board.

7. Review of the LGFA Sustainable Committee Charter

The Board will review the Committee Charter on at least a two-yearly basis. The charter was reviewed by the Board in October 2022, March 2023 and October 2025. The next scheduled review is June 2027.

Any amendments to this document shall be recorded below.

Change history			
Update number	Date Published	Date Approved	Changes
1	18 October 2022	27 October 2022	Approved
2	27 February 2023		
3	30 March 2023	30 March 2023	Approved
4	12 May 2025	10 June 2025	Approved
5	6 October 2025	15 October 2025	Approved