

LGFA Sustainability Strategy

Our purpose

Ta tatou kaupapa

Benefiting local communities through delivering efficient financing for local government.

Ka whiwhi painga ngā hapori mā te whakarato pūtea tōtika ki ngā kaunihera.

Our values

Ō mātau uara



We act with integrity **E pono ana mātau**

We are honest, transparent and are committed to doing what is best for our customers and our company.



We are customer focused **E arotahi ana mātau ki te kiritaki**

Our customers are our council borrowers, investors, and all other organisations that we deal with. We listen to them and act in their best interests to deliver results that make a positive difference



We strive for excellence **E whakapau kaha mātau kia hiranga te mahi**

We strive to excel by delivering financial products and services that are highly valued at least cost while seeking continuous improvement in everything we do.



We provide leadership **He kaiārahi mātau**

We are here for our stakeholders in being strategically minded, providing resilience and executing our strategy. We embrace a high-performance culture and can be relied upon to deliver results.



We are innovative **He auaha mātau**

To meet our ever-changing customer requirements, we will encourage innovation and provide a diverse range of financial products and services.

This strategy focuses on the following material issues for LGFA:

Our organisation

- Culture, ethics and governance
- Transparency and disclosure
- Financial sustainability
- Health, safety and wellbeing
- Diversity and inclusion
- Capability and development

Responsible finance

- Deliver efficient and cost-effective funding
- Financial performance
- Industry collaboration and engagement
- Best practice finance principles

Our environment

- Green and social lending
- Climate action loans
- Responsible investment
- Sustainable business practices

The purpose of LGFA's Sustainability Strategy is to achieve the following:

- be financially resilient
- manage our exposure to sustainability-related risks
- allow us to benefit from sustainability-related opportunities
- improve behaviour and decision-making in relation to sustainability across all areas of our operations
- show leadership, support and enable the local government sector to improve their sustainable practices
- help us prepare for any changes in national sustainability programmes.

LGFA's approach to sustainability

Sustainability at LGFA means being responsible with our finances, our people, our stakeholders (which includes our council and CCO members) and our environment.

LGFA's approach to sustainability includes improving sustainability outcomes within the company, as well as assisting the local government sector achieve their sustainability objectives within their communities. Effective financial management, a strong climate change response, natural disaster risk management, effective governance structures and environmental and socially responsible policies are fundamental to this approach.

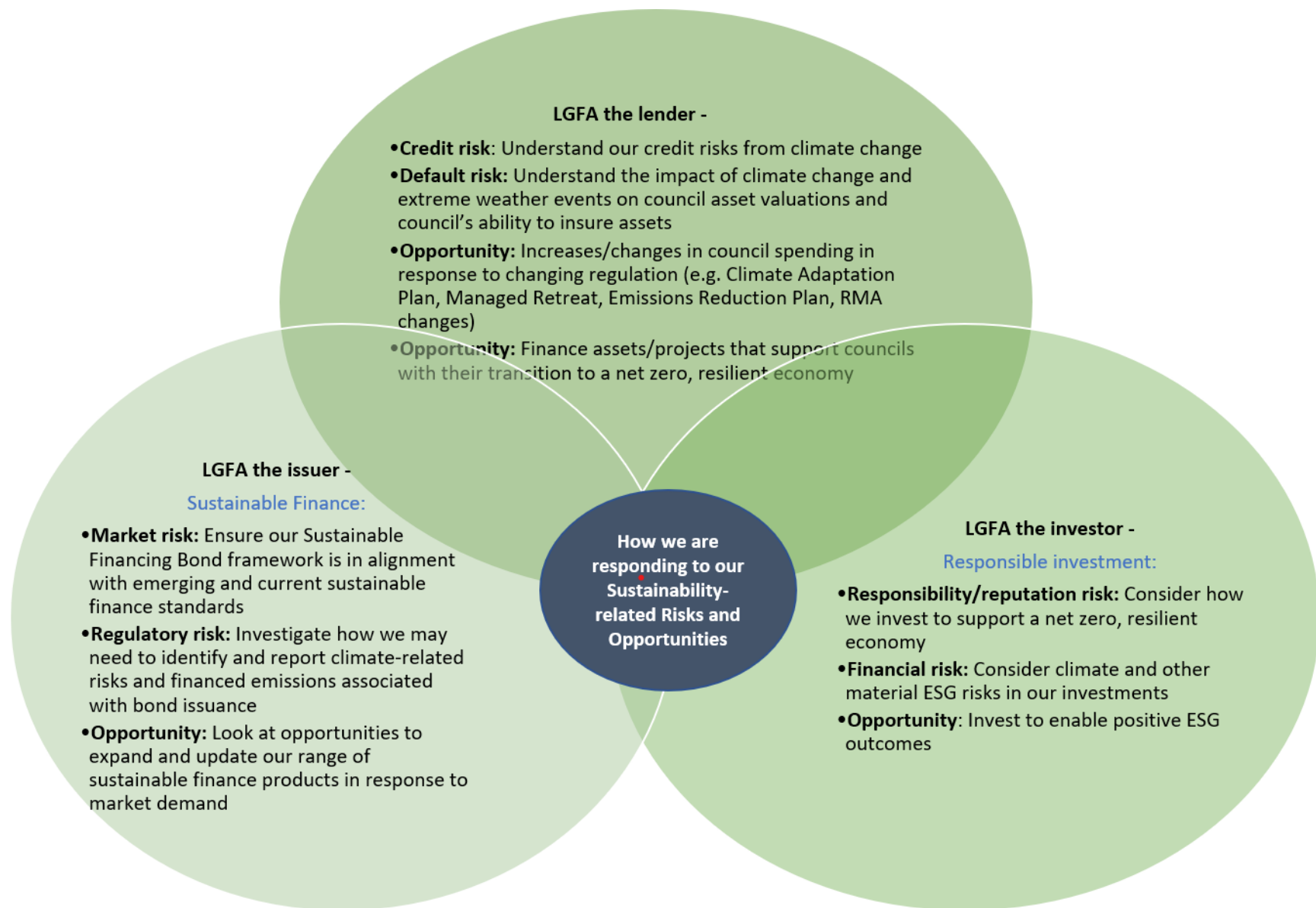
Our sustainability approach is driven by the risks and opportunities we face as a lender, issuer and investor over a long-term horizon which is why we prioritise adopting practices that balance economic growth, environmental care and social wellbeing.

If sustainability is not integrated into our operations, LGFA will have an increasing risk profile which could undermine the confidence of investors, shareholders and credit rating agencies, all of which are essential for LGFA's long term financial success.

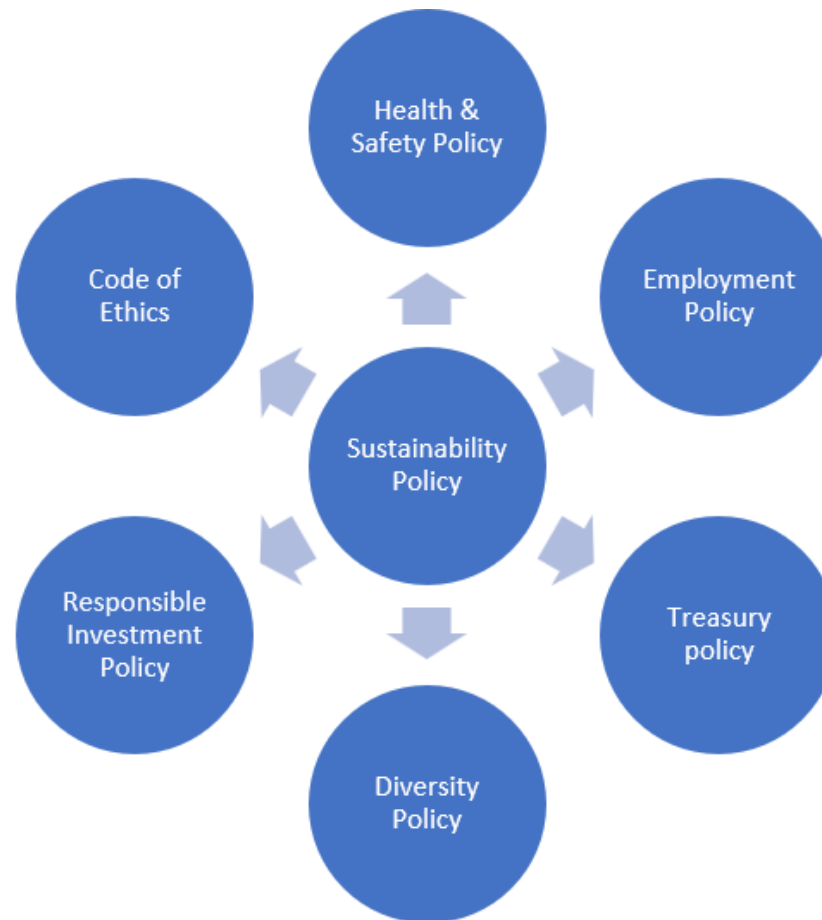
LGFA also recognises the emerging risks for councils from climate change and supports their commitment towards managing these risks and delivering broader sustainable outcomes for local communities.

As the primary lender to the local government sector, council and CCO member investments form an important element of LGFA's sustainability context. LGFA finances their core investments into improving New Zealand's infrastructure and services to residents and visitors and supports investment in projects that enable more sustainable and resilient communities.

LGFA is exposed to the climate-related risks that face the local government sector and is committed to support its council and CCO members to ensure they have active strategies in place to manage these risks, which includes ensuring climate change is factored into their strategic and financial planning.



How we approach sustainability is guided by the following policies



How we will deliver our strategy

Commitment	How we will measure success
We are innovative	
We will continuously develop innovative sustainable financing products that assist members to meet their sustainability objectives.	We will ensure a sustainable financing option is available to water entities.
We aim to manage our ESG and climate-related risks and assist the local government sector to do the same.	Climate resilience and other ESG factors are incorporated into LGFA's credit risk assessments.
We act with integrity	
We will ensure we have a workplace culture where our people can flourish.	We consistently achieve above 80% in our staff engagement survey results.
We will reduce our own carbon footprint.	We will reduce our operational carbon footprint by 30% by 2030 as measured by Scope 1, 2 and 3 emissions on a per FTE basis using 2018-19 as our base year.
We will report transparently on our performance and progress against this strategy.	We report progress against our sustainability objectives in our Annual Report.
We are customer focused	
We will report on our Statement of Intent targets.	We report our performance against our environmental and social responsibility 2025-2026 targets.
We are committed to work with the local government sector to support their reduction in GHG emissions through our sustainable lending products.	We have established an environmental / climate reporting data source for local government.
We will proactively work with members and sector partners on their sustainability initiatives.	We support and educate our members on best practice sustainability approaches in line with the requirements of our lending programmes. We maintain regular engagement with our domestic and offshore investors.

We strive for excellence	
We are committed to meeting all regulatory requirements in relation to corporate governance and climate-related reporting.	We publish an annual climate statement in accordance with the Aotearoa New Zealand Climate Standards.
We will not knowingly engage with counterparts in our supply chain if we become aware that doing so could contribute to violations of human rights, employee rights, nor will we accept corruption.	We adhere to our procurement policy.
We provide leadership	
We will continuously improve and promote our sustainability financing products and initiatives.	We meet our annual engagement targets that have been set for GSS & CALs.

This strategy was approved by the Board on 15 October 2025.

It will be reviewed annually to reflect evolving sustainability-related developments and practice, both domestically and internationally.