NZGIF / NEW ZEALAND GREEN INVESTMENT FINANCE

NZGIF GREEN FINANCING FRAMEWORK

JULY 2023

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New Zealand Green Investment Finance Ltd is not a registered bank.

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1. ABOUT NEW ZEALAND GREEN INVESTMENT FINANCE

1.1. New Zealand Green Investment Finance

Incorporated in 2019, New Zealand Green Investment Finance Limited (NZGIF) is a Crown-owned green investment bank[1] established to facilitate and accelerate investment that enables decarbonisation in Aotearoa New Zealand. It is listed in Schedule 4A of the Public Finance Act 1989 and is jointly owned by the Minister of Finance and Minister for Climate Change.

NZGIF's investment decisions are guided by four objectives:

Invest to reduce emissions

Estimated lifetime emissions benefits through our investment

Invest on a commercial basis

Generating risk-adjusted returns from our portfolio

NZGIF's investment objectives

Crowd-in private capital

Private capital is deployed into investments

Show market leadership

We demonstrate the benefits of low carbon investment to the market

NZGIF's completed transactions can be found at https://nzgif.co.nz/investing/our-investments/.
To 30 June of 2023, 18 investments (including two follow-on investments) have been executed, committing $287.4 million of capital.

1. NZGIF is not a registered bank.

Investment performance snapshot as of 30 June 2023

Number of investments

18

Total NZGIF investment capital committed

$287.4m

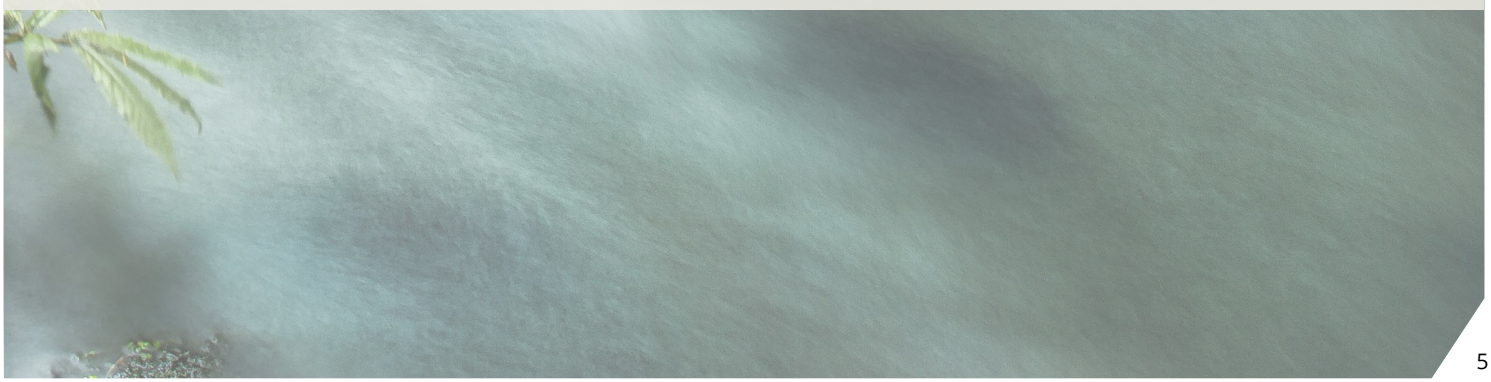
Total capital commitments + reserves

$431.8m

Total co-investment (crowding-in) achieved to date

$422.2m

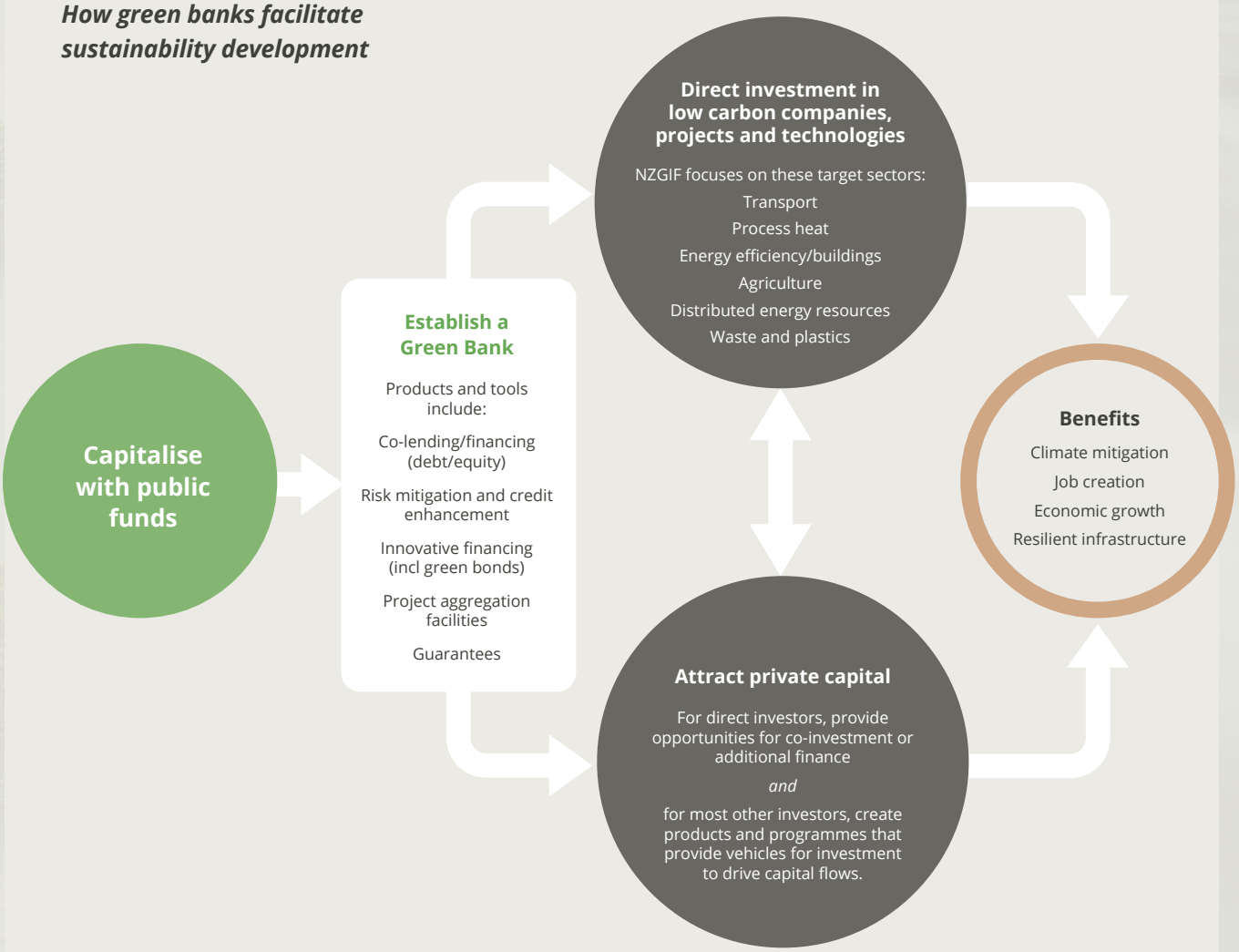
Information on all investments made by NZGIF can be found in NZGIF's annual report, available on NZGIF's website: https://nzgif.co.nz/about-us/corporate-publications/



How green banks catalyse investment

With the purpose of accelerating and facilitating investment in decarbonisation in Aotearoa New Zealand, NZGIF has two main approaches – direct investment, and enabling additional capital flows through creating products, programmes and platforms. The direct investments come in different forms, including equity or debt for low-carbon initiatives. NZGIF's mandate allows it to invest across the capital stack. As for additional capital flows, NZGIF also attracts private equity into green investments through co-financing with investors or facilitating deals on behalf of investors and developing financial products which provide investors with opportunities to invest in structures with a number of underlying investments.

How green banks facilitate sustainability development



1.2. Our approach to sustainability

Guided by four values – collaboration, integrity, impact and ambition, NZGIF's sole purpose is accelerating and facilitating investment in decarbonisation in Aotearoa New Zealand. NZGIF's constitutional documents impose this purpose on NZGIF and none of NZGIF's investments can be for a purpose that is not related to decarbonisation, directly or indirectly. NZGIF has no other capital-intensive function, and all its other business operations are to either support the decarbonisation investments it makes, or to demonstrate to the market how emissions can be reduced or avoided. NZGIF is committed to transparency in relation to its decarbonisation.

100% of the emissions impact of a financed project or company will be reported and based on the aggregate lifetime reduction estimates. Exclusions for reporting would be due to insufficient reliable past or forecast data. Initial estimates are monitored to align with the actual performance and the methodology will be updated after independent reviews. On top of the climate mitigation, NZGIF's investments are able to bring other benefits to the economy such as job creation and resilient infrastructure.

NZGIF's values

Considering NZGIF's group emissions profile, it doesn't produce large carbon emissions due to its small size and the nature of its business as an investment company. Most of its emissions are from air travel followed by staff commuting. In order to contribute to carbon offsets, NGZIF purchases New Zealand Carbon Units (NZUs) through Ekos Kāmahi Ltd. By offsetting 120% of the total group emissions, NZGIF qualified for Ekos Climate Positive Business Operations certification for the 2022 financial year.

NZGIF is committed to being a good employer (and has a statutory obligation to act as a good employer under the Crown Entities Act 2004). Through the introduction of NZGIF's Performance and Development Framework, there is an alignment between strategy, team objectives and individual performance reviews to ensure all of staff could deliver to their fullest potential on the group strategy. NZGIF also provides support for the continuous learning and development of employees and maintains a Code of Conduct to outline the standard of behavior expected from employees.

NZGIF provides health and wellness benefits for each permanent and fixed-term employee. As of 30 June 2023, there were 25 full-time equivalent employees from diversified ethnicity backgrounds and different age groups. 10 of those employees are women, as are two of NZGIF's six Board members.

"NZGIF provides health and wellness benefits for each permanent and fixed-term employee."

1.3. Climate Change Transition

1.3.1 Aotearoa New Zealand

Aotearoa New Zealand has made commitments to both domestic and international emission targets[2]. Aotearoa New Zealand is one of the few countries to have the target of net zero emissions of all GHG enshrined in the law – the Climate Change Response Act 2002. As for international targets, its Nationally Determined Contribution (NDC) sets a target to reduce 50% of net emissions by 2030 compared to 2005.

Unlike many other developed countries which put much of investment in large-scale renewable electricity generation, Aotearoa New Zealand's current electricity system is highly renewable (at approximately 85% of the total electricity generation), but the fuel mix of the industrial and transport sectors is dominated by coal, gas and oil, and the agriculture sector contributes the largest proportion of Aotearoa New Zealand's emissions. The size and nature of the market has implications for the way NZGIF does business and for NZGIF's target sectors.

1.3.2 NZGIF

Operating under the wider Aotearoa New Zealand climate change policy framework that is provided under the Climate Change Response (Zero Carbon) Amendment Act 2019, NZGIF is aligned with the Climate Change Commission's initial advice that significant and new investment capital on low carbon activities is required to support Aotearoa New Zealand's decarbonization future. NZGIF specifically features in Aotearoa New Zealand's emissions reduction plan published by the Government in 2022 (refer to Action 6.3). It is publicly argued that it is insufficient for public investment and Emissions Trading Scheme mechanisms on their own to meet Aotearoa New Zealand's emissions budgets in the 15-year period; therefore, NZGIF specifically pays attention to the challenges and opportunities of mobilizing private sector finance. In 2022 NZGIF's mandate was reviewed by Cabinet to ensure NZGIF is contributing to a low emissions economy by 2050. This review will occur every five years.

NZGIF is set up to tackle the challenges in Aotearoa New Zealand's climate finance market. Most of the professionally managed investment capital in the Aotearoa New Zealand market is available for ESG-integrated investment products which are deployed in listed equity markets instead of through direct investment. Given that many investment managers have mandates that restrict their ability to directly invest in any unlisted equity, professionally managed private capital cannot be deployed in low carbon solutions in a targeted or scalable way. NZGIF can address these challenges by providing direct investment and by crowding-in private capital to respond to climate change by achieving commercial outcomes and reducing emissions at the same time.

2. Greenhouse gas emissions targets and reporting, May 2022, https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/emissions-reduction-targets/greenhouse-gas-emissions-targets-and-reporting/

1.4. Governance

1.4.1 Shareholding Ministers

The Minister of Finance and the Minister for Climate Change each hold 50% of NZGIF's issued share capital. Shareholding Ministers[3] are responsible for overseeing the Crown's shareholding interests in NZGIF. Shareholding Ministers do not have visibility of NZGIF's 'investment pipeline'; nor can they influence or approve NZGIF's investment decisions but have the responsibility for appointing all Board members. However, Shareholding Ministers (acting on a decision of Cabinet) have set NZGIF's overall purpose and objectives, namely investing to reduce emissions.

Sustainability lies at the heart of the Minister for Climate Change's mission[4]. With the Minister for Climate Change as one of the Shareholding Ministers, NZGIF has a shareholder whose portfolio is specifically aligned to sustainability and climate change transition[5].

> ***"Sustainability lies at the heart of the Minister for Climate Change's mission"***

3. All Ministers of the Crown who hold shares in one company on behalf of the Crown are defined as Shareholding Ministers and they normally consist of the Minister of Finance and the responsible Minister.

4. Mission & Vision &Values, https://www.moccae.gov.ae/en/about-ministry/about-the-ministry/missionvision-and-values.aspx

5. Under the Climate Change Response (Zero Carbon) Amendment Act 2019, the Minister of Climate Change has additional powers and functions on recommending appointments of the Climate Change Commission members, preparing emissions reduction plans, as well as requesting certain organizations to provide climate change adaption information. The Responsibilities of the Minister of Climate Change, 2022 February, https://environment.govt.nz/about-us/responsibilities-of-the-minister-of-climate-change/

1.4.2 Board of Directors

All NZGIF's six Board members have been appointed by NZGIF's Shareholding Ministers. NZGIF's Board has ultimate responsibility for the oversight and approval of all strategic and operational priorities and decisions in NZGIF's business (including sustainability matters). The Board is committed to the highest standards of corporate governance. In the year to 30 June 2023, six Board members actively participated in 14 meetings related to the Board itself, audit & risk matters and people and culture matters, and 15 investment committee meetings.

With NZGIF's strategic goals underpinned by its Cabinet-mandated focus on decarbonisation, the CEO is accountable to the Board and has delegated responsibility for the day-to-day management and decision-making of NZGIF's operations. The CEO can further delegate certain responsibilities, with standing delegations to the Chief Investment Officer, the Chief Operating Officer, the Head of Communications and Government Relations and the Head of Legal.

With respect to emissions reductions, NZGIF's Board will receive independent views on the methodology of investment emission reduction estimations from external parties (e.g., KPMG). The performance of investments including the emissions reductions profile will also be monitored by the Group's management (specifically the Chief Investment Officer and Chief Operating Officer) and will be reported to the Board.

"The Board is committed to the highest standards of corporate governance."

1.4.3 Committees of the Board

The Board has two committees to review and advise the Board on specialist matters:

- The Audit and Risk Committee, which assists the Board in discharging its responsibilities relative to its oversight of enterprise-wide risk management, financial management, financial and non-financial reporting, and legislative compliance.
- The People and Culture Committee, which assists the Board in discharging its responsibilities relating to human resources policies and processes, organizational capability and culture, remuneration policies, health and safety policies, and compliance with the relevant legislation.

2. GREEN FINANCING FRAMEWORK

Recognising the role of sustainable finance in supporting the transition to a low-carbon and more resource-efficient economy, NZGIF is putting in place a Green Financing Framework to align its funding policy with its sustainability strategy and Climate Change objectives, while mobilising investors to contribute capital towards the realisation of the UN Sustainable Development Goals ("SDGs").

The purpose of this document is to set out the framework for NZGIF and its subsidiaries, trusts and programmes under management, framing future financing facilities and future green assets (the "Framework"). NZGIF has based the Framework on the Green Bond Principles issued by the International Capital Market Association ("ICMA")[6], the Green Loan Principles ("GLP")[7] issued by the Loan Market Association ("LMA") / Asia Pacific Loan Market Association ("APLMA") / Loan Syndications and Trading Association ("LSTA") in February 2021, and the Climate Bond Standard Version 3.0 issued by the Climate Bond Initiative ("CBI") in December 2019. The "Green Financing Instruments" mean financial instruments (e.g., bonds, notes, loans, bank guarantees, letters of credit, asset-backed securities), where an equivalent amount of the net proceeds raised will be allocated in whole to finance or refinance Eligible Green Projects (see section 2.1 Use of Proceeds).

The Framework is structured according to the following key pillars:

1. ***Use of Proceeds***
2. ***Process for Evaluation and Selection***
3. ***Management of Proceeds***
4. ***Reporting***

6. ICMA Green Bond Principles, June 2021 https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

7. (LMA)/APLMA/LSTA Green Loan Principles, February 2021, https://www.lma.eu.com/application/files/9716/1304/3740/Green_Loan_Principles_Feb2021_V04.pdf

2.1. Use of Proceeds

2.1.1 Types of expenditures

An amount equivalent to the net proceeds from Green Financing Instruments will be allocated to finance or refinance Eligible Assets as defined below:

- Investment in projects for which the Use of Proceeds meet the criteria as set out in the Eligible Green Projects; and
- Investment in entities deriving 90% of their revenues from activities meeting the criteria as set out for Eligible Green Projects. NZGIF and its subsidiaries, trusts and programmes under management will only consider as eligible the pro-rata share of the acquisition / participation that is dedicated to Eligible Green Projects. This is limited to:
  - Capital expenditures of physical assets meeting the criteria set out for Eligible Green Projects; and
  - Operating expenditures (such as maintenance costs that either increase the lifetime or the value of Eligible Green Projects).
  - Research and Development ("R&D") expenditures aiming at developing new products and solutions set out under the criteria for Eligible Green Projects, capped at 20% of total expenditures of each Green Financing Instrument.
- NZGIF and its subsidiaries', trusts and programmes under management's own capital or operating expenditures for which the use of proceeds meets the Eligibility Criteria.

2.1.2 Look-back period

An equivalent amount of the net proceeds of each Green Financing Instrument will be used to:

- Finance Eligible Green Projects occurring post issuance of each financing instrument; and/or
- Refinance disbursements in Eligible Green Projects initiated up to 36 months prior to the date of issuance of any Green Financing Instrument.

2.1.3 Label unicity

Certified Climate Bond or Certified Climate Loan or Certified Climate Debt Instrument designate a green bond, green loan or other green debt instrument that is Certified by the Climate Bonds Standard Board as meeting the requirements of this Climate Bonds Standard.

Eligible Green Projects will not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated that:

- Distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bond, green loans or other labelled instruments or;
- The existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.

2.1.4 Eligible Green Projects

Eligible Green Projects are projects supporting the transition to a low-carbon economy while aligning with NZGIF's sustainability and climate change strategy. To ensure that all Eligible Green Projects provide environmental benefits, they must fall into and comply with at least one of the following Category and Sub-category, while meeting the Eligibility Criteria as set out below

Category	Eligibility criteria	Environmental Benefit	SDGs
Agriculture			
Specific interventions addressing GHG emissions	» No conversion of high carbon stock lands; AND » The project must either demonstrate: • Climate-aligned % reduction in GHG emissions over investment period; or • following low emissions agricultural best practices, for example: - Use of microorganisms to reduce fertilizers/pesticides or to promote crop growth - Use of technology for efficient nutrient use in fertilizers - Precision Agriculture - Satellite farming or site-specific crop management	Climate Change Mitigation	
Process Heat			
Cogeneration	Cogeneration of electricity and heat/cool from renewable sources	Climate Change Mitigation Energy efficiency	
Conversion of process heat	Replacement of fossil fuel-based heat processing systems by: » Electric systems » Low-carbon alternatives	Climate Change Mitigation	
Waste Heat	Production of heat/cool from industrial waste heat	Energy efficiency	
Distributed Energy Resources			
Solar energy generation	Automatically eligible	Renewable energy	
Wind energy generation	Automatically eligible	Renewable energy	
Ocean energy generation	Lifecycle GHG emissions below 100gCO_2e/kWh	Renewable energy	
Geothermal generation	Lifecycle GHG emissions below 100gCO_2e/kWh	Renewable energy	
Bioenergy generation	» 80% GHG emission reduction compared to fossil fuel baseline; AND » Biofuel must be sourced from a sustainable feedstock (the only timber feedstock allowed is waste wood)	Renewable energy	

Category	Eligibility criteria	Environmental Benefit	SDGs
Biofuel manufacturing	» 80% GHG emission reduction compared to fossil fuel baseline; AND » Biomass must be either produced from increased yield (without additional land conversion) or produced from land not previously cultivated, or the raw materials must be produced from existing supply chains		
Hydrogen manufacturing	» Hydrogen from renewable electricity	Renewable energy	
Transmission & Distribution	» Aotearoa New Zealand electricity grid infrastructure (including local grid infrastructure)[8] » Dedicated infrastructure for electricity from exclusively renewable sources » Networks for hydrogen and other low-carbon gases	Renewable energy Energy Efficiency	
Energy Storage	» Green hydrogen storage manufacturing facilities » Batteries for low-carbon transportation » Batteries for distributed energy storage » Grid energy storage	Energy Efficiency	
Waste			
Waste to Energy	» Plant efficiency >= 25%; AND » Bottom ash recovery; AND » >= 90% recovery of metal from ash; AND » Average carbon intensity of electricity and/ or heat over the life of the plant <= waste management allowance; AND » The capacity of the plant does not exceed the calculated residual waste at any time in the plant's life	Energy Efficiency	
Recycling facilities	» Facilities for collection, sorting and materials recovery (preparation for recycling) » Facilities for recycling metals, glass (except aggregate) and paper, when output can be sold as secondary raw materials » Batteries recycling » Textiles recycling	Circular Economy	

8. Aotearoa New Zealand's renewable electricity generation share was 82.4% in 2019. This is substantially higher than usual market thresholds for green grid infrastructure (around 67%). As such, no numerical threshold was included.

Category	Eligibility criteria	Environmental Benefit	SDGs
Anaerobic digestion facilities	» Total methane emissions <= 1285g CH_4/ tonne of waste input. » Bio-waste is source segregated and collected separately. » Woody waste must be segregated before or after processing and sent to an eligible EfW or composting plant. » The solid and liquid products are not landfilled and replace non-waste materials in the market or are used as fertilizer or soil improver (directly or after composting or any other treatment). » A monitoring and contingency plan is in place in order to minimize CH_4 leakage at the facility. » The produced biogas is used directly for the generation of electricity or heat, or upgraded to bio-methane, or used as vehicle fuel or chemical feedstock. » The share of food and feed crops used as feedstock, by weight as an annual average, <=10% of total feedstock.	Circular Economy	
Composting facilities	Zero measurable methane emissions	Circular Economy	
Landfill with gas capture	» Gas capture >= 75%; AND » gas used to generate electricity and input to the natural gas grid or used as vehicle fuel; AND » the landfill is not accepting further waste (except for restoration materials)	Circular Economy	
Plastics			
Preparation	Facilities for collection, sorting and materials recovery	Circular Economy	
Recycling facilities	Plastic output can be sold as a secondary raw material	Circular Economy	
Energy Efficiency			
Smart buildings	LEED Gold Standard or higher, BREEAM Excellent or higher or National Equivalent (for NZ: Green Star (5 stars) or NABERSNZ Energy (5 stars) or Home Star (6 stars))	Energy Efficiency	

Category	Eligibility criteria	Environmental Benefit	SDGs
Demand management	Equipment to increase the controllability and observability of the electricity system and enable the development and integration of renewable energy sources. Implementation must lead to measurable electricity savings of at least 20%.	Energy Efficiency	
Transport			
Electric / Hybrid Vehicles	Transport systems with direct (tailpipe) GHG emissions of <50gCO_2e/km before end of 2025, and zero onwards	Low-carbon Transportation	
Road public transport / Rail transport	» Road transport systems with zero direct (tailpipe) GHG emissions » Electric rail transport systems	Low-carbon Transportation	
Shipping and marine public transport	» Zero emissions vessels. » Cargo or passenger ships that meet the CBI shipping sector criteria	Low-carbon Transportation	
Manufacturing	Dedicated manufacturing facilities for electric vehicles or PHEV and key components, such as batteries, being used in eligible vehicles	Low-carbon Transportation	
Infrastructure	» Dedicated charging and alternative fuel infrastructure (when separate from fossil fuel filling stations and garages) » Dedicated infrastructure for electrified public transport	Low-carbon Transportation	

2.1.5 Exclusion list

Any projects from industries included in the following list will not be considered as Eligible Green Projects:

- Fossil fuel, including any technology that increases the energy efficiency of fossil fuel production and/or distribution
- Luxury sectors: precious metals wholesale/ brokerage, precious minerals wholesale/ brokerage, artworks and antiques wholesale/ brokerage, golf course services
- Child labour
- Adult entertainment
- Weapons
- Tobacco
- Nuclear
- Large scale hydro power projects with a generating capacity of >10MW
- Biomass suitable for food production
- Specific exclusion may also be applied on a case-by-case basis for each project in the context of any material adverse issues linked to Environmental, Social & Governance factors

2.2. Process for evaluation and selection of projects

2.2.1 Green Committee

NZGIF is committed to setting high sustainability standards for the identification and selection of Eligible Projects. Projects will be assessed against the eligibility criteria set in this Framework, as well NZGIF's E&S risks management processes and presented to NZGIF's Green Committee. The Chief Investment Officer chairs the Green Committee which comprises the Chief Investment Officer, Chief of Corporate Affairs and Chief Operating Officer. Projects will then be presented for approval by the Board.

Selection of Eligible Projects will also consider NZGIF's sustainability priorities and technical criteria in line with industry standards and guidelines.

2.2.2 NZGIF E&S Risk Management Process

In addition to the eligibility criteria set in the Framework, Eligible Projects are evaluated and selected considering their compliance with applicable national, international, environmental standards and regulatory requirements.
As a government-owned investor, NZGIF's Board considers environment and social risks of all investments.

NZGIF has a due diligence process in respect of potential investments designed to uncover social risks associated with those investments, in particular, issues that might arise in a supply chain (such as modern slavery).

NZGIF is assessing all investment opportunities through the direct investment process. During that process, an Eligibility screening is performed, ensuring alignment with NZGIF's mandate. This is also combined with an investment assessment and structuring, as well as due diligences to evaluate commercial potential.

2.3. Management of Proceeds

NZGIF will establish a Green Financing Instruments Register (the "Register") to record the allocations and track the use of proceeds of Green Financing Instruments.

The Register will be reviewed annually by the Chief Operating Officer to account for any re-allocation, repayments or drawings on the eligible projects and expenditures within the pool.

The Register will contain, among others, the following information:

1. Details of the Green Financing Instruments: ISIN (if applicable), pricing date, maturity date, interest rate or coupon, etc.
2. Details of the use of proceeds, including:
    - Amount of net proceeds earmarked for each eligible project and/or eligible category;
    - Summary of eligible projects and expenditures to which the GSS Instruments proceeds have been earmarked in accordance with the Framework;
    - Any unallocated proceeds yet to be earmarked for eligible projects and expenditures; and
    - Other necessary information.

It is NZGIF's intention to fully allocate the net proceeds of any Green Financing Instrument within 36 months after its issuance. Pending the full allocation of the net proceeds, all or a portion of the net proceeds may be used for the payment of all or a portion of outstanding indebtedness, and/or temporarily invest in cash, cash equivalents, and short-term instruments or other capital management activities.

NZGIF will, on a best effort basis, ensure that the amount of Eligible Assets will be equal to or exceed the balance of the net proceeds of outstanding Green Financing Instruments issued over time and which have not yet matured. NZGIF will also commit to reallocate any allocated proceeds which are no longer eligible to other Eligible Assets as soon as reasonably practicable.

Proceeds of all Green Financing Instruments will be managed on an instrument-by-instrument basis.

2.4. Reporting

NZGIF will report annually (or on a timely basis upon material changes of projects) on the allocation or proceeds and on the impact of a financing instrument under this Framework while the relevant financing instrument remains outstanding. The reporting will be made available to relevant investors (or, at NZGIF's discretion, the public) and will cover allocation and impact reporting for each project category.

An external verification of the reports will be provided by an independent external auditor, on an annual basis and until the complete allocation of proceeds (or in case of significant changes in the allocation of proceeds).
The external auditor will verify that the proceeds of the financing instruments under this Framework are either allocated to Eligible Projects or managed in accordance with NZGIF's approved Treasury Policies.

2.4.1 Allocation Reporting

The allocation reporting will include:

- Total amount of Eligible Projects (the "Portfolio") (in NZD)
- Breakdown of the Portfolio by entities/ subsidiaries/trusts and programmes under management (in NZD and % of total)
- Breakdown of the Portfolio by entities/ subsidiaries (in NZD and % of total)
- Share of refinancing and financing in the Portfolio
- Breakdown of the Portfolio by type of expenditures (capex and R&D) (in NZD and % of total)
- List of outstanding Green Financing Instruments with their outstanding amount
- Breakdown of each series of Green Financing Instrument by eligible category (%)
- Balance of unallocated proceeds (if any) (in NZD)

2.4.2 Impact Reporting

Impact reporting will consider use of proceeds and the associated meaningful impact indicators. On a best-efforts basis and where feasible NZGIF intends to align its impact reporting with the ICMA Handbook 'Harmonized Framework for Impact Reporting'. Examples of impact metrics may include, but are not limited to:

Green categories	Potential Impact indicators
Low Carbon Transportation	Number and types of low carbon transportation financed Annual GHG emissions reduced/avoided in tCO_2e
Renewable Energy	Renewable energy capacity (in MW and/or in percentage) Annual renewable energy generation (in MWh) Annual GHG emissions reduced / avoided (in tCO_2)
Energy Efficiency	Annual energy stored (in MWh) Annual green hydrogen stored (tH_2 or m^3) Annual GHG emissions reduced/avoided in tCO_2e Description of R&D related to energy efficiency
Green / Zero Energy Buildings	Building assets by type and green building certification level Energy savings per year (MWh) GHG emissions avoided per year (tCO_2e)
Environment Improvement & Protection	Waste diverted from landfill per year (tonnes) GHG emissions or pollutants reduced/avoided per year (tCO_2e) Material reused, recycled, refurbished, manufactured per year (tonnes) Water reduced, reused or purified per year (m^3) Wastewater treated per year (m^3)
Pollution Prevention and Control	Number of Smart Farms financed Area covered by sustainable agricultural land management practices (hectares)

2.5. External Review

2.5.1 Second Party Opinion of the Framework

NZGIF has obtained a Second Party Opinion from ISS Corporate Solutions to evaluate this Framework, its transparency and governance as well as its alignment with the relevant standards.

2.5.2 Climate Bonds Initiative

To certify alignment to the best standards of the first financing facilities issued under the Framework (i.e. the NZGIF Solar Facilities, financing a portfolio of solar loans with NZGIF's subsidiary NZGIF Solar Investments Limited), ISS Corporate Solutions was commissioned to assess the alignment to the Climate Bonds Standard v3.0 and CBI Sector Criteria for Solar (version 2.1) of the portfolio of solar loans, and ensure that they align with the Paris Agreement 2°C limit. This assessment comprises of a pre-assurance and post-assurance to confirm compliance with the selected criteria.

2.5.3 Annual Reporting

NZGIF Annual Reporting on this Framework will seek compliance with CBI Standard's requirements, and a particular issue will be subject to verification by an external auditor annually: (i) until full allocation of that issue (for a non-CBI-certified Green Financing Instrument); or (ii) while the Green Financing Instrument remains outstanding (for a CBI-certified Green Financing Instrument), and each issue will be subject to verification by an external auditor in case of any material changes to the allocation of that issue.

2.6. Amendments

NZGIF will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices prevailing in the market. NZGIF will also review this Framework in case of material changes in the perimeter and methodology. That review may result in this Framework being updated and amended. If the Framework is amended in the future, NZGIF commits to obtaining another Second Party Opinion on the revised Framework.

3. DISCLAIMER

This Framework has been prepared by NZGIF and is for information purposes only. To the maximum extent permitted by law, NZGIF makes no representation, recommendation or warranty, express or implied, as to the accuracy, completeness or currency of any of the information in this Framework, and accepts no responsibility or liability for any of those things.

NZGIF has no obligation, and does not undertake or accept any responsibility or obligation, to update, expand or correct anything in this Framework or to inform any person of any matter arising or coming to NZGIF's notice after the publication of this Framework that may affect any matter referred to in this Framework.

This Framework is not a product disclosure statement, disclosure document or other offer document under Aotearoa New Zealand law or any other law. To the maximum extent permitted by law, NZGIF accepts no responsibility for any loss resulting from the use of, or reliance on, this Framework by any person.

This Framework does not form part of the contractual terms of any Green Financing Instrument. If:

- NZGIF fails to allocate the proceeds of Green Financing Instruments in the manner described in this Framework, or fails to comply with the Framework or related matters;
- any Green Financing Instrument ceases to satisfy any relevant green bond principles referred to in this Framework;
- NZGIF undertakes non-eligible projects outside of this Framework; or
- NZGIF fails to notify investors that any Green Financing Instruments have ceased to be labelled as 'green' as described,

then no event of default or any other breach will occur in relation to the relevant Green Financing Instruments and neither investors nor NZGIF will have any right for any Green Financing Instruments to be repaid early.

This means there is no legal obligation on NZGIF to allocate the proceeds of Green Financing Instruments in the manner described in this Framework or to comply with this Framework or any green bond principles referred to in it on an ongoing basis.

Financial instruments issued by NZGIF may cease to be labelled as green, in which case investors may consider that those financial instruments no longer align with their intentions or requirements and may (as applicable) have increased difficulty finding interested buyers or obtaining an acceptable price for any financial instrument for which a secondary market exists. If any Green Financing Instruments cease to be labelled as 'green', NZGIF intends to notify investors by publication on its website.

CBI Disclaimer

As part of CBI's requirements, we will provide the CBI's disclaimer (as included in the CBI's Application and Agreement for Climate Bond Certification) in any future solicitations and disclosures to lenders / investors that include a reference to the CBI Certification mark.

NZGIF NEW ZEALAND GREEN INVESTMENT FINANCE

- info@nzgif.co.nz
- www.nzgif.co.nz
- www.linkedin.com/company/nz-green-investment-finance/
- www.twitter.com/nzgreeninvest