

A GUIDE TO NEW ZEALAND GREEN INVESTMENT FINANCE

For Investees

May 2022

Accelerating investment in emissions reductions

WELCOME

We are pleased to welcome you as a New Zealand Green Investment Finance (NZGIF) investee.

NZGIF is committed to our mission to accelerate investment in New Zealand's decarbonisation, and we are excited to be working with you to achieve that purpose.

Meeting our objectives means we must think a bit differently while applying strong investment disciplines as we accelerate under-served areas of the market. We aim to lead from the front and build the confidence of our co-investors. This is no small challenge, but the potential rewards are great.

Being an NZGIF investee means being connected to a purpose-driven investment organisation that is expected to punch above its weight. We aim to work collaboratively with our investees and encourage you to share in our market-leading vision. In return, NZGIF offers support, knowledge and promotion opportunities to assist your company in achieving its goals.

This information pack provides more information about NZGIF and how to work with us as an NZGIF investee.

New Zealand Green Investment Finance Ltd (NZGIF) is a Schedule 4A company under the Public Finance Act 1989. NZGIF is not a registered bank.

ABOUT NZGIF

NZGIF is New Zealand's green investment bank. It was established in 2019 by the Crown as a Schedule 4A Public Finance Act company with the purpose of facilitating and accelerating investment that reduces greenhouse gas emissions.

We were established to invest, and in doing so stimulate capital markets, attract private capital and demonstrate to the market what green investment looks like. We seek to combine our investment capital with other investors on a commercial basis, in companies, projects and technologies that accelerate emissions reductions.

Our ambition and impact shows to the market what is possible when capital is coupled with purpose to enable New Zealand's low carbon future.

As a limited liability company, we make our own investment decisions, informed by a Board and team with expertise in investments and financial markets.

Globally, green investment banks have been established to catalyse private investment in domestic low-emissions and other environmentally focused companies, technologies and projects. Green investment banks are generally initially capitalised by governments but operate independently in the market to mobilise private investment.



“NZGIF is New Zealand's green investment bank.”

PURPOSE & OBJECTIVES

NZGIF's institutional purpose and objectives are unweighted by design and can apply to each of our portfolio investments in different ways.

Invest to reduce emissions

Estimated lifetime emissions benefits through our investments

Our values influence how we work

- Collaboration
- Integrity
- Impact
- Ambition

Invest on a commercial basis

Generating risk-adjusted returns from our portfolio

Crowd-in private capital

Private capital is deployed into investments

Our key attributes position us uniquely in the market

- Long-term horizon
- Investment flexibility
- Global intelligence
- Mission driven

Show market leadership

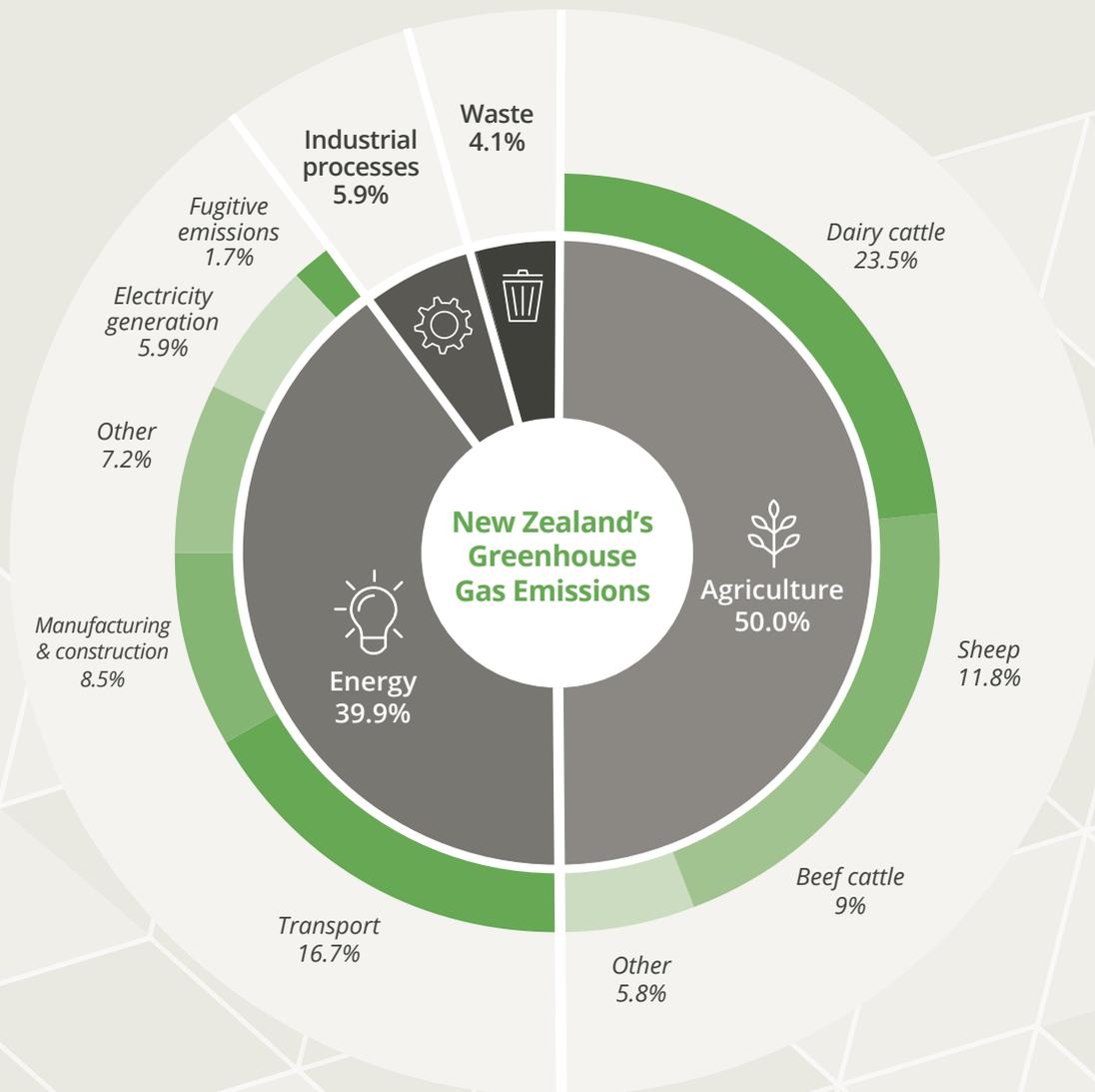
We demonstrate the benefits of low carbon investment to the market

ACCELERATE
AND FACILITATE
INVESTMENT IN
EMISSIONS
REDUCTIONS

NEW ZEALAND'S EMISSIONS PROFILE

New Zealand's emissions profile is unlike many other developed countries. Our electricity generation is highly renewable, but in our industrial and transport sectors the fuel mix is dominated by coal, gas and oil. A large proportion of our emissions come from the agriculture sector.

This means that New Zealand's opportunities for emissions reductions look different to those in many other countries, which explains our focus on transport, buildings, process heat and agriculture, waste and plastics, as well as distributed energy resources.



Note: Percentages in graph may not add up to 100 due to rounding.

Fugitive emissions are from the leaking, burning and controlled release of gases in oil and gas operations as well as escaping gases from coal mining and geothermal operations.

Source: New Zealand's Greenhouse Gas Inventory 1990-2019, published April 2021. Updated April 2022

OUR TARGET SECTORS

We have seven target sectors for investment



WHAT IT MEANS TO BE AN NZGIF INVESTEE

NZGIF is different from other investors. As a green investment bank, we take a collaborative approach to investment and work closely with our investees. We take pride in the fact we are often an active, not passive, investor.

We want to work with you to help tell your emissions reduction story. This will involve keeping us up to date with developments in your business and collaborating with us on relevant media opportunities to ensure we have the best chance of supporting you. We appreciate that the frequency and method of updating will vary depending on various factors and the nature of each investment.

As an investee, you may have certain obligations to fulfil. Many of the specific details will be contained in your facility agreement or shareholders' agreement. However, there are some general principles that can make working together as productive as possible.

Working together

Please keep in mind the following guidelines as we work together to achieve our goals.

Notifying us of issues as they arise

Where we have provided you with a loan there will be obligations to notify us of specific events, as per your documents.

In the case of an equity investment, we ask that you raise with NZGIF's Chief Investment Officer and Head of Legal as soon as possible any issue that could materially impact on NZGIF or our deal or contracts. For example, potential acquisitions or buy outs, developments within parent companies that could potentially impact your operations, or movements in senior team members.

Keeping us in the loop with media

We are keen to work with you to achieve effective communications that meet our joint objectives and help tell your story.

We aim to conduct our relationship with a 'no surprises' policy – each of us should notify the other as soon as we reasonably can of any issues that could generate media attention about our engagement. This includes any issue that could materially damage your reputation in market or NZGIF's reputation, and therefore raise media questions about the existence of our relationship. For guidance on media engagement, please contact NZGIF's Head of Communications and Government Relations.

Information requests

As a Schedule 4A company under the Public Finance Act, NZGIF is subject to the Official Information Act (OIA). Information about your business may be subject to an OIA request. However, when providing information in response to a request, we will always seek to withhold commercially sensitive information.

Emissions reductions estimation and reporting

Accurately estimating the emissions reductions of our investments is an important part of our work. We will work collaboratively with you to estimate the lifetime emissions reductions expected to be achieved from our investment in your business or project.

NZGIF also encourages its investees to commit to reducing their own emissions as a business.

Financial reporting

We expect to receive financial information from you in line with our contractual agreements.

Drawdown requests

As a reminder, please send all drawdown requests to notices@nzgif.co.nz. We will send details of what we need from you based on each individual investment that we have with you.

Specific obligations



Equity investments

When NZGIF makes an equity investment into your business we will seek to include standard obligations as appropriate for each specific transaction and size of equity stake being acquired.

One of the things that NZGIF brings to the market is capability and capacity in green investment. For example, we will often have template documentation that may work for your investment opportunity.

As part of our overall market work we maintain the right to invest in competing businesses. We are often an active strategic investor and, with a sufficient level of investment, may take board seats.



Debt investments

NZGIF's lending is subject to standard debt facility and specific covenants set out in the term sheet we agree with you. As our investments are made under commercial terms, you can expect to pay interest, typical fees and legal costs, and give security appropriate to the terms of the lending over your assets to support the lending facility. We will generally require audited financial statements annually. You will also need to provide standard customer due diligence information about you, your owners and controllers.



If you become an NZGIF subsidiary

Please refer to the statutory framework that applies to subsidiaries of NZGIF for guidelines on the type of obligations you would need to comply with. As a subsidiary, you would need to observe the same restrictions on your financial powers as apply to NZGIF under the Crown Entities Act and the Public Finance Act. You would also need to ensure that you act consistently with NZGIF's objectives and current statement of intent, among other requirements. If you have any questions about what would be required of you as a subsidiary, our Head of Legal is happy to assist.

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

