

# BNZ Sustainable Finance Framework

June 2024



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# 1. Introduction

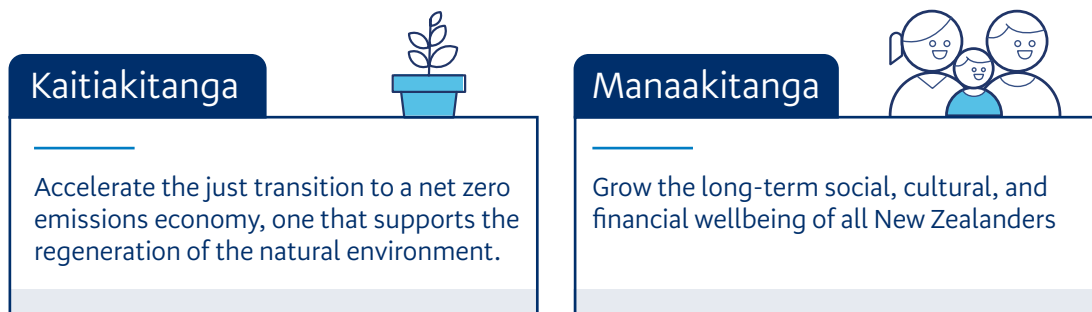
Bank of New Zealand (BNZ) is one of the country's largest and oldest financial institutions. BNZ is a full-service retail and business bank.

BNZ is owned by National Australia Bank (NAB) and governed by an independent local board and management team. Information about our governance structures and our Board and Executive Leadership Team can be found at [bnz.co.nz](https://www.bnz.co.nz)

## 1.1 Our sustainability ambition

We are here to serve customers well and help our communities prosper. We will deliver through being a trusted, safe, and sustainable bank, delivering market leading expertise, products, and services.

Underpinning our sustainability ambition are two core pillars, kaitiakitanga and manaakitanga:



Refer to our website for further information: <https://www.bnz.co.nz/about-us/sustainability>

BNZ is actively taking steps to reduce emissions across our operations and hold Toitū Net Carbon Zero certification. We continue to focus on reducing our greenhouse gas (GHG) emissions but know that the greater contribution BNZ can have to addressing climate change is by supporting our customers and communities. We can finance the actions needed by our customers to transition New Zealand to a net zero emissions economy.

We are committed to delivering \$10 billion in sustainable finance<sup>1</sup> by October 2025 (the Target). By making a public commitment to sustainable finance, BNZ signals its intention to support the just transition and help build a more resilient, regenerative, and inclusive Aotearoa, for the long term. Finance that complies with this framework will be counted towards the Target and any future targets we announce post 2025.

## 2. The framework

This framework sets out our methodology for classifying finance as sustainable and outlines the basis for inclusion in our Target, including tracking and disclosing progress. We have drawn on industry guidelines and principles in developing this framework and are committed to being transparent about our definitions and approach.

<sup>1</sup>As used in this framework, the terms “finance” and “finance activity” include providing loans, facilitating bond issuances, and entering derivatives (as described in Table 3) and the term “borrower” also includes issuers and derivative counterparties.

## 2.1 Scope

Applies to all BNZ business activities.

## 2.2 Governance

BNZ's Environmental, Social, and Governance Executive Committee (ESG EC)<sup>2</sup> has responsibility for approval and oversight of this framework and oversight of progress against our Target. ESG EC's authority comes from the Executive Risk and Compliance Committee (ERCC) whose authority comes from the Board Risk Committee (BRC).

## 2.3 Application

This framework applies to Eligible products that have either a sustainable label (namely Green or Social finance or Sustainability linked finance, as described further below) or is qualifying unlabelled finance in the "Unlabelled finance activity" section below. It outlines our approach to sustainable finance and how we will track performance against our Target.

## 2.4 Reporting and external assurance

We will report our progress annually in our sustainability and climate disclosures available at [Sustainability reports - BNZ](#). Our reporting approach will be updated and adapted over time to ensure it captures the latest innovations, remains relevant, and references best practice. We welcome feedback and comments to [sustainability@bnz.co.nz](mailto:sustainability@bnz.co.nz)

The appointed external assurance provider will provide assurance over the Framework at least once every three years and when material changes are made to the Framework.

The appointed external assurance provider will provide assurance on an annual basis on the transactions that are counted toward our Target. The Target is calculated on a cumulative basis, with progress each year added to the total of the previous year to show the total progress against the Target.

We continue to look at ways to understand the impact of our sustainable finance activities and share those stories via our ongoing disclosures and on our website.

# 3. Eligibility criteria

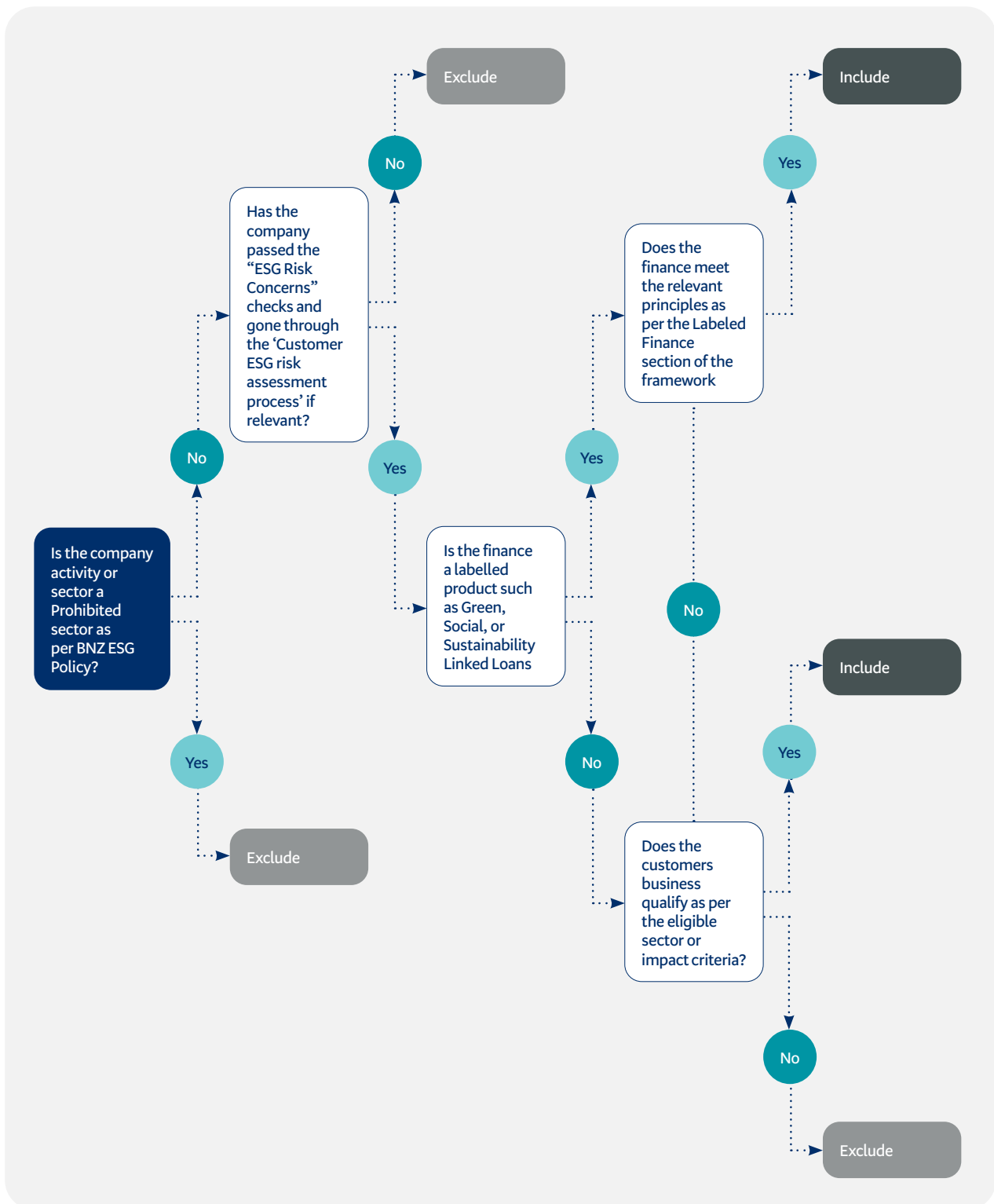
In determining which activities count toward our Target, the activity must meet the following criteria:

1. it is not a Prohibited sector as per BNZ's ESG Policy;
2. it must be an 'Eligible Product' as set out in Table 3 (page 16); and
3. it must be an 'Eligible Finance Activity', being either:
  - a. Labelled Sustainable Finance activities set out in Section 4
  - b. Unlabelled finance activities set out in Section 5.

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<sup>2</sup>The ESG EC comprises a number of Executive Team (ET) members and other direct reports of ET members with sustainability or climate-related accountability or role responsibilities, including the Chief Sustainability Officer. The Executive, Commercial Services and Responsible Business is the Chair of ESG EC.

### 3.1 Eligibility decision tree



The amount we record as sustainable finance for any such finance activity (including to measure our performance against the Target) is determined in accordance with the methodology set out below.

In all cases, BNZ reserves the right to determine, in its sole discretion, whether a finance activity will be classified as sustainable and whether it will be counted towards our Target.

## 4. Labelled sustainable finance activity

### 4.1 Green or Social finance

Finance activity labelled as Green or Social is where the purpose or “use of proceeds” of the loan or bond is dedicated (or restricted) to green or social projects, both domestic and offshore as agreed by BNZ. The use of proceeds must provide clear environmental benefits for green projects and/or positive social outcomes for social projects. These benefits and eligibility of the projects are assessed through the following criteria.

The criteria for labelled Green or Social Finance are:

1. It aligns to the following standards:
  - LSTA/APLMA<sup>3</sup> [Green](#) or [Social](#) Loan Principles: or
  - ICMA<sup>4</sup> [Green, Social and Sustainable Bond Principles](#): or
  - Climate Bonds Standard and Certification.
2. It meets the Eligible sector or Activity criteria described in Tables 1 and 2; and
3. Appropriate evidence must be provided by the customer to show alignment to the above criteria and it is described in the loan documents, term sheets, or Sustainable Finance Framework of the borrower.

### 4.2 Sustainability Linked Finance (SLF)

SLF products are products structured to incentivise the borrower’s achievement of predetermined sustainability performance objectives. Progress toward these objectives is measured using Key Performance Indicators (KPIs) against which pre-determined Sustainability Performance Targets (SPTs) are set.

The pricing on SLF products is structured to align with the borrower’s performance against SPTs, providing a discount for their achievement and/or premium if they are missed. The most common SLF products are Sustainability Linked Loans, Sustainability Linked Bonds, and Sustainability Linked Derivatives.

The structure should align to the principles within the following standards (and the guidance provided where applicable) and taxonomies or other market best practice approaches agreed by the BNZ Sustainability Team.

- Sustainability Linked Loans – [LSTA/APLMA Sustainability Linked Loan Principles \(SLLP\)](#)
- Sustainability Linked Bonds – [ICMA Sustainability Linked Bonds](#)
- Sustainability Linked Derivatives – [Sustainability-linked Derivatives: KPI Guidelines](#)

### 4.3 Labelled finance monitoring

BNZ has an internal process to monitor adherence to the terms and conditions of labelled finance. If a customer does not comply with these terms on an ongoing basis, this may trigger a sustainability review event. This may result in the removal of the sustainability label whereby the customer will no longer publicise or refer to the finance as green, social, or sustainability linked. If the finance is de-labelled, BNZ will consider whether it is appropriate to continue to include it in its calculation of progress toward the Target.

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<sup>3</sup>Loan Syndicate Trading Association and Asia Pacific Loan Market Association

<sup>4</sup>International Capital Market Association

## 5. Unlabelled finance activity

### 5.1 Finance for companies whose business is in an Eligible Sector or Activity

Finance provided to a borrower will meet the sustainable finance criteria if at least 90% of the borrower's business activity being financed is in an Eligible Sector or Activity. This is determined by:

- 90% of the business' revenues or earnings before interest, taxes, depreciation, and amortization (EBITDA) being financed is within an Eligible Sector or Activity.

Where a business' revenue or EBITDA split cannot be easily determined, the following sector approach will be undertaken:

- For example, if the activity is in the power generation sector, this will be determined by 90% of the company's generation mix (based on MWh/annum) being within an eligible sector or activity.

If these requirements are met, then BNZ will record 100% of the finance activity against the Target.

BNZ may also provide finance to borrowers for one or more Eligible Activities. The finance must be ring-fenced to specific activities or provided for projects that meet BNZ's Eligible Sector or Activity criteria (that is, dedicated or restricted use of proceeds). For example, lending to a manufacturing company for onsite renewable energy production. In this example, the manufacturing operation itself may not be an Eligible Sector, but lending to a renewable energy project would be an Eligible Activity. In these instances, we will count 100% of the finance that is provided for those specific Eligible Activities towards our Target.

We note that some finance activities will have multiple positive impacts – for example social housing that has a Homestar rating. BNZ will only count these activities against the Target once.

BNZ has an internal process to monitor adherence to the terms and conditions of unlabelled finance.

## 6. Assessment of customer-related ESG risk

For customers included in the list of ESG Risk ANZSIC codes, a sector ESG checklist is required to determine whether the customer is within BNZ's ESG risk tolerance.

Where a customer's sector or activity is not captured in BNZ's list of ESG Risk ANZSIC codes, BNZ still assess the customer for ESG Risk Concerns, using an internal risk-based process. This process requires additional due diligence for customers where:

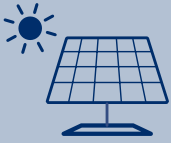
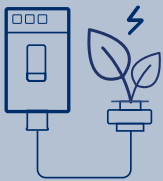
- There is evidence of unresolved ESG related issues in the last five years; and
- The ESG issues are material – i.e., where the ESG risks are of high priority and high significance to the business's stakeholders (e.g., customers, regulators, lenders, investors, suppliers, communities).

When an ESG Risk Concern is identified, this may impact BNZ's decision to offer the relevant finance, the terms of that finance, and/ or the exercise of any rights that BNZ may have, including during the term of the finance.

## 7. Eligible sectors and activities



The following Eligible sectors in Tables 1 and 2 are aligned to the principles described in 4.1 Green or Social Finance and Section 4.2 Sustainability Linked Finance (SLF).

Table 1 – Eligible Green Sectors and Activities

Eligible sector	Eligible sector activity	Eligible sector activity examples (This is not intended to be an exhaustive list)	Exclusions <sup>5</sup>
<b>Renewable energy</b>  	<ul style="list-style-type: none"> <li>• Solar</li> <li>• Wind</li> <li>• Bioenergy</li> <li>• Green hydrogen</li> <li>• Hydropower</li> <li>• Marine renewables</li> <li>• Geothermal</li> <li>• Electrical grids and storage</li> </ul>	<ul style="list-style-type: none"> <li>• Onshore generation for wind and solar.</li> <li>• Offshore wind and solar, wave power and tidal power generation facilities.</li> <li>• Biomass and biofuel production.</li> <li>• Geothermal electricity generation facilities with direct emissions of less than 100gCO<sub>2</sub>/kWh.</li> <li>• Small scale generation or combined installations such as community scale generation and micro grids.</li> <li>• Infrastructure to inject biogas into the grid.</li> <li>• Manufacturing, storage, distribution, and installation facilities producing green hydrogen.</li> <li>• Storage that supports renewable generation such as batteries, pumped hydro.</li> <li>• Transmission and distribution supporting infrastructure for eligible renewable energy activity.</li> </ul>	<ul style="list-style-type: none"> <li>• Sources of bioenergy with negative consequences, for example, native forests, biodiversity, and food production.</li> <li>• Large scale hydropower that requires a dam and where emissions are above the below thresholds will be excluded: If operational pre 2020 &gt;100gCO<sub>2</sub>e/kWh or where power density &lt; 5W/m<sup>2</sup> If operational post 2020 &gt; 50gCO<sub>2</sub>e/kWh or where power density &lt; 10W/m<sup>2</sup>.</li> <li>• Direct emissions (excluding combustion) from bioenergy and biofuel production must be at least 80% lower than fossil fuel counterfactual.</li> </ul>
<b>Energy efficiency</b>  	<ul style="list-style-type: none"> <li>• Development and operation of networks, services, activities, and products that enable the Internet of things and allow for real-time responses to energy demand.</li> <li>• District heating/cooling systems, smart grids, energy recovery technology, and the storage, transmission, and distribution of energy that results in reduced energy losses with direct emissions less than 100gCO<sub>2</sub>e/kWh.</li> <li>• Development, manufacture, replacement, purchase, or installation of products or technology to reduce energy consumption.</li> <li>• Replacement of fossil fuel powered equipment with electricity powered equipment.</li> </ul>	<ul style="list-style-type: none"> <li>• Development, manufacture, purchase, or installation of heat pumps, chillers, air conditioning, and insulation that meet specific criteria prescribed by BNZ.</li> <li>• Energy management systems e.g. fitting sensors to electrical equipment to monitor system efficiencies and determine where further energy savings can be made.</li> <li>• Combined Heat and Power (CHP) installed as a replacement for inefficient boilers or alongside existing boilers.</li> <li>• Information and Communications Technology (ICT) and smart grid applications including controls, smart meters, and supporting technology.</li> <li>• LED lighting replacing existing lighting of high energy consumption.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvements to energy efficiency of fossil fuel production and/or distribution.</li> <li>• Industrial processes which are inherently carbon intensive and/or primarily driven by fossil fuels.</li> <li>• Development or manufacture of products or technology to reduce energy consumption by &lt; 30%.</li> </ul>

<sup>5</sup>Activities that contribute to environmental or social objectives must not significantly harm those same objectives. This considers the life cycle of the products and services provided by an economic activity.



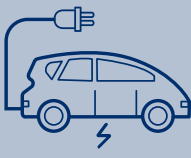

Eligible sector	Eligible sector activity	Eligible sector activity examples (This is not intended to be an exhaustive list)	Exclusions <sup>5</sup>
<b>Green buildings</b>  	<ul style="list-style-type: none"> <li>• “Green” commercial and residential buildings</li> </ul>	<ul style="list-style-type: none"> <li>• Construction projects and newbuilds with the following minimum ratings<sup>6</sup>:               <ul style="list-style-type: none"> <li>• Green Star: 5 star or greater</li> <li>• Homestar: 6 star or greater</li> <li>• Passive House Standard.</li> </ul> </li> <li>• Operational performance (existing buildings): 4 Star or greater NABERSNZ (office), relevant Green Star Performance rating for non-office buildings as per NZGBC recommendation.</li> <li>• Renovations of existing buildings where the works result in compliance with the above minimum ratings.</li> <li>• Property upgrades that result in at least a 30% tangible and verifiable improvement in energy efficiency.</li> <li>• Projects/properties that meet regional, national or internationally recognised standards or certifications for environmental performance but different to the ones noted (Green Star, NABERSNZ, Homestar)</li> </ul>	<ul style="list-style-type: none"> <li>• Buildings &gt;3 years old with an accredited rating that does not include a performance element.</li> </ul>
<b>Environmentally sustainable management of living natural resources and land use</b>  	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Animal welfare</li> <li>• Climate smart farm inputs</li> <li>• Fishery and aquaculture</li> <li>• Forestry</li> <li>• Preservation or restoration of natural landscapes</li> <li>• Farm dairy effluent system upgrade</li> <li>• Stock exclusion from waterways and wetlands (e.g. fencing, bridges, culverts, and stock water reticulation)</li> </ul>	<ul style="list-style-type: none"> <li>• Activities and research that enable the measurement, monitoring, reporting, and verification of emissions reductions.</li> <li>• Pollution prevention and control measures, for example, improvement in farm waterway quality via reductions in contaminant flows from farmland and/or improvements in nutrient management and sediment reductions.</li> <li>• Improvement in the efficiency of water use on farm (e.g. drip-irrigation). Increasing the resilience, adaptive, or sequestration capacity of the land or farming enterprise.</li> <li>• Reduction in the level of on-farm waste generated and improvement in the recycling of waste. For example biological crop protection.</li> <li>• Components of dairy effluent systems may include slurry storage, discharge treatment facilities, effluent application equipment.</li> <li>• Improvements in areas such as animal welfare, labour practices (including health and safety and labour rights), and governance.</li> </ul>	<ul style="list-style-type: none"> <li>• Deforestation of native vegetation.</li> <li>• Noncertified exotic forestry.</li> <li>• Aquaculture activities that maximise harvest at the expense of a wider ecosystem effect such as spreading of pests and disease, unsustainable feed production, and diminished water quality.</li> <li>• Further development of fishing methods such as bottom trawling or methods that result in large scale habitat destruction.</li> </ul>

<sup>5</sup>Activities that contribute to environmental or social objectives must not significantly harm those same objectives. This considers the life cycle of the products and services provided by an economic activity.

<sup>6</sup>Minimum Greenstar, NABERS and Homestar ratings will be updated to align to New Zealand Green Building Council guidance on green building ratings for sustainable finance

Eligible sector	Eligible sector activity	Eligible sector activity examples (This is not intended to be an exhaustive list)	Exclusions <sup>5</sup>
<p><b>Environmentally sustainable management of natural resources and land use</b></p> 		<ul style="list-style-type: none"> <li>• Indigenous or exotic forestry certified under the Programme for the Endorsement of Forest Certification (PEFC) Australia and New Zealand Standard for Sustainable Forest Management.</li> <li>• Forestry conservation projects such as afforestation, reforestation, or regeneration of indigenous forestry or planting.</li> </ul> <p>Fishing activity that is Marine Stewardship Council (MSC) certified and includes activity that is focused on sustainable activities such as:</p> <ul style="list-style-type: none"> <li>• Reducing or eliminating bottom trawling.</li> <li>• Reducing or eliminating, bycatch, plastic pollution release, and ghost fishing.</li> <li>• Technology to eliminate destructive impacts of unsustainable fishing methods such as Precision Seafood Harvesting.</li> <li>• Local, small-scale, individually handled (for example, precision fishing) and use low impact harvesting techniques.</li> </ul> <p>Aquaculture that is Aquaculture Stewardship Council (ASC) certified and includes activities such as:</p> <ul style="list-style-type: none"> <li>• Reduction or elimination of input of feed, nutrient supplementation, and antibiotics.</li> <li>• Regenerative ocean farming – creating multi-species, multi-layered ecosystem structures usually consisting of marine vegetation (for example, seaweed, kelp) and shellfish (oysters, mussels, clams).</li> <li>• Seaweed sector – development of a thriving, high-value seaweed sector that provides meaningful environmental, social, and cultural benefits.</li> </ul>	

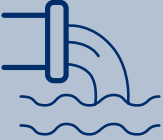

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Eligible sector	Eligible sector activity	Eligible sector activity examples (This is not intended to be an exhaustive list)	Exclusions <sup>5</sup>
<p><b>Clean transportation</b></p> 	<ul style="list-style-type: none"> <li>• Low carbon transport</li> <li>• Infrastructure related to clean transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation and operation of low-carbon public or mass transport including for road, rail, aviation, sea (including inland passenger water transport), and non-motorised, multi-modal transportation. Includes energy efficient transport and conversion of fossil fuel fleets to electric or hybrid.</li> <li>• Zero-direct emissions transport such as electric and green hydrogen, including private vehicles, passenger trains, urban subway/metro, trams.</li> <li>• Zero emissions supporting infrastructure, including electric charging and green hydrogen</li> <li>• Fuelling, and reduction of harmful emissions.</li> <li>• Public walking and bicycle infrastructure.</li> <li>• Implementation and operation of low-carbon public or mass transport including for road, rail, sea, and aviation.</li> <li>• Equipment and infrastructure for clean energy vehicles, buses, light rail vehicles, and other rapid transit systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Systems and infrastructure primarily used for fossil fuel vehicles or the transportation of fossil fuels.</li> </ul> <p>Must meet:</p> <ul style="list-style-type: none"> <li>• Passenger activity threshold below 50g CO<sub>2</sub>e per passenger-km (p/km).</li> <li>• Freight activity threshold below 25g CO<sub>2</sub>e per tonne-km (t/km).</li> </ul>
<p><b>Circular economy adapted products, production technologies, and processes</b></p> 	<ul style="list-style-type: none"> <li>• Circular Economy</li> <li>• Responsible consumption and production</li> </ul>	<ul style="list-style-type: none"> <li>• Design and introduction of reusable, recycled, refurbished materials, components, or products and repurpose technology such as mobile phones, laptops, and consumables.</li> <li>• Demolition activities that enable building materials to be recycled.</li> <li>• Compostable or recycled packaging.</li> <li>• Repurpose single use plastic into new products. For example: counter tops, and/or doors.</li> <li>• Waste treatment that converts timber to biofuel or organic waste to renewable energy.</li> <li>• Circular tools and services, e.g. traceability software; and/or certified eco-efficient products.</li> </ul>	

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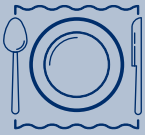
Eligible sector	Eligible sector activity	Eligible sector activity examples (This is not intended to be an exhaustive list)	Exclusions <sup>5</sup>
<p><b>Climate change adaptation</b></p> 	<ul style="list-style-type: none"> <li>• Building resilience to the chronic and acute impacts of climate change</li> <li>• Adaptation of operations</li> <li>• Climate change monitoring technologies</li> <li>• Homes, building, and infrastructure</li> <li>• Information support systems</li> <li>• Natural environment</li> <li>• Communities</li> <li>• Managed retreat</li> </ul>	<ul style="list-style-type: none"> <li>• Activities to mitigate against forest wildfires such as creating fire breaks, edge tree pruning, or fuel modification by mowing.</li> <li>• Manufacture, development, and/or purchase of climate observation information support and early warning systems.</li> <li>• Activities to mitigate flooding by improving/creating flood barriers.</li> <li>• Air and water quality monitoring systems.</li> <li>• Enhancing community resilience such as emergency response planning to extreme weather events.</li> <li>• Improving power grid resiliency against climate change.</li> </ul>	
<p><b>Pollution prevention and control</b></p> 	<ul style="list-style-type: none"> <li>• Waste sorting, treatment or recycling</li> <li>• Waste processing equipment</li> <li>• Recyclable collection and/or storage</li> <li>• Replacement plant or equipment that reduces amount of waste produced</li> <li>• Biodigesters</li> </ul>	<ul style="list-style-type: none"> <li>• Facilities that primarily contribute to reduction of air emissions, GHG control, soil remediation, waste prevention, waste reduction, waste collection, waste recycling and sorting, waste storage, composting, anaerobic digestion, landfill gas recovery, or energy-efficient waste to energy projects.</li> <li>• Equipment including but not limited to waste shredders, separators, optical sorters, mechanical sorters, waste balers, crushers, conveyor belts, wrapping machines, trommel, bag openers, or reel splitters.</li> </ul>	
<p><b>Terrestrial and aquatic biodiversity conservation</b></p> 	<ul style="list-style-type: none"> <li>• Protection and conservation of terrestrial, coastal, marine, and watershed environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Create and restore vegetated buffer areas and riparian planting.</li> <li>• Protection and conservation of coastal, marine and watershed environments, and important biodiverse areas, for example fencing, weed, and pest control.</li> <li>• Protection and conservation of healthy ecosystems. For example: improvement in indigenous terrestrial and aquatic biodiversity, improvements in soil health, and reduction in any adverse impacts on the soil.</li> </ul>	

<sup>5</sup>Activities that contribute to environmental or social objectives must not significantly harm those same objectives. This considers the life cycle of the products and services provided by an economic activity.



Eligible sector	Eligible sector activity	Eligible sector activity examples (This is not intended to be an exhaustive list)	Exclusions <sup>5</sup>
<p><b>Sustainable water and wastewater management</b></p> 	<ul style="list-style-type: none"> <li>• Sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems, river training, and other forms of flood management</li> <li>• Water efficient fixtures and appliances (e.g. irrigation)</li> <li>• Water storage facilities (e.g. earthen ponds, lined ponds, rainwater tanks, storage tanks)</li> </ul>	<ul style="list-style-type: none"> <li>• Development, manufacture, installation or operation of systems or facilities that recycle, compost, or increase efficiency of wastewater processing.</li> <li>• Technologies and products that reduce, reuse, or recycle water such as smart metering devices, low-flow equipment, or rainwater harvesting systems.</li> <li>• Protection of land, forests, and other vegetation in the upper watershed to improve ground or water catchment quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Any projects that alter a natural watercourse or results in an intensification of land use.</li> <li>• Projects which discharge treated or untreated effluent directly or indirectly to watercourses.</li> <li>• Wastewater treatment projects related to fossil fuel production; distribution of drinking water without measurable improvements to water quality, water efficiency, or climate change resilience.</li> </ul>
<p><b>Green technologies</b></p> 	<ul style="list-style-type: none"> <li>• Carbon extraction technologies, energy storage systems</li> <li>• Technology that delivers measurable reductions in emissions and/or environmental benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Direct air capture technologies extracting CO<sub>2</sub> directly from the atmosphere (such as carbon extraction technologies and energy storage systems).</li> </ul>	<ul style="list-style-type: none"> <li>• Captured carbon used for enhanced oil recovery.</li> </ul>

<sup>5</sup>Activities that contribute to environmental or social objectives must not significantly harm those same objectives. This considers the life cycle of the products and services provided by an economic activity.

Table 2 – Eligible Social Sectors and Activities

Eligible sector	Eligible sector activity	Eligible sector activity examples <sup>7</sup>
<b>Affordable housing</b> 	<ul style="list-style-type: none"> <li>• Construction or renovation of social housing.</li> <li>• Construction or renovation of affordable housing where it targets vulnerable or underserved communities.</li> <li>• Energy affordability including energy efficiency upgrades targeting low income or underserved communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Shared ownership, progressive ownership, or low-cost housing that overcomes barriers to home ownership for low-income families.</li> <li>• Lending that is structured to overcome barriers to access housing for Māori.</li> </ul>
<b>Access to essential services</b> 	<ul style="list-style-type: none"> <li>• Activities that provide underrepresented communities or people with access to healthcare.</li> <li>• Activities that target inclusion of underrepresented communities or people in education systems, including access to tertiary education or vocational and technical skills training and access to campus infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Construction or renovation of Aged Care facilities certified under the Health and Disability Services (Safety) Act 2001 and contracted with DHBs who provide affordable hospital level and dementia care facilities.</li> <li>• Scholarships that are targeted to underrepresented people in education systems.</li> <li>• Education and vocational training, public health/healthcare, public health emergency response energy (including electricity), financing and financial services, and/or other governmental offices servicing select populations (and/or in low /low-middle income communities).</li> </ul>
<b>Socioeconomic advancement and empowerment</b> 	<ul style="list-style-type: none"> <li>• Activities specifically focused on equitable access to and control over assets, services, resources, and opportunities, equitable participation and integration into the market and society, including reduction of income inequality.</li> </ul>	<ul style="list-style-type: none"> <li>• Disrupting the predatory lending market.</li> <li>• Programmes focused specifically on digital inclusion.</li> <li>• Improving financial literacy and wellbeing for vulnerable or underserved populations.</li> <li>• Not-for-profit and for purpose organisations that are specifically focused on reducing inequalities or poverty.</li> </ul>
<b>Food security and sustainable food systems</b> 	<ul style="list-style-type: none"> <li>• Provision of nutritious food for people experiencing food insecurity.</li> </ul>	<ul style="list-style-type: none"> <li>• Physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements, resilient agricultural practices, reduction of food loss and waste, and improved productivity of small-scale producers.</li> </ul>

<sup>7</sup>Eligible Social Sectors and Activities aim to address or mitigate specific social issues and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s). This section shows some examples of eligible activity and is not intended to be an exhaustive list

Eligible sector	Eligible sector activity	Eligible sector activity examples <sup>7</sup>
<p><b>Affordable basic infrastructure</b></p> 	<ul style="list-style-type: none"> <li>• Infrastructure that targets underserved, low income or vulnerable communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Developing off grid solutions for remote communities.</li> <li>• Clean drinking water, sewers, sanitation, transport, energy, and/or basic telecommunications.</li> </ul>
<p><b>Employment generation</b></p> 	<p>Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic inequality/crises, climate transition projects and/or other considerations for a “just transition”.</p>	<ul style="list-style-type: none"> <li>• Provision and/or promotion of small and medium enterprise financing and microfinance.</li> <li>• Programmes designed to enhance the skills of employees whose roles have been impacted by technological advancements such as automation or robotics.</li> </ul>

<sup>7</sup>Eligible Social Sectors and Activities aim to address or mitigate specific social issues and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s). This section shows some examples of eligible activity and is not intended to be an exhaustive list

## 8. Eligible products

The table below describes the eligible products and how they are measured.

Table 3 – Eligible Products

Product	Description	Measure
<b>Lending</b>	<p>BNZ provides finance using the following lending products:</p> <ul style="list-style-type: none"> <li>• Corporate lending including working capital, term lending, and bridge facilities</li> <li>• Property finance (commercial and residential)</li> <li>• Agribusiness lending</li> <li>• Project and Asset finance</li> <li>• Securitisation and specialised finance</li> <li>• Trade finance, Letters of Credit and Performance Bonds</li> <li>• Transactions that align with recognised frameworks such as the Green, Social, or Sustainability Linked Loan Principles</li> <li>• Home lending.</li> </ul>	<ul style="list-style-type: none"> <li>• BNZ's share of committed funding at financial close.</li> <li>• Where funding/service is provided by a syndicate of banks, BNZ counts only its proportion of the transaction.</li> <li>• Refinanced facilities, or facilities where tenor is extended are counted.</li> <li>• Where an existing facility is increased in face value (and tenor remains the same), only the increase will be included.</li> </ul>
<b>Debt Capital Markets (DCM)</b>	<p>BNZ facilitates access to DCM for customers. Types of activity we would anticipate being covered include:</p> <ul style="list-style-type: none"> <li>• Bonds</li> <li>• Private Placements (US, Europe, Australia, etc.)</li> <li>• Institutional term loans</li> <li>• Bridge and underwrite facilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Methodology to follow standard industry practices that reflects BNZ's role.</li> </ul>
<b>Risk management</b>	<p>These products are eligible if they are designed to have/are associated with driving a specific and credible impact, specifically Sustainability Linked Derivatives (SLD). Current approved products are:</p> <ul style="list-style-type: none"> <li>• Interest Rate Derivatives.</li> </ul>	<p>Derivatives transactions are treated as separate finance transactions as follows:</p> <ul style="list-style-type: none"> <li>• Face value of derivative</li> <li>• Extensions/rollovers will not be included</li> <li>• For accreting/amortising products, the average face value over the term of the commitment will be included.</li> </ul>





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