

Second-Party Opinion

Kāinga Ora Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Kāinga Ora Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Affordable Housing, Socioeconomic Advancement and Empowerment, Green Buildings, Pollution Prevention and Control – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to help improve the environmental impact of Kāinga Ora’s public housing portfolio while increasing access to social housing in New Zealand, and advance the UN Sustainable Development Goals, specifically SDGs 10, 11 and 12.



PROJECT EVALUATION / SELECTION Kāinga Ora evaluates projects under the Kāinga Ora Investment Management Framework. Kāinga Ora’s Treasury team will be responsible for selecting and evaluating eligible projects. The Treasury team will then submit eligible projects to the CFO for a final review and approval. Kāinga Ora’s Investment Management Framework will adhere to the principles in the Kāinga Ora – Homes and Communities Act 2019 when assessing and managing potential social and environmental risks associated with eligible projects. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Kāinga Ora’s Treasury team will monitor and track the allocation of proceeds through its own Sustainability Financing Register. Kāinga Ora intends to reach full allocation within two years of issuance. Pending allocation, unallocated proceeds will be invested according to the Kāinga Ora Treasury Policy. This is in line with market practice.



REPORTING Kāinga Ora intends to report on the allocation and impact of proceeds through its Sustainable Finance Impact Report on its website on an annual basis until full allocation. Allocation reporting will include a list of eligible projects, descriptions of major projects, the total amount allocated to eligible projects, the amount of unallocated proceeds and the share of financing versus refinancing. In addition, Kāinga Ora is committed to report on relevant quantitative impacts and has provided indicative metrics within the Framework. Sustainalytics views Kāinga Ora’s allocation and impact reporting as aligned with market practice.

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Introduction

Kāinga Ora (the “Organization”) is a Crown entity that was established in 2019 to provide housing and housing-related services in New Zealand.¹ Headquartered in Wellington, New Zealand, the Organization is the largest residential property owner in the country. As of June 2022, Kāinga Ora’s 69,509 properties are home to more than 186,000 New Zealanders.²

Kāinga Ora has developed the Kāinga Ora Sustainable Finance Framework (the “Framework”), under which it intends to primarily issue well-being³ bonds, as well as green, social and sustainability bonds, and use the proceeds to finance and refinance, in whole or in part, existing and future projects and expenditures that are expected to help improve the environmental impact of Kāinga Ora’s public housing portfolio while increasing access to social housing in New Zealand.

The Framework defines social eligibility criteria in two areas:

1. Affordable Housing
2. Socioeconomic Advancement and Empowerment

The Framework defines green eligibility criteria in two areas:

1. Green Buildings
2. Pollution Prevention and Control

Kāinga Ora engaged Sustainalytics to review the Kāinga Ora Sustainable Finance Framework, dated September 2022, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG),⁴ Green Bond Principles 2021 (GBP),⁵ and Social Bond Principles 2021 (SBP).⁶ The Framework will be published in a separate document.⁷ The Framework builds on a previous framework for which Sustainalytics provided a second-party opinion dated August 2021.⁸

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁹ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA
- The credibility and anticipated positive impacts of the use of proceeds and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

¹ Kāinga Ora was established under the Kāinga Ora – Homes and Communities Act 2019. Accessed at:

<http://www.legislation.govt.nz/act/public/2019/0050/latest/whole.html#LMS169206>

² Kāinga Ora, “Annual Report”, at: <https://kaingaora.govt.nz/publications/annual-report/>

³ Well-being bonds are sustainability bonds that are also aligned with the New Zealand Living Standards Framework (LSF). The LSF was developed by the New Zealand Treasury to measure and analyze intergenerational well-being.

⁴ ICMA, “Sustainability Bond Guidelines”, (2021), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-100621.pdf>

⁵ ICMA, “Green Bond Principles”, (2021), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-100621.pdf>

⁶ ICMA, “Social Bond Principles”, (2021), at: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Social-Bond-Principles-June-2021-100621.pdf>

⁷ The Kāinga Ora Sustainable Finance Framework is available on Kāinga Ora’s website at: <https://kaingaora.govt.nz/investor-centre/sustainability-and-wellbeing/>

⁸ Kāinga Ora, “Sustainability Financing Framework”, (2021), at: <https://kaingaora.govt.nz/investor-centre/sustainability-and-wellbeing/>

⁹ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Kāinga Ora's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Kāinga Ora representatives have confirmed that: (1) they understand it is the sole responsibility of Kāinga Ora to ensure that the information provided is complete, accurate or up to date; (2) they have provided Sustainalytics with all relevant information; and (3) any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Kāinga Ora.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Kāinga Ora is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Kāinga Ora has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Kāinga Ora Sustainable Finance Framework

Sustainalytics is of the opinion that the Kāinga Ora Sustainable Finance Framework is credible, impactful and aligns with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Kāinga Ora Sustainable Finance Framework:

- Use of Proceeds:
 - The eligible use of proceed categories – Affordable Housing, Socioeconomic Advancement and Empowerment, Green Buildings, Pollution Prevention and Control – are aligned with those recognized by the GBP and SBP. Sustainalytics considers that investments in the eligible categories are expected to help improve the environmental impact of Kāinga Ora's public housing portfolio while increasing access to social housing in New Zealand.
 - Kāinga Ora has communicated that it will limit refinancing to capital expenditures associated with eligible assets, in accordance with the Framework's eligibility criteria. Therefore, no look-back period has been established. This is in line with market practice.
 - Sustainalytics highlights that Kāinga Ora limits the use of proceeds of well-being bonds, as well as green, social and sustainability bonds to finance social housing activities in New Zealand only. Kāinga Ora will allocate proceeds to portfolios of social housing projects, rather than separate green or social expenditures, because all green and social expenditures under the Framework pertain to the construction and facilitation of social housing projects. Social housing in this context is targeted at meeting the housing needs of Priority A and B people and/or households, representing the two levels of social housing applicants defined by the government

of New Zealand.¹⁰ Sustainalytics expects that the issued bonds will contribute to the well-being of New Zealanders as defined in the Living Standard Framework (LSF) developed by the Treasury of New Zealand.¹¹ Sustainalytics considers the LSF to be a credible framework for measuring well-being given its alignment with the OECD's internationally recognized approach on well-being,^{12,13} as well as the inclusion of research and evidence by local and international experts.

- Under the Affordable Housing category, Kāinga Ora may finance or refinance the expenditures related to the development of new social housing and the retrofitting of existing housing in New Zealand. The Framework defines the target population as people in need of social housing who are listed on the Ministry of Social Development (MSD) Social Housing Register¹⁴ and categorized as either Priority A or Priority B.¹⁵ Furthermore, Kāinga Ora has confirmed that it adopts the rent caps and affordability thresholds for social housing set by the MSD.¹⁶ Kāinga Ora also aims to provide homes that are modified to meet the needs of the disabled population and universal design standards.¹⁷ Given the clear target market with a focus on those who have been identified as needing the greatest support, Sustainalytics considers the investments under this category to be aligned with market practice.
- Under the Socioeconomic Advancement and Empowerment category, Kāinga Ora may finance or refinance apprenticeship programmes and support local businesses. Associated expenditures and projects under this category will be a part of the overall expenditures of developing social housing projects and may include:
 - o Existing apprenticeship and training programmes aimed at creating employment opportunities and developing skilled construction workforce that target priority groups comprising individuals from Māori¹⁸ and Pasifika¹⁹ communities, disadvantaged women and young people, and customers.²⁰ Kāinga Ora has communicated that such programmes target to include at least 50% of apprentices from the above priority groups, while the remaining may typically include disadvantaged youth such as those who are unemployed or school dropouts from areas where Kāinga Ora has a high level of build activity. Sustainalytics notes that the programs will be delivered in partnership with organizations such as the Building & Construction Industry Training Organisation (BCITO), the Ministry of Social Development (MSD), and the New Zealand Institute of Skills and Technology, thus giving Kāinga Ora limited control over the enrolment in the training programs. Sustainalytics considers financing training programmes that are entirely targeted towards individuals from disadvantaged backgrounds to be impactful in reducing barriers to employment and promote social inclusion and notes that the programmes financed by Kāinga Ora may enroll individuals who may not be disadvantaged. Further, Sustainalytics encourages Kāinga Ora to prioritize providing training to beneficiaries from a disadvantaged background to maximize the social benefit and report on the impacts on beneficiaries.

¹⁰ Ministry of Housing and Urban Development, "Public housing Quarterly Report", (2022), at: <https://www.hud.govt.nz/stats-and-insight/public-housing-quarterly-reports/>

¹¹ New Zealand Government, "Living Standard Framework", at: <https://www.treasury.govt.nz/publications/tp/living-standards-framework-introducing-dashboard-html>

¹² New Zealand Government, "Living Standards Framework: Background and Future Work", at: <https://www.treasury.govt.nz/publications/tp/living-standards-framework-background-and-future-work-html>

¹³ OECD, "Compendium of OECD Well-Being Indicators", at: <https://www.oecd.org/sdd/47917288.pdf>

¹⁴ New Zealand Ministry of Social Development, "Housing Register", at: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/index.html>

¹⁵ New Zealand Ministry of Housing and Urban Development, "Public housing Quarterly Report", (2022), at: <https://www.hud.govt.nz/stats-and-insight/public-housing-quarterly-reports/>

¹⁶ New Zealand Ministry of Social Development, "Calculating your rent payments", at: <https://www.workandincome.govt.nz/housing/live-in-home/live-in-public-housing/calculating-rent-payments.html#null>

¹⁷ Kāinga Ora, "Accessibility Policy 2019 – 2022", at: <https://kaingaora.govt.nz/assets/Tenants-and-communities/Documents/Kainga-Ora-Accessibility-Policy-PDF-FINAL-15.11.19.pdf>

¹⁸ The Māori are the indigenous community of New Zealand, constituting 16.5% of the national population. Ministry of Māori Development, "Future Demographic Trends for Māori – Part Two", at: <https://www.tpk.govt.nz/en/o-matou-mohiotanga/demographics/future-demographic-trends-for-maori-part-two>

¹⁹ The Pasifika are the indigenous peoples of Pacific origin, representing more than 8% of the national population. Ministry of Foreign Affairs and Trade, "Pasifika New Zealand", at: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/pacer-plus/pasifika-new-zealand/>

²⁰ Kāinga Ora has communicated that customers or tenants in apprenticeship and training programmes under the Framework will be individuals in need of social housing who are listed on the MSD Social Housing Register.

- Expenditures related to supporting Māori and Pasifika owned construction businesses²¹ to build affordable and social housing, including cost towards goods and services and training and capacity building of such businesses. Kāinga Ora has communicated that these Māori and Pasifika owned construction businesses are small and micro businesses²². Sustainalytics notes that in New Zealand, small and micro businesses are a significant part of the economy, accounting for 97% of all firms, including firms within the construction industry.²³ Additionally, Māori and Pasifika owned businesses represent the lowest proportion of self-employment in New Zealand.²⁴ As such, Sustainalytics considers Kāinga Ora's expenditure to support and partner with Māori and Pasifika owned construction businesses will encourage entrepreneurship and further enhance socioeconomic benefits for Māori and Pasifika communities.
- Under the Green Buildings category, Kāinga Ora may finance or refinance new or existing projects related to public housing, which obtain a minimum 6 Homestar rating.²⁵ Kāinga Ora has confirmed that it will only finance retrofit-related expenditures for existing buildings that do not have any green building certification and such retrofit activities are intended to result in achieving a minimum 6 Homestar rating. Associated expenditures and projects under this category will be a part of the overall expenditure of developing social housing projects, which will be built in accordance with green building standards. Sustainalytics notes that the buildings receiving a Homestar rating 6 and above place in the top 15% buildings in New Zealand and considers the certification scheme to be credible and the minimum level to be aligned with market practice.
- Under the Pollution Prevention and Control category, Kāinga Ora may finance or refinance waste reduction and diversion activities at construction sites as part of their building programme towards meeting the standards for a Homestar rating of 6 and above.^{26,27,28} Associated expenditures and projects under this category will be a part of the overall expenditure of developing social housing projects. Sustainalytics notes that these efforts are part of a credible scheme and considers these activities to be aligned with market practice.
 - Measures to reduce waste generated during construction through adopting standard design for material size, reduce range of material types, utilization of materials that have recycled content and use of low embodied-carbon designs and materials.
 - Deconstruction and waste management services targeted at waste diversion from landfills by recycling and reusing deconstruction waste. Waste diversion activities support waste segregation at the source, which Sustainalytics considers to be aligned with market practice.
- The Framework includes a list of activities excluded from its green, social and sustainability issuances. Sustainalytics views the exclusion of activities that have potential negative environmental or social impacts as strengthening Kāinga Ora's Framework.
- Project Evaluation and Selection:
 - Kāinga Ora has developed the Kāinga Ora Investment Management Framework (KOIMF), which sets out the process for project identification and evaluation in line with the eligibility criteria of

²¹ Kāinga Ora has communicated that a Māori or Pasifika business is one having a Māori/Pasifika authority (as classified by the Inland Revenue Department) or a minimum 50% Māori/Pasifika ownership.

²² Kāinga Ora has communicated to Sustainalytics that it will follow the Ministry of Business, Innovation and Employment's definition for identifying small and micro businesses as part of the Framework. The Ministry of Business, Innovation and Employment defines small and micro businesses as businesses with fewer than 20 employees. Ministry of Business, Innovation and Employment, "Small business", at: [https://www.mbie.govt.nz/business-and-employment/business/support-for-business/small-business/#:~:text=Small%20business%20in%20New%20Zealand,-New%20Zealand%20is&text=Defined%20as%20those%20with%20fewer,gross%20domestic%20product%20\(GDP\).](https://www.mbie.govt.nz/business-and-employment/business/support-for-business/small-business/#:~:text=Small%20business%20in%20New%20Zealand,-New%20Zealand%20is&text=Defined%20as%20those%20with%20fewer,gross%20domestic%20product%20(GDP).)

²³ Ministry of Business, Innovation and Employment, "Small business", at: [https://www.mbie.govt.nz/business-and-employment/business/support-for-business/small-business/#:~:text=Small%20business%20in%20New%20Zealand,-New%20Zealand%20is&text=Defined%20as%20those%20with%20fewer,gross%20domestic%20product%20\(GDP\).](https://www.mbie.govt.nz/business-and-employment/business/support-for-business/small-business/#:~:text=Small%20business%20in%20New%20Zealand,-New%20Zealand%20is&text=Defined%20as%20those%20with%20fewer,gross%20domestic%20product%20(GDP).)

²⁴ Te Ara- The Encyclopaedia of New Zealand, "Story: Ngā umanga – Māori business enterprise", at: <https://teara.govt.nz/en/nga-umanga-maori-business-enterprise/page-2>

²⁵ Homestar at: <https://www.nzgbc.org.nz/homestar>

²⁶ Kāinga Ora, "Housing New Zealand Housing Strategy", at: <https://kaingaora.govt.nz/assets/Publications/Strategic-documents/Environment-Strategy-Summary.pdf>

²⁷ 6 Homestar Built Assessment Checklist "Site Waste Minimization Plan" provided by Kāinga Ora.

²⁸ Kāinga Ora, "Sustainability Financing Impact Report 2019/20", at: <https://kaingaora.govt.nz/assets/Investors-Centre/Documents/Sustainability-Impact-Report-2020.pdf>

the Kāinga Ora Sustainable Finance Framework. The KOIMF follows a portfolio-project-programme approach and outlines the steps to be carried out internally for project selection. Eligible projects are allocated to a portfolio once approved. The Treasury team identifies and evaluates projects following final approval by the CFO. Once final approval is granted, the project will be added to the Sustainability Financing Register.

- Kāinga Ora's Investment Management Framework will adhere to the principles in the Kāinga Ora – Homes and Communities Act 2019 when assessing and managing potential social and environmental risks associated with eligible projects. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with market expectation. For additional detail, see Section 2.
- Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - Kāinga Ora's Treasury team will monitor and track the allocation of proceeds through its own Sustainability Financing Register. The Treasury team will review the register annually.
 - Kāinga Ora intends to reach full allocation within two years of issuance. Pending allocation, unallocated proceeds will be invested according to the Kāinga Ora Treasury Policy.
 - Based on the established tracking system for proceeds and disclosure of temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - Kāinga Ora intends to report on the allocation and impact of proceeds through its Sustainable Finance Impact Report on its website on an annual basis until full allocation. Allocation reporting will include a list of eligible projects, description of major projects, the total amount allocated to eligible projects and the amount of unallocated proceeds, and the share of financing versus refinancing.
 - Impact reporting may include relevant impact metrics per category, such as the percentage of waste diverted, number of homes retrofitted, number of transitional homes delivered, among others.
 - Sustainalytics considers the allocation and impact reporting as aligned with market practice

Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Kāinga Ora Sustainable Finance Framework aligns with the four core components of the GBP and SBP. For detailed information, please refer to Appendix 1: Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Kāinga Ora

Contribution of Framework to Kāinga Ora's sustainability strategy

Kāinga Ora is a Crown entity²⁹ set up under the Kāinga Ora – Homes and Communities Act 2019.³⁰ The Organization has a mandate to provide good quality affordable public housing services in New Zealand through partnerships with Māori, local and central governments on urban development projects.³¹ The Organization's sustainability strategy focuses on sustainable development and environmental management and is supported by its Environment and Customer Strategy.³² Under its Environment Strategy, Kāinga Ora strives to reduce its impact on the environment through the following: (i) reduce the emissions produced by its homes, construction programmes and operations; (ii) reduce the waste produced by its construction programmes, operations and customers; and (iii) improve the native biodiversity, green spaces and air quality in its communities.³³ Under its Customer Strategy, the Organization prioritizes housing solutions that aim to create an environment of stability, connection and participation, and safety and stability for its customers.³⁴

Kāinga Ora's governing legislations, the Kāinga Ora – Homes and Communities Act 2019 and the Crown Entities Act 2004, established the Organization's objectives, operating principles and governing structure that

²⁹ A Crown entity is an organization that forms part of New Zealand's state sector established under the Crown Entities Act 2004.

³⁰ Kāinga Ora, "Our Structure", at: <https://kaingaora.govt.nz/about-us/our-structure/>

³¹ Kāinga Ora, "Who We Are", at: <https://kaingaora.govt.nz/about-us/who-we-are/>

³² Kāinga Ora, "Kāinga Ora Sustainability Framework", at: <https://kaingaora.govt.nz/assets/About-us/Kainga-Ora-Sustainability-Framework.pdf>

³³ Kāinga Ora, "Environment Strategy", (2019), at: <https://kaingaora.govt.nz/assets/Publications/Strategic-documents/Environment-Strategy-Summary.pdf>

³⁴ Kāinga Ora, "Customer Strategy", (2018), at: <https://kaingaora.govt.nz/assets/Publications/Strategic-documents/Customer-Strategy-2018-Summary.pdf>

reflect its social, environmental and cultural mandate, and the importance of heritage in housing and urban development.³⁵ In 2020, Kāinga Ora set a commitment to achieve carbon neutrality in 2050.³⁶ In order to achieve net zero emissions from public housing, the Organization's sustainability strategy includes the implementation of several initiatives such as carbon-neutral housing, low-carbon infrastructure, and emissions measurement and reporting, which aim to reduce the embodied and operational emissions associated with its construction activities.³⁷ In 2021, the Organization made obtaining a Homestar 6 rating a mandatory requirement for all new public housing in its portfolio.³⁸

To enhance the accessibility of its housing projects, the Organization's Accessibility Policy of 2020 provides for services and housing solutions to its customers with specific mobility and physical access requirements.³⁹ Under the Accessibility Policy, the Organization set a target to have at least 15% of its new public housing builds year meet universal design standards and incorporate its customers' disability and accessibility needs.⁴⁰ Furthermore, Kāinga Ora supports career and employment opportunities for local communities through its Kāinga Ora construction apprenticeship/cadetship programme.⁴¹ In 2021, about 119 new trainees actively engaged and sustained in the Kāinga Ora construction apprenticeship/cadetship programme.⁴²

In view of the above, Sustainalytics is of the opinion that the Kāinga Ora Sustainable Finance Framework is aligned with the Organization's overall sustainability strategy and initiatives and will further the Organization's action on its key social and environmental priorities.

Well positioned to address common environmental and social risks associated with the projects

Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key risks associated with the eligible projects could include land use and biodiversity issues associated with construction activities, effluents and waste generated in construction, occupational health and safety, and community relations.

Sustainalytics is of the opinion that Kāinga Ora can manage and mitigate potential risks through implementation of the following:

- Under its Environment Strategy, Kāinga Ora conducts assessments of its key environmental impacts to address issues pertaining to land use and biodiversity.⁴³ The Organization has developed focused initiatives to reduce construction waste, optimize land use, improve energy efficiency in buildings and evaluate emissions through lifecycle carbon assessments.⁴⁴ In addition, the Resource Management Act 1991 requires that all large-scale construction works adhere to the management plan stipulated under an environmental, ecological and social impact assessment.^{45,46} New Zealand is a Designated Country under the Equator Principles, indicating the presence of robust environmental and social governance systems, legislation and institutional capacity designed to protect its people and natural environment.⁴⁷
- To manage construction waste, Kāinga Ora has developed a Site Waste Minimization Plan that establishes goals and objectives for waste avoidance and reduction.⁴⁸ The plan focuses on waste minimization practices such as construction methods allowing for deconstruction, the reuse and recycling of generated waste, and on-site waste management.⁴⁹

³⁵ Kāinga Ora, "Annual Report 2021", at: <https://kaingaora.govt.nz/assets/Publications/Annual-report/2020-21-Annual-Report.pdf>

³⁶ Kāinga Ora, "Annual Report 2020", at: <https://kaingaora.govt.nz/assets/Publications/Annual-report/KO100-Annual-Report-2020-v20.pdf>

³⁷ Kāinga Ora, "Kāinga Ora Sustainability Framework", at: <https://kaingaora.govt.nz/assets/About-us/Kainga-Ora-Sustainability-Framework.pdf>

³⁸ New Zealand, Ministry of Environment, "Reduce emissions and change an industry at the same time - Kāinga Ora shows what's possible", (2021), at: <https://environment.govt.nz/what-you-can-do/stories/reduce-emissions-and-change-an-industry-at-the-same-time-kainga-ora-shows-whats-possible/>

³⁹ Kāinga Ora, "Accessibility at Kāinga Ora", at: <https://kaingaora.govt.nz/about-us/accessibility-at-kainga-ora/>

⁴⁰ Ibid.

⁴¹ Kāinga Ora, "Annual Report 2021", at: <https://kaingaora.govt.nz/assets/Publications/Annual-report/2020-21-Annual-Report.pdf>

⁴² Ibid.

⁴³ Kāinga Ora, "Environment Strategy", (2019), at: <https://kaingaora.govt.nz/assets/Publications/Strategic-documents/Environment-Strategy-Summary.pdf>

⁴⁴ Ibid.

⁴⁵ New Zealand Legislation, "Resource Management Act 1991", (2022), at: <https://www.legislation.govt.nz/act/public/1991/0069/latest/whole.html>

⁴⁶ Environmental Institute of Australia and New Zealand Inc., "Ecological Impact Assessment (EiA) EIANZ guidelines for use in New Zealand", (2018), at: <https://www.eianz.org/document/item/4447>

⁴⁷ Equator Principles, "Designated Countries", at: <https://equator-principles.com/designated-countries/>

⁴⁸ Kāinga Ora's Site Waste Minimization Plan has been shared with Sustainalytics and reviewed confidentially.

⁴⁹ Ibid.

- To ensure health and safety for employees and contractors, Kāinga Ora has established a Construction Health and Safety Framework for managing construction risks throughout its supply chain.⁵⁰ The organization has established regional health and safety committees with the focus on sharing information with workforce and other stakeholders on health and safety practices and procedures and contributing to safe practices.⁵¹
- To protect the interest of local communities and Māori, Kāinga Ora partners and has early engagement with communities that are affected or are anticipated to be affected from housing and urban development projects.^{52,53} The Organization also has in place stakeholder engagement managers who work with the community stakeholders, including tenants, neighbors, and local authorities, to ensure they're informed about its activities in their area, mitigating risks related to community relations.⁵⁴

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Kāinga Ora has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the GBP and SBP. Sustainalytics has focused on three below where the impact is specifically relevant in the local context.

Importance of meeting the affordable housing demand in New Zealand

Housing in New Zealand is among the least affordable among developed countries, where approximately 300,000 families live in inadequate housing conditions due to overcrowding, low housing stock and lack of affordability.⁵⁵ In Auckland, for example, the average house price costs 35 times the median income as of February 2022.⁵⁶ The high cost of housing, in turn, compromises New Zealand residents' ability to meet other basic needs, such as food, clothing, transport, medical care and education.⁵⁷ In addition, the affordable housing stock of New Zealand covers only 42% of the estimated total at-risk population, leaving 112,000 people out of the scope.⁵⁸

The COVID-19 pandemic worsened New Zealand's decades-long housing crisis, exacerbating pre-existing affordability concerns and the housing stock shortage.⁵⁹ In order to meet the underlying demand for affordable housing, the New Zealand Government committed to increasing the public and transitional housing supply by 8,000 units over the 2021-24 period under its Public Housing Plan.⁶⁰ According to this plan, the Ministry of Social Development will collaborate with Kāinga Ora and registered community housing providers to offer additional affordable housing, such as the 8,121 public housing units added between 2017 and 2021.⁶¹

Sustainalytics is of the opinion that Kāinga Ora's financing of social housing is expected to contribute to improving the quality and accessibility of affordable housing in New Zealand.

⁵⁰ Kāinga Ora, "Annual Report 2021", at: <https://kaingaora.govt.nz/assets/Publications/Annual-report/2020-21-Annual-Report.pdf>

⁵¹ Ibid.

⁵² New Zealand Legislation, "Kāinga Ora—Homes and Communities Act 2019 No 50", at: <https://www.legislation.govt.nz/act/public/2019/0050/latest/whole.html#LMS169206>

⁵³ Kāinga Ora, "Statement of Intent 2019-2023", at: <https://kaingaora.govt.nz/assets/Publications/Statement-of-Intent/Statement-of-intent-KO007-2019-v12.pdf>

⁵⁴ Ibid.

⁵⁵ Habitat for Humanity New Zealand, "The need in New Zealand: Housing issues in New Zealand affect New Zealand's wealth, health and quality of life", at: <https://habitat.org.nz/who-we-are/the-need-in-new-zealand/>

⁵⁶ The Economist, "New Zealand's housing crisis is worsening", (2022), at: <https://www.economist.com/asia/2022/02/12/new-zealands-housing-crisis-is-worsening>

⁵⁷ Habitat for Humanity New Zealand, "The need in New Zealand: Housing issues in New Zealand affect New Zealand's wealth, health and quality of life", at: <https://habitat.org.nz/who-we-are/the-need-in-new-zealand/>

⁵⁸ The Salvation Army Social Policy and Parliamentary Unit, "The Demand for Social Housing New Zealand," (2017), at: <https://www.salvationarmy.org.nz/sites/default/files/uploads/20170814spputakingstockreport.pdf>

⁵⁹ The Guardian, "Can you help me?: The quiet desperation of New Zealand's housing crisis", (2021), at:

<https://www.theguardian.com/world/2021/mar/20/can-you-help-me-the-quiet-desperation-of-new-zealands-housing-crisis>

⁶⁰ New Zealand Government, "Public Housing Plan 2021-2024", at: <https://www.rnz.co.nz/national/programmes/checkpoint/audio/2018752086/housing-nz-s-accessible-homes-goal-should-be-much-higher-disability-rights-commissioner>

⁶¹ Ibid.

Improving accessibility and well-being of social housing tenants

People with disabilities face difficulties getting accessible and adequate housing that serves their needs in New Zealand,⁶² as most homes in the country do not incorporate universal design principles or provide good accessibility for this target population.⁶³ One survey indicates that one in 10 people with disabilities rated their housing as unsuitable for their needs in 2018.⁶⁴ Renters with disabilities are frequently required to pay for expensive accessibility improvements to rental properties.⁶⁵ The number of people with disabilities in New Zealand is projected to increase by 45% between 2013 and 2038, compared to 31% for the overall population, underscoring the substantial need of accessible housing for this target population.^{66,67}

The New Zealand Government's Disability Strategy 2016-2026 aims to provide suitable housing for people with disabilities by incorporating universal design principles, among other initiatives.⁶⁸ In addition, the government's Disability Action Plan 2019-2023 aims to improve accessibility across the New Zealand housing system.⁶⁹ Kāinga Ora intends to use part of the proceeds from the instruments issued under the Framework to improve accessibility of its housing stock by contributing to the supply and integrating mobility considerations in housing development.

Sustainalytics is of the opinion that Kāinga Ora's investments intended to improve, support and integrate accessibility considerations in social housing are expected to contribute to improve the quality and accessibility of the social housing stock in New Zealand.

Importance of reducing the environmental footprint of houses in New Zealand

The built environment accounts for 20% of New Zealand's total GHG emissions as of 2021,⁷⁰ with construction and demolition waste accounting for approximately 50% of total waste landfilled.^{71,72} More than three-quarters of homes in New Zealand were built before 1978.⁷³ These homes have insufficient insulation, and space heating accounts for more than one-third of household energy use.^{74,75} Moreover, according to New Zealand's Business Council for Sustainable Development, nearly one million homes have poor sustainability performance, suggesting that most of the existing houses do not meet the standards of New Zealand's new Building Code.⁷⁶ New Zealand's Climate Change Response Act 2019 lays out policies and initiatives for the country to reach climate neutrality by 2050, while the government's Building for Climate Change Programme of 2020 sets the requirements for the reduction of GHG emissions during construction.⁷⁷ Within the programme, the New Zealand Government aims to transform the building sector by incorporating efficiency standards for energy and water use and mandatory reporting requirements on construction material and construction waste.⁷⁸

⁶² Stats New Zealand, "More support needed for disabled people", (2017), at: <https://www.stats.govt.nz/news/more-support-needed-for-disabled-people>

⁶³ Build Magazine, "Universal design for houses", (2018), at: <http://www.buildmagazine.org.nz/index.php/articles/show/universal-design-supplement>

⁶⁴ Stats New Zealand, "The Disability Gap 2018", (2018), at: <https://www.stats.govt.nz/assets/Uploads/Infographics/The-disability-gap-2018/the-disability-gap-2018-infographic.pdf>

⁶⁵ Clent, D. (2022), "Not built for me : Lack of accessible homes leaves disabled people 'without dignity'", at: <https://www.stuff.co.nz/pou-tiaki/300425033/not-built-for-me-lack-of-accessible-homes-leaves-disabled-people-without-dignity>

⁶⁶ New Zealand Medical Journal, "Mapping housing for the disabled in New Zealand", at: <https://www.nzma.org.nz/journal-articles/mapping-housing-for-the-disabled-in-new-zealand>

⁶⁷ RNZ, "Housing NZ's accessible homes goal should be much higher - Disability Rights Commissioner", (2020), at: <https://www.rnz.co.nz/national/programmes/checkpoint/audio/2018752086/housing-nz-s-accessible-homes-goal-should-be-much-higher-disability-rights-commissioner>

⁶⁸ New Zealand Office for Disability Issues, "New Zealand Disability Strategy 2016-2026", (2016), at: <https://www.odi.govt.nz/assets/New-Zealand-Disability-Strategy-files/pdf-nz-disability-strategy-2016.pdf>

⁶⁹ Office for Disability Issues, "Disability Action Plan 2019-2023", (2019), at: <https://www.odi.govt.nz/assets/Uploads/ODI-Disability-Action-Plan-2019-9-WEB-SINGLES.pdf>

⁷⁰ Herald, "The problem with NZ homes", (2021), at: <https://www.nzherald.co.nz/brand-insight/the-problem-with-nz-homes/ZJUE4OZVE2MVW6Z7IRCYN3TIPU/>

⁷¹ thinkstep, "The carbon footprint of New Zealand's built environment: hotspot or not?", (2018), at: https://www.nzgbc.org.nz/Attachment?Action=Download&Attachment_id=2635

⁷² Level, "Minimizing waste Construction and demolition produce large amounts of waste", at: <https://www.level.org.nz/material-use/minimising-waste/>

⁷³ Ibid

⁷⁴ New Zealand's Energy Mix, "New Zealand's Consumption", at: <https://www.energymix.co.nz/our-consumption/new-zealands-consumption/#how-are-we-consuming-energy-a650f>

⁷⁵ Quinn, J. "Passive House for New Zealand", Sustainable Engineering Limited, (2019), at: https://sustainableengineering.co.nz/wp-content/uploads/2019/01/PassiveHouse4NZ_TheWarmHealthyHomesWeNeed_ByJasonQuinn2019.pdf

⁷⁶ New Zealand Business Council for Sustainable Development, "Better performing homes for New Zealanders", (2007), at: https://www.sbc.org.nz/_data/assets/pdf_file/0008/99422/Better-Performing-homes-for-New-Zealanders.pdf

⁷⁷ Ministry of Business, Innovation and Employment, "Building for Climate Change: Transforming the Building and Construction Sector to reduce emissions and improve climate resilience", (2020), at: <https://www.mbie.govt.nz/dmsdocument/11522-building-for-climate-change>

⁷⁸ Ibid.

Sustainalytics believes that Kāinga Ora's investments in green buildings and waste management have the potential to contribute to New Zealand's emissions reduction goals, especially the environmental footprint of social housing in the country.

Alignment with/contribution to SDGs

The Sustainable Development Goals, set in September 2015 by the United Nations General Assembly, form part of an agenda for achieving sustainable development by 2030. The bonds issued under the Kāinga Ora Sustainable Finance Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Socio-Economic Advancement and Empowerment	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
Green Buildings	11. Sustainable Cities and Communities	11.1 Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

Conclusion

Kāinga Ora has developed its Sustainable Finance Framework, under which it intends to primarily issue well-being bonds, as well as green, social and sustainability bonds, and use the proceeds to finance and refinance projects in Green Buildings, Pollution Prevention and Control, Affordable Housing, and Socio-economic Advancement and Empowerment. Sustainalytics considers that the projects funded by the bond proceeds are expected to help improve the environmental impact of Kāinga Ora's public housing portfolio while increasing access to social housing in New Zealand.

Kāinga Ora's Framework outlines a process for tracking, allocating and managing proceeds and makes commitments for Kāinga Ora to report on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the Organization and that the green use of proceeds categories are expected to contribute to the advancement of the UN SDGs 10, 11 and 12. Additionally, Sustainalytics is of the opinion that Kāinga Ora has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Kāinga Ora is well positioned to issue sustainability, green, social and well-being bonds, and that the Kāinga Ora Sustainable Finance Framework is robust, transparent and in alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021 and Social Bond Principles 2021.

Appendix

Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Kāinga Ora
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Kāinga Ora Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	September 09, 2022
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> .	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Affordable Housing, Socioeconomic Advancement and Empowerment, Green Buildings, Pollution Prevention and Control – are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that investments in the eligible categories are expected to help improve the environmental impact of Kāinga Ora’s public housing portfolio while increasing access to social housing in New Zealand, and advance the UN Sustainable Development Goals, specifically SDGs 10, 11 and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Kāinga Ora evaluates projects under the Kāinga Ora Investment Management Framework. Kāinga Ora's Treasury team will be responsible for selecting and evaluating eligible projects. The Treasury team will then submit eligible projects to the CFO for a final review and approval. Kāinga Ora's Investment Management Framework will adhere to the principles in the Kāinga Ora – Homes and Communities Act 2019 when assessing and managing potential social and environmental risks associated with eligible projects. Sustainalytics considers these risk management systems to be adequate and the project selection process to be in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Kāinga Ora's Treasury team will monitor and track the allocation of proceeds through its own Sustainability Financing Register. Kāinga Ora intends to reach full allocation within two years of issuance. Pending allocation, unallocated proceeds will be invested according to the Kāinga Ora Treasury Policy. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Kāinga Ora intends to report on the allocation and impact of proceeds through its Sustainable Finance Impact Report on its website on an annual basis until full allocation. Allocation reporting will include a list of eligible projects, descriptions of major projects, the total amount allocated to eligible projects, the amount of unallocated proceeds and the share of financing versus refinancing. In addition, Kāinga Ora is committed to report on relevant quantitative impacts and has provided indicative metrics within the Framework. Sustainalytics views Kāinga Ora's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): list of eligible projects, description of major projects, share of financing versus refinancing | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
|---|--|

- | | |
|--|--|
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input checked="" type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Number of people housed with new and/or retrofitted public housing accommodation, number of homes modified for accessibility or mobility, number of supported homes delivered, number of homes retrofitted, number of apprenticeships enabled by construction programme, percentage of apprentices who identify as Māori or Pasifika, green certifications obtained, materials sourced sustainably (including certified products, recycled content) (%), energy/CO ₂ savings from new green buildings, amount of waste reduced, reused, recycled and/or diverted from landfill (tonnes) CO ₂ , % of homes relocated |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): sustainable finance impact report |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |

Other (*please specify*):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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