

## News Release

15 March 2022

### **ANZ backs ambitious sustainability commitment for Tāmaki Makaurau**

ANZ Bank New Zealand (ANZ NZ) and Auckland Council have partnered to create what is believed to be the country's first sustainability linked lending for a local authority.

The council's existing \$200 million standby lending facility with ANZ has been converted into a sustainability linked loan, they also executed a derivative for \$120 million. Both are linked to Auckland Council achieving certain sustainability performance targets.

If the targets are achieved the council is rewarded with a lower interest rate and if it misses then it pays a higher interest rate.

ANZ NZ Head of Sustainable Finance Dean Spicer said the council should be applauded for wanting to be held to account for making the city more sustainable.

"The move will increase accountability across the council group and the delivery of its ambitious sustainability targets," Mr Spicer said.

"Auckland Council has shown clear leadership in pioneering the New Zealand Sustainable Finance market, having been the first domestic issuer of Green Bonds in 2018."

ANZ NZ commended the move to establish sustainability performance targets as part of financing.

"This is a bold move which will encourage ambitious and meaningful progress against significant sustainability challenges for both the council and the Auckland region.

"Moving to a more sustainable world requires action from public and private entities, which can be further incentivised through the implementation of sustainable financing, where borrowers demonstrate their commitment to sustainability by tying their cost of funding to their sustainability ambitions."

Auckland Mayor Phil Goff said the initiative supports other financial innovations undertaken by the council in recent years to improve its sustainability.

"Like green bonds, these sustainable finance initiatives will enhance our work to become more sustainable and put strong climate, environmental and social parameters around how funds raised through borrowing are spent.

"The Council will need to meet three different sustainability performance targets on an annual basis, centered on fleet transition, emissions reduction and diverse procurement, with tools in place to measure progress and success and ensure compliance.

“This includes increasing the number of low emissions buses in Auckland Transport’s bus fleet, reducing the council’s greenhouse gas emissions, and supporting Māori and Pasifika owned businesses and social enterprises in Auckland by strengthening our social procurement model.”

Auckland Council issued its first green bond in 2018, and since then, the group has issued nearly \$2 billion in green bonds in NZD and Euro, enabling the council to channel capital into projects that support its climate goals.

At the 2021 INFINZ Awards, Auckland Council’s \$500m 30-year fixed rate green bond, issued in 2020, won the [New Zealand Debt Market Issue of the Year](#) award. ANZ New Zealand was Joint Lead Manager and sole Green Bond Co-ordinator for the issuance.

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As part of the loan and derivative arrangement, EY provided independent assurance over the sustainability linked loan and sustainability performance targets to ensure they meet the Sustainability Linked Loan Principles (July 2021) which are published by the Asia Pacific Loan Market Association, Loan Market Association and Loan Syndications and Trading Association.