



Christchurch  
City Holdings  
Limited

# Sustainable Finance Framework

*October 2021 (updated August 2024)*



A WHOLLY OWNED SUBSIDIARY of CHRISTCHURCH CITY COUNCIL



# Contents

<b>1</b>	<b>Overview</b>	<b>3</b>
1.1	Introduction to CCHL	4
1.2	CCHL and Sustainability	7
<b>2</b>	<b>CCHL's Sustainable Finance Framework</b>	<b>10</b>
2.1	Market Standards	11
2.2	This Framework	12
<b>3</b>	<b>Eligibility: Use of Proceeds</b>	<b>13</b>
3.1	Green Asset Eligibility Criteria	13
3.2	Social Asset Eligibility Criteria	16
3.3	Sustainability Bonds and Loans	18
3.4	Excluded Categories	18
3.5	Acquisition/divestment policy	19
<b>4</b>	<b>Due Diligence: Process for Project Evaluation and Selection</b>	<b>20</b>
<b>5</b>	<b>Allocation Procedures: Management of Proceeds</b>	<b>21</b>
<b>6</b>	<b>Reporting and Disclosure</b>	<b>22</b>
<b>7</b>	<b>External Review</b>	<b>23</b>
<b>8</b>	<b>Continuous Improvement</b>	<b>23</b>
<b>9</b>	<b>Important Notice</b>	<b>23</b>
<b>10</b>	<b>Framework Governance</b>	<b>24</b>
	<b>Appendix 1: Impact Reporting</b>	<b>25</b>
	<b>Appendix 2: Contacts and Information</b>	<b>26</b>







## 1 Overview

*For Christchurch City Holdings Limited (CCHL), sustainability is an integral part of its business.*

By being good kaitiaki, CCHL operates to provide a wide range of returns to the city – economic, social and environmental – that allows the Christchurch community to prosper, enjoy greater wellbeing and have a stronger sense of pride in the place they call home. In viewing CCHL as intergenerational guardians, CCHL looks beyond financial stability as a measure of success to its responsibility to the Christchurch community – not only now, but for future generations. To recognise the focus, leadership, and investment in sustainability to date, and grow this going forwards, CCHL has developed this Sustainable Finance Framework **(Framework)**.

This Framework outlines how CCHL intends to issue and manage bonds or loans (or other accepted financing instruments) that will finance or refinance businesses, projects, assets and activities, to which CCHL and its subsidiaries are committed **(Sustainable Debt)**.

Through this Framework, CCHL endeavours to lead the industry's response to sustainability and provide a mechanism for investors to contribute capital to achieve their sustainability goals.



## 1.1 Introduction to CCHL

*CCHL's mission is to support the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable.*

CCHL is owned 100% by Christchurch City Council (**Council**) and it operates as the Council's commercial and investment arm. CCHL was incorporated on 12 May 1993 to act as the holding company for the Council's commercial investments. As a result, it is a council-controlled organisation under the Local Government Act 2002 and as at 1 September 2021, CCHL has a Standard and Poor's credit rating of AA- (stable outlook).

CCHL is currently responsible for managing eight direct fully or partly owned infrastructure companies (together the CCHL Group). Six of these operating subsidiaries operate some of the key infrastructure of Christchurch, including the fibre broadband network, electricity delivery, the port, the airport, property and water maintenance, and recycling facilities. While CCHL still owns RBL Property Ltd (previously Red Bus Ltd) and Development Christchurch Ltd, these operating subsidiaries are in the process of winding down or selling existing assets and therefore will not form part of the Framework.





### *Orion New Zealand Limited (Orion)*

- Orion owns and operates the electricity distribution network between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass. It has approximately 210,000 customer connections, and is NZ's third largest electricity distribution business (EDB) when compared by line revenue, customer numbers, asset value and system length (km). Orion also owns an electrical contracting business, Connetics Ltd.
- Sustainability highlights include being a member of Climate Leaders Coalition, **reporting** on climate change opportunities and risk (aligned to the Taskforce on Climate-related Financial Disclosures) and its role in supporting the electrification and decarbonisation in Christchurch and central Canterbury.



### *Christchurch International Airport Limited (Christchurch Airport)*

- Christchurch Airport first opened as a commercial airport in 1939 as a division of the Council.
- Christchurch Airport is responsible for the efficient and safe operation of the airport, while aiming to provide the airport's diversity of users with modern, appropriate and efficient facilities and services.
- As the gateway for Christchurch and the South Island, Christchurch Airport is New Zealand's second largest airport based on passenger numbers and the busiest and most strategic air connection for South Island trade and tourism markets.
- The world's first airport to be awarded with Airport Carbon Accreditation Level 4 by the Airports Council International, for demonstrating best practice in measurement and reduction of emissions.
- Christchurch Airport's emissions reduction plan has been defined to be in line with science-based targets to keep global temperatures within 1.5 degrees Celsius, and include being net zero carbon emissions by 2030, and absolute zero (with no offsets) before 2050.



### *Lyttelton Port Company Limited (LPC)*

- The first port at Lyttelton was established in 1849. LPC was established in 1988 under the Port Companies Act 1988 to take over the Port's commercial role including the land, assets and facilities.
- LPC is the South Island's largest port by volume and the third largest container port in NZ processing over 400,000 TEUs (20-foot equivalent units) of containerised cargo.
- LPC is a member of the Sustainable Business Council and the NZ Climate Leaders Coalition.
- LPC is a leader in the Whaka-Ora Healthy Harbour Partnership aimed at ecological health of Whakaraupō/Lyttelton Harbour.
- LPC has a comprehensive energy efficiency programme and has mapped out a detailed carbon emission reduction plan to transition to net zero carbon emissions by 2050 in line with climate science.
- In addition, LPC is committed to contributing positively to biodiversity and is currently engaged in ecological restoration of 17 hectares of land in Lyttelton.
- Sustainability targets include **(i)** Zero Waste to landfill by 2040, **(ii)** Net zero carbon emissions by 2050, and **(iii)** Net positive biodiversity effect.





### *Enable Services Ltd (ESL) and Enable Networks Limited (ENL) (together, Enable)*

- ESL was established by CCHL in February 2007 to investigate the opportunity of developing a fibre optic network covering key public and private business locations throughout greater Christchurch.
- ESL's subsidiary ENL provides world-class fibre broadband services reaching approximately 200,000 homes, businesses, schools, and healthcare and community service providers across Christchurch and in towns in Waimakariri and Selwyn. Enable provides its wholesale fibre broadband services to internet service providers (retailers) who then deliver broadband, voice, internet, TV, content and IT services to end customers.
- Fibre networks deliver strong environmental benefits as it is estimated to use approximately 60-80% less energy than copper, as well as enabling societal outcomes, including access to and quality of essential services. Sustainability targets include net zero carbon emissions by 2030.
- ENL has entered a 10-year partnership with Ōtautahi Community Trust (ŌCHT) to eliminate digital inequity by providing a free wholesale internet service to ŌCHT's social housing portfolio. This initiative will be rolled out over the coming year, subject to Ministerial approval as required by Enable's constitution. ENL works with the Ministry of Education to provide a free wholesale internet service to any school student without access to the internet where there is ENL network infrastructure installed in the home.



### *City Care Ltd (Citycare)*

- Citycare acquired the Works Operations Unit of the Council in 1999.
- At that time Citycare was a company operating solely in Christchurch, providing services to the Council only. CCHL acquired the shares in Citycare from the Council in 2002.
- Citycare group has grown and matured into a leading national provider of construction, maintenance and management services for parks, public gardens, sports fields, cemeteries, waterways, coastal areas, buildings and public facilities, roading networks and water, wastewater and stormwater networks.
- Sustainability targets include net zero carbon emissions by 2030.



### *EcoCentral Limited*

- EcoCentral manages the processing of household and commercial refuse for Christchurch city and the automated sorting of recycling throughout Canterbury.
- EcoCentral has a long term Council contract to operate the recycling plant which generates revenue from the sale of recycled products mostly to offshore markets. It also runs an EcoShop that sells second-hand goods to the local community.
- Key objective is to provide facilities to divert waste from the landfill that can be economically converted into resources and products that can be reused with minimal environmental impact.



## 1.2 CCHL and Sustainability

### *CCHL's Sustainability Objectives:*

Positive Community, Social and Environmental Outcomes is one of the key objectives CCHL prioritises in its [Statement of Intent](#), which it achieves by:

- Seeking investment opportunities that have the potential to enhance the economic, social, and environmental well-being of the region, to provide an adequate return, and to meet the strategic objectives of the Council.
- Monitoring the performance of each subsidiary against their stated economic, environmental, and social performance objectives.
- Showing leadership in the areas of:
  - Social and corporate responsibility;
  - Rigorous health, safety and wellbeing management and reporting;
  - Sound and equitable employment practices, including diversity and inclusion;
  - Restraint in terms of the level of executive remuneration, and achievement of greater equitable relativity within the companies;
  - Environmental sustainability; and
  - Community focus and wellbeing.
- Actively supporting the Council's Strategic Priorities, including meeting the challenge of climate change through every means available.



### *Contribution to Christchurch and the Council's Objectives:*

CCHL is invested in the future of Christchurch and through this Framework will include projects and assets that supports the Council's current environmental and social policies, strategies, and goals, including but not limited to:

- **Council: Ōtautahi Christchurch Climate Change Strategy 2021 (draft):**  
The Council has set a target for Christchurch to have net zero greenhouse gas emissions (excluding methane) by 2045 – which is five years ahead of the New Zealand Government's [Climate Change Response \(Zero Carbon\) Amendment Act](#). In addition, the Council have set their own target of being carbon neutral by 2030 and have requested CCHL to work with its companies to achieve a CCHL Group carbon neutral target by 2030.
- **Council: Ōtautahi Christchurch Climate Resilience Strategy<sup>2</sup>:** The Council adopted this strategy in June 2021, which sets out a framework for collective action that will help Christchurch reach its 2045 emissions reduction target (see above).
- **Council: Waste Management and Minimisation Plan<sup>3</sup>:** The plan focusses on advancing regional solid waste and hazardous waste minimisation, with a vision for Ōtautahi-Christchurch to work towards zero waste and a circular economy.

CCHL's Framework also supports national and the Council's priorities to deliver projects for the benefit of the wider community, in a sustainable and collaborative manner.

<sup>1</sup> [Draft Ōtautahi Christchurch Climate Change Strategy 2021: Christchurch City Council \(ccc.govt.nz\)](#)

<sup>2</sup> [Climate change: Christchurch City Council \(ccc.govt.nz\)](#)

<sup>3</sup> [Waste Management and Minimisation Plan: Christchurch City Council \(ccc.govt.nz\)](#)



### *United Nations Sustainable Development Goals (SDGs):*

CCHL is supportive of the SDGs, which were established in September 2015 to form an agenda to achieve sustainable development by the year 2030. The SDGs consist of 17 goals and 169 targets, that were established to address the world's most pressing environmental and social challenges including climate action, sustainable cities and communities, and affordable and clean energy.

CCHL recognises the important role that businesses can play to achieve these targets, and works in a responsible way that prioritises sustainability and the impact on people, communities, and the environment in which we operate. Through this Framework, CCHL promotes alignment of its assets and activities to the SDGs' targets, and believes this Framework will contribute to the achievement of the SDGs.

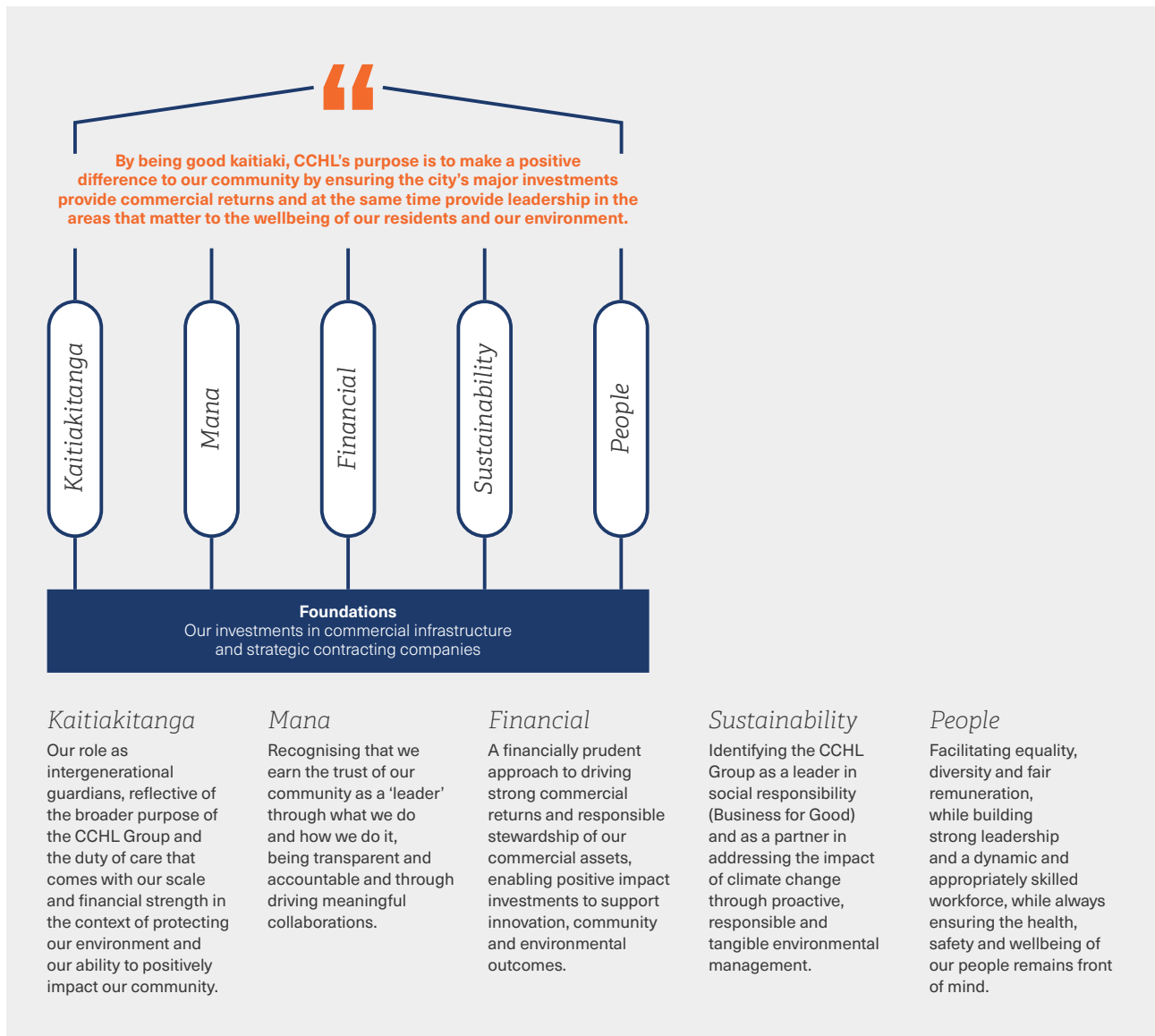






## CCHL's Strategic Framework:

To achieve the above objectives, and to reflect the wider strength, aim and contribution of the CCHL Group, CCHL measures the broader benefits provided to its ultimate owners, the residents of Christchurch City. To measure this success, CCHL has established five strategic pillars – Kaitiakitanga, Mana, Financial, Sustainability and People – which all underpin how CCHL delivers and tracks its performance against the above objectives.



Over the last decade, the scale of the CCHL Group and the scope of its activities meant its subsidiary organisations were able to undertake initiatives designed to both support the financial growth of CCHL and the wellbeing of the community and the environment. From reducing the digital divide through the provision of fibre broadband to schools, to making substantial investments in environmental sustainability – from electric vehicles to world-leading ocean science, the CCHL Group has been dedicated to providing real leadership in many facets of the city's development.



## 2 CCHL's Sustainable Finance Framework

*As part of CCHL's commitment to sustainability, this Framework will be used to finance or refinance investments in businesses, projects, assets and activities that deliver positive environmental and social outcomes, align with and contribute towards meeting the SDGs, and support CCHL's sustainability objectives (**Sustainability Goals**).*

To ensure that the Sustainable Debt helps CCHL achieve its Sustainability Goals, businesses, projects, assets and activities financed or refinanced by the Sustainable Debt must fall within the Eligibility Criteria defined in this Framework and comply with the Framework in all respects.



## 2.1 Market Standards

*This Framework is consistent with the applicable sustainable finance principles and guidelines issued by the International Capital Market Association (ICMA), the Loan Market Association (LMA), the Asia-Pacific Loan Market Association (APLMA) and (where applicable), the Climate Bonds Standard & Certification Scheme (CBS) (together the 'Market Standards').*

The Market Standards are voluntary and accepted as best practice for issuance and management of Sustainable Debt in the global capital markets.

Any Sustainable Debt issued or managed by CCHL will comply with the Market Standards, as they evolve over time.

CCHL will issue or manage one or more of the following types of Sustainable Debt instruments under this Framework in accordance with the applicable Market Standards:

Sustainable Debt	Use of Proceeds	Businesses/Projects/ Assets/ Activities	Applicable Market Standard
Sustainable Bonds			
Green Bonds*	Proceeds-based: Net proceeds must be used for eligible businesses, projects, assets or activities	Environmental	Green Bond Principles 2021 (GBP) <sup>4</sup>
Social Bonds		Social	Social Bond Principles 2021 (SBP) <sup>5</sup>
Sustainability Bonds		Environmental & Social	Sustainability Bond Guidelines 2021 (SBG) <sup>6</sup>
Sustainable Loans			
Green Loans*	Proceeds-based: Net proceeds must be used for identified businesses, projects, assets and activities	Environmental	Green Loan Principles 2021 (GLP) <sup>7</sup>
Social Loans		Social	Social Loan Principles 2021 (SLP) <sup>8</sup>
Other sustainable finance structures			
Sustainability loans or other sustainable bonds or loan instruments (other than the Sustainable Bonds or Sustainable Loans listed above)		The Framework will be updated when such instruments are envisaged to integrate them in alignment with the applicable standards, principles and guidelines issued by ICMA, LMA, APLMA or other reputable organisations for such bonds or loans from time to time	

\* Green Bonds and Green Loans may also be issued or managed in alignment with the CBS.

Green, Social and/or Sustainability Bonds issued by CCHL are only fungible with bonds aligned with the underpinning criteria linked to Sustainable Debt and compliant with this Framework and the Market Standards.

<sup>4</sup> <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>5</sup> <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

<sup>6</sup> <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>7</sup> <https://www.lsta.org/content/green-loan-principles/>

<sup>8</sup> <https://www.lsta.org/content/social-loan-principles-slp/>





## 2.2 This Framework

*In accordance with the Market Standards, the Framework follows the key pillars which are outlined further in sections 3-6 below:*

- Section 3.** Eligibility: Use of Proceeds;
- Section 4.** Due Diligence: Process for Project Evaluation and Selection;
- Section 5.** Allocation Procedures: Management of Proceeds; and
- Section 6.** Reporting and disclosure.



## 3 Eligibility: Use of Proceeds

*CCHL commits to use an amount equivalent to the net proceeds from the issuance or management of Sustainable Debt wholly or in part to finance or refinance investments in businesses, projects, assets or activities that help achieve CCHL's Sustainability Goals and can be categorised as Green Assets or Social Assets (**Eligible Assets**).*

Eligible Assets included in the Sustainable Debt may include projects delivered, or in the process of being delivered, or assets owned by CCHL's subsidiaries. CCHL will apply the following ownership approach to determine the total value of its Eligible Assets:

- For subsidiaries that are 100% owned by CCHL, the full value of the Eligible Asset will be attributed.
- For subsidiaries that are jointly owned by CCHL and another party, the value of the Eligible Asset will be apportioned based on CCHL's ownership share.



### 3.1 Green Asset Eligibility Criteria






*The proceeds of CCHL's Green or Sustainability Bonds and/or Loans will finance or refinance investments in businesses, projects, assets, and activities which qualify as eligible under the Market Standards (including capex and if appropriate, operating, and other related expenditures) with clear environmental benefits (Green Assets). CCHL may choose to seek certification from the CBS for any issuance of Green or Sustainability Bonds and/or Loans and in these instances, some or all the Green Assets will also meet the CBS.*



### In order to be 'Eligible Assets', Green Assets must:





- Belong to an Eligible Category set out in this Section 3.1;
- Meet the Eligibility Criteria set out in this Section 3.1, and which have been defined to meet the Sustainability Goals set out in Sections 1 and 2 above and to support and contribute towards the SDGs;
- Not fall within the Excluded Categories set out in Section 3.4 below; and
- If certified under the CBS, comply with the applicable CBS Sector Eligibility Criteria.

Examples of Green Assets that could be included in CCHL's Sustainable Debt instruments are listed below. This list may be expanded over time as CCHL's sustainability strategy evolves, the Market Standards are updated, and the local and global financial markets continue to develop.

Eligible Categories (Based on the GBP/GLP)	Eligibility Criteria	SDG Alignment
<b>Energy Efficiency</b>	<p>Investments in businesses, projects, assets or activities that contribute to a reduction of energy consumption. This includes through the development of energy efficient processes, products, or technology.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Transformation to energy efficient network infrastructure. This includes the planning, construction, maintenance and operation of the fibre optic broadband network, and/or making the supporting infrastructure more energy efficient and better prepared to address emergency events in an effective and equitable manner (i.e. power modernisation, optimisation of power storage, smart management).</li> <li>• Energy efficient processes, products, software and/or technology aimed at reducing power consumption, including in new/refurbished buildings, energy storage, heating ventilation and cooling systems, lighting, smart grids, appliances, products or upgrades of legacy network technology.</li> </ul>	<div>  <p><b>Target 7.3:</b> Double the global rate of improvement in energy efficiency.</p> </div> <div>  <p><b>Target 9.4:</b> Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.</p> </div> <div>  <p><b>Target 13.1:</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p> </div>
<b>Pollution Prevention and Control</b>	<p>Investments in businesses, projects, assets or activities that contribute to the reduction of greenhouse gas and/or air emissions and to waste prevention, reduction and recycling.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Investment to improve waste recycling process efficiency and recyclable waste quality (e.g. weighbridge systems).</li> <li>• Improvements to waste management data/technology.</li> <li>• Energy/emission-efficient waste to energy facilities.</li> </ul>	<div>  <p><b>Target 12.5:</b> Substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p> </div>
<b>Clean Transportation</b>	<p>Investments in businesses, projects, assets or activities that contribute to the adoption of low carbon transportation assets, systems, and infrastructure (including retrofits) such as electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful transport-related emissions.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Electric or hybrid vehicles (including buses, cars, bikes).</li> <li>• Electric charging or hydrogen fuelling infrastructure.</li> <li>• Electric or hybrid machinery and equipment (i.e. electric ground power units, straddle carriers, electrified crane operations, shore-to-ship power outlets).</li> <li>• Infrastructure for clean energy vehicles, cycleways, pedestrian thoroughfares, and other transportation infrastructure that encourages modal shifts towards low carbon forms of transport.</li> </ul>	<div>  <p><b>Target 11.2:</b> Provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations.</p> </div>





Eligible Categories (Based on the GBP/GLP)	Eligibility Criteria	SDG Alignment
<b>Renewable Energy</b>	<p>Investments in businesses, assets, projects or activities that support the use of renewable energy, including production, transmission and distribution, appliances, and products of renewable energy sources.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>Investments related to the construction, operation and maintenance of electricity transmission and distribution infrastructure that supports greater use of renewable energy, improves network efficiency and/or enhances transmission capacity.</li> <li>Retrofit or upgrades to electricity distribution infrastructure to reduce energy use and/or technical losses or improve stability/reliability (i.e. through upgrades to lines, substations, distribution systems).</li> <li>Energy generation from renewable sources, such as wind, solar, bioenergy, geothermal and hydropower, and supporting technology, componentry manufacturing or infrastructure that contributes to renewable energy use.</li> </ul>	<div>  <p><b>Target 9.1:</b> Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p> </div> <div>  <p><b>Target 7.2:</b> Increase substantially the share of renewable energy in the global energy mix.</p> </div>
<b>Green Buildings</b>	<p>Investments in businesses, projects, assets or activities that contribute to the development and operation of sustainable, low carbon and/or efficient buildings. This may include buildings purchased, newly constructed, or renovated that at least meet regional, national, or internationally recognised standards or certifications.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>Buildings certified with a minimum 4-Star NABERSNZ Energy Base or Whole Building rating;</li> <li>Buildings certified with a minimum 5-Star Green Star Design and/or As-built rating;</li> <li>Buildings certified with a minimum 6-Star Homestar rating; or</li> <li>Upgrades to buildings that achieve a minimum 30% emission reduction over a reasonable timeline.</li> </ul>	<div>  <p><b>Target 11c:</b> Building sustainable and resilient buildings utilising local materials.</p> </div>
<b>Terrestrial and Aquatic Biodiversity Conservation</b>	<p>Investments in businesses, projects, assets or activities (including programmes, research and development) that support the protection of coastal, marine and watershed environments (e.g. management of port for terrestrial weeds and predators, programmes to achieve net positive biodiversity impact and ecological enhancement).</p>	<div>  <p><b>Target 14a:</b> Increase scientific knowledge, develop research capacity and transfer marine technology, in order to improve ocean health and to enhance the contribution of marine biodiversity.</p> </div>



## 3.2 Social Asset Eligibility Criteria

*The proceeds of CCHL's Social or Sustainability Bonds and/or Loans will finance or refinance investments in businesses, projects, assets, and activities which qualify as eligible under the Market Standards (including capex and if appropriate, operating and other related expenditures) with clear social benefits (Social Assets).*

Social Assets directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes for a defined target population, including but not limited to, those set out below:




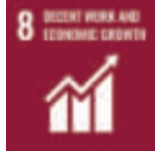

- Underserved, owing to a lack of quality access to essential goods and services;
- Undereducated;
- Unemployed;
- Living below the poverty line;
- Excluded and/or marginalised populations and/or communities;
- People with disabilities;
- Migrants and/or displaced persons;
- Women and/or sexual and gender minorities;
- Aging populations and vulnerable youth;
- General population; and
- Other vulnerable groups, including as a result of natural or health disasters.

### **In order to be 'Eligible Assets', Social Assets must:**

- Belong to an Eligible Category set out in this Section 3.2;
- Meet the Eligibility Criteria set out in this Section 3.2, and which have been defined to meet the Sustainability Goals set out in Sections 1 and 2 above and to support and contribute towards the SDGs; and
- Not fall within the Excluded Categories set out in Section 3.4 below.



Examples of Social Assets that could be included in CCHL's Sustainable Debt are listed below. This list may be expanded over time as CCHL's sustainability strategy evolves, the Market Standards are updated, and the local and global financial market continue to develop.

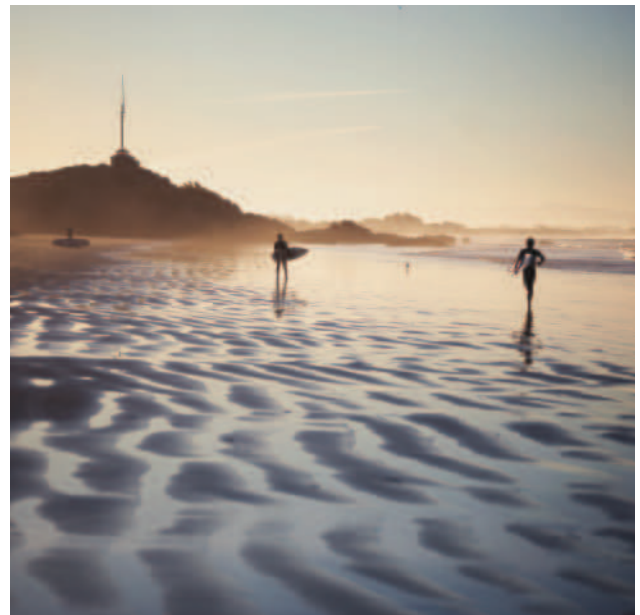
Eligible Categories (Based on the SBP/SLP)	Eligibility Criteria	SDG Alignment
<b>Affordable Basic Infrastructure</b>	<p>Investments in the fibre network which provides the basic infrastructure to enable high-speed internet access to homes, businesses, schools, and other entities. The fibre network should be developed along a neutral, open access approach to provide greater benefit to the community end users (i.e. favouring an open access network provides for low barriers to entry and promotes competition in the market).</p> <p>Access to improved clean drinking water, wastewater management, sanitation, transport and energy.</p>	 <p><b>Target 9c:</b> Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet.</p>
<b>Access to Essential Services</b>	<p>Investments in businesses, projects, assets and activities that enable and expand access to essential services, including via high speed internet. These can take the form of:</p> <ul style="list-style-type: none"> <li>Development and expansion of the fibre network to areas with limited connectivity/access, prioritisation of the network rollout to schools and healthcare services, and supporting digital equity/access to Christchurch citizens and residents of social housing.</li> <li>Further examples include infrastructure related to health, education and vocational training, healthcare, etc.</li> </ul>	 <p><b>Target 4.3:</b> Ensure equal access for all to affordable and quality technical, vocational and tertiary education, including university.</p>
<b>Affordable Housing</b>	<p>Investments in businesses, projects, assets and activities related to the construction, maintenance, operation and services provided to affordable housing facilities (including student or social housing projects).</p> <p>This includes investments in the fibre broadband network to enhance the quality of network access and extend connectivity to social housing.</p>	 <p><b>Target 1.4:</b> Ensure that all people, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services.</p>
<b>Employment Generation</b>	<p>Investments in businesses, projects, assets, activities and initiatives that generate employment, including provision of apprenticeship programmes.</p> <p>Programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises. These can take the form of:</p> <ul style="list-style-type: none"> <li>The fibre network (with data transfer speeds of up to 1gb/s) enables IT and technology industry participants and businesses to set up within the network area and provides high speed connectivity for businesses to operate with improved services for video conferences and cloud computing. This enables businesses to operate globally from a region while promoting secure and potentially improved employment possibilities.</li> </ul>	 <p><b>Target 8.2:</b> Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high value added and labour-intensive sectors.</p> <p><b>Target 8.3:</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation.</p>
<b>Socioeconomic Advancement and Empowerment</b>	<p>Enhancing digital equity, participation, and accessibility for all individuals to the internet and other essential services. This may include the provision of internet access to students or social housing residents.</p> <p>Investments in businesses, projects, assets, activities, and initiatives that increase 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.</p>	 <p><b>Target 10.2:</b> 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.</p> <p><b>Target 10:</b> Ensure equal opportunity and reduce inequalities of outcome.</p>





### 3.3 Sustainability Bonds and Loans

*For issuance of a Sustainability Bond or Loan under this Framework, the proceeds will be allocated to meet at least one of each of the Green Asset Eligibility Criteria and Social Asset Eligibility Criteria above.*



### 3.4 Excluded Categories

*CCHL is committed to not knowingly using the proceeds of its Sustainable Debt to finance or refinance projects or assets included in the following exclusionary criteria, which is consistent with the approach set out in CCHL's Acquisition/divestment policy in section 3.5:*

- 1 Manufacture or wholesale of tobacco products;
- 2 Manufacture or wholesale of alcoholic beverages;
- 3 Ownership or operation of gambling enterprises;
- 4 Production or distribution of adult entertainment materials;
- 5 Manufacture or retail sale of weapons and small arms;
- 6 Whaling;
- 7 Predatory lending activities;
- 8 Production or refining of palm oil;
- 9 Extraction or refining of fossil fuels; or
- 10 Transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated.



## 3.5 Acquisition/divestment policy

### *CCHL*

In relation to the potential acquisition or divestment of assets/investments (i.e. equity interests, shares, or equivalent) held directly by CCHL (parent entity), CCHL will seek Council approval of any transaction which results in a significant change to the ownership interest held by CCHL.



### *Subsidiary of CCHL*

In relation to the potential acquisition or divestment of assets/investments (i.e. equity interests, shares, or equivalent) by a subsidiary of CCHL (subsidiary entity), CCHL will adopt the following approach:

- If the transaction is a major transaction (as defined by the Companies Act), CCHL will consider the proposal, and as the shareholder of the subsidiary, CCHL is required to either approve or not approve the transaction. CCHL will consult with Council, prior to determining whether or not to approve the proposed transaction.
- If the transaction is material, but not a major transaction, CCHL will request that the subsidiary company consults with CCHL prior to entering into the proposed transaction, and CCHL will inform Council under the “no surprises” policy.
- If the transaction otherwise requires shareholder approval from CCHL, CCHL will assess the transaction and determine whether or not to approve it, and CCHL will keep Council informed under the “no surprises” policy.
- Before a council-controlled organisation makes a decision that may significantly affect land or a body of water, it must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.



## 4 Due Diligence: *Process for Project Evaluation and Selection*

*CCHL has established processes to ensure that Eligible Assets are properly identified and assessed to ensure compliance with this Framework.*

The processes include CCHL's Audit and Risk Committee (the '**Committee**') holding responsibility for compliance with this Framework and the Market Standards.

For new and existing Sustainable Debt, the Committee will manage the Eligible Asset selection processes and will account for the following:

- Conformance with this Framework, including the Eligibility Criteria and Excluded Categories;
- Conformance with the Market Standards;
- Alignment to CCHL's Sustainability Goals, strategy or applicable policies;
- Where the Committee chooses, conformance with any other principles, standards, methodologies, or tools (such as the CBS) that are or become commonplace and respected in the market; and
- Potential or identified social or environmental impact outcomes arising from the Eligible Assets.

The Committee is the arbiter of Eligible Asset proposals and substitutions. The Eligible Assets may be replenished as underlying Eligible Assets are sold or otherwise disposed of, non-eligible assets are removed, and additional Eligible Assets are identified and funded.

See section 10 of this Framework for more information on the governance processes under this Framework.





## 5 Allocation Procedures: *Management of Proceeds*

*CCHL commits to tracking the receipt and allocation of net proceeds from the Sustainable Debt and maintaining a register of Eligible Assets, including the notional allocation of net proceeds against each Eligible Asset. This will ensure that Eligible Assets in the Sustainable Debt are appropriately identified for the purposes of internal monitoring and external reporting, with semi-annual monitoring reports provided to the Committee.*



### **The proceeds of the Sustainable Debt will be:**

- 1 Notionally allocated to finance or refinance the Eligible Assets.
- 2 Managed by the Committee. Pending the allocation of any proceeds, CCHL will temporarily invest the balance of unallocated proceeds with an amount equal to the balance of the proceeds in:
  - a. Cash, or cash equivalent instruments, within a Treasury function; or
  - b. Other investment instruments that do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy; or
  - c. Apply the unallocated balance to temporarily reduce indebtedness of a revolving nature before being redrawn for investments or disbursements to proposed Eligible Assets.

CCHL intends to maintain a balance of Eligible Assets that have a Fair Value at least equal to the original principal amount of the Sustainable Debt at the time of issuance.

CCHL intends to allocate the net proceeds immediately following issuance of any Sustainable Debt Instruments, and in any event will ensure funds are disbursed to Eligible Assets within 24 months of the issuance of Sustainable Debt, and will not invest unallocated proceeds in Excluded Categories detailed above.



## 6 Reporting and disclosure

*CCHL recognises the importance investors place on transparency and disclosure relating to Sustainable Debt and therefore will make the following information available on its website:*

Item	Frequency
<b>Framework</b>	<b>One off:</b> At (or prior to) issuance of the first Sustainable Debt instrument under this Framework (and when the Framework is amended).
<b>Pre-Issuance External Review</b>	<b>One off:</b> Sought prior to issuance of the first Sustainable Debt instrument under this Framework (external review may be sought again if the Framework changes or if the terms of an issuance requires it).
<b>Post-Issuance External Review</b>	<b>Annually</b> (at or about the same time as CCHL's annual report) for all outstanding Sustainable Debt instruments.
<b>Update Report on Sustainable Debt issued or managed</b>	<b>Annually</b> (at or about the same time as CCHL's annual report) for all outstanding Sustainable Debt instruments.



CCHL also intends to disclose Update Reports on the use of proceeds of outstanding Sustainable Debt as long as such Sustainable Debt is outstanding. The disclosure will be in line with the Market Standards, and at a minimum include the following information:

- **Allocation Reporting:** A list of the Eligible Assets being financed or refinanced utilising the Sustainable Debt instruments, including a description of the Eligible Assets and the amounts disbursed or invested.
- **Eligibility Reporting:** Confirmation that the Eligible Assets meet the relevant eligibility requirements including this Framework and information on the characteristics and performance of the Eligible Assets.
- **Impact Reporting:** Qualitative and/or quantitative reporting (as determined by CCHL) of the environmental and/or social impacts of the Eligible Assets (as applicable) resulting from the Sustainable Debt instruments. Subject to the nature of Eligible Assets, and availability of information, CCHL will look to utilise the impact reporting guidelines as detailed within the Market Standards as may be updated from time to time to measure the outcomes that are intended to be achieved from the Eligible Assets to which the proceeds of Sustainable Debt instruments have been notionally allocated. Refer to Appendix 1 for a summary of initial example impact reporting metrics.



## 7 External Review

*For the issuance and management of Sustainable Debt, CCHL will seek assurance in the form of an external review from an independent and recognised sustainable finance verifier.*

- For its first Sustainable Debt issuance, CCHL has obtained pre-issuance limited assurance from Ernst & Young Limited (**EY**). This limited assurance concludes that nothing came to EY's attention that causes it to believe that the subject matter (i.e. this Framework and Eligible Assets schedule) was not prepared, in all material respects, in accordance with: (i) the Green Bond Principles 2021; (ii) the Social Bond Principles 2021; (iii) the Sustainability Bond Guidelines 2021; and (iv) this Framework (which forms the criteria for assessing asset eligibility).
- CCHL also intends to obtain a post-issuance limited assurance annually over each annual Update Report prepared by CCHL. CCHL is committed to transparency and will make such assurance reports publicly available.

## 8 Continuous Improvement

*As the Market Standards and the global sustainable finance markets continue to evolve, so too will CCHL's approach as it seeks to adapt to the changing environment. CCHL may update this Framework over time, to remain in line with market best practice.*

For the ongoing enhancement of CCHL's Sustainable Debt, we welcome feedback and input from stakeholders as this will support CCHL to deliver on its sustainability objectives and meet the needs of investors and stakeholders.

## 9 Important Notice

*For the avoidance of doubt, if CCHL fails to comply with the Framework or satisfy the Market Standards, then this does not (1) constitute an event of default or any other breach in relation to the Sustainable Debt, and (2) neither investors nor CCHL have any right for the Sustainable Debt to be repaid early. This means there is no legal obligation on CCHL to comply with the Framework or Market Standards on an ongoing basis. However, in the event CCHL fails to comply with the Framework or satisfy the Market Standards, then the Sustainable Debt may cease to be labelled as sustainable.*



## 10 Framework Governance

*In addition to any other matters the CCHL Audit and Risk Management Committee may determine from time to time, the Committee is responsible for compliance with this Framework and the Market Standards.*

These responsibilities include oversight of the notional allocation of proceeds raised from Sustainable Debt to Eligible Assets under this Framework, on-going maintenance of the Eligible Assets register and ensuring that on-going external review is obtained and disclosed in accordance with the Framework.

The Committee includes not less than three members made up of representatives of the Board and potentially an independent Chair. Membership of the Committee is designed to ensure there is sufficient subject matter expertise to meet the obligations set out in this Framework.

The Committee is required to meet on a six monthly basis (and otherwise when the Committee considers further meetings are required). The Committee is also required to report to the Board on a six monthly basis in respect of the activities for which the Committee is responsible to ensure the Board has visibility and oversight of the Committee's activities.







# Appendix 1

## Impact Reporting

CCHL intends to implement annual impact reporting based on market practice and consistent with the guidance maintained and developed by the ICMA GBP and SBP *Impact Reporting Working Group*.

CCHL will report against the Eligible Assets that comprise its Sustainable Debt at the time of reporting.

CCHL will endeavour to report impact metrics for the relevant environmental and social categories but note that not all may be applicable to all of its Sustainable Debt and will be subject to availability of information and confidentiality requirements. This may include disclosure of the methodology and/or assumptions underpinning the impact reporting. Examples of relevant impact metrics that CCHL could report are outlined in the below table.

### Environmental Categories:

Eligible GBP Category	Example Impact Reporting Metric
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Kilometres of energy efficient fibre network installed; or</li> <li>Improvement in energy efficiency, or a reduction in energy consumption or greenhouse gas (GHG) emissions.</li> </ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>New/total attributable kilometres of electricity transmission/distribution lines;</li> <li>Total or annual renewable energy generation and/or capacity; or</li> <li>Total or annual GHG emissions reduced/avoided (e.g. in tonnes of CO<sub>2</sub> equivalent).</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>Number of clean vehicles deployed/used or estimated reduction in car use; or</li> <li>Total or annual GHG emissions reduced/avoided (e.g. in tonnes of CO<sub>2</sub> equivalent).</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>Number of buildings leased and/or owned with national green building ratings/certifications (e.g. Green Star, NABERSNZ, Homestar).</li> </ul>
<b>Pollution prevention and control</b>	<ul style="list-style-type: none"> <li>Volume of waste that is prevented, minimised, reused or earmarked for recycling (e.g. as a % of total waste and/or in absolute tonnes);</li> <li>Volume of waste that is separated, collected, treated for recycling purposes and/or disposed of (e.g. as a % of total waste and/or in absolute tonnes); or</li> <li>Total or annual GHG emissions reduced/avoided (e.g. in tonnes of CO<sub>2</sub> equivalent).</li> </ul>

### Social Categories:

Eligible SBP Category	Reporting Metrics or Impact Criteria
<b>Affordable Basic Infrastructure</b>	<ul style="list-style-type: none"> <li>Number of connections (customers, homes, businesses, schools) benefitting from energy efficient fibre network, products, or affordable basic infrastructure; or</li> <li>Percentage/size of populations with access to affordable basic infrastructure.</li> </ul>
<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>Number of students/schools connected or reached; or</li> <li>Share of people with access to an essential service (e.g. public transport or fibre broadband access).</li> </ul>
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>Number of people housed with new and/or retrofitted social housing accommodation.</li> </ul>
<b>Employment Generation</b>	<ul style="list-style-type: none"> <li>Number of businesses benefitting from fibre broadband connectivity; or</li> <li>Number of jobs created and/or retained.</li> </ul>
<b>Socioeconomic Advancement &amp; Empowerment</b>	<ul style="list-style-type: none"> <li>Number of social housing units and residents benefitting from access to the internet; or</li> <li>Number of individuals with enhanced participation and/or accessibility to internet or other essential services.</li> </ul>



## Appendix 2

# Contacts and Information



*More information on CCHL's approach to sustainability can be found:*

On CCHL's website: [cchl.co.nz](https://cchl.co.nz)

In CCHL's annual report: [cchl.co.nz/annual-reports](https://cchl.co.nz/annual-reports)

### **Contacts:**

**CCHL**

**Registered office:** Level 1, 151 Cambridge Terrace, Christchurch 8013

**Name:** Paul Silk

**Position:** CEO

**Telephone:** 03 941 6530