



CENTRE FOR
**Sustainable
Finance**
TOITŪ TAHUA

Strategic Priorities 2024



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Introduction

We are pleased to present the 2024 strategic priorities for the Centre for Sustainable Finance: Toitū Tahua.

These priorities build on the focused programme of work the Centre established in 2023. They have been set in collaboration between the Centre's executive team, independent Board and partners, who represent New Zealand's leading financial institutions, financial services providers and philanthropies.

The UAE consensus reached at COP28 signals the "beginning of the end" of the fossil fuel era by laying the ground for a swift, just and equitable transition, underpinned by deep emissions cuts and scaled-up finance. The Kunming-Montreal Global Biodiversity Framework similarly sets out unprecedented ambition for living in harmony with nature, and calls for a substantial increase in public and private financial resources towards addressing the nature-related funding gap.

These agreements, reached by nearly 200 countries, involve a massive reallocation of capital and reorganising of the global financial system. This is the backdrop for New Zealand financial institutions seeking to attract international capital, talent and customers.

2023 marks a shift in the collective mindset about sustainable finance from 'if' to 'how'.

Leading financial institutions are working closely with governments, regulators and philanthropies to de-risk economies, close the execution gap between country level roadmaps and individual financing opportunities, and prosper from the inevitable changes ahead.

Aotearoa New Zealand is reliant on international capital.

The Centre's work in 2024 aims to support continued access to international green capital flows, enable financial institutions to better support small and medium enterprises with transition finance and unlock pools of institutional capital that drive long term value in the real economy.

Our approach remains grounded in the Sustainable Finance Forum's 2030 Roadmap for Action, which outlines key recommendations for changing mindsets, transforming finance and financing transformation. As always, we are deeply committed to the inclusion of Māori finance professionals and subject matter experts who support the credibility and integrity of the Aotearoa New Zealand sustainable finance market.

With the advent of our Associate Partner category we look forward to a strengthened partnership with market participants and iwi/Māori organisations. Together with the New Zealand government we will build a robust sustainable finance market supported by the vision, plans and tools that enable an equitable, nature positive transition and enduring prosperity in the critical decades ahead.



Bridget Coates
Chairperson



Jo Kelly
Chief Executive

Vision

An equitable, inclusive financial system that enables a resilient, sustainable Aotearoa New Zealand.



Purpose

Progress a financial system that is more resilient, inclusive, robust and agile through the incorporation of environmental, social and economic considerations in financial decisions.



Roadmap

The Sustainable Finance Forum's 2030 Roadmap for Action outlines the recommendations to realize this vision.

The recommendations were based upon input from over 200 market participants and extensive international and domestic research on sustainable finance by a High Level Expert Leadership Group and Technical Working Group.

The recommendations cover three key themes:

1. Changing Mindsets
2. Transforming the Financial System
3. Financing Transformation

Under these themes there are eleven Priority Areas where change is required. The Roadmap for Action then provides detailed recommendations to support each area.



Priorities

1. Deliver industry guidance

2. Drive enabling policy
& regulation

3. Catalyse collaborative
solutions

4. Monitor & communicate
progress

CSF is deeply committed to the inclusion of Māori finance professionals and subject matter experts who support the integrity and credibility of the Aotearoa New Zealand sustainable finance market.

Deliver industry guidance

Guidance - ESG metrics for small & medium enterprises

A vast majority of kiwi businesses are SME's, which are vital participants in a nature+ transition given the pace at which they can innovate and change. For many of these businesses, banks and investors are a principal user and driver of sustainability-related data. To support small and medium enterprises, CSF partners will provide accessible guidance that simplifies common ESG disclosure requirements. This will help SME's navigate the myriad data needs of financial institutions as they aim to meet disclosure requirements and deploy sustainable finance.



Guidance - Data needs of NZ financial institutions

Data is highlighted in the Roadmap as a key enabler for sustainable finance and accurate pricing of environmental risk. In 2023 the Government engaged NZ Tech to scope a data and technology roadmap for meeting Aotearoa New Zealand's emissions reduction plans. In parallel, providers are building technology solutions that unlock climate and nature related data in key transition sectors. However, there is a gap in understanding about the core data needs of financial institutions which are responding to regulatory requirements and seeking to deploy sustainable finance. To enable efficiency and effectiveness of data systems and solutions, CSF partners will provide guidance for Government and technology providers on the core climate and sustainability data needs of the financial sector.

Drive enabling policy & regulation

Sustainable finance taxonomy

The financial sector recognises the societal and economic value of implementing credible, science-based, internationally harmonised definitions of what constitutes a green or sustainable economic activity or financial product. In 2023 CSF partnered with Government to advance phase one of a three phase taxonomy development process. In 2024 CSF will partner in delivery of phase two, establishing an independent technical advisory group to deliver advice on key design principles for a trans-Tasman aligned Aotearoa New Zealand green taxonomy.



Government-led sustainable finance strategy

Europe, US, Singapore, Canada, Australia and ASEAN countries all understand acutely the need to mobilise and compete for international green and transition capital, projects and talent. They have developed sector transition pathways and strategies to position themselves as credible, robust sustainable finance markets. Aotearoa New Zealand does not have a vision or cohesive plan to access international capital or to position the country for success in a net zero by 2050 global economy. CSF continues to engage with the Government on the need for a sustainable finance strategy to mobilise private finance and enable the transition to a nature positive economy.

Enabling Kiwisaver investments in private assets

A 2023 technical working group comprised of Kiwisaver managers and institutional investors, convened by CSF, found that there are various regulatory and behavioural impediments to the flows of institutional investment into private assets. Subsequent to the publication of the group's recommendations, CSF commissioned Chapman Tripp and MinterEllisonRuddWatts to prepare a legal opinion to supplement the findings. CSF is engaging with market participants, regulators and policy makers to reduce barriers to this type of investment.



Catalyse collaborative solutions

Embedding investor stewardship

Aotearoa New Zealand's first Stewardship Code gives investors a clear framework for using their influence to steer the companies they own. Active owners use various levers to influence a company towards long term value creation. In partnership with RIAA, CSF provides the Stewardship Code secretariat and operational support to the Aotearoa NZ code, which has 19 signatories representing over half the AUM in Aotearoa NZ. In 2024 the secretariat will undertake the inaugural review of signatories' reporting on Stewardship activities and outcomes.



Innovative financial solutions

Blended finance, social investment approaches, institutional and flexible financing arrangements, targeted financial products can all be deployed to address financing gaps. In 2024 CSF will facilitate partners and government to identify financing solutions in key transition sectors and help catalyse demonstration projects and solutions.

Monitor & communicate progress

State of sustainable finance report

Our biennial State of Sustainable Finance report monitors progress toward the 2030 Roadmap and key developments that advance or impede capital flows toward sustainable activities. 2024 will see the publication of the second report.



Knowledge-sharing & tracking international developments

CSF provides a platform to highlight developments in financial products, innovations and approaches to sustainable finance. In 2024 CSF will continue collaborations that survey market participants on various aspects of sustainable finance, including the Net Zero Asset Owners & Managers survey, in partnership with Mindful Money and Investor Group on Climate Change, and the Deloitte CFO sustainability survey, in partnership with SBC. CSF will increase the focus on connecting Aotearoa New Zealand finance professionals with international developments, specifically examples of blended and transition finance.

Board

The Centre is independently governed by senior public, private and iwi/Māori leaders.



Bridget Coates
Chairperson
Independent Director



Pip Best
Climate Change &
Sustainability Partner, EY



John Duncan
Deputy Chair, Kāinga Ora -
Homes & Communities



Michele Embling
Chair,
External Reporting Board



Fonteyn Moses-Te Kani
Director, Māori Strategy &
Indigenous Inclusion, Westpac NZ



Kevin Prime
Kaumātua & Environmental
Commissioner



Simone Robbers
Assistant Governor,
Reserve Bank of New Zealand



David Tikao
Endowments Investment
Manager, Ngāi Tahu Holdings



Matt Whineray
Chief Executive,
NZ Super Fund



Chris White
Director - Projects, Financial &
Commercial, The Treasury



David Woods
Deputy Chair,
NZ Green Investment Finance

Partners

CSF Partners are major financial institutions and financial services providers which recognise their own important contribution to sustainable finance leadership and are the most committed to our shared purpose.

Partners:

- Contribute annual sponsorship fees, skills and expertise to CSF projects and events.
- Inform the strategic priorities and areas of focus for CSF annually, as well as attending quarterly Partners' meetings.
- Contribute to CSF policy positions.
- Have priority access to CSF projects and Government engagement.

The Centre for Sustainable Finance was founded in 2021 with support from The Aotearoa Circle.



Eco-system Partners

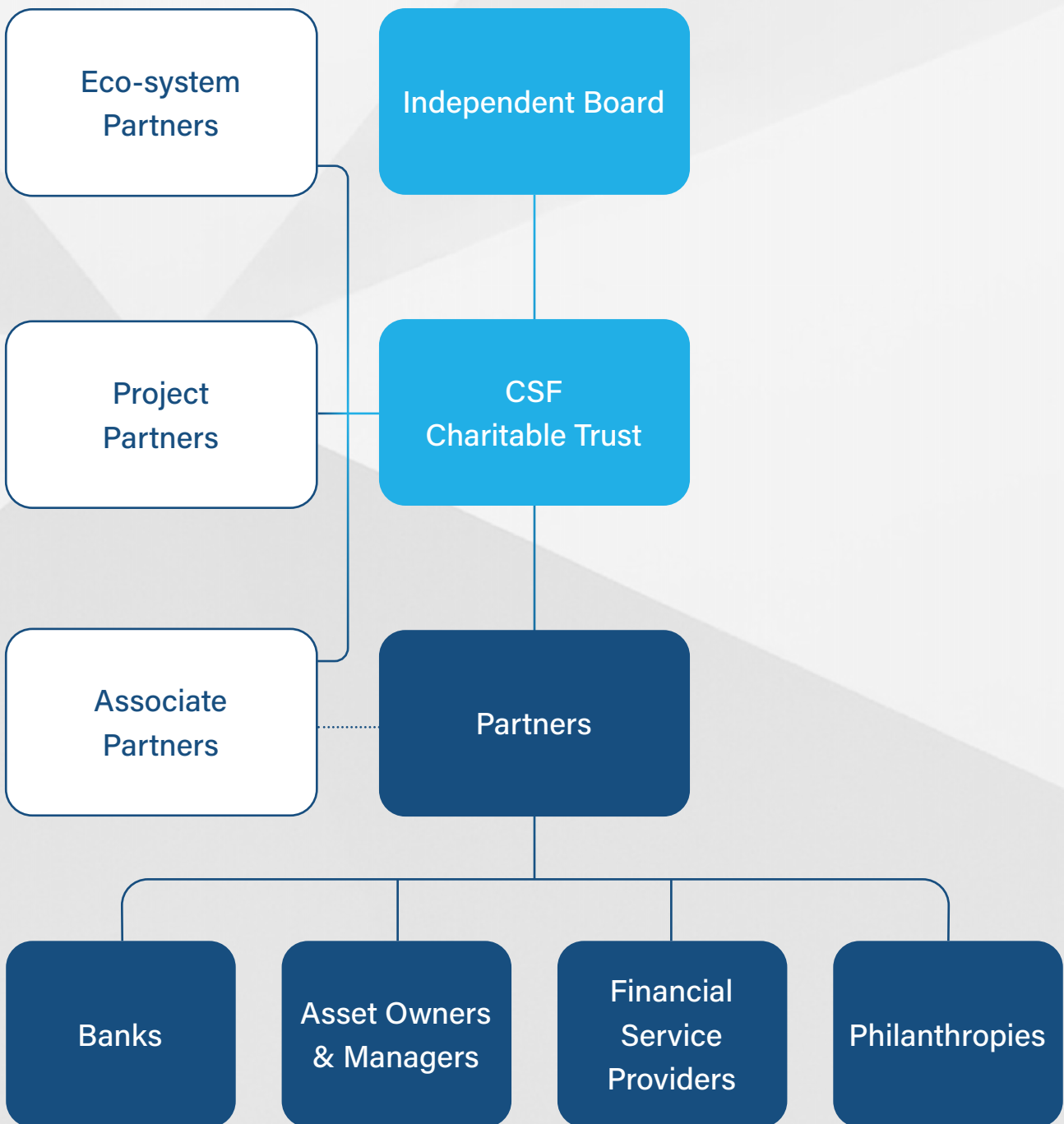


STEWARDSHIP CODE
AOTEAROA NEW ZEALAND



Model

Our work draws on the expertise and experience of our Board and network of financial institutions and philanthropies.



Stakeholders

Independent Board

The CSF Board is comprised of senior leaders from the financial sector, government agencies and iwi and Māori organisations. Five Board members are trustees, with up to six additional non-trustee members nominated and invited by Trustees. All Board members contribute to CSF on a voluntary basis, providing strategic leadership and oversight to the Centre.

Toitū Tahua: Centre for Sustainable Finance charitable trust (CSF)

Toitū Tahua: Centre for Sustainable Finance charitable trust was established in 2021, led by inaugural chief executive Jo Kelly. The staff team leads coordination and delivery of working groups and projects aimed at progressing sustainable finance. The team is guided by the Board and supported by an eco-system of partners and collaborators, including peak bodies, industry associations and expert advisors.

Partners

Partners are major financial institutions, philanthropies and financial services providers which recognise their own important contribution to sustainable finance leadership and are the most committed to our shared purpose. They contribute annual sponsorship fees, skills and expertise to CSF projects and events. Partners are consulted on the strategic priorities and areas of focus for CSF annually, as well as attending quarterly Partners' meetings and informing CSF policy positions. Partners have priority access to CSF projects and Government engagement.

Associates

Associates are smaller organisations and those that are entering the sustainable finance community. They contribute annual sponsorship fees, skills and expertise to CSF projects and events. Associates are invited to attend our Annual meeting and participate in relevant working groups.

Eco-system Partners

Eco-system partners are taking forward aspects of the sustainable finance agenda or have been identified as key actors in the 2030 Roadmap. CSF has agreements in place with these organisations to foster structured and efficient system-level collaboration, avoid duplication and support alignment and coordination of efforts and resources across the Australian and Aotearoa New Zealand financial systems.

Project Groups

CSF project groups are scoped and established to mobilise around specific Roadmap recommendations. These are bespoke and structured according to the work required. They may include Governance, Steering and technical advisory functions.



Waipuna-ā-rangi



Ururangi



Hiwa-i-te-rangi



Matariki



Tupu-ā-rangi



Tupu-ā-nuku



Waitā



Waitī



Pōhutukawa



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