

Aotearoa New Zealand Sustainable Finance Taxonomy (NZ Taxonomy) Technical Expert Group (TEG) Terms of Reference

Aims and purpose

The Technical Expert Group (TEG) will oversee the development of the NZ Taxonomy. It will serve as an intermediary between the Technical Advisory Groups (TAGs) the lead agency, Ministry for the Environment (the Ministry), and the Government quality assurance function. The TEG offers strategic direction, input, and endorsement of all technical taxonomy methodologies and definitions, ensuring they align with Ministerial direction on taxonomy design and are fit-for-purpose for the Aotearoa New Zealand market. The TEG is made up of technical experts, subject matter experts and financial market participants.

The TEG will be established and convened by the Toitū Tahua: Centre for Sustainable Finance Trust (CSF), which will provide secretariat services to the TEG to enable it to fulfil its aims and purpose. The TEG's role is confined to the scope of work set out in this Terms of Reference, unless otherwise determined as a result of further decisions and agreements between the Ministry and CSF, or Ministerial decisions in future phases.

Scope of work

Outputs

- The primary output will consist of a final NZ Taxonomy document covering each sector prioritised for development in the 12 months commencing 1 November 2024.
- Key deliverables of the TEG, over the initial 12-month period, are:
 - Final taxonomy document for each prioritised sector, commencing with agriculture and forestry;
 - Technical documents on NZ Taxonomy methodologies and definitions, endorsed by the TEG in the form of written reports;
 - 12 TEG meetings (see Appendix 1 for proposed meeting dates); and
 - Targeted engagement facilitated by CSF with interested and affected stakeholders on draft technical documents.

Role and remit of the TEG

TEG is a high-level decision-making body responsible for overseeing the NZ Taxonomy development to ensure usability and interoperability. The role of the TEG is:

- Responsible for the technical taxonomy documents;
- Provides endorsement of all technical taxonomy methodologies and definitions before they are provided to the Ministry and Government quality assurance function;
- Ensures technical components align with Ministerial direction on taxonomy design (principles, objectives, priorities etc.); and
- Provides strategic direction, reviews, inputs and provides final endorsement of outputs from the TAGs.

In addition, the TEG may advise the Ministry on other issues identified by the Ministry.



The TEG has a decision-making role regarding the NZ Taxonomy methodology and definitions, but it does not have formal decision-making power over its development process. It will feed into, but not replace, the Government's policy development process.

Approach to TEG convening and working

Term

- Appointment to the TEG will be for an initial period of 12 months from the establishment of the TEG, with the possibility of extension based on the needs and requirements of the NZ Taxonomy project (e.g. for future phases of the Project and beyond). As part of the EOI process led by CSF, conflicts of interest will be managed in accordance with the Ministry's conflict of interest terms using the relevant form provided by the Ministry.

Frequency of meetings

- During the 12-month period, the TEG will meet 12 times. A minimum of 1 hour of preparation will be required for each of these meetings and TEG members will be required at a minimum of 9 meetings. Additional ad-hoc meetings may be convened if deemed necessary.
- The TEG will comprise a pool of experts, and different expertise will be required for different TEG meeting topics. Temporary TEG members will not be required to attend all TEG meetings.
- TEG meetings will be a combination of in-person and virtual meetings. Where meetings are in-person, a virtual option will be provided.

Confidentiality and transparency

- The day-to-day work and deliberations of the TEG should be respected as confidential to support open, high-trust debate within the group.
- Confidentiality agreements will be signed by participants and Chatham House rules apply to TEG conversations. An official record will be recorded in the meeting minutes. Meeting minutes will be made publicly available on the CSF website within 3 months of each meeting.
- TEG members are free to discuss their involvement in the TEG and share personal views on key issues, on the condition that anything shared by the Government with the TEG on a confidential basis is not disclosed publicly without express permission.
- Members are prohibited from making any public representations or opinions on behalf of the TEG, unless agreed in advance by the TEG members, CSF and the Ministry.
- Relevant Ministry representatives, members of the Government cross-agency taxonomy working group, and relevant Ministers and members of their offices will receive TEG progress updates provided by CSF.
- The list of members and observers, any additional TEG Terms of Reference and high-level minutes will be published on a dedicated webpage on CSF's website, in line with the current look, feel and functionality. This will be linked to the Ministry's website.
- CSF will not publicly attribute any specific advice to the TEG without first obtaining prior consent from the TEG members.



Membership and composition of the TEG

TEG members have demonstrated leadership, skills, experience and expertise in line with the skills matrix:

Skills matrix

Skill area	Specific expertise	Relevant sectors	Competency level
Financial services users	Expertise in taxonomy usability within banking, investment, insurance, ESG, and sustainability data providers	Banking, investment, insurance, ESG, sustainability data providers	Advanced
Sustainable Finance	Knowledge of sustainable finance across capital allocation, benchmarking sustainability performance, taxonomy-aligned product development, risk/opportunity reporting	Finance, corporate sustainability reporting, capital allocation	Advanced
Climate policy and sector dynamics	Expertise in climate policy, and 'whole of economy' understanding of NZ's priority sectors for decarbonisation	Academia, key transition sectors, finance, policy, science	Advanced
Systemic risk and prudential oversight	Expertise in addressing systemic risks, including climate change and sustainability, and aligning taxonomy frameworks with prudential oversight for financial stability	Regulatory bodies, central banks, financial institutions	Advanced
Science, policy and regulation	Ability to translate climate, ecology and biodiversity science and policy into financial systems, tools, and processes	Climate science, policy, ESG, risk management, environmental management, biodiversity sectors, finance	Advanced
Global taxonomy and standards development	Experience in the development and use of multiple global taxonomies, connections with international initiatives	Policy, Standards development, international collaborations	Advanced
Human rights and supply chain risk	Expertise in human rights, supply-chain risk management, disclosure, and reporting	Corporate governance, supply-chain management, risk management, sustainability reporting	Intermediate to advanced
Indigenous rights and interests	Understanding of indigenous finance, free, prior, informed consent related to indigenous rights, heritage, and participation	Iwi and Māori finance and commercial entities	Advanced



Membership

- The TEG is composed of a pool of up to 15 experts and market participants.
- CSF may seek to appoint additional temporary TEG members based on the needs of the work. Before appointing any temporary members, CSF will confirm the approach with the TEG and the Ministry.

Remuneration

- Participation in the TEG is voluntary and unpaid.

Resignation

- Members may resign at any time on written notice to CSF. The confidentiality obligations of this Terms of Reference will continue to apply after resignation.

Role of CSF

CSF will:

- Be responsible for set up of independent advisory arrangements to develop the technical NZ Taxonomy documents;
- Convene, coordinate, manage and provide secretariat support to the TEG and TAGs;
- Facilitate stakeholder engagement and consultation; and
- Be accountable to the lead agency, the Ministry.

In carrying out its role, CSF will have due regard to the importance of safeguarding the independence and credibility of the NZ Taxonomy development process.

Appendix 1 – TEG meeting schedule

Meetings will be held primarily online at 7pm NZT (a time that is suitable for the Climate Bonds Initiative team in the early morning UK). Meetings include 90 mins of formal proceedings (required) plus additional 30 mins ‘overflow’ for questions or other business (optional).

TEG meetings – proposed meeting topics	Date (NZT)	Time (NZT)
TEG meeting 1 – project overview, introduction of TEG members, governance arrangements, draft methodology framework, forward work program and engagement plans	Thursday 21 November 2024	7pm
TEG meeting 2 – taxonomy methodological design features, sequencing of priority sectors	Tuesday 10 December 2024	7pm
TEG meeting 3 – draft headline ambitions for environmental objectives, draft social objectives and core pillars	Tuesday 11 February 2025	7pm
TEG meeting 4 – progress updates on climate change mitigation, adaptation and resilience Technical Screening Criteria (TSC), Do No Significant Harm (DNSH) criteria and the application of Minimum Social Safeguards (MSS) for Ag & Forestry, endorsement of draft headline ambitions for environmental objectives, endorsement of draft social objectives and core pillars, introduction of GUIDE workstream (governance and institutional arrangements, use cases and ruleset, usability and interoperability and associated data requirements)	Tuesday 25 February 2025	7pm
TEG meeting 5 – finalisation and endorsement of climate change mitigation, adaptation and resilience TSC, DNSH criteria and the application of MSS for Ag & Forestry, finalisation of headline ambitions for environmental objectives, finalisation of social objectives and core pillars, discussion on public consultation process and stakeholder engagement strategy	Tuesday 11 March 2025	7pm
TEG meeting 6 – TBC	Tuesday 8 April 2025	7pm
TEG meeting 7 – TBC	Tuesday 6 May 2025	7pm
TEG meeting 8 – TBC	Tuesday 10 June 2025	7pm
TEG meeting 9 – TBC	Tuesday 15 July 2025	7pm



TEG meeting 10 – TBC	Tuesday 12 August 2025	7pm
TEG meeting 11 – TBC	Tuesday 9 September 2025	7pm
TEG meeting 12 – TBC	Tuesday 7 October 2025	7pm

OCTOBER						
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2025 JUNE						
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- GREY indicate public or school holidays.
- BLUE indicates TEG meetings.
- RED indicates crucial TEG review dates of draft reports which will be finalised for public consultation.
- Green indicates key report publication dates.
- The first public consultation runs for five weeks from Monday 7 April 2025 to Sunday 11 May 2025.
- CSF will prepare early communications to market participants, through peak bodies, to raise awareness of the public consultations.
- CSF will also convene rolling targeted consultation with specific user groups and stakeholders, including TAGs, government agencies, iwi/Māori, environmental NGOs/peak bodies/industry associations, and other international taxonomy development initiatives as needed.