



CENTRE FOR
**Sustainable
Finance**
TOITŪ TAHUA

Annual Report 2023



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Welcome

Centre for Sustainable Finance: Toitū Tahua had a busy and productive year with tangible progress across a wide range of financial markets activities.

Our overall approach at Toitū Tahua remains grounded in the Sustainable Finance Forum's 2030 Roadmap for Action, and partnering with others in the capital markets has been a central theme during FY23 for CSF.

On the policy and regulation front, we were pleased to work with the Government to advance a trans-Tasman aligned Aotearoa NZ Sustainable Finance taxonomy, and with investment managers to publish recommendations for reducing barriers and challenges for KiwiSaver investment in private assets.

CSF partners hosted the Minister of Finance and senior Government representatives in a roundtable discussion on building resilience and reducing New Zealand's risk profile over the medium to long term. This was followed by a roundtable discussion with RBNZ on mobilising private capital for the green transition.

We have provided submissions on matters relating to greening capital requirements, the Climate Change Commission's advice on the second emissions reduction plan and the review of the Emissions Trading Scheme, among other issues.

In partnership with RIAA, we have worked to embed stewardship practices through ongoing support of the Aotearoa New Zealand Stewardship Code. We have published surveys and guidance for market participants, including - Principles for Impact Investment in Aotearoa New Zealand, with the Impact Investing Network; Investing in climate solutions, with Climate Action Funders' Network and Climate VC Fund; Net Zero Asset Owners & Managers survey, with Mindful Money and IGCC; CFO sustainability survey, with SBC and Deloitte; the

Directors' Guide to Climate Governance. We were also pleased to support the Institute of Directors to establish Chapter Zero.

In the latter part of the 2023 calendar year, CSF was pleased to represent our partners at the Conference of the Parties, COP28, in Dubai.

Aotearoa New Zealand is very reliant on international capital. It is vitally important that we participate constructively in inter-governmental negotiations, retain our international standing and bring the learnings from our international colleagues to the development of a credible, internationally aligned sustainable finance market here at home.

This ensures we will be an attractive destination for green capital investment, that we keep pace with our peer countries (Australia and Singapore in particular), and that our financial infrastructure is aligned with global norms. Ultimately, this enables us to unlock pools of institutional capital and drive long term value in our real economy, as well as building our resilience against climate shocks.

I wish to acknowledge with gratitude the strong leadership shown by our partners during 2023, as well as the leadership and enduring commitment by the CSF board and executive team.

Working alongside 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 prosperity for our country in the critical decades ahead.



Bridget Coates
Chairperson

CEO Letter

We are pleased to present the 2023 Annual Report for the Centre for Sustainable Finance: Toitū Tahua covering the FY23 financial year from 1 July 2022 – 30 June 2023.

This period marked an important strategic shift from implementation groups to a consolidated workplan, targeted, system-level interventions, and a strong focus on Government engagement.

We are especially pleased to note the close engagement between CSF partners, regulators and policy makers, aimed at fostering the enabling environment for sustainable finance and mobilising private capital into sustainable economic activities.

We wish to acknowledge the many contributions of market participants who were convened by CSF to identify and remove barriers to institutional investments, in particular KiwiSaver investments, into private assets. This matters to Aotearoa New Zealand because most of the investment we need to address climate change and other sustainability issues, such as key infrastructure, will need to come from the private sector, has long investment horizons with limited liquidity, and takes the form of private assets, rather than listed or other tradeable assets.

Looking forward from July 2023, the focus shifts to unlocking those pools of capital by removing regulatory barriers, enabling Aotearoa New Zealand financial institutions to better support small and medium enterprises with transition finance and supporting continued access to international green capital flows.

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 in 2024 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.



Jo Kelly
Chief Executive

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.



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 realise 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.



2023 Priorities

1. Deliver industry guidance

2. Drive enabling policy
& regulation

3. Catalyse collaborative
approaches

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


CSF facilitates alignment and transparency among market participants on approaches, principles and recommendations for sustainable finance.

What we delivered:

- Investing in private assets - Joint paper on key recommendations to reduce barriers and challenges for KiwiSaver funds to invest in private assets
- Reporting framework for the Aotearoa New Zealand Stewardship Code
- Principles for impact investment in Aotearoa New Zealand
- Directors' guide to climate governance
- Investing in climate solutions - Guide for Aotearoa New Zealand foundations and philanthropies

What's next:

- Legal opinion - Kiwisaver investing in private assets
- Data priorities of Aotearoa New Zealand financial institutions
- Simplified ESG disclosures for small and medium businesses



"To drive economic growth based on a more sustainable model, the range of assets that investors can access in Aotearoa needs to broaden. CSF was able to pull together an impressive expert group to debate the challenges and opportunities of investing in potentially illiquid private assets. CSF marshalled some healthily diverse viewpoints into a coherent approach to the topic that can inform policy-making and market appetite at the same time."

Rob Everett

Chief Executive, NZ Growth Capital Partners

Drive enabling policy & regulation

CSF brings together policy makers, regulators and financial market participants to accelerate policy and standards that support financial flows to net zero aligned, nature positive economic activity.

What we delivered:

Facilitated government engagement with market participants to scope, validate and advance an internationally credible, trans-Tasman aligned, Aotearoa New Zealand sustainable finance taxonomy.


Convened roundtable discussions with Ministers, international experts, senior government, iwi and financial sector representatives focused on financial stability, climate resilience and mobilising private capital into transition and adaptation.

Submissions to the Government and Climate Change Commission on consultations related to building a resilient financial system and credible, robust sustainable finance market, including:

- Reserve Bank of New Zealand (RBNZ) risk weights omnibus consultation paper
- Reserve Bank of New Zealand (RBNZ) managing climate-related risks: guidance for regulated entities
- Climate Change Commission (CCC) draft advice on the second emissions reduction plan (2026-2030)
- Review of the NZ ETS and redesign of the permanent forest category
- Top 5 recommendations to government

What's next:

We are partnering with the Government to support an independent technical advisory group that will prepare recommendations on key design considerations for an Aotearoa New Zealand sustainable finance taxonomy.



"We value the engagement we've had with the Centre for Sustainable Finance and the mahi it undertakes as an independent broker across many stakeholders in our sector. This includes the Centre's focus on enabling outcomes-focused engagement to mobilise private capital to support the transition to a low emissions, climate-resilient economy, and the foundational work the Centre has started to prepare the NZ financial system for a taxonomy for climate-oriented/green finance."

Susan Livengood

Director of Sustainability and Financial Inclusion,
Reserve Bank of New Zealand

Catalyse collaborative approaches

CSF provides expertise and operational support to the recommendations in the 2030 Roadmap.

What we delivered:

Aotearoa New Zealand's first Stewardship Code gives investors a clear framework for using their influence to steer the companies they own on long term value creation.

Alongside the Responsible Investment Association of Australasia (RIAA), CSF hosts the Stewardship Code secretariat, enabling:

- 17 signatories in the inaugural year of the Code's implementation
- Independent Governance Committee
- Stewardship reporting framework
- Knowledge sharing discussions with regulators and international Stewardship Code signatories

CSF is a founding partner of an initiative aimed at ensuring equitable and inclusive access to essential services, products and utilities for all people in Aotearoa New Zealand. This initiative is based on the Australian Thriving Communities Partnership. The inaugural steering committee includes representatives from: Kootuitui, Money Sweet Spot, Debt Relief Foundation, Mercury Energy, BNZ, The Tindall Foundation. Establishment funders are Foundation North, The Tindall Foundation, Mercury Energy, Simplicity.

What's next:

We continue to support the Aotearoa NZ version of the Australian Thriving Communities Partnership and to further embed stewardship practices in Aotearoa New Zealand through co-hosting the Stewardship Code in partnership with RIAA.



"The principles of the Aotearoa New Zealand Stewardship Code describe the approach the New Zealand Super Fund takes to investing. Embracing these principles will encourage greater shareholder engagement on governance and sustainable development, ensure more considered and effective voting, and increase the visibility of shareholders' stewardship policies and practices. We strongly support the Code, and thank Toitū Tahua: Centre for Sustainable Finance and the Responsible Investment Association Australasia for their work in developing the Code and supporting its implementation."

Anne-Maree O'Connor

Head of Sustainable Investment, NZ Super Fund

Monitor & communicate progress

CSF is uniquely positioned to monitor and communicate developments that advance or impede capital flows toward sustainable activities. We have a role to play in helping market participants understand and apply developments in the field.


- 25+ earned media coverages in NZ Herald, National Business Review, Business Desk, Kanga News, Good Returns, interest.co.nz, Sorted, Chapter Zero, and more
- 59 LinkedIn posts
- 6 newsletters reaching 1000+ market participants, with an average open rate of 50.5%

What we delivered:

- 2022 state of sustainable finance progress report
- 2022 state of sustainable finance event
- 2022 state of net zero investment in Aotearoa New Zealand report, prepared in partnership with Mindful Money and Investor Group on Climate Change (IGCC)
- CFO sustainability snapshot survey prepared in partnership with the Sustainable Business Council and Deloitte New Zealand
- Research report on mobilising capital for impact
- 2022 annual report

What's next:

In 2024 CSF will publish our biennial State of Sustainable Finance progress report. We will continue our collaborative surveys of market participants and increase our focus on connecting Aotearoa New Zealand with international developments.



“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.”

Jo Kelly

Chief Executive, Centre for Sustainable Finance

Board

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

Our work draws on the expertise and experience of our Board and extensive network of market participants.



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

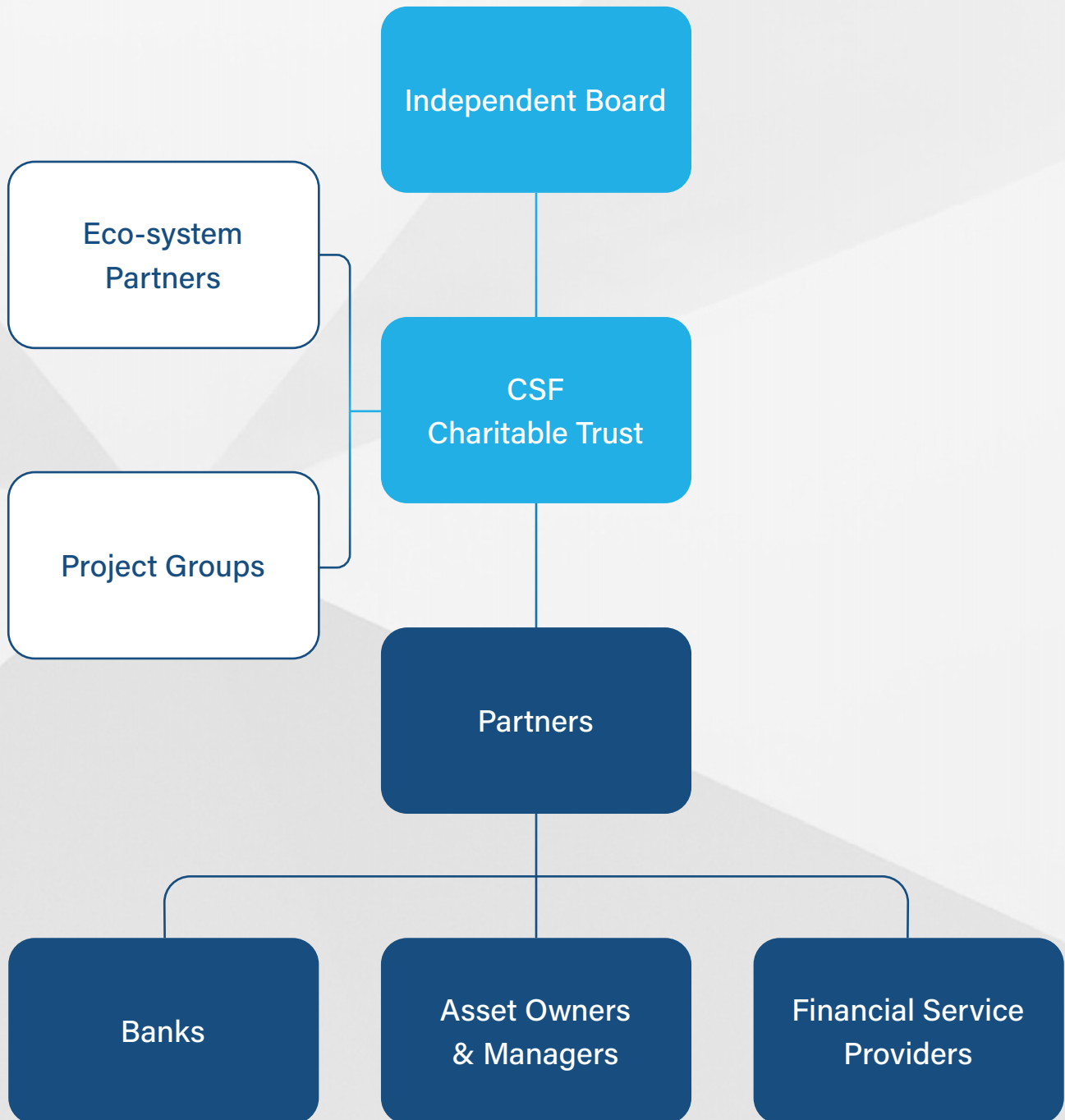


Chris White
Director - Projects, Financial &
Commercial, The Treasury



David Woods
Deputy Chair,
NZ Green Investment Finance

Model



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 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.

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.

Eco-system partners



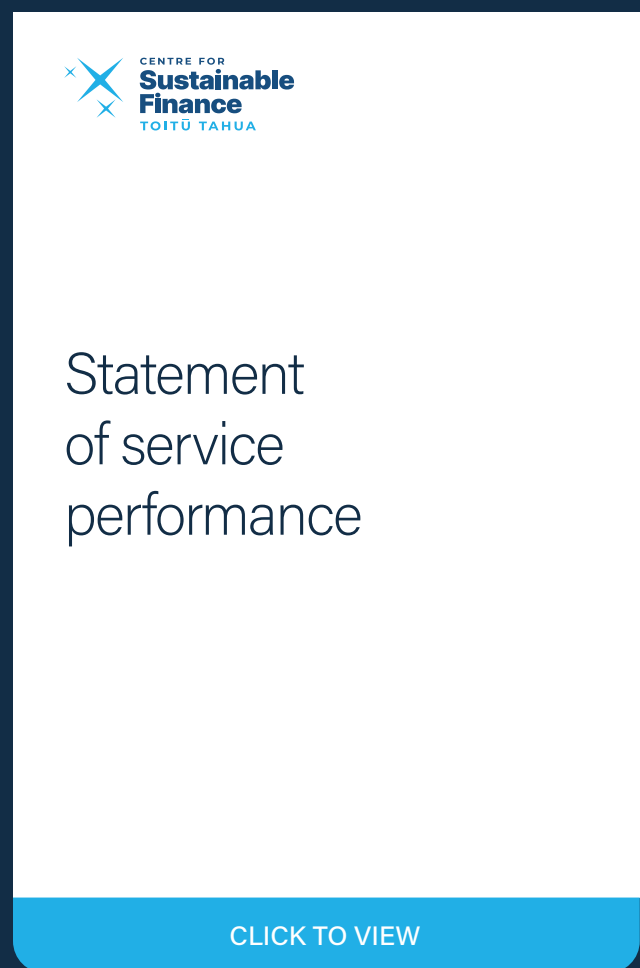
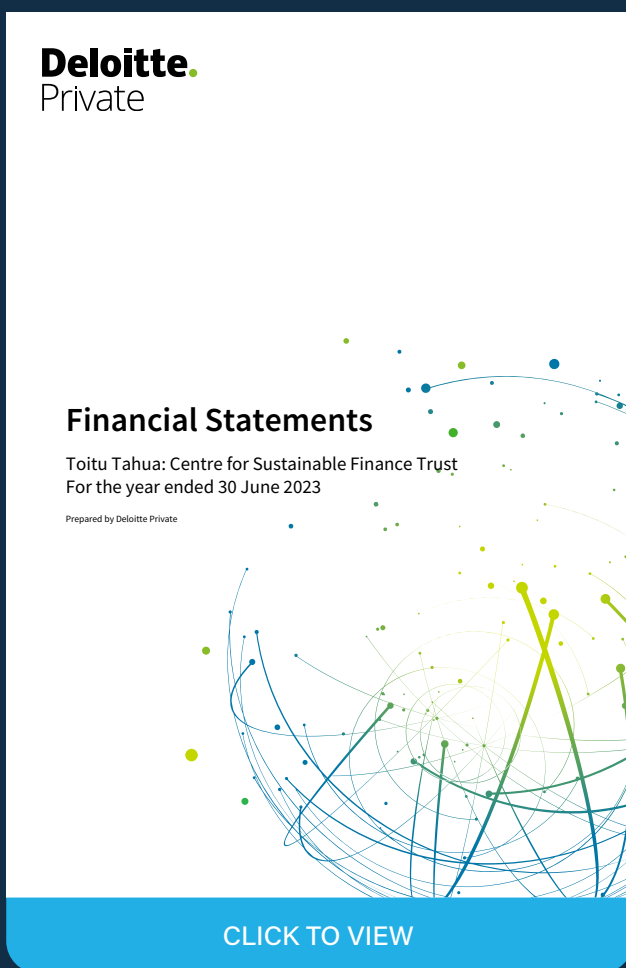
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Financials

The Centre for Sustainable Finance was incorporated as a charitable trust in 2021.

Click the image to download the Centre's FY23 year end financial statements.





Waipuna-ā-rangi



Ururangi



Hiwa-i-te-rangi



Matariki



Tupu-ā-rangi



Tupu-ā-nuku



Waitā



Waitī



Pōhutukawa



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