

Agriculture & Forestry

Do no significant harm criteria

Draft for first public consultation



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Structure of the NZ Taxonomy



Do no significant harm criteria

Aotearoa New Zealand Sustainable Finance Taxonomy (NZ Taxonomy)

Purpose of this document

This document presents the draft do no significant harm (DNSH) criteria under the Aotearoa New Zealand Sustainable Finance Taxonomy (NZ Taxonomy). It also includes guidance to help proponents demonstrate alignment with the generic DNSH requirements. It is intended for review as part of a broader consultation package.

What are DNSH criteria?

The DNSH criteria ensures an economic activity that makes a substantial contribution (SC) to one of the NZ Taxonomy's environmental objectives – such as climate change mitigation – does not cause significant harm to any of the NZ Taxonomy's other environmental objectives.

They function as a risk management tool, ensuring activities aligned with the NZ Taxonomy do not create unintended or adverse environmental consequences. While SC criteria aim to achieve positive environmental outcomes, DNSH criteria are not intended to deliver net-positive impacts – their role is to prevent harm.

Future development of SC criteria for other environmental objectives will provide the mechanism for positive progress in those areas.

The NZ Taxonomy adopts a dual approach, consistent with international best practice (e.g., EU, Australia):

- Generic DNSH criteria: Applied across all Taxonomy environmental objectives and sectors. These criteria are prepared related to each of the other environmental objectives.
- Activity-specific DNSH criteria: Tailored for individual activities and their material impacts.

This approach ensures the criteria remains both practical to implement and effective at managing specific risks across different sectors/economic activities.

Why are these criteria important?

The DNSH criteria are a core safeguard within the NZ Taxonomy. They ensure that activities classified as green or transition do not cause significant harm to the Taxonomy's other environmental objectives.

How have these criteria been developed?

Please refer to the DNSH/MSS approach paper, <u>here</u>, for more information about the approach and design of these criteria.

How to use this document?

Taxonomy alignment is assessed through a four-step process:

- Activity eligibility and categorisation: The activity must fall within an overall category deemed eligible for inclusion under the green or transition classifications of the Taxonomy.
- SC: The activity must demonstrate a substantial contribution to at least one environmental objective in this case, climate change mitigation.
- DNSH: The activity must not significantly harm any of the other environmental objectives, as assessed against the generic and activity-specific DNSH criteria.
- Minimum social safeguards (MSS): The entity undertaking the activity must comply with the requirements set out under each of the core MSS pillars.

All four conditions must be satisfied for an activity to be deemed Taxonomy-aligned.

This document is intended to support technical review and targeted feedback from stakeholders and sector experts. It should be read in conjunction with the following accompanying consultation materials, which provide essential context and explain the methodology underpinning the broader Taxonomy framework:

- Introduction which outline the overarching purpose and structure of the NZ Taxonomy, as well as key decisions which have shaped the direction and design <u>here</u>.
- Methodology for classification of activity categories as green or transition <u>here</u>.
- DNSH framework sets out environmental safeguards at the activity level here.
- MSS framework defines minimum social and governance standards at the entity level here.

Generic DNSH criteria

Note: Generic DNSH criteria will be developed for the climate change mitigation objective in the development of the adaptation and resilience criteria, as it is the subject of the current substantial contribution criteria.

Climate change adaptation and resilience (A&R)

Draft criteria	Description	
1. Significant climate and natural hazard-related physical risks are identified, assessed, managed and monitored.	Material climate and climate hazard-related physical risks to the activity, if any, are identified and resilience or adaptation solutions are implemented to avoid or mitigate potential adverse impacts.	
1.1	For new or materially expanded activities, and where the activity may be materially impacted by one or more climate hazards (Annex 1), a physical climate risk assessment (CRA) is conducted.	
	The CRA may have the following characteristics:	
	 For existing activities, the implementation of physical and non-physical adaptation efforts may be phased and executed over the life of the project. 	
	 For new activities, implementation of identified adaptation risks must be met at the time of design and construction with an ongoing review of adaptation requirements. 	
1.2	The CRA has the following characteristics:	
	 Considers current weather variability and future climate change, including uncertainty; 	
	 Is based on robust analysis of available climate data and projections across at least two relevant potential future scenarios; and 	
	 Is consistent with the expected lifetime of the activity as far as practicable. 	
2. System-level adaptation and resilience is not adversely affected.	The activity and any adaptation efforts identified to manage the potential impacts of material physical risks to the activity safeguard against maladaptation and do not adversely affect wider system-level adaptation and resilience.	
2.1	The activity and any adaptation efforts identified do not impede local, sectoral, regional and/or national adaptation strategies and plans.	
	Consideration has been given to the viability of 'Green', 'Blue' or Nature-based Solutions over 'grey' measures to address adaptation.	

Protection and restoration of biodiversity and ecosystem

Draft criteria	Description
1. Biodiversity and ecosystem-related risks and impacts are identified, assessed, managed and monitored.	Material biodiversity and ecosystem-related risks and potential impacts associated with the activity are identified, assessed, managed and monitored to eliminate or mitigate the negative effects of the activity on biodiversity and ecosystems.
1.1	For new or materially expanded activities an Assessment of Environmental Effects (AEE) or Environmental Impact Assessment (EIA) is conducted.
	 The AEE or EIA covers the identification of material biodiversity and ecosystem-related risks and impacts posed by the activity, inclusive of cultural values and details identified impacts, measures to avoid, mitigate or manage those risks and impacts.
	 For sites or operations located in or near to biodiversity-sensitive areas outside of New Zealand (including UNESCO Natural and Mixed World Heritage sites and Key Biodiversity Areas), an appropriate assessment has been conducted in line with international standards (for example, IFC Performance Standard 6: Biodiversity Conservation and the Sustainable Management of Living Natural Resources).
1.2	A management or action plan is in place that outlines appropriate mitigation measures, compensation, monitoring, reporting and verification measures are implemented.
	The management or action plan adheres to the mitigation hierarchy and complies with applicable laws or relevant international standards (Annex IV).

Draft criteria	Description	
1. Water-related risks are identified, assessed, managed and monitored.	Significant water quality and consumption risks associated with the activity are identified, assessed, managed and monitored to avoid and/or mitigate adverse effects of the activity on water quantity, water quality and/or aquatic ecosystems, including groundwater, wetlands and/or riparian areas.	
1.1	For new or materially expanded activities, an Assessment of Environmental Effects (AEE) or Environmental Impact Assessment (EIA) is conducted.	
	 The AEE or EIA identifies any significant water-related risks and potential impacts posed by the activity, inclusive of cultural values of the waterways. 	
	 The AEE or EIA details identified impacts, measures to avoid, mitigate or manage those risks and impacts, including measures to: 	
	 Minimise management of the water stress caused by the activity. 	
	 Avoid significant harm to water quality and aquatic ecosystems, including upstream, downstream, at a catchment-level and in riparian zones. 	
1.2	Where required, a water license, permit or equivalent water entitlement is issued in accordance with applicable laws, and water usage and conservation requirements and standards are complied with.	

Sustainable use and protection of water resources and marine resources

Pollution prevention and control

Draft criteria	Description		
1. Significant pollution- related risks are identified, assessed, managed and monitored.	Significant pollution risks associated with the activity are identified, assessed, managed and monitored to avoid the activity leading to the manufacture, distribution, use or emission of harmful substances, noise, light, heat, waste or any other air, water, or soil pollution beyond levels permitted by applicable laws and regulations or outlined in relevant international standards listed in Annex VI.		
1.1	For new or materially expanded activities an Assessment of Environmental Effects (AEE) or Environmental Impact Assessment (EIA) is conducted and:		
	 Includes an assessment of pollution-related risks and potential impacts posed by the activity. 		
	 Details the risks, potential impacts posed by the activity, and measures to avoid, mitigate or manage those risks and impacts. 		
1.2	All necessary measures outlined in the AEE or EIA are implemented in compliance with applicable laws and regulations or equivalent international standards as listed in Annex II to:		
	 Avoid, minimise, manage and monitor pollution-related risks associated with the activity; 		
	 Ensure the proper treatment and disposal of any hazardous waste from the activity; and 		
	 Where relevant and practicable, safely remediate or manage any contamination, including legacy contamination, associated with the activity. 		

Transition to a circular economy

Draft criteria	Description	
1. Significant risks related to the unsustainable use of materials are identified, assessed, managed and monitored.	The activity does not contribute significantly to the unsustainable production and consumption of materials or other natural resources; lead to significant inefficiencies in the use of materials or other natural resources; or result in significant increases in the generation, incineration or disposal of waste.	
1.1	The following actions are implemented to enable the sustainable and efficient production and consumption of materials or other natural resources where relevant and practicable:	
	 New installations and products are designed and manufactured to be durable, repairable, reusable and/or recyclable to the maximum extent possible based on applicable industry standards; 	
	 A waste management plan is established to support the avoidance, recycling, reuse, and recovery of materials over the lifecycle of the activity; 	
	 Product stewardship initiatives or extended producer responsibility accredited schemes are used where available; and 	
	 Retirement and dismantlement plan for plants and infrastructure related to the activity are develo ped based on current knowledge with provision for updating at end of life. 	

Generic DNSH guidance

Annex I: Climate-related physical risks

The list of climate-related hazards in this table is non-exhaustive and constitutes only an indicative list of the most globally widespread hazards that, where material to the activity, should be taken into account at a minimum in a physical climate risk assessment. Proponents should be informed by hazards and risks identified in the latest relevant IPCC assessment and national adaptation and resilience frameworks.

Hazards of particular relevance to New Zealand include storm, hail, flood, erosion, and sea level rise.

	Types	Temperature related	Wind related	Water related	Solid mass related
Chronic		Changes in temperature (air, freshwater, marine water) including extremes		Changing precipitation patterns and types (rain, hail, snow/ice)	Coastal erosion, inundation and recession
	Chronic	Heat stress	Changing wind patterns	Precipitation or hydrological variability	Soil degradation
		Temperature variability		Ocean acidification	Soil erosion
				Saline intrusion	
		Permafrost thawing		Sea level rise	Solifluction
				Water stress	
Active		Heatwave	Cyclone, hurricane, typhoon	Drought and changes in aridity	
	Active		Storm (including extratropical, convective, blizzards, dust and sandstorms)	Heavy precipitation (storm, rain, hail, snow/ice)	
		Cold wave/frost		Storm surges (due to cyclones and non-cyclone East Coast lows)	

Bushfire, grassfire, wildfire	Tornado	Flood (coastal, estuarine, fluvial, pluvial, ground water)	
		Glacial lake outburst	

Annex II: Screening for environmental impact assessments

The following should be used to screen whether an environmental impact assessment (EIA) is required for a particular activity in New Zealand or another jurisdiction.

Jurisdiction	Approach	Screening requirements	
New Zealand (or OECD	Under New Zealand legislation, an AEE is required for applications for resource consent under the Resource Management Act 1991 (RMA). An EIA is the internationally recognised term for an AEE noting that EIA's often have more prescriptive process requirements.	Resource Management Act 1991 (RMA)	
country)	For all activities located in New Zealand and other OECD countries, whether an AEE or EIA is required should be determined in accordance with the applicable laws of the relevant jurisdiction(s) in force at the time the activity is undertaken.	As relevant in the relevant OECD country	
International (non- OECD)	If the activity is not located in New Zealand or another OECD country, an EIA must be conducted if that activity would require an AEE in NZ. The EIA should be conducted in line with the international standards set out in Annex III.		

Annex III: Environmental impact assessments – international standards and guidelines

The below table provides a list of internationally recognised standards and guidelines that should be used to conduct environmental impact assessments for activities located outside of New Zealand and other OECD countries.

Organisation	Name	Description	Link
United Nations Environment Programme (UNEP)	Guidelines for conducting integrated environmental assessments	 Provide guidance for a wide range of different types of Integrated Environmental Assessments. 	UNEP guidelines for conducting EIA
International Financial Corporation (IFC)	Performance standard 1: Assessment and management of environmental and social risks and impacts	 Applies to business activities with environmental and/or social risks and/or impacts. Key objectives are to identify and evaluate environmental and social risks and impacts to the project and to adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize, and, where residual impacts remain, compensate/offset for risks and impacts to workers, affected communities, and the environment. 	Performance standards of environmental and social sustainability
IFC	Environmental, health and safety (EHS) guidelines	 Set of recommendations designed to help businesses and projects manage environmental and health risks effectively. Include strategies for reducing pollution, conserving resources and minimising environmental impact; recommendations for specific industries; and performance indicators. 	Environmental management systems – requirements with guidance for use

International Association for Impact Assessment (IAIA) Impact Assessment (IAIA) Impact assessment (EIA), social impact assessment (SIA)	 Guidance documents and best practice principles for Environmental Impact Assessment (EIA) Guidance resources on how impact assessment systems can integrate do no significant harm 	Principles of environmental impact assessement best practice Climate change and impact assessment action plan
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Annex IV: Biodiversity and ecosystem management planning – international standards and guidelines

The below table provides a list of internationally recognised standards that should be used in biodiversity and ecosystem management for activities located outside of New Zealand and other OECD countries.

Organisation	Name	Description	Link
IFC	Performance standard 6: Biodiversity conservation and sustainable management of living natural resources	• The requirements set out in this Performance Standard have been guided by the Convention on Biological Diversity and its applicability is established during the environmental and social risks and impacts identification process.	Performance standards of environmental and social sustainability
Global Reporting Initiative (GRI)	GRI 304: Biodiversity	 Provides specific indicators for reporting on biodiversity impacts and management. 	<u>Topic standard for</u> <u>biodiversity</u>

Annex V: Water management planning – international standards and guidelines

The below table provides a list of internationally recognised standards that should be used in water management planning for activities located outside of New Zealand and other OECD countries.

Organisation	Name	Description	Link
IFC	Performance standard 3: Resource efficiency and pollution prevention	 Addresses water resource management, including requirements for minimising water use and managing wastewater to protect water quality. 	Performance standard 3
	Water quality monitoring and assessment of groundwater – technical guidance	 Describes key features of groundwater that govern its quantity, availability and chemical quality. 	Water quality monitoring and assessment of groundwater <u>– technical</u> guidance
United Nations Environment Programme (UNEP)	Quality assurance for freshwater quality monitoring – technical guidance	• Provides an introduction to the key concepts and approaches that can be used in quality assurance and quality control.	Quality assurance for freshwater quality monitoring – technical guidance
	Introduction to freshwater quality monitoring and assessment – technical guidance	 Explains the hydrological and ecological functioning of water bodies when planning a sampling and analysis programme. 	Introduction to freshwater quality monitoring and assessment <u>– technical</u> guidance
International Organization for Standardization (ISO)	ISO 14046: 2014 (water footprint)	 Offers guidelines for assessing and reporting the water footprint of products, 	<u>ISO 14046: 2014 –</u> <u>environmental</u>

		processes, and organisations, including impacts on water quality.	<u>management –</u> <u>water footprint</u>
	ISO 5667 series (water quality – sampling)	 Provides guidelines for the sampling of water to ensure accurate and reliable water quality data. 	ISO 5667 – 1: 2023 – water quality – sampling
GRI	GRI 303: Water and Effluents	 Includes indicators and reporting requirements related to water use, wastewater and effluents, relevant for entities to disclose their water management practices. 	Topic standard for water and effluents

Annex VI: Pollution prevention and control – national and international standards and guidelines

Pollution types	International conventions, standards, and guidance	Alignment with NZ laws, regulations, and guidance
Various	IFC general EHS guidelines	Resource Management Act (RMA) 1991
	International convention for the prevention of pollution from ships (MARPOL)	Maritime Transport Act 1994
Air	World Health Organization (WHO) air quality guidelines (AQGs) and estimated reference levels (RLs)	National environmental standards for air quality (NES-AQ)
	<u>GRI standards on emissions</u> (GRI 305 – includes air pollutants like nitrogen oxides, sulphur oxides and particulate matter) <u>and effluents and</u> <u>waste</u> (GRI 306)	Zero Carbon Act 2019

	ISO water quality standards	Essential freshwater package 2020
Water	WHO water quality guidelines, standards and health	National policy statement for freshwater management (NPS-FM)
Soil	ISO soil quality standards	
Noise	WHO guidance on environmental noise	
Chemicals/waste	Basel convention on the Control of Transboundary Movements of Hazardous Wastes and their disposal	Hazardous Substances and New Organisms Act 1996 (HSNO Act)
	Stockholm convention on persistent organic pollutants	EPA hazardous substances notices
	The minamata convention on mercury	
	The Montreal protocol on substances that deplete the ozone Layer (including the kigali amendments)	
	Rotterdam convention on the prior informed consent (PIC)	
	Procedure for certain hazardous chemicals and pesticides in international trade	
	Global framework on chemicals – previously known as strategic approach to international chemicals management (SAICM)	
	ISO 11014: 2009(en) safety data sheet for chemical products	

Specific DNSH criteria for Agriculture

A1. Livestock grazing and animal production

Objective	Criteria
Climate change adaptation and resilience	 Apply generic criteria. A Farm Environment Plan (FEP) that includes adaptation and resilience risks created by the activity and actions to minimise these risks, including: Identify erosion that might be created by the activity Identify potential for increased soil moisture deficit Shading required for animal welfare
Protection and restoration of biodiversity and ecosystem	 Apply generic criteria. A Farm Environment Plan (FEP) that includes activity risks to ecosystems, biodiversity and soil health and actions to minimise these risks. The Farm Environment Plan (FEP) should identify measures to avoid, mitigate or manage risks and impacts to ecosystems, soil health and indigenous biodiversity, including: Identifying remnant indigenous biodiversity areas and detailing the approach to protection.
Sustainable use and protection of water resources and marine resources	 Apply generic criteria. A certified Freshwater Farm Plan that includes activity risks and efforts to avoid and/or mitigate adverse effects of the activity on water quantity, water quality and/or aquatic ecosystems, including groundwater, wetlands and/or riparian areas, including: Implementing riparian buffers and sediment traps.

	 A process is in place to avoid, mitigate and manage material risks and potential impacts associated with the activity that may lead to negative impacts to sensitive waterways, to eliminate or mitigate land-based run-off, such as nutrient, effluent, soil and chemical run-off. A process to avoid, mitigate and manage material risks and potential impacts associated with the activity that may lead to negative impacts to sensitive waterways, to eliminate or mitigate land-based run-off, such as nutrient, animal waste, effluent, soil and chemical run-off.
Pollution prevention and	Apply generic criteria.
Control	A Farm Environment Plan (FEP) that includes:
	 Processes that seek effective collection, storage, and treatment of animal waste and other effluent to prevent contamination of surrounding environments.
	• The activity has processes in place for the responsible storage, handling and disposal of antibiotics and other veterinary pharmaceuticals.
Transition to a circular economy	Apply generic criteria.
Animal welfare	 Animal welfare is managed in accordance with applicable laws or relevant national or international standards, including developing and maintaining (as applicable) an Animal Welfare Plan, necessary documentation of animal care practices and/or the acquisition of relevant voluntary third-party certifications.
	 Activities related to animal husbandry practices are conducted in accordance with applicable laws or relevant national or international standards and guidelines, and codes of practice including developing and maintaining (as applicable) an Animal Welfare Plan, necessary documentation of animal care practices and/or the acquisition of relevant voluntary third-party certifications.
	• The activity follows responsible use of antibiotics in animal rearing, adhering to applicable laws, relevant national or international standards, guidelines, and codes of practice to prevent overuse and misuse. This includes a process for implementing protocols for antibiotic administration and

the monitoring of antimicrobial resistance, such as utilising alternatives to antibiotics when appropriate.
 Activities that involve animal rearing and handling are conducted in accordance with applicable laws or relevant national or international standards, guidelines, and codes of practice, including adherence to available guidelines for transportation of livestock and preparation of livestock for transport.

A2. Perennial and non-perennial crops

Objective	Criteria
Climate change adaptation and resilience	 Apply generic criteria. A Farm Environment Plan (FEP) that includes adaptation and resilience risks created by the activity and actions to minimise these risks, including: Identify erosion that might be created by the activity Identify irrigation requirements Shading required for animal welfare
Protection and restoration of biodiversity and ecosystem	 Apply generic criteria. A Farm Environment Plan (FEP) that includes activity risks to ecosystems, biodiversity and soil health. At a minimum, this must include efforts to mitigate and manage risks and impacts to ecosystems, soil health and biodiversity, including: Identifying remnant indigenous biodiversity areas and establishing an approach to their protection.

Sustainable use and protection of water resources and marine resources	Apply generic criteria.
	 A Farm Environment Plan (FEP) that includes activity risks and efforts to avoid and/or mitigate adverse effects of the activity on water quantity, water quality and/or aquatic ecosystems, including groundwater, wetlands and/or riparian areas, including:
	 Implementing riparian buffers and sediment traps.
	 A process is in place to avoid, mitigate and manage material risks and potential impacts associated with the activity that may lead to negative impacts to sensitive waterways, to eliminate or mitigate land-based run-off, such as nutrient, effluent, soil and chemical run- off.
	 A process to avoid, mitigate and manage material risks and potential impacts associated with the activity that may lead to negative impacts to sensitive waterways, to eliminate or mitigate land- based run-off, such as nutrient, soil and chemical run-off.
Pollution prevention and control	Apply generic criteria.
Transition to a circular economy	Apply generic criteria.

Specific DNSH criteria for Forestry

Objective	Criteria
Climate change adaptation and resilience	Apply generic criteria.
	 Forest management plan prepared by an independent expert or in-house expert with ecological and/or forestry accredited professional, that includes:
	 A risk assessment of erosion susceptibility and potential affected values is undertaken using the MPI NES-PF erosion susceptibility classification and fish spawning indicator tool to determine potential erosion risk.
	 Afforestation in high and very high erosion risk areas with species with the intention for clear felling, or that pose a significant risk of collapse because they are shallow-rooting like Pinus radiata, is not permitted under the taxonomy.
	• High and very high erosion risk areas must have plans in place to address erosion risks.
	 Pest control measures that avoid causing significant negative impacts on the environment, biodiversity, human health and ecosystem services.
	 Adaptation plan for both heavy rainfall and drought conditions
Protection and restoration of biodiversity and ecosystem	Apply generic criteria.
	 Forest management plan prepared by an independent expert or in-house expert with ecological and/or forestry accredited professional, that includes:
	 At least 10% of the area of the management unit is identified, mapped, and managed as conservation areas network. Management would include protection of threatened species and management of invasive species to an extent that improves or at least does not allow the current long term survival of natural ecosystems or threatened species to deteriorate in the long term.

	 Strategies and actions that maintain and/or enhance areas identified as having high conservation values (HCV 1-6). Roading/landings construction and water controls must demonstrate compliance with best practice standards in the New Zealand Forest Road Engineering Manual. Strategies and actions to manage the spread of invasive species, including: Approach to controlling wilding on the project site and neighbouring properties/areas. Approach to controlling pest animals and invasive plants and pathogens within the property.
Sustainable use and protection of water resources and marine resources	 Apply generic criteria. Forest management plan prepared by an independent expert or in-house expert with ecological and/or forestry accredited professional, that includes: A risk assessment and actions to avoid negative impacts on water ecosystems, water quality and quantity and mitigate and remedy those that occur, including: Riparian zones of a minimum of 10 metres each side of the water body are identified and documented on all water bodies that have permanent water when forested. Afforestation is prohibited within a minimum 10m riparian management zone (RMZ) from identified water bodies In addition to the 10 metres riparian zone, slope, soil stability and future harvest disturbance should be assessed when considering if 10m is a sufficient riparian zone to protect water quality.
Pollution prevention and control	Apply generic criteria.

Transition to a circular	Apply generic criteria.
economy	



The consultation is open from June 16 – July 13.

Please contact taxonomy@sustainablefinance.nz for any questions or assistance.