# NZ Taxonomy
# Do No Significant Harm framework

The NZ Taxonomy's Do No Significant Harm (DNSH) framework is designed to ensure an economic activity that makes a substantial contribution to an environmental objective (e.g. climate change mitigation) does not cause significant harm to the Taxonomy's other environmental objectives.

The DNSH functions as a risk management tool, ensuring activities that are aligned with the NZ Taxonomy do not create unintended or adverse environmental consequences. While Substantial Contribution (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.

DNSH criteria apply at an activity level and consider significant impacts (potential and actual) throughout the lifecycle of an asset, activity or project.

The DNSH framework consists of generic and activity-specific criteria.

- **Generic DNSH criteria** are principles-based and defined for each environmental objective.
- **Activity-Specific DNSH criteria** detail particular requirements for different sectors and activities based on the material impacts of the sector and/or activity that are not covered by the generic criteria.

See the DNSH/MSS approach paper for more information about the approach and design of these criteria.

The NZ Taxonomy is made up of three sets of criteria, which together are the 'Technical Screening Criteria' (TSC):

1. **Substantial Contribution (SC) criteria:** The activity demonstrates that it makes a substantial contribution to the particular environmental objective (i.e., climate change mitigation or adaptation and resilience).
2. **Do No Significant Harm (DNSH) criteria:** The activity making this substantial contribution does not cause significant negative impacts on other environmental objectives.
3. **Minimum Social Safeguards (MSS):** Entities must meet minimum standards for social responsibility, including labour rights, governance rights and Indigenous rights.

This first version of the NZ Taxonomy has been developed for voluntary use by a range of users, including lenders, issuers, investors, asset owners and managers, New Zealand businesses, and public entities.

This first version of the NZ Taxonomy can be utilised **in any of the following three ways:**

- Demonstrating alignment with the SC criteria for climate change mitigation or climate change adaptation and resilience and alignment with ***all*** applicable DNSH and MSS criteria.
- Demonstrating alignment with the SC criteria for climate change mitigation or climate change adaptation and resilience and ***partial*** alignment with the applicable DNSH and/or MSS criteria.
- Demonstrating alignment with the SC criteria for climate change mitigation or climate change adaptation and resilience ***only***.

Users making claims of alignment with the NZ Taxonomy Version 1 **are responsible for disclosing the parts of the NZ Taxonomy to which they are aligning** (and those to which they are not), and ensuring that the impression conveyed by those claims is not misleading or deceptive.

All users are encouraged to give consideration to relevant aspects of the DNSH and MSS criteria.

In future versions of the NZ Taxonomy, it is intended that the DNSH and MSS criteria will become a requirement for claims of NZ Taxonomy alignment; i.e., there will be no partial alignment options, only alignment or no alignment. Consideration for proportional application of the DNSH and MSS framework will be given at this time.

**Under Version 1, any entity found in breach of any law or regulation within scope of the DNSH or MSS frameworks, at the time of their alignment claims or in the previous five years, will be excluded from alignment with the NZ Taxonomy.** The NZ Taxonomy and its users are not responsible for verifying an entity's compliance with New Zealand laws and regulations.

# Generic Do No Significant Harm Criteria

## Climate change adaptation and resilience

| Criteria | Description |
|---|---|
| **1. Material 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 prevent 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, a physical climate risk assessment (CRA) is conducted.<br>The CRA may have the following characteristics:<br>• For existing activities, the implementation of physical and non-physical adaptation efforts may be phased in and executed over the life of the project.<br>• For new activities, the 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:<br>• Considers current weather variability and future climate change, including uncertainty.<br>• Is based on robust analysis of available climate data and projections across at least two relevant potential future scenarios.<br>• 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.<br>Consideration is given to the viability of Green, Blue or nature-based solutions over Grey measures to address adaptation. |

## Climate change mitigation

| Criteria | Description |
|---|---|
| **1. Material emissions are identified, assessed, managed and monitored.** | Material emissions associated with the activity are identified, assessed, managed and monitored in accordance with the mitigation strategy to minimise their impact. |
| **1.1** | For activities with a lifespan of more than 10 years (both new or materially expanded), a GHG inventory or carbon footprint assessment is conducted.<br>The assessment must:<br>• Identify all material scope 1, 2 and 3 emissions (life cycle assessment) linked to the activity.<br>• Clearly describe strategies for mitigating these emissions, prioritising nature-based solutions where feasible.<br>• Measure emissions annually.<br>For SMEs, the assessment must follow a recognised national or international standard used must be robust and accompanied by transparent reporting (see Generic DNSH Guidance), or for all other organisations, have the GHG inventory verified by an independent third party at the start of the activity and at least every 5 years thereafter. |
| **1.2** | The activity and any mitigation measures support local, sectoral, regional and/or national climate mitigation strategies and plans. |

## Protection and restoration of biodiversity and ecosystem

| Criteria | Description |
|---|---|
| **1. Biodiversity- and ecosystem-related risks and impacts are identified, assessed, managed and monitored.** | Significant ecological and biodiversity impacts 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, as follows:<br>• 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 the measures needed to avoid, mitigate or manage those risks and impacts.<br>• For sites or operations located in or near biodiversity-sensitive areas outside New Zealand (including UNESCO Natural and Mixed World Heritage sites and Key Biodiversity Areas), an appropriate assessment is conducted in line with international standards (e.g., International Financial Corporation [IFC] Performance Standard 6: Biodiversity Conservation and the Sustainable Management of Living Natural Resources). |
| **1.2** | A management or action plan is in place, outlining appropriate mitigation measures, compensation, monitoring, and reporting and verification measures that are being implemented.<br>The management or action plan adheres to the mitigation hierarchy and complies with applicable laws or relevant international standards (see Annex IV). |

## Sustainable use and protection of water resources and marine resources

| 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 prevent and/or mitigate any 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, as follows.<br>• The AEE or EIA identifies any material water-related risks and potential impacts posed by the activity, inclusive of cultural values related to the waterways.<br>• The AEE or EIA details the identified impacts, as well as measures to prevent, mitigate or manage those risks and impacts, to:<br>– Minimise management of the water stress caused by the activity.<br>– Prevent 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 licence, permit or equivalent water entitlement is issued in accordance with applicable laws, and water usage and conservation requirements and standards are complied with. |

## Pollution prevention and control

| Criteria | Description |
|---|---|
| **1. Relevant laws, regulations and standards relating to pollution are complied with.** | Pollution risks associated with the activity are identified and material risks are assessed, managed and monitored to prevent 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 the 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:<br>• Includes an assessment of the pollution-related risks and potential impacts posed by the activity.<br>• Details the risks and potential impacts posed by the activity, as well as measures to prevent, mitigate or manage them. |
| **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:<br>• Prevent, minimise, manage and monitor any pollution-related risks associated with the activity.<br>• Ensure the proper treatment and disposal of any hazardous waste from the activity is undertaken.<br>• Safely remediate or manage any contamination (including legacy contamination) associated with the activity, where relevant and practicable. |

## Transition to a circular economy

| Criteria | Description |
|---|---|
| **1. Resource use and waste are identified, minimised and managed.** | Resources used and waste generated though the construction, operation and end-of-life of the activity are identified, minimised and managed. |
| **1.1** | Where relevant and practicable, the following actions are implemented to enable the sustainable and efficient production and consumption of materials or other natural resources:<br>• 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.<br>• A Farm Environment Plan (FEP) or similar that outlines the approach to waste management is established to support the recycling, reuse and recovery of materials over the lifecycle of the activity.<br>• Where they are available, product stewardship initiatives or extended producer responsibility-accredited schemes are used.<br>• Retirement and dismantlement plans for plants and infrastructure related to the activity are developed based on current knowledge, with provision for updating at end of life. |
| **1.2** | The activity does not result in the conversion of highly-productive land (as defined by the National Policy Statement for Highly Productive Land (NPS-HPL)), which is currently or has been recently (within the last 5 years) used for food production, to non-food production purposes. This includes the cultivation of crops for energy, industrial use or other non-food biomass purposes. Agroforestry, silvopastoral and native ecosystem conservation and restoration practices are accepted within a farming system and do not violate this DNSH criteria. |

# Generic Do No Significant Harm 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 wind patterns | Changing precipitation patterns and types (rain, hail, snow/ice) and drought | Coastal erosion, inundation recession, and drought |
| | Heat stress | | Precipitation or hydrological variability | Soil degradation |
| | Temperature variability | | Ocean acidification | Soil erosion |
| | Permafrost thawing | | Saline intrusion | Solifluction |
| | | | Sea level rise | |
| | | | Water stress | |
| **Acute** | Heatwave | Cyclone, hurricane, typhoon | Drought and changes in aridity | Avalanche |
| | Cold wave/frost | Storm (including extratropical, convective, blizzards, dust, sand) | Heavy precipitation (storm, rain, hail, snow/ice) | Landslide |
| | Bushfire, grassfire, wildfire | Tornado | Storm surges (due to cyclones and non-cyclone East Coast lows) | Subsidence |
| | | | Flood (coastal, estuarine, fluvial, pluvial, groundwater) | |
| | | | Glacial lake outburst | |

## Annex II: Screening for Environmental Impact Assessments

The following should be used to ascertain whether an Environmental Impact Assessment (EIA) is required for a particular activity in New Zealand or another jurisdiction.

| Jurisdiction | Approach | Screening requirements |
|---|---|---|
| **New Zealand (and other OECD countries)** | Under New Zealand legislation, an AEE is required for applications for resource consent under the Resource Management Act 1991 (RMA).<br>An EIA is the internationally recognised term for an AEE – but EIAs often have more prescriptive process requirements.<br>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. | Resource Management Act 1991 (RMA), or as required in the relevant OECD country |
| **International (non-OECD countries)** | 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 New Zealand. 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 (EIAs) for activities located outside New Zealand and other OECD countries.

| Organisation | Name | Description | Link |
|---|---|---|---|
| **United Nations Environment Programme (UNEP)** | Guidelines for conducting integrated environmental assessments | Provides guidance for a wide range of different types of Integrated Environmental Assessments. | UNEP guidelines for conducting integrated environmental assessments |
| **International Financial Corporation (IFC)** | Performance standard 1: Assessment and management of environmental and social risks and impacts | Applies to business activities that have environmental and/or social risks and/or impacts.<br>Key objectives are to identify and evaluate the environmental and social risks and impacts created by the project and to adopt a mitigation hierarchy to anticipate and prevent (or at least minimise) the risks and impacts to workers, affected communities and the environment, and where residual impacts remain, to compensate for or offset them. | Performance standards on environmental and social sustainability |
| **International Financial Corporation (IFC)** | Environmental, health and safety (EHS) guidelines | Recommendations designed to help businesses and projects manage environmental and health risks effectively.<br>Includes 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 that includes an Environmental Impact Assessment (EIA) and a Social Impact Assessment (SIA) | Guidance documents and best-practice principles for Environmental Impact Assessment (EIA).<br>Guidance resources on the way impact assessment systems can integrate Do No Significant Harm criteria. | Principles of environmental impact assessment best practice<br>Climate change and impact assessment action plan |

## 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 New Zealand and other OECD countries.

| Organisation | Name | Description | Link |
|---|---|---|---|
| **International Financial Corporation (IFC)** | Performance standard 6: Biodiversity conservation and sustainable management of living natural resources | These requirements 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 on environmental and social sustainability |
| **Global Reporting Initiative (GRI)** | GRI 304: Biodiversity | Provides specific indicators for reporting on biodiversity impacts and management. | Topic standard for biodiversity |

## 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 New Zealand and other OECD countries.

| Organisation | Name | Description | Link |
|---|---|---|---|
| **International Financial Corporation (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 |
| **United Nations Environment Programme (UNEP)** | 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 – technical guidance document |
| | 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 document |
| | 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 – technical guidance document |
| **International Organization for Standardization (ISO)** | ISO 14046: 2014 (water footprint) | Offers guidelines for assessing and reporting the water footprint of products, processes and organisations, including impacts on water quality. | ISO 14046: 2014 – environmental management – water footprint – principles, requirements, and guidelines |
| | 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 New Zealand laws, regulations and guidance |
|---|---|---|
| **Various** | IFC general EHS guidelines | Resource Management Act 1991 (RMA) |
| | 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) |
| | GRI standards on emissions (GRI 305 – includes air pollutants like nitrogen oxides, sulphur oxides and particulate matter) and effluents and waste (GRI 306) | Zero Carbon Act 2019 |
| **Water** | ISO water quality standards | Essential freshwater package 2020 |
| | 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 | Environmental Protection Authority (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 – Safety data sheet for chemical products | |