

Introducing the Aotearoa New Zealand Sustainable Finance Taxonomy (NZ Taxonomy)



Introducing the NZ Taxonomy

To watch the following introductory slides as a video, please click [here](#).

CENTRE FOR Sustainable Finance
TOITU TAHUA

- The NZ Taxonomy is a classification system for sustainable activities.
- It is a guide that can be used voluntarily by decision-makers interested in sustainable or transition aligned activities.
- By setting clear definitions and criteria for activities which contribute to environmental objectives, the NZ Taxonomy intends to increase clarity and reduce greenwashing risks, cost and friction.
- The current scope of work for the NZ Taxonomy is to develop definitions and criteria for Agriculture and Forestry, Energy, and Construction and Building sector activities that contribute to the goals of climate change mitigation, adaptation and resilience.

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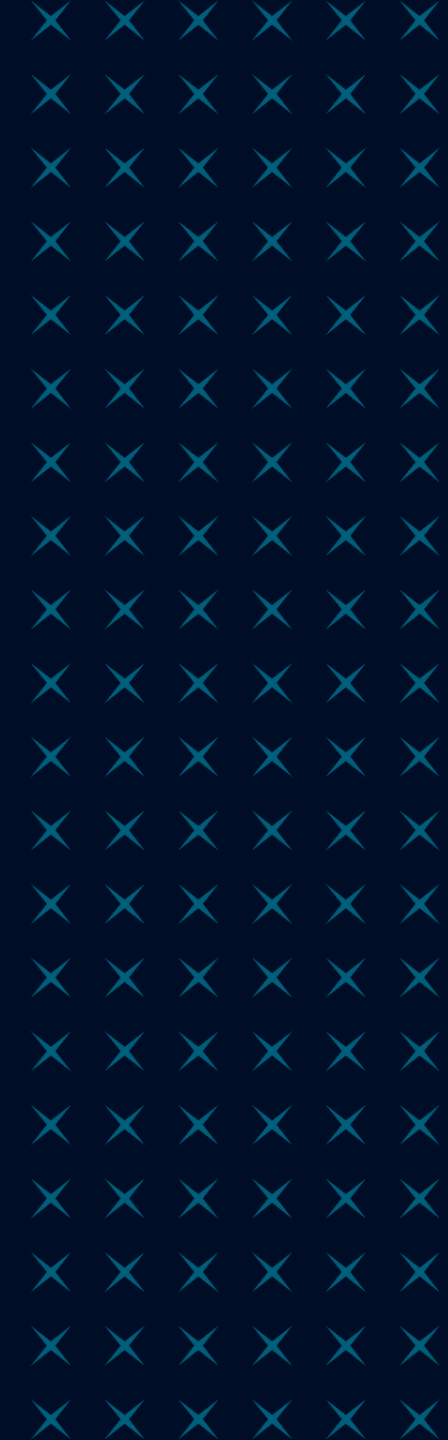


The purpose of the NZ Taxonomy is to

Enable market participants to mobilise and direct capital flows towards:

- Building a low-emissions, Paris-aligned future;
- Restoring nature; and
- Upholding the rights and interests of Indigenous Peoples of the land.

Read more about the establishment of this purpose [here](#)

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- The NZ Taxonomy is a classification system for sustainable activities/measures.
 - A Taxonomy defines economic activities/measures which contribute to an environmental objective and criteria to assess the performance of those activities/measures.
 - It is a guide that can be used voluntarily by decision-makers interested in sustainable- or transition-aligned activities/measures.
 - By setting clear definitions and criteria for activities/measures which contribute to environmental objectives, the NZ Taxonomy intends to increase clarity and reduce greenwashing risks, costs and friction.
 - The current scope of work for the NZ Taxonomy is to develop definitions and criteria for the Agriculture & Forestry, Energy, and Construction & Buildings sectors, for activities/measures that contribute to the goals of climate change mitigation, adaptation and resilience.

Use case examples

For businesses:

- Support for a shift toward lower-emission and climate-resilient operations.
- Increased availability of and options for finance for environmental initiatives.
- Recognition for sustainability efforts.
- Clear, consistent guidelines on what qualifies as sustainable practices – avoiding “black box” decisions and creating more transparency with providers.

For financial institutions:

- A clear and common standard for assessing sustainable investments in New Zealand.
- Reduced costs and greater efficiency in evaluating Green and Transition finance opportunities.
- Alignment with international sustainable finance standards, helping attract global capital inflows.
- A safeguard against greenwashing.

The NZ Taxonomy is:

- A guide for economic activities/measures which contribute to an environmental objective and criteria to assess those activities/measures.

It does not:

- Impose a tax.
- Rate companies as good or bad.
- Mandate or restrict investment decisions.
- Exclude entities from accessing finance.
- Assess companies' or sectors' overall sustainability or relative emissions efficiency.
- Assess the financial performance or risk of an investment.
- Serve as a compliance framework or impose new reporting requirements.
- Provide sector transition planning or determine a sector mix.



Why do we need a sustainable finance taxonomy for Energy?

- [The Government's Climate Strategy](#) has made abundant and affordable clean energy a priority.
- Energy underpins nearly every sector –Transport, Health, Food Systems, Water Supply, Information and Communication Technology (ICT). Without a fully decarbonised energy system, other sectors cannot transition at scale.
- Energy is also the backbone of a climate-resilient society: Reliable, well-adapted energy systems ensure continuity of essential services, protect communities during climate shocks, and enable other sectors to adapt effectively.
- The Energy sector needs targeted capital investment – both to scale up proven clean energy solutions and to climate-proof infrastructure, ensuring the sector can deliver secure, affordable, and sustainable energy under changing climate conditions. Such investment is vital not only for reducing emissions, but also for strengthening resilience, supporting a just transition, and ensuring Aotearoa's long-term prosperity.



Global expectations and access to capital

- Globally, sustainable finance taxonomies are implemented or under development in over 50 jurisdictions.
- Aotearoa New Zealand is in a global competition for capital and is an optional market.
- As the global financial sector adopts sustainable finance taxonomies to identify, assess and measure the environmental credibility of investments, taxonomies will be a prerequisite.
- Alignment with the NZ Taxonomy is also intended to support telling our sustainability story internationally, supporting efficient access to global markets and demonstrating alignment with international customer expectations.
- By developing a New Zealand-specific taxonomy, we ensure the classifications and criteria applied to New Zealand businesses are relevant and appropriate in our domestic context, while remaining interoperable.

The Rise of Global Sustainable Taxonomies

TRANSITION

SUSTAINABLE

SOCIAL

GREEN



Role of the NZ Taxonomy in the Energy sector

- The NZ Taxonomy is not a replacement or proxy for sectorial planning or policy.
- It does not (and is not the appropriate mechanism to) assess systems-level requirements.
- Instead, it is a “shopping list” for the sorts of activities each sector will include in a post-2050 net-zero future.
- By setting these long-term environmental goalposts, it intends to support businesses and investors to align their current decision-making with an environmentally sustainable and resilient energy system over the long-term.
- Security and affordability are also key considerations for the Energy sector.
- The NZ Taxonomy can (and intends to) consider these in criteria development and take a “do no harm” approach. It cannot, however, resolve these challenges or proactively advance them – this remains the remit of national policy and industry action.
- The NZ Taxonomy aims to bring clarity and consistency for decision-makers to the assessment of one piece (environmental sustainability) of a larger picture, while doing no harm to other key considerations.