

# Developing a green taxonomy for Aotearoa New Zealand

## Summary of recommendations

Topic	ITAG Recommendations
<b>Principles</b>	<p><b><u>ITAG Recommendation 1</u></b></p> <p>The Principles of the Taxonomy of Aotearoa New Zealand should be:</p> <ul style="list-style-type: none"> <li>• Credibility – Mana</li> <li>• Usability - Whakamahi</li> <li>• Interoperability – Tuhono</li> <li>• Culture – Ahurea</li> <li>• Prioritisation - Whakarite</li> </ul>
<b>Purpose</b>	<p><b><u>ITAG Recommendation 2</u></b></p> <p>The purpose statement of the Taxonomy of Aotearoa New Zealand is: “The sustainable Taxonomy of Aotearoa New Zealand is a classification system for mobilising and directing capital flows to build a low-emissions, Paris-aligned future, restore nature and uphold the rights and interests of indigenous people of the land.”</p> <p><b><u>ITAG Recommendation 3</u></b></p> <p>There is formal and increasing international recognition of the contribution and rights of indigenous peoples and local communities as custodians of biodiversity and as partners in its conservation, restoration and sustainable use. To reflect the culture of Aotearoa New Zealand, the ITAG recommends that the rights and knowledge of iwi/Māori are embedded into the design of the Taxonomy.</p>
<b>Objectives</b>	<p><b><u>ITAG Recommendation 4</u></b></p> <p>In line with international best practices, the environmental objectives of Aotearoa New Zealand will include iwi/Māori understanding and knowledge related to each objective and be (not in order of priority):</p> <ul style="list-style-type: none"> <li>• Climate Change Mitigation</li> <li>• Climate Change Adaptation</li> <li>• Sustainable Use and Protection of Water Resources and Marine Resources</li> <li>• Protection and Restoration of Biodiversity and Ecosystems</li> <li>• Pollution Prevention and Control</li> <li>• Transition to a Circular Economy</li> </ul> <p style="text-align: right;">-- Iwi/Māori knowledge --</p>
<b>Sector Prioritisation</b>	<p><b><u>ITAG Recommendation 5</u></b></p> <p>A survey was organised amongst the members of the ITAG, which resulted in the following key priority sectors for the Taxonomy. The sectors have been ranked according to the % of respondents that selected the sectors as priority:</p> <ul style="list-style-type: none"> <li>• Agriculture, Forestry &amp; Fishery</li> <li>• Transport</li> <li>• Construction &amp; Real Estate activities</li> <li>• Energy</li> <li>• Industrial Manufacturing</li> </ul>
<b>Definitions</b>	<p><b><u>ITAG Recommendation 6</u></b></p> <p>The Taxonomy of Aotearoa New Zealand should adopt ANZSIC as its classification system in order to align with other benchmark taxonomies such as Australia and the</p>

	European Union's. When ANZSIC codes are not available at the granular activity-level, the ITAG recommends the Taxonomy to build <i>ad hoc</i> activity-specific codes.
<b>Usability</b>	<p><b><u>ITAG Recommendation 7</u></b> To enhance usability in New Zealand, it is important to connect to existing data, national and international labels and criteria while also growing relevant capacity and increasing the availability of new information over time.</p> <p><b><u>ITAG Recommendation 8</u></b> The Taxonomy also needs to be linked to existing disclosure requirements – e.g. Aotearoa New Zealand Climate Standards.</p> <p><b><u>ITAG Recommendations 9</u></b> The Taxonomy developers should ensure that the Taxonomy is fit-for-purpose across a range of key stakeholders in New Zealand including regulatory agencies, the public sector, iwi/Māori, and capital market stakeholders.</p>
<b>Application</b>	<p><b><u>ITAG Recommendation 10</u></b> It would not be expected to mandate the use of the Taxonomy in its initial phase, but it could become mandatory over time following a phase-in approach or grace period.</p> <p><b><u>ITAG recommendations 11</u></b> The Taxonomy of Aotearoa New Zealand should be designed for a broad range of applications, not just debt markets.</p> <p><b><u>ITAG Recommendation 12</u></b> Following the example of benchmark taxonomies such as the ASEAN, Australian and Singaporean taxonomies, the Taxonomy should have a role in facilitating transition finance.</p>
<b>Eligibility</b>	<p><b><u>ITAG recommendation 13</u></b> The Taxonomy of Aotearoa New Zealand should adopt an alignment approach based on technical screening criteria that are binary, credible and internationally-recognised.</p> <p><b><u>ITAG Recommendation 14</u></b> The technical screening criteria can be complemented by whitelists (technologies or measures) where deemed necessary.</p>
<b>Transition</b>	<p><b><u>ITAG Recommendation 15</u></b> The Taxonomy of Aotearoa New Zealand should focus on defining 1.5 degree aligned 'green' activities as a priority but consider the use of a separate transition category. The category should encourage substantial movements towards a 1.5-degree pathway for a defined and limited list of sectors/activities that are material and relevant to Aotearoa New Zealand. This transition category should be for activities within a predetermined period of time.</p> <p><b><u>ITAG Recommendation 16</u></b> The Taxonomy of Aotearoa New Zealand should consider adopting a traffic light system to label transitioning activities that is based on <i>a robust methodology to ensure that any transition category or label is used to drive material step changes to emissions beyond business as usual.</i></p>

**Governance**

**ITAG Recommendation 17**

The Taxonomy of Aotearoa New Zealand should adopt a three-tiered governance structure to ensure the transparency and credibility of its development process and with formal roles for iwi/Māori across all tiers. This would include:

- o Tier 1 - An overseeing body responsible for the endorsement of the Taxonomy and for the provision of strategic direction to it
- o Tier 2 - A coordinating group consisting of members with relevant expertise from within government, industry and civil society responsible for coordinating the design and development of the Taxonomy
- o Tier 3 - A group or set of technical working groups responsible for the design or co-design of the content of the Taxonomy

**ITAG Recommendation 18**

As an integrity safeguard, government funding for the Taxonomy should be provided from a different agency/source than the government oversight group (Tier 1).