riaa Responsible Investment Association Australasia

RIAA Submission: Aotearoa New Zealand Sustainable Finance Taxonomy

Energy sector: Climate change mitigation, adaptation and resilience Technical Screening Criteria

10 July 2026

Overview

The Responsible Investment Association Australasia (RIAA) thanks The Centre for Sustainable Finance: Toitū Tahua (CSF) for the opportunity to comment on the *Energy sector: Climate change mitigation, adaptation and resilience Technical Screening Criteria*, and more broadly for its continued work developing the Aotearoa New Zealand Sustainable Finance Taxonomy (NZ Taxonomy).

RIAA continues to support the development of the NZ Taxonomy as an important tool to improve market confidence, reduce greenwashing risk, and support capital allocation towards activities that contribute to a low-emissions, climate-resilient and sustainable economy. This support is consistent with RIAA's previous submission on the first public consultation, which welcomed the NZ Taxonomy and emphasised usability, interoperability, relevance to institutional investors, and the importance of supportive policy and regulatory settings.

RIAA has not provided responses to technical questions in this consultation. Instead, this submission provides high-level comments on implementation, market uptake, and governance. These are important areas for institutional investors and will be critical if the NZ Taxonomy is to move beyond a technical document and become a practical tool that supports real-economy transition.

For more information, please contact RIAA Policy at policy@responsibleinvestment.org. Further information about RIAA can be found at the end of the submission.

General submissions

RIAA supports the continued development of technically robust criteria for the energy sector. We emphasise that the success of the NZ Taxonomy, especially in a voluntary context, will depend on whether market participants have the guidance, confidence, incentives and institutional support needed to use it in practice.

A strong, useable sustainable finance taxonomy is vital to support the Government's objectives under the Second Emissions Reductions Plan (ERP2).

Specifically relating to the Energy sector, the ERP2 provides that, while New Zealand has abundant renewable energy potential, it will take significant investment in generation, transmission and local lines to meet expected demand for energy. Electricity demand is expected to rise significantly by 2050 as electric technologies are more widely adopted. This increase will outpace the demand growth of previous decades. Renewable generation capacity must be ready to meet this demand. Harnessing the renewable energy potential will not only help meet emissions budgets but also reduce our dependency on imported fuels, and support the reliability and affordability of the energy system. Maintaining investment confidence is crucial.

A sustainable finance taxonomy with effective Energy criteria will help mobilise private capital towards these goals and the required infrastructure investment to support New Zealand's energy transition.

Implementation and market uptake

A clear implementation plan should accompany the finalisation of the NZ Taxonomy. This is particularly important because the taxonomy is expected to operate on a voluntary basis. Voluntary use can support flexibility and innovation, but it also increases the risk that uptake will be uneven, limited to a small number of larger institutions, or used inconsistently across different products, disclosures and investment processes.

In RIAA's view, implementation cannot be left to the market alone. A taxonomy is a public-interest market infrastructure tool. It creates value by improving consistency, comparability and confidence across the financial system, but those benefits only arise if there is broad and sustained use. This requires a coordinated public and private implementation plan, including clear roles for government, regulators, standard setters, financial institutions, issuers, data providers and industry bodies.

An implementation plan should address, at minimum:

- how the taxonomy will be promoted and explained to different market users, including asset owners, asset managers, banks, insurers, issuers and advisers;
- how practical guidance, worked examples and sector-specific case studies will be developed;
- how the taxonomy will interact with disclosure settings, transition planning, sustainable finance instruments and public finance programs;
- how data gaps, assurance expectations and entity-level application issues will be managed;
- how smaller or resource-constrained organisations will be supported to understand and apply the taxonomy; and
- how feedback from early users will inform future updates.

Ongoing stewardship and governance

RIAA recommends that CSF and government move towards formalising an arrangement for long-term stewardship and governance of the NZ Taxonomy. A taxonomy will need to evolve as technology, policy, science, data availability and market practice change. This requires transparent processes for review, updates, market feedback and resolution of interpretive issues. Strong governance and long-term institutional arrangements are needed to build market confidence and unlock private capital.

Ongoing stewardship should include sustained market education, monitoring of use cases, support for implementation pilots, and mechanisms to ensure the taxonomy remains credible, usable and aligned with Aotearoa New Zealand's climate and sustainability objectives. This will be essential to maintain confidence and ensure the taxonomy contributes to transition in practice.

Formalised public/private stewardship will help to ensure the taxonomy is enduring, embedded in New Zealand's finance markets, and can evolve to support market needs. This partnership will also provide legitimacy through government leadership which will encourage broad stakeholder buy-in and industry uptake of the taxonomy, complementarity between the taxonomy, policy objectives for New Zealand's decarbonisation and international market best practice, certainty regarding the taxonomy's ongoing refinement and expansion as market needs evolve and market confidence to use the taxonomy through the ongoing engagement of key government agencies.

There is strong international precedent for a public-private sector model:

- The Sustainable Finance Association of Singapore has been tasked to play a similar role, funded by and working closely with the Monetary Authority of Singapore to lead industry engagement domestically and internationally and technical work on sustainable finance.[1]
- In China, the International Institute of Green Finance and Institute of Finance and Sustainability provide technical analysis and stakeholder engagement support to the People's Bank of China in the development, update and international interoperability of its Green Finance Catalogue.[2]
- The European Platform on Sustainable Finance, which comprises public and private sector experts, advises the European Commission on topics relevant to the EU taxonomy's development and uptake.[3]

From a technical document to a useful transition tool

To support transition, the NZ Taxonomy will need to be applied in practical investment, financing and disclosure decisions, rather than operate as a technical reference point alone. Investors and issuers will need practical tools that help them assess alignment, explain assumptions, manage uncertainty and apply the taxonomy consistently across different contexts.

This is particularly important for transition activities and hard-to-abate sectors, where assessment is likely to involve judgement, data limitations and consideration of credible pathways over time.

[1] Singapore-Asia Taxonomy FAQ Repository - Singapore Sustainable Finance Association
[2] ESG Investment and Finance Focus Areas - IFS
[3] Platform on Sustainable Finance - Finance - European Commission

RIAA encourages CSF to build on its existing role in developing guidance and practical tools for the New Zealand market by publishing supporting implementation materials alongside the final criteria. This should be supported by appropriate government resourcing, coordination and policy alignment, so that implementation can be sustained and practical for market participants.

Lessons from Australia's taxonomy implementation

The Australian Sustainable Finance Institute's (ASFI) work on the Australian Sustainable Finance Taxonomy provides useful lessons for Aotearoa New Zealand and is consistent with the New Zealand and Australian Governments' joint commitments on the net zero transition:

> *Ministers emphasised the importance of clear net zero plans and internationally relevant standards for attracting investment and agreed to continue bilateral and international engagement to develop interoperable and comparable sustainable finance frameworks. <u>These frameworks will provide clarity for businesses and investors and support individual countries to finance their net zero transformation. Australia welcomed the expansion of New Zealand's sustainable finance taxonomy to the energy and construction sectors, and the opportunities it brings across our Single Economic Market through the continued alignment of sector coverage, technical criteria and implementation through market use pilots led by the Australian Sustainable Finance Institute and New Zealand's Centre for Sustainable Finance.</u>*[4] (emphasis added)

ASFI has noted that other voluntary jurisdictions have experienced limited market uptake and under-utilisation of taxonomies, and that successful market uptake is critical to mobilising private capital.[5]

This experience reinforces the importance of supporting technical criteria with practical implementation guidance and market engagement. Market participants need to understand how the NZ Taxonomy should be applied to real transactions, portfolios, disclosures and transition finance decisions. This is especially important where the taxonomy is intended to guide capital allocation, not simply classify activities after the fact.

Sector coverage and interoperability

RIAA supports the staged development of sector criteria and recognises the importance of prioritising sectors that are material to Aotearoa New Zealand's emissions profile, resilience needs and investment opportunities. We also support continued attention to trans-Tasman interoperability, noting the continued development and implementation of the Australian Taxonomy.

As the NZ Taxonomy develops, it will be useful for future consultation and implementation planning to provide a clear roadmap for additional sectors, including transport and manufacturing where relevant. Clarity on sequencing will help investors and issuers understand how the taxonomy will evolve and how to plan for future use across portfolios and financing strategies.

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[4] Australia-New Zealand 2+2 Climate and Finance Ministers' Dialogue Joint Statement | Beehive.govt.nz
[5] Taxonomy Implementation Pilots — ASFI

About RIAA

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.