

Toitū Tahua – Centre for Sustainable Finance

By email: taxonomy@sustainablefinance.nz

11 July 2025

Submission on the proposed NZ Sustainable Finance Taxonomy

Thank you for the opportunity to provide feedback on the proposed NZ Sustainable Finance Taxonomy. The Guardians of New Zealand Superannuation (Guardians) welcomes the development of a framework that clearly defines environmentally sustainable economic activities in the Aotearoa New Zealand context.

As a long-term investor committed to sustainable investment, we support the Taxonomy's potential to enhance clarity, consistency, and integrity across the finance ecosystem in New Zealand. The adoption of common language, definitions, criteria, and technical screening standards will help investors compare like-for-like, mitigate risk of material harms, reduce barriers to capital flows toward genuinely sustainable solutions, and lower transaction costs and complexities.

We congratulate the Centre for its work on the Taxonomy and encourage the NZ Government and market participants to support and adopt the framework once finalised. We also urge its integration into their planning, policy, and investment decision-making processes. With broad support and uptake, the Taxonomy will help establish the enabling conditions for a sustainable finance system that delivers long-term value for investors, the economy and the environment.

At a specific level, we submit that the agriculture and forestry sector taxonomy would be enhanced by the inclusion of biomass-related activities within it – as discussed below.

Consideration of Biomass within the Taxonomy

The Guardians urges the NZ Taxonomy Secretariat to consider the inclusion of biomass-related activities within the agriculture and forestry sector, rather than deferring their classification to the energy sector.

With the current boundaries of the Taxonomy focusing on activities up to the farm and forest gate, we believe there is strong merit in recognising the critical role of sector residues / waste – as the primary feedstocks and drivers of efficient and sustainable biomass utilisation strategies.

Waste management is primarily an on-farm, in-forest or primary production processing consideration. Good practice would be to consider the highest and most beneficial application or management of biomass residues as 'part and parcel' of good agricultural and forestry practices – considering factors such as practicality, nutrient content, environmental/social risks, potential for circular use, relative commercial values, and/or energy generation applications.

Deferring consideration of biomass solely to the energy sector risks shifting the focus from this critical upstream supply chain, onto large scale, off-farm projects. This also has the potential to concentrate undue influence of large energy companies over applicable standards under the

taxonomy, rather than ensuring that farmers and forest owners – as stewards of biomass resources – retain a degree of agency over their operations.

At the same time, the energy sector taxonomy can appropriately focus on the downstream, off-farm portion of the biomass power generation value chain (grid-scale technologies, emissions/byproducts management etc.).

Thank you again for the opportunity to submit on the proposal. We would welcome an opportunity to discuss the points we have raised with the NZ Taxonomy Secretariat in more detail.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Anne-Maree O'Connor', written in a cursive style.

11/07/2025

Anne-Maree O'Connor
Head of Sustainable Investment