



Sarah Sinclair
Chair and Partner
MinterEllisonRuddWatts

# Foreword Kia ora koutou >

Welcome to this latest issue of *Sustainable Impact* in which we explore a range of topics that are impacting our society in profound ways.

We highlight the ground-breaking Tāmata Hauhā business initiative, which is using carbon to increase the capacity and connectedness of people and whenua, enhance Māori prosperity, and deliver sustainable environmental outcomes for future generations.

We profile the Who Did You Help Today? trust, which all began in 2015 when Stacey Shortall asked an off-the-cuff question to an audience at the 2015 Women of Influence awards dinner. Since then, Who Did You Help Today? has helped more than 10.000 New Zealanders.

Something we champion at MinterEllisonRuddWatts is diversity, and pay gaps is one way to measure progress towards our goals in this area. I take personal pride that MinterEllisonRuddWatts is leading the way as the first and only law firm to openly report our pay gap information, as we work to build an inclusive workforce that reflects the diverse communities of New Zealand.

For this reason, it is important to promote initiatives such as the MindTheGap register, which we do in this issue. Launched in 2021 to address New Zealand's pay gaps, MindTheGap has three tangible objectives: for employees to #JustAsk their employers about the pay gap, to get New Zealand

businesses to publicly register their pay gap and to encourage the Government to make pay gap reporting mandatory.

We also cut through the chat and get into the detail of recent developments in the Government's response to climate change, examining key actions that will set the scene for future regulatory and non-regulatory responses to reduce emissions.

Finally, we take a long look at what's next for sustainable finance, including an updated report from the Toitū Tahua's recent inaugural gathering.

I hope you find this issue as essential, inspiring and informative as I do.



### Tāmata Hauhā:

#### Using carbon to transform Māori whenua potential

Tāmata Hauhā is an initiative that utilises carbon sequestration and the New Zealand Emissions Trading Scheme (ETS) to create income to enable Māori landowners to develop and diversify their whenua into profitable forestry, agricultural or horticultural land

Literally meaning 'growth or restoration from carbon dioxide', Tāmata Hauhā is the result of a meeting of minds between Blair Jamieson and Lance lwikau, two former MPI Māori agribusiness advisers.

Motivated by a desire to see Māori positioned to buy back whenua that had been lost and frustrated by what they saw as well-meaning government projects that were not always helpful on the ground, they started to look at Māori land that was of marginal productivity, graded 6-8, to explore how carbon might become an enabler of greater value. After a few conversations, Blair and Lance combined their skills and backgrounds to frame-up their idea.

A meeting with Brent Ogilvie of investment firm Pacific Channel – which had been working for five years to find the best way to contribute its skills and networks to help Te Ao Māori at scale – led to the formation of Tāmata Hauhā on 24 October 2021. Within three months it had secured enough funding and interest from Māori land owners to plant three million trees.

To explain how Tāmata Hauhā works, first Māori landowners make available their land (without debt or change of whenua ownership), then Tāmata Hauhā provides all the necessary finance and operational support to plant the land. Once a forest is planted, the project is registered in the ETS to earn carbon units which can be traded or sold. Profits are shared 50:50 over an approximate 20-year timeframe. At the end of the project term, the forest is returned, and the landowner receives 100% of the ongoing profits from the forest. All stakeholders in that time will have created a positive environmental and social impact and generated a good return on their investment.

#### Tāmata Hauhā:

#### Using carbon to transform Māori whenua potential

Programmes provided and managed by Tāmata Hauhā include permanent forestry, permanent transitional forestry, and production forestry. The choice of exotics and natives is determined through discussions with landowners to provide consideration to the balance of native-exotic planting and of kaitiakitanga. This can lift the productive contribution of low productivity land, which may not be able to be used for other productive uses, from often \$85 per hectare per year to between \$1000 and \$1300 per hectare per year.

Tāmata Hauhā manages the whole project on behalf of the landowner and provides options to ensure that each whenua is looked after for the long-term. This can involve providing the finance for purchasing and planting the trees, preparing the land, planting the trees, and managing the forests.

"We also complete all the paperwork and the dealings with Government departments and liaison with land-ownership groups," says Blair.

So far Tāmata Hauhā has planted 330 hectares of land, and its aiming to close on 2,000 hectares by late October this year. Soon to plant 200,000 seedlings per week, the goal is to plant two million seedlings this year.

Tāmata Hauhā management are all Māori landowners and understand the struggles and shortage of suitable finance to develop the whenua. Tāmata Hauhā's aspiration is reflected in its tohu (logo), with the three circular units representing 'he whenua', 'he tāngata' and 'he taurikura'.

"Just as the molecular structure of  $CO_2$  mirrors the linking of carbon and oxygen molecules, so too are the whenua and the taurikura linked to tāngata whenua – they are not distant or disconnected as they have been in recent history. At its heart, Tāmata Hauhā is about increasing the capacity and connectedness of people and whenua, increasing Māori prosperity, and delivering sustainable environmental outcomes for future generations – while understanding shorter term profit is important," says Blair.

Tāmata Hauhā stakeholders accept that success and prosperity is aligned with the wider aspirations and goals of Māori landowner partners.

"This means working with landowners to understand their aspirations and goals. We want to know first what they are thinking, to understand their goals, and then formulate the business plan. We see carbon as the enabler; to improve your land, you need carbon sequestration and cash flow. We



want to be an enabler of hapū objectives, and try to do so in a sustainable way, creating a nursery for future generations – a future for native forests," says Blair.

Feedback from Māori partners so far has been hugely positive. Tāmata Hauhā is now looking at designing an ESG bond to scale up. MinterEllisonRuddWatts is proud to be working with Tāmata Hauhā to help achieve its ambitions.

### Clear path towards emissions reduction

By Stephanie de Groot, Partner, MinterEllisonRuddWatts



Key parts of the framework influencing New Zealand's response to climate change over the next 13 years have now been set:

- three five-yearly emissions budgets;
- an emissions reduction plan to meet these budgets; and
- a national adaptation plan to build resilience to climate change.

The actions identified by this framework set the scene for future regulatory and non-regulatory responses to reduce emissions. They will affect all sectors, particularly transportation, planning and infrastructure, energy and resources, agriculture, forestry, and waste management.

This climate framework highlights that emissions-heavy industry will need to pivot over time and everyone will need to better understand their climate risks so they can prepare and adapt for our changing future.

# There is a cap on emissions until 2025 and indicative until 2035

Three budgets have been set. The 2022-2025 budget matches the Climate Change Commission's advice. The budgets for 2026–2030 and 2031–35 are slightly more ambitious than both the Climate

Change Commission's advice and the budgets consulted on by the Government in 2021.

While the first budget is capped, there will be a review in 2024 and 2029 in light of progress made on actions in the Emissions Reduction Plan. So, the later budgets may change.

# A plan to reduce emissions has been identified

New Zealand's first Emissions Reduction Plan (Plan) sets out the Government's strategy to achieve emissions reductions and meet the emissions budgets. This has approximately 300 actions affecting a range of sectors. Many of these actions are broadly stated, with details not fully scoped. These actions indicate the nature of regulatory and non-regulatory methods that may be introduced to drive change.

Budget 1 2022-25

290
megatonne

of carbon dioxide equivalent greenhouse gasses

72.4 megatonnes/year

Budget 2 2026-30

305 megatonnes

of carbon dioxide equivalent greenhouse gasses

61 megatonnes/year\*

Budget 3 2031-35

240 megatonnes

of carbon dioxide equivalent greenhouse gasses

48 megatonnes/year\*

\*in principle

#### Some of the key sector actions identified in the Plan



#### Agriculture

An emissions pricing mechanism will be implemented by 2025 and \$340m will be invested in a Centre for Climate Action on Agricultural Emissions to research ways to reduce methane on farms.

Funding will be provided for producers to receive climatefocussed advisory services and tikanga-based programmes.



#### Transportation

The Plan aims to rapidly adopt low-emissions vehicles, improve EV-charging infrastructure and begin work to decarbonise heavy transport and freight.

A scrap-and-replace initiative and a low-emission vehicle leasing scheme will be trialled to incentivise New Zealanders to make the transition to clean transport alternatives.



#### Forestry

Permanent exotic forests will be disincentivised, native forests encouraged and Māori forestry aspirations will be supported.

A forestry and wood processing industry transformation plan will be developed to grow the domestic wood processing industry and identify options to attract investment in the production of low-emissions wood products and biofuels.



#### **Energy and industry**

A strategy and specific targets to guide further decarbonisation efforts has yet to be set, including a target for 50 per cent of total final energy consumption to come from renewable sources by 2035.

There are actions aimed at improving business and consumer energy efficiency and reducing our reliance on fossil fuels, some through existing programmes.



#### Planning and infrastructure

With decisions about land use, resources and infrastructure also affecting New Zealand's emissions pathway, there are expectations that change will be created through the resource management system reform underway, approaches to infrastructure funding and financing and integrating climate mitigation into central government decisions on infrastructure.

Work will be undertaken to identify ways to support the private sector to deliver lower emissions development.

## Adaptation to climate change is needed

New Zealand's first national adaptation plan: *Urutau, ka taurikura: Kia tū pakari a Aotearoa i ngā huringa āhuarangi – Adapt and thrive: Building a climate-resilient New Zealand* (National Adaptation Plan) was finalised in August this year.

The National Adaptation Plan sets out how New Zealand will adapt to the impacts and risks of climate change over the next six years.

It is clear that the costs of adaptation will be shared with local government, homeowners, business owners, banks and insurers.

The first National Climate Change Risk Assessment identified 43 priority risks from the impacts of climate change. These included sea level rise, risks to drinkable water supplies due to changes in rainfall, and risks to buildings due to extreme weather events, flooding, and fires.

Those risks informed the four priorities that underpin the National Adaptation Plan:

- 1. Enabling better risk-informed decisions;
- 2. Driving climate-resilient development in the right places;
- 3. Laying the foundations for a range of adaptation options including managed retreat: and
- 4. Embedding climate resilience across government policy.

#### Critical actions in the National Adaption Plan



Managed retreat legislation: In the next electoral cycle, the Government intends to create specific legislation focused on managed retreat. This is expected to create a framework that enables relocation of assets, activities and sites of cultural significance away from areas at risk of climate change and natural hazards, within a planned period of time.



Access to climate risk data will be improved: Latest climate projections data is expected to be shared. as well as guidance to help people assess and manage their own climate risks.



Flood insurance may be introduced to respond to flood risk: Further work is proposed to develop options for home flood insurance given the increased risks associated with flooding and improved risk information. It is unclear if the Government will have a direct role in supporting flood insurance.



More funding proposed: A Climate Emergency Response Fund of \$4.5 billion from the New Zealand Emissions Trading Scheme is expected to be used to meet climate objectives. A sovereign Green Bond programme is expected to raise finances for low-emission and environmental projects, such as renewable energy or reforestation.

### Mind the gap

Dellwyn Stuart, MindTheGap Co-Founder, discusses why businesses in New Zealand should measure and report their pay gaps, what's involved, and how they can benefit from doing so.



New Zealand is falling behind internationally on addressing its pay gaps according to the MindTheGap campaign.

Launched in 2021, to address the pay gap in New Zealand, MindTheGap has three tangible objectives: for employees to #Just Ask their employers about the pay gap, to get New Zealand businesses to publicly register their pay gap and to encourage the government to make pay gap reporting mandatory.

MindTheGap Co-Founder Dellwyn Stuart says, in New Zealand the pay gap has stayed at 9.1 per cent for more than 10 years but Strategic Pay says that gap is likely to be as much as 18 per cent in corporates. This means for every dollar a Pakeha man earns, a Pakeha woman earns \$0.89, a Māori man earns \$0.86, and a Māori woman earns \$0.81.

A recent report by the Global Institute for Women's Leadership prepared for the United Nations says internationally there is a growing appetite for change, with the United States, European Union and countries from Ireland to Israel pushing to introduce systems to promote greater pay equality in the workplace.

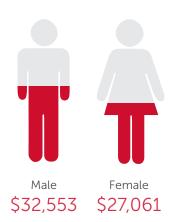


Dellwyn says the negative implications of gender pay gaps can be connected to poorer health outcomes for women and children, and lead to more women living in poverty in old age. And she says women have suffered disproportionately during the pandemic and have been excluded from their employment at higher rates than men.

Gender pay gaps reflect women's underrepresentation in senior roles, over-representation in low-paid and insecure work, the unequal distribution of unpaid caring work and the impact of bias and discrimination.

Earning less through a lifetime of working also impacts retirement. A recent report from the Retirement Commission shows men's KiwiSaver retirement savings are 20 per cent higher than that of the average woman. The report shows men's average

#### KiwiSaver average savings



balances are \$32,553 compared to women's \$27,061, based on almost 3 million members.

The widest gaps in balances are between men and women in their 40s and 50s, a time of life when the power of compound interest starts to wane. On average, women in their 40s have about 30 per cent less money in their KiwiSaver than men. Women in their 50s have about 32 per cent less than men.

Dellwyn says MindTheGap is seeking legislation to require businesses to publicly report their pay gaps. There is evidence that this works in other countries where businesses have begun to shrink the gender pay gap by between 20 and 40 per cent.

Analysis applying what the impact of pay gap reporting has been in other countries to New Zealand showed that a woman earning the current median wage (\$26.37 per hour) could receive \$12.80-\$35.77 a week more.

Dellwyn says while \$35 may not sound like a lot, it could make a difference to the lives of some employees.

"\$35 a week is an extra eight loaves of bread, or five dozen eggs, or another 12 litres of petrol. That could make a difference in many households. We can't afford to waste any more time addressing this issue." Dellwyn says there are many positives for businesses to address their pay gaps.

"As well as ensuring employees equality, increasingly, consumers are making spending decisions based on pay gap data reporting. And women are also more likely to apply for jobs with companies with lower pay gaps."

There is widespread public support for pay gap reporting in New Zealand. A poll shows that more than half of New Zealanders (58%) believe that large businesses should be required to share any pay gaps regularly and publicly (women 62 per cent, men 54 per cent). A similar amount said they were concerned about large pay gaps and 68 per cent agreed large businesses should be required to make pay gaps known to job candidates.

Mind the Gap is calling for the Government to work with businesses to agree on a standardised approach to reporting and introduce pay gap reporting legislation with urgency. Mandatory reporting is already in place for the New Zealand public service.

So far 55 out of an estimated 5000 companies with more than 50 employees are reporting their gender pay gaps on The MindTheGap's Public Pay Gap Registry.

Seven of those are also reporting their Māori and Pasifika pay gaps.

\$35 a week is an extra eight loaves of bread, or five dozen eggs, or another 12 litres of petrol. That could make a difference in many households. We can't afford to waste any more time addressing this issue."

Dellwyn Stuart MindTheGap co-Founder

MinterEllisonRuddWatts is the first and only New Zealand law firm to report its gender and ethnic pay gaps.

### What's next for sustainable finance?

By MinterEllisonRuddWatts Partner Kate Lane and Senior Associate Allison Hancock, and Toitū Tahua: Centre For Sustainable Finance Chief Executive Jo Kelly

Toitū Tahua: Centre for Sustainable Finance held its Inaugural Partners' Gathering in April this year, generating a range of excellent insights into sustainable finance in New Zealand. To set the tone, attendees were challenged to consider what assumptions were held about sustainable finance in the last 12 months that turned out not to be true, and what that means for collective efforts going forward.

Sustainable finance continues to evolve at pace here in New Zealand and around the world. We have made some predictions on what we might see over the next 12 months.

#### Follow the leader

While this is changing, New Zealand and the broader Asia Pacific region has traditionally been a follower rather than global leader in sustainable finance markets.

Offshore, Green Bonds have typically been the leading sustainable finance product by volume. This has also been the case in New Zealand. Late last year, the New Zealand government announced plans to commence a Sovereign Green Bond Programme, with the first issuance later this year.

More recently, products linked to meeting key performance indicators such as sustainability-linked loans and sustainability-linked bonds are becoming more common and are commanding a greater share of the market.

Sustainability-linked products are open to a wider variety of debt seekers as they do not restrict the use of proceeds to a particular green project. This provides borrowers with greater flexibility.

Last year, we saw a sharp uptake in New Zealand sustainability-linked bank loans, with over \$3 billion in loans announced to the market in 2021. Globally, sustainability linked loans rose 300% in 2021 to \$717 billion.

There are a number of initiatives happening overseas. In some countries, governments are offering carrots rather than sticks to encourage greater use of sustainable finance products. For example, the Hong Kong and Singapore governments are offering grants to help with the cost of



Kate Lane
Partner
MinterEllisonRuddWatts



Allison Hancock
Senior Associate
MinterEllisonRuddWatts



**Jo Kelly** Chief Executive Toitū Tahua

external reviews (external reviews are an important aspect to demonstrate the alignment of the product with the relevant industry standards).

Over the next 12 months, we expect the New Zealand market to mature with best practices continuing to develop alongside industry standards.

## Protecting sustainable finance product integrity

With increasing demand for sustainable finance products, as well as diversification and innovation in this area, greater scrutiny has followed. As the market matures, we expect to see regulators paying greater attention. Indeed, Australian Securities and Investments Commission (ASIC), recently warned investment funds in Australia against 'greenwashing'.

- 1 <u>How sustainable is New Zealand's</u> finance, KPMG
- 2 <u>Sustainable finance continues to surge in</u> 2021, Refinitiv

#### What's next for sustainable finance

In New Zealand, the Financial Markets
Authority (FMA) recently published its review
of how managed funds are applying the FMA's
2020 Integrated Financial Products Guidance
(for financial products that incorporate
non-financial factors, such as ESG, alongside
financial factors). While the review relates to
funds, many of the FMA's comments could
equally apply to bond issuers. The FMA says
it will continue to monitor the market to
prevent complacency and the entrenchment
of poor disclosure.

We also expect to see industry standards and expectations continue to tighten and drive ambition as we have seen already. New Zealand's first Stewardship Code for investors is currently being developed for a late September launch. In the National Adaptation Plan released in August, the Government committed to developing definitional tools to encourage greater investment in 'green' projects. The plan notes that a 'green' taxonomy to identify a common definition of climate and nature-positive investments could help guide businesses that are investing in adaptation and mitigation to protect against greenwashing, as well as support greater international investment in New Zealand's climate-resilient projects, including nature-based solutions.

It is vital to the integrity of sustainable finance that transparency and ambition remain key pillars of sustainable finance.

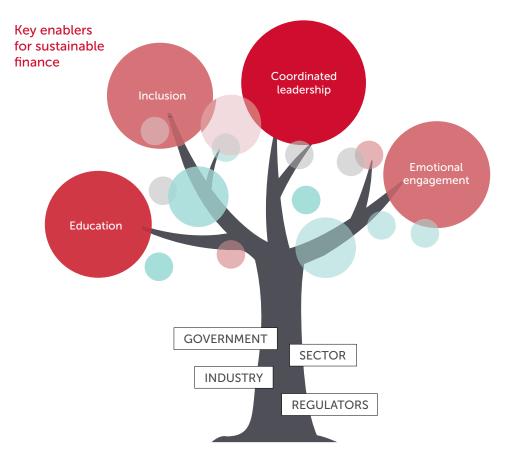
### Why does all this matter – beyond climate change?

Sustainable finance has a crucial role to play in mitigating and adapting to climate risks and financing New Zealand's transition to net zero emissions by 2050.

Accordingly, Toitū Tahua (the Centre for Sustainable Finance) was established to coordinate, accelerate and monitor implementation of the Sustainable Finance Forum's 2030 Roadmap. The Centre's approach to implementation has been to convene a growing network, which currently consists of more than 80 market participants, collaborating across the eleven recommendation areas of the Roadmap.

Insights from the Centre's inaugural Partners' Gathering reinforced that key enablers identified in the Roadmap, such as inclusion, education and coordinated leadership (from industry, the financial sector, government, regulators) are paramount for achieving the level of transformation required to enable sustainable finance at scale and realize an equitable transition to Net Zero by 2050.

Partners of the Centre readily recognise that talent has a significant role to play in sustainable finance, both in terms of increasing financial sector capability and the employer value proposition. The draw of sustainability, especially to younger generations who expect demonstrable



progress, cannot be understated.

Organisations that 'lock in' sustainability performance, by utilising sustainable finance products such as sustainability-linked loans, are realising cultural, recruitment and other benefits in addition to better pricing.

#### Staying the course

Transitioning to Net Zero is a mammoth task, that requires us to stay the course, and preserve the integrity of sustainable finance.

MinterEllisonRuddWatts will be hosting the Centre's second partners' gathering in early November. We can't wait to see what comes out of that.

### Who did you help today?

By Stacey Shortall, Founder of Who Did You Help Today? and Partner at MinterEllisonRuddWatts, and Sarah Jack, Who Did You Help Today? Trust Manager



Both a thought-provoking question, and the name of a charity that aims to connect New Zealanders with opportunities to make a difference in their communities.

The name and premise of the Who Did You Help Today Trust was born of that simple question that Stacey Shortall, founder of the Trust and MinterEllisonRuddWatts Partner, asks her tamariki around the dinner table each evening.

And it is a question that has resonated strongly with New Zealanders from all walks of life since the Who Did You Help Today Trust was established in 2015, and has led to thousands of volunteers helping their fellow Kiwis.

"Many people want to help and are deeply concerned about the inequities permeating our society, but don't know where to start or how to channel their energy and resources," says Stacey.

"More and more workplaces are also focusing on their ESG objectives and are looking for ways that their employees can give back to the communities in which they operate."

Who Did You Help Today? exists to connect those people and workplaces with opportunities to make a positive difference.

While those initiatives are the key focuses for Who Did You Help Today?, Stacey is quick to point out that helping need not be a big gesture.



#### Who did you help today?



Some issues look really big, but something small always helps. You might not know the impact your interaction will have, but it may help someone at a low point in their life."

Stacey Shortall

"My children have grown up thinking it's what everyone does. They might answer, they passed the ball to someone who doesn't always get a shot, picked up a lunchbox a child dropped at school or helped me unload the car."

The same is true of helping as an adult. Stacey says, "Some issues look really big, but something small always helps. You might not know the impact your interaction will have, but it may help someone at a low point in their life."

At its heart, Who Did You Help Today is based on the belief that the social and environmental issues facing New Zealand (be it housing, cost of living, climate change, violence, access to quality health care and education cannot be meaningfully solved until we address the chronic inequities that contribute to them. The very first step in addressing those inequities and the myriad of causes must be building empathy and understanding.

Who Did You Help Today? exists to give people the opportunity to help fellow New Zealanders and, in so doing, build the empathy and understanding we need to move forward as a more fair, equitable and sustainable Actearoa New Zealand.



If you are interested in volunteering for any of Who Did You Help Today? initiatives (as an individual or a workplace), or would like to support us in another way, please contact our Trust Manager at <a href="mailto:trustmanager@whodidyouhelptoday.org">trustmanager@whodidyouhelptoday.org</a> or visit <a href="mailto:whodidyouhelptoday.org">whodidyouhelptoday.org</a> for more information.

# Who did you help today? initiatives



Homework Club pairs a workplace with a low decile school. Volunteers attend once a week during term time to work with the tamariki in whatever way the school thinks will best support their learning.

Homework Club runs a very flexible model that aims to meet the needs of the particular school and tamariki – it might be helping of help with homework or reading, playing board games or sports, or one-on-one attention and discussions.

The spirit of Homework Club is reciprocal – the tamariki spend time with adults with different careers and backgrounds who are taking an interest in their education journey, and the volunteers get to experience the energy and potential that exists amongst New Zealand's tamariki, gaining a deeper understanding of the additional challenges faced by far too many.

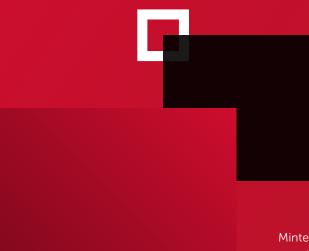
HelpTank is an online platform that matches not-for-profit organisations with volunteers with the skills to help them. Individuals sign up on HelpTank.nz listing their skills and interests and are automatically notified when a not-for-profit posts a matching project.

HelpTank is a free resource for community organisations and has enormous potential to help them build capacity and increase their impact by getting access to the skills they need to advance their kaupapa.

HelpTank currently has more than 1600 volunteers registered and over 690 not-for-profit organisations.

Mothers Project sends volunteer lawyers into women's prison facilities across the country to help wāhine with any issues concerning their tamariki. Maintaining connections between mothers and their children during a period of incarceration has been shown to benefit for both mother and child, but the practical realities of geography, lack of access to phone and audiovisual links and the challenges of the prison environment often make this very difficult.

Mothers Project volunteers can help in all manner of ways, but often make phone calls to family members, caregivers or Oranga Tamariki and other support agencies, put the mother in touch with a legal aid family lawyer, provide an update or photos of a child, or even just explain her rights as a parent and aspects of the family court process.



MinterEllisonRuddWatts is taking an active role in Aotearoa New Zealand's sustainability journey.

We are passionate about helping to shape New Zealand's future, and we believe in using our collective skills, time and resources to make a positive impact for our people, our clients, our communities and our planet.

Sustainable Impact is a collection of articles highlighting New Zealand's progress towards a sustainable future, curated by our firm. To discuss any of the themes or topics in this issue, please get in touch.

#### Holly Hill

Sustainability Leader and Partner

- **E** holly.hill@minterellison.co.nz
- **P** +64 4 498 5173