

Summary of revisions and rationales to the NZ Taxonomy climate change mitigation technical screening criteria

This document shares a summary of **the themes of feedback received and rationales for revisions made or not made** to the draft NZ Taxonomy climate change mitigation technical screening criteria (TSC) for the agriculture and forestry sectors, based on feedback received in the first public consultation (June 2025).

Public consultation feedback resulted in an extensive number of revisions, not all of which have been documented here. If you would like to receive details related to a specific piece of feedback, please contact taxonomy@sustainablefinance.nz and we would be happy to assist.

CSF extends thanks to all consultation respondents whose time and inputs have helped shape the next iteration of the Sustainable Finance Taxonomy for Aotearoa New Zealand.

Major areas of revision

Feedback themes	Changes made and rationale
Further development of the whole-of-farm activity, including development of a ‘transition’ classification: Stakeholder feedback both during and after the June 2025 consultation largely supported the development of the whole-of-farm activity. As such, this activity has remained. Many stakeholders also understood the stringent nature of the ‘green’ threshold (others didn’t, see contesting feedback below). Almost all supported the development of a transition whole-of-farm activity which provided a pathway for farms making improvements over time. Emissions intensity measures (e.g., CO₂e/kg) were preferred for the transition whole-of-farm activity.	Development of the transition whole-of-farm activity gave consideration to a range of concerns expressed by stakeholders, including available data, appropriate industry benchmarks, not penalising already efficient producers while also encouraging further emissions reductions, farm systems variability, regional variations, seasonal/climatic variations, and mixed farming systems. While not perfect, the technical groups sought to provide practical pathways for a wider range of proponents to align with the whole-of-farm activity and to encourage industry data to be developed to support this. See proposal for second public consultation under Climate Change Mitigation Substantial Contribution Criteria A0. We welcome feedback on the proposed approach in this second consultation.
Removal of some activities not deemed to be making ‘substantial contribution’ to climate change mitigation: Stakeholder feedback raised concerns specifically about the contributions of	Following a review of evidence for climate change mitigation potential, both these activities have been removed from the mitigation criteria. The technical groups highlighted that Transition Forests are highly relevant for climate change adaptation and resilience (A&R), where shorter-term measurable outcomes can be demonstrated. Proponents can therefore still demonstrate NZ

Transition Forests and Onsite Wood Processing to the climate change mitigation objective.	Taxonomy-alignment for Transition Forests through the climate change A&R process-based approach. The technical groups caveated that inclusion of Transition Forests in the climate change mitigation criteria should be reconsidered if new evidence shows significant emissions reduction potential over a shorter timeframe and noted that establishment and management of forests with mixed species could still be classified under the afforestation and reforestation activities. The technical groups recommended Onsite Wood Processing activities could be included in the NZ Taxonomy's circular economy or biomass criteria for energy instead.
Alterations to the inclusion of methane/nitrous oxide mitigation technologies in the criteria: Varying views were expressed about when emerging methane/nitrous oxide mitigation technologies should be expressly included in the criteria (noting that the supporting measures for agriculture section already makes provisions for research and development investments). Concerns were also raised about the inclusion of efficacy thresholds being premature and difficult to assess.	The technical group agreed that inclusion of a technology or product in the Ministry for Primary Industries (MPI) farm emissions calculator tool and/or approval under the Agricultural Compounds and Veterinary Medicines (ACVM) framework could be used as a proxy for demonstrating readiness for inclusion as a Taxonomy-aligned activity. They also agreed to remove efficacy thresholds and instead, use inclusion in the MPI tool or ACVM approval as a proxy for efficacy. This approach avoids arbitrary thresholds that exclude meaningful reductions (e.g., 9%).
Clarification of expectations for the use of Farm Environment Plans: Stakeholders highlighted inconsistent use of language regarding plans required to demonstrate adherence to process and requirements of the climate change mitigation criteria as creating confusion and possible unnecessary burden on farmers.	Updates have been made throughout the criteria for clarity, consistency, and to incorporate technical suggestions. Primarily, all references to aspects of farm plans have been updated to consistently require "Farm Environment Plan (FEP)" for verifications, with suggestions for which components must be included to meet relevant criteria. A description of what is meant by an FEP, including what it covers, has been added to the glossary.
Revisions to forestry definitions: Concerns were raised that the definitions of forest and deforestation did not align with New Zealand Emissions Trading Scheme (NZ ETS) or NZ national Greenhouse Gas (GHG) Inventory definitions – which could create confusion by introducing a third definition (NZ ETS, European Union Deforestation Regulation, NZ Taxonomy) and may not work effectively for both avoiding deforestation and promoting afforestation/restoration.	The technical groups spent considerable time reviewing the definitions and made revisions with the aim of increasing consistency, providing clarity, building in flexibility/usability and preventing perverse outcomes. See updated definitions in the document. The definition of 'forest' has been revised to align with the Food and Agriculture Organization of the United Nations (FAO)/ Accountability Framework initiative (AFi) definition of forest (0.5 hectares, 5m tree height, and 10% canopy cover). The NZ ETS definition was not adopted, as it focuses narrowly on landowners claiming or surrendering carbon credits. In contrast, the FAO/AFi definition is designed for global land-use monitoring and environmental protection. The technical groups felt that the FAO/AFi definition could also be used to define forest for activities, with the rationale that productive forests would still seek to

Additionally, inconsistencies in the draft, as well as lack of definitions for concepts such as ‘natural’ or ‘permanent’ forests raised concerns.	align with the NZ ETS for commercial reasons related to both production and carbon credits. The final bullet in the explanatory notes has been amended to clarify that the 5m height requirement does not apply to certain native species under specific conditions, to ensure that NZ’s unique growing conditions and species are accounted for and protected from clearing. Regarding the definition of ‘natural forest’: Natural forests are simply forests with additional detail. Standard forest thresholds (canopy cover, tree height, etc) apply, and a note has been added to the preamble to clarify this. The phrase ‘permanent forest’ has been removed. Consideration has also been given to the inclusion of timeframes of a forest, and the drafted 25-year time frame has been retained.
Strengthening and ensuring usability of Do No Significant Harm (DNSH): Respondents requested that erosion risk be addressed further in agricultural measures and greater consideration be given to building resilience. Suggestions were made to use proxies to support DNSH data verification. Concerns were raised about wording differences between the NZ and Australian taxonomies and potential interoperability issues.	The technical groups updated the specific DNSH criteria for grazing and cropping to now require erosion risk assessments, with mitigation plans for high- and very high-risk areas. Clauses for afforestation in highly erodible catchments have also been added. These requirements are also now included in the climate change mitigation substantial contribution (SC) criteria as extra safeguards, given that DNSH is not mandatory initially (see below). Clauses have been added to forestry-specific DNSH criteria as well as SC criteria, to assess and mitigate long-term climate risks and enhance resilience to threats such as pests and diseases. The technical groups also noted that now, the draft climate change A&R criteria provide pathways for proactive resilience measures to be Taxonomy-aligned. The technical groups agreed with using proxies of existing data and verification schemes. The preamble of the generic DNSH criteria now notes that users may demonstrate compliance using evidence from industry assurance schemes, supply chain programmes, or similar initiatives – noting that these schemes can provide data for verification but do not, on their own, confirm that proponents meet the DNSH criteria. NZ Taxonomy’s DNSH criteria are based on the Australian Taxonomy and generally align closely, with differences only where necessary to suit NZ’s context. The term “substantial” was originally used in the NZ DNSH instead of “material” to avoid confusion with “materiality” in the accounting sense, but it has now been reverted to “material”, with a clarifying note to prevent misunderstanding. Wording for Pollution Prevention and Control and Circular Economy DNSH has also been updated to align with the final Australian Taxonomy criteria.
DNSH to protect against perverse incentives for land-use change: Feedback from stakeholders generally expressed concerns about creating incentives for the conversion arable land to mono-forest.	While the NZ Taxonomy is not a tool for land-use change, the technical groups agreed that additional protections against perverse signals were needed. A specific DNSH criteria was added for land use conversion under Circular Economy.
DNSH and Minimum social safeguard (MSS) simplification:	The technical groups agreed to make DNSH and MSS optional initially to encourage uptake, with a phased rollout for entities with 20 and more employees.

There was strong support for a simplified, proportionate DNSH/MSS framework for SMEs to reduce compliance burden while maintaining integrity.	New requirements have been added to the SC criteria to ensure that, without a mandatory DNSH in place, activities contributing substantially to climate change mitigation don't cause harm in the biggest risk areas for other environmental objectives (e.g., protection and restoration of biodiversity and ecosystem, sustainable use and protection of water resources and marine resources).
---	---

Other key feedback not resulting in revisions

Feedback theme	Rationale for no revisions
NZ Taxonomy methodology and criteria should be strengthened to increase stringency/drive transformative change: Some respondents were concerned that the NZ Taxonomy was not stringent enough in defining climate change mitigation activities, nor with thresholds set for performance. It was also suggested that 'transition' activities should not be considered NZ Taxonomy-aligned and only 'green' activities warranted alignment.	The technical groups reviewed criteria with thresholds and determined that they did attempt to establish ambitious but achievable emissions reductions targets, despite limitations on data and performance benchmarks. If additional evidence about specific measures becomes available, the NZ Taxonomy should be revised. In line with the Independent Technical Advisory Group (ITAG)'s recommendation and the Minister of Climate Change ("the Minister" thereafter)'s direction, the technical groups support the inclusion of a 'transition' category. Globally, almost all sustainable finance taxonomies include 'transition' categories or concepts, to facilitate the decarbonisation of hard-to-abate industries, which is a crucial part of NZ's climate transition. The NZ Taxonomy is intended to operate within a broader ecosystem of national policies, sector-specific emissions reduction plans, emissions pricing mechanisms, and corporate efforts. While the NZ Taxonomy may signal desirable practices, it is not intended to drive transformational change on its own.
NZ Taxonomy's 'green' methodology and label should be expanded or renamed: Some respondents suggested expanding the definition of 'green' (specifically as it relates to agriculture) to include farmers following a Science Based Targets initiative (SBTi) trajectory or operating within a 1.5°C-aligned supply chain. Implicit confusion also existed about the label itself. Stakeholders sometimes interpret 'green' as a holistic sustainability rating, rather than as alignment with a specific environmental objective under the NZ Taxonomy. As such, suggestions were made to change the label name.	This feedback has been considered and discussed extensively by the technical groups, but no changes were made. Paris-alignment was recommended by ITAG and endorsed by the Minister and aligns with approaches taken in taxonomies from other jurisdictions. The technical groups disagreed that being part of a Paris-aligned supply chain is an appropriate proxy for substantial contribution at the individual farm level. The groups also considered SBTi alignment, however disagreed that the Oceania SBTi trajectory represented ambitious climate change mitigation trajectory in the NZ context, given the regional catchment. The name 'green' has been retained for interoperability with global market participants. Communications will be improved to ensure the meaning of both categories is clear.
The NZ Taxonomy should align with specific pathways and sector transition plans: Throughout the feedback, emphasis was placed on linking the NZ Taxonomy	The technical groups agreed with the importance of transition planning for entities, sectors and the economy. However, transition plans do not consistently exist across industries or entities, and developing or mandating them is beyond the scope of the NZ Taxonomy. Instead, the NZ Taxonomy can provide a menu of activities that can meaningfully decarbonise activities.

to entity transition plans and sectoral strategies, and on adopting a more holistic, sector-based approach in future iterations.	The technical groups reviewed several pathways for activities that could be included in the NZ Taxonomy, including international pathways and the Climate Change Commission's high technology and high systems change (HTHS) scenario. Where sector plans already include robust technologies and practices aligned with global scientific consensus, these have been included in the NZ Taxonomy.
Recognising best-in-class operators: Stakeholders were concerned that thresholds set for some measures may exclude already emissions efficient producers and/or regional variations/systemic biases.	The technical groups explored this issue extensively, including in discussions with industry bodies and key stakeholders, but found that establishing consistent, applicable benchmarks for best-in-class performance on specific measures is not yet feasible. The technical groups have, however, included such an approach for the transition whole-of-farm activity, providing a signal for the development and increased availability of these benchmarks at a commodity/sector level. As this data develops, this approach can be reconsidered for inclusion in other measures as well.
NZ Taxonomy criteria for the green whole-of-farm activity are too stringent: Some stakeholders expressed concern that the 'green' whole-of-farm threshold was unachievable for livestock farmers. Additionally, some stakeholders were concerned about the exclusion clauses that prevent proponents from achieving whole-of-farm activity alignment.	Feedback on the whole-of-farm activity has been thoroughly considered by the technical groups. However, changes have not been made to 1 tCO₂e/ha net emissions for the green threshold. The technical groups agreed that the threshold should be intentionally stringent to align with the NZ Taxonomy's definition of 'green', as detailed in the methodological design features report. They noted that no proponent is required to align with the whole-of-farm activity, and both the new transition whole-of-farm activity, and transition measures are available for proponents who cannot meet this threshold. The 'green' category primarily recognises farms that are already highly efficient. In practice, it is expected only a small number of farms – mainly in viticulture and horticulture – will meet the green whole-of-farm requirement. The 'transition' category has been further developed from the previous draft proposal to recognise efficient production practices that do not meet the stringent green threshold but are considered sector-leading, as well as those on the journey of substantial emissions reductions. Both 'green' and 'transition' categories for the whole-of-farm activity are considered NZ Taxonomy-aligned. The technical groups see this combination as best serving the NZ Taxonomy's purpose and credibility while supporting a range of options for alignment from proponents. The technical groups also reviewed the exclusions associated with whole-of-farm activity alignment. They agreed no changes should be made to these exclusions, given the high-bar for whole-of-farm alignment and the emissions risks of the excluded activities. However, some clarifications have been added to the exclusions to ensure they are appropriately interpreted.
Not all forestry activities should be considered 'green': Concerns were raised that nearly all forestry activities have the potential to receive a 'green' classification, which relies on appropriate siting and management, avoidance of harm, long-lived forests, etc.	The technical groups agreed these were important considerations but noted that no activities (including forestry activities) should be classified as 'green', or Taxonomy-aligned unless they meet DNSH requirements (for entities with 20 or more employees after the initial implementation phase). In addition, new clauses have been added to the specific DNSH criteria to address erosion risk in both agriculture and forestry. As the technical groups have separately determined that the DNSH should initially be voluntary, requirements have also been added to the SC criteria to ensure that, without a mandatory DNSH in place, activities contributing substantially to climate

	change mitigation don't harm the NZ Taxonomy's other environmental objectives (e.g., protection and restoration of biodiversity and ecosystem, sustainable use and protection of water resources and marine resources).
Removal of activities not practiced in NZ: Feedback suggested the removal of two activities not widely practised in NZ: • Application of biochar to agricultural lands. • Improved rice management.	These activities are retained for usability and interoperability purposes. Additionally, while biochar and rice are not widely practiced, they are still practiced in NZ.
Suggestions for additional activities to include in the climate change mitigation criteria: Some stakeholders suggested that biomass-related activities should be included as a standalone activity in the climate change mitigation criteria.	The technical groups agreed to prepare draft criteria for a standalone biomass activity. However, the risks of maladaptation and increased emissions from certain biomass activities were considered too high to proceed quickly with a biomass activity for agriculture being included at this stage. Globally, other taxonomies include biomass under the energy sector, and CBI is currently developing biomass guidance, expected later in 2025. The technical groups therefore plan to continue to develop this biomass criteria and revisit its inclusion the next iteration, once the CBI guidance is available and the NZ Taxonomy criteria for the energy sector are established.
Suggestions to create a restriction on agricultural activities based on feed inputs: Some stakeholders suggested that feed inputs used to supplement farm vegetation should exclude proponents from NZ Taxonomy alignment – namely, this should include restrictions on the use of palm kernel expeller (PKE) linked to tropical deforestation.	This suggestion was not actioned. The technical groups highlighted that proponents need to align with NZ grass-fed standards for livestock management activities and reflected that feed inputs are sometimes necessary, even in predominantly pasture-based systems. They also noted that: • PKE is just one of many feed additives that could be excluded, and the NZ Taxonomy should not delve into this level of detail or assess the impacts of specific feed inputs. • PKE itself is a byproduct/leftover from processing palm oil, rather than the main cause of deforestation.
Conversion definitions and cut-off date: Suggestions were made to clarify land conversion rules, revise the definition of 'natural ecosystem' to avoid confusion between disturbances and conversion, and reconsider the 2020 cut-off date.	After consideration, no changes were made. The 'conversion' definition explicitly states that forests and other ecosystems cannot be converted. The 'natural ecosystem' definition was retained in the absence of existing accepted NZ or global guidance on distinguishing disturbance from conversion. The 2020 cut-off date was chosen to align with most other taxonomies and supply chain deforestation/conversion commitments. While the Resource Management Act (RMA) date (22 July 1991) has support from the forestry sector, it lacks agricultural buy-in, and monitoring clearance back to 1991 would be practically challenging.

Increase level of ambition and stringency for DNSH and MSS to proactively advance other environmental and social goals: A range of feedback suggested that the DNSH and MSS should go further to advance protections for specific environmental or social aims. Additionally, respondents called for specific threshold criteria for assessment, and mapping of global best-practice, particularly for the DNSH criteria.	The DNSH and MSS mechanisms in taxonomies are designed to provide fall-back protections that manage risks of perverse outcome. This is an important feature. Whereas, advancing particular goals is contained in the SC criteria. As such, while the technical groups reflected agreement with many of the aspirations of these respondents, these changes cannot be made in the scope of the taxonomy tool. The technical groups noted that setting clear thresholds for DNSH is not possible at this time, due to the lack of existing reference points in NZ. Similarly, establishing and mapping global best practices isn't within the scope of the current project. Best practices are emerging, and these are common challenge faced by taxonomies in other jurisdictions too (see notes on additional guidance below). In terms of increasing specifics to achieving the DNSH, the technical groups have looked to learn from the serious usability challenges faced by highly detailed and complex EU Taxonomy DNSH and instead supported taking a higher-level approach.
Regular reviews and updates: Many respondents emphasised the need for regular review and updates to the NZ Taxonomy.	The NZ Taxonomy is intended to be regularly reviewed and revised – across all criteria, as data, science, technology and practices evolve. However, developing the process for such reviews is out-of-scope for the current work. The technical groups strongly support this work being undertaken.
Develop additional guidance, best-practice examples, user guides and maps against existing voluntary frameworks. Stakeholders noted the need for additional support and guidance on the application of almost all areas of the TSC at both a macro level, and on specific points.	The technical working groups acknowledge and agree with this need. However, developing such guidance is out-of-scope for the current development phase, and should be undertaken in a future phase, in conjunction with market participants piloting use of the NZ Taxonomy.