

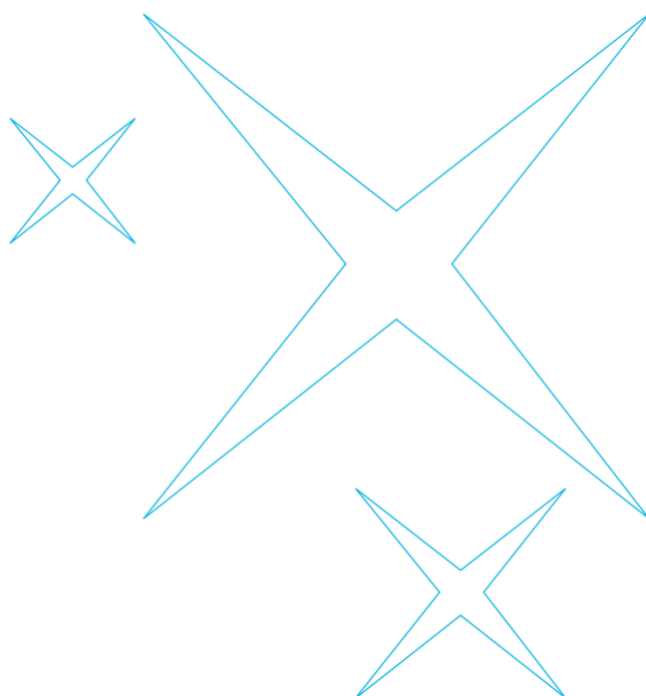
October 2026

Aotearoa New Zealand Sustainable Finance Taxonomy

Construction and Buildings sector

*Climate change mitigation, adaptation and
resilience Technical Screening Criteria (TSC)*

Focus areas for public consultation





Introduction

The draft NZ Taxonomy for Construction and Buildings criteria set out the thresholds and requirements that an economic activity must meet to be considered NZ Taxonomy aligned.

In the development of criteria, technical group members expressed differing views in a number of areas. In some areas, alternative approaches are being considered. In others, a lack of data or technical expertise means appropriate criteria details remain unresolved. This consultation is focused on understanding preferred approaches in key areas, as well as drawing out additional data and feedback to shape and finalise technical details.

To assist respondents, this document compiles all the consultation focus areas, including the context, options and key consultation questions.

Throughout the drafted criteria documents, these areas are also highlighted where they become relevant. Placeholders denote where the agreed outcomes from these areas will appear in the final criteria.

Input received through consultation will assist the groups to determine what a fit-for-purpose, usable NZ Taxonomy framework for this sector will be.

Areas where input is particularly sought are:

Under the Substantial Contribution criteria for climate change mitigation:

1. [Possible approaches to setting new and existing buildings' energy intensity targets to measure operational performance;](#)
2. [The design of a potential Transition category for the Acquisition and Ownership activity - to support the rapid transition of existing building stock;](#)
3. [The approach the NZ Taxonomy should take toward refrigerant global warming potential \(GWP\)s;](#)
4. [The inclusion and details of proxies to existing frameworks and standards;](#)
5. [The usability of criteria that protect Māori rights and interests in this sector;](#)
6. [Whether to include and if so, the minimum requirements for eligibility in relation to the construction or ownership of data centres;](#) and
7. [The appropriate thresholds for criteria that are applied based on the size of a building \(m²\) e.g., for embodied GHG emissions.](#)

Under the activity-specific Do No Significant Harm criteria:

1. [The thresholds for waste diversion targets;](#)
2. [Biodiversity and ecosystem protection/restoration requirements;](#)
3. [Whether to include and if so, the minimum requirements for eligibility in relation to the construction or operation of data centres;](#) and
4. [The requirements for disposal of high-GWP refrigerants.](#)

We welcome comments on any other aspect of the proposed draft criteria, beyond these consultation focus areas, as well.



Consultation focus areas

Climate change mitigation Substantial Contribution (SC) criteria

Consultation focus: Approaches to setting energy intensity performance targets

The draft criteria for Construction of New Buildings (Activity #1) and Acquisition and Ownership (Activity #2) include energy intensity as a metric to demonstrate operational performance. While views varied in the development, the energy intensity performance metric has been agreed as the preferred metric (as opposed to an emissions intensity metric). However, there is limited data available from the New Zealand domestic market, making it difficult to derive robust targets across all building types.

There are two approaches proposed to set the performance targets for this metric. The technical groups are seeking feedback on the preferred approach, considering both rigour and usability.

The technical groups acknowledge the data limitations for either approach, and support the methodology and targets to be updated as better New Zealand data becomes available.

Option #1 - Leveraging existing models and frameworks from the New Zealand building sector

For the Construction of new buildings, this approach would require demonstration of designed energy intensity at X% below a reference building. The New Zealand Green Building Council reference building model is proposed.

This reference building is defined in the New Zealand Green Building Council Energy Use Calculation Guide. This reference building performance is based on H1/AS2 1st edition, amendment 1 and code-compliant building systems. A relative reduction of 53% from 2031 onwards, increasing progressively from 31% in 2027, 38% in 2028, 43% in 2029 and 48% in 2030, relative to this reference building, was determined to be consistent with a Paris-aligned emission intensity level.

The target for the percentage improvement compared to the reference building is yet to be determined for the NZ Taxonomy and views are welcomed in consultation. The technical groups note the target should seek to align with a pathway to a Paris-aligned future.

For the Acquisition and Ownership of existing buildings, this approach would require alignment with a threshold consistent with the NABERSNZ star rating system or Green Star Performance rating system. Under NABERSNZ, proposed targets currently only pertain to offices, with targets for Shopping Centres, Cold Stores and Retail Stores expected in September 2026, and with other building types in the Green Star Performance system (e.g., Shopping Centres and Industrial facilities). Work to align these proposed benchmarks under the NZ Taxonomy should be pursued when robust datasets become available.

Under this option, the technical groups are also interested in views on which target ratings constitute the appropriate Green or Transition (if included – see consultation focus area [below](#)) thresholds. Current draft proxies would set the Green threshold at a 5.5 Star Rating under

NABERSNZ for Offices, with Green Star Performance as yet undefined pending consultation feedback.

Option #2 - Alignment to a performance target set by a climate-adjusted model from Australian building sector data

An alternative approach is to align with a performance target derived from other jurisdictions' data, which have been climate-adjusted for New Zealand. The methodology for these targets is outlined [here](#), and the resulting performance targets based on the current Australian Taxonomy dataset are available [here](#). These targets should be subject to regular review and updated if there are revisions to the Australian dataset. This approach relies on the Australian dataset being maintained to ensure the ongoing fidelity of the targets. No stewardship arrangement has been made for this at this time.

The technical groups note that this approach also requires a number of assumptions to be made - including that a top 15% benchmark is applied to performance data, with no certainty/evidence basis that performing above this threshold is aligned with a Paris-aligned pathway. The top 15% 'best-in-class' threshold was developed under the EU Taxonomy and replicated by the Australian Taxonomy in absence of evidence for a Paris-aligned performance metric.

Questions for respondents:

1. Do you prefer approach Option #1 or Option #2 and why? OR do you have a different proposed approach for how the NZ Taxonomy sets performance targets for energy intensity criteria? Please provide justification and any supporting evidence for your preferred approach.
2. If you prefer Option #1:
 - a. Do you have any views and/or evidence on where the percentage improvement target should be set for Construction of New Buildings? AND/OR
 - b. Any views and/or evidence on what NABERSNZ rating, and/or Green Star Performance points threshold for the Energy credit as part of a rating, would be appropriate for the Acquisition and Ownership (of existing buildings) performance threshold?
 - c. Are there any other operational performance rating frameworks/tools that should be considered as appropriate proxies for your preferred targets?
3. Do you hold any New Zealand building energy-performance data that could assist with setting or validating thresholds? * The NZ Taxonomy Secretariat will contact you to discuss this further. Agreements regarding confidentiality and use can be discussed.

See [consultation draft](#), page 25.

Consultation focus: Considering a Transition classification for Acquisition and Ownership (of existing buildings)

The draft criteria for Acquisition and Ownership provide a Green classification for existing buildings.

The technical groups are considering whether to also include a Transition classification for existing buildings.

Supporters of this approach note that some high-performing existing buildings were designed with gas systems and face heritage, spatial, structural or seismic constraints that make immediate electrification difficult. They also note that while Activity #3: Renovation and Upgrades: Building Renovation includes a Transition classification for upgrades, renovations and replacement of equipment, financing is often undertaken at a whole-building or portfolio level. In addition, the members supporting the introduction noted a Transition category for Acquisitions and Ownership aligns with the Australian Taxonomy.

This consultation seeks to explore transition pathways that could address the challenges and provide support for existing buildings:

1. currently operating legacy fossil-fuel systems; and
2. not currently meeting Green energy intensity targets,

where they are rapidly moving towards full conversion of those legacy gas systems or meeting Green energy intensity targets.

The inclusion of any Transition classification must be consistent with the NZ Taxonomy's methodology. Under the methodology, Green activities already operate at very low or no emissions, while Transition classifications are available only in limited circumstances where the activity:

1. is socially or economically necessary;
2. has no commercially available lower-emissions alternative;
3. is moving rapidly towards a Green pathway and/or can deliver substantial emissions reductions across Scopes 1, 2 and 3 beyond business-as-usual within a defined timeframe, where appropriate; and
4. avoids high-emissions lock-in.

The full Green and Transition methodology can be reviewed [here](#).

The Transition classification is intended to facilitate a credible and rapid transition of activities, beyond business-as-usual (BAU). The criteria for activities in this category must ensure and safeguard this.

The technical groups are seeking feedback on whether and how a Transition pathway(s) for existing buildings can genuinely accelerate emissions reduction beyond BAU and, if so, what criteria and safeguards would be needed to ensure this.

Respondents are invited to provide specific proposals on operationalising Transition pathways and safeguards, such as how documented and time-bound electrification plans or committed capital expenditure and milestones would be implemented through the Taxonomy criteria, ongoing

reporting and assurance requirements, what a defined sunset date for the category should be, and any exclusions/restrictions.

Questions for respondents:

1. Do you support the inclusion of a Transition pathway to support existing energy efficient buildings with legacy fossil fuel systems to be eligible for a limited time period, provided they plan to decommission fossil fuel systems in line with Green criteria by a set date?
2. Do you support the inclusion of a Transition pathway to support existing buildings which are currently performing below the Green energy intensity targets to be eligible for a limited time period, provided they plan to align with the Green energy intensity targets by a set date? It is intended this option would not be available to buildings which also have legacy fossil fuel systems.
3. If a Transition classification is included, how could the transition commitment be operationalised to ensure that in practice it delivers a credible, rapid transition beyond business-as-usual, and results in achievement of the Green criteria? e.g., what sunset date ensures transition beyond BAU, what reporting requirements and frequency could be used to credibly demonstrate progress?
4. Are there particular building types or circumstances where a Transition pathway would be most suited (i.e., no current all-electric building standard or example in market) or building types that should not be able to access this pathway? Please provide evidence or examples where possible.

See [consultation draft](#), page 32.

Consultation focus: Approach to refrigerant GWPs

Refrigerants are substances used to transfer heat in cooling and heating systems and are commonly found in building services such as air conditioning, heat pumps, chillers and refrigeration systems. Many systems in Aotearoa New Zealand currently use hydrofluorocarbon (HFC) refrigerants, which can have significant global warming potentials (GWP) and can contribute significantly to climate change when leaked during operation, servicing or at end of life.

In development of these criteria, there were varied views on how refrigerant GWPs should be addressed through a sustainable finance taxonomy. All technical group members noted the agreed ambition of the NZ Taxonomy to support the long-term temperature goal of the Paris Agreement (limiting warming as close as possible to 1.5°C) requires the progressive phase-down of high-GWP refrigerants and increased uptake of low- or near-zero-GWP alternatives, as well as effective management to minimise leakage and ensure refrigerants are recovered at end of life.

Some technical group members preferred to set thresholds for refrigerant GWPs for all new plant and equipment installs, which ratchet down over time.

Other technical group members were concerned that the New Zealand market is not yet able to support the achievement of specific threshold targets due to supply chain, installer and other market constraints, and that reducing high GWP refrigerant use through prescriptive threshold criteria at the proposed sunrise date is premature for the market at this stage. They also note confidence that refrigerant GWP phase-down will be supported through existing market incentives and national commitments.

The technical groups are seeking feedback on the preferred approach to addressing refrigerant GWPs in the NZ Taxonomy and any suggested refinements or alternatives. If a threshold approach is taken, the groups are interested in any evidence base to support availability at the proposed time horizons and/or what support the market might need to achieve such thresholds.

Option #1 - Set thresholds for refrigerant GWPs for all new plant and equipment installs, which ratchet down over time.

If respondents are supportive of Option #1, the groups are also interested in views on what suitable thresholds and a sunrise date for phase-down are.

A draft of proposed thresholds is presented in the table [here](#). It is proposed they would come into effect in Jan 2029 (sunrise date), to allow two years for market preparation.

The draft thresholds were informed by the Australian Taxonomy. Early technical feedback on the proposed thresholds with New Zealand heating, ventilation, and air conditioning (HVAC) stakeholders has been [mixed](#). There has generally been support for the proposed thresholds for 'large' systems. For 'small' systems, stakeholders expressed different views on the feasibility and timing of transitioning to very low-GWP refrigerants. For medium-sized systems, concerns have focused primarily on commercial viability and cost-effectiveness rather than technical feasibility, as well as the proposed GWP limit of 500, which would exclude projects with *new* equipment installs using R32 from NZ Taxonomy alignment, after the 2029 sunrise date. Industry suppliers also raised concerns related to supply chain, installer availability, ongoing maintenance contractor availability and potential insurance concerns for highly flammable low-GWP refrigerants.

Option #2 - No refrigerant GWP thresholds are detailed in this version of the NZ Taxonomy at this time.

Thresholds may be reconsidered for future versions of the NZ Taxonomy as the market constraints are better understood/overcome.

Questions for respondents:

2. Do you prefer approach Option #1 or Option #2, OR, do you have a different proposed approach for how the NZ Taxonomy considers the issue of refrigerant GWPs? Please provide any details and supporting evidence for your choice.
3. If you prefer Option #1:
 - a. Are the drafted GWP thresholds suitable, giving consideration to the purpose of the NZ Taxonomy (moving rapidly towards the temperature goals of the Paris agreement to limit warming as close as possible to 1.5 degrees) and usability? Please provide any alternative thresholds you propose, and any evidence that supports your response.
 - b. What sunrise date (if any) would you support for the application of refrigerant GWP thresholds for NZ Taxonomy alignment? Please provide any alternative proposed dates and evidence that supports your response.
4. If you prefer Option #2:
 - a. Should the technical groups consider any non-threshold-based practices and measures for inclusion in this area? If so, what is suggested? Please provide any supporting evidence for your answer.
 - b. What should trigger the review and consideration for inclusion of threshold-based criteria for refrigerant GWPs in the future?
5. For either option preference, please provide any further feedback about what actions, market development, or implementation support could enable the industry to achieve a step-change in this area.

See [consultation draft](#), page 20.

Consultation focus: Inclusion of proxies

The draft criteria details rating tools, certifications or other frameworks which can be used as proxies to demonstrate alignment with relevant NZ Taxonomy criteria.

The technical groups broadly support the use of proxies to improve usability, reduce duplication and recognise established industry frameworks available in this sector.

In the development process, the technical groups discussed the role of proxies in the NZ Taxonomy. The Technical Experts Groups directed that because rating systems can have different objectives, methodologies and thresholds, and can change over time, they prefer to clearly articulate the criteria for Taxonomy alignment, and also allow established tools to demonstrate alignment with these criteria to reduce burden for users.

The current draft recognises Green Star, Homestar, NABERSNZ, and Climate Bonds Initiative as proxies for specific criteria, where sufficient evidence can be provided.

The technical groups have also reviewed the Proxy Inclusion Guidance (see pages 60–62 [here](#)) on the minimum requirements for proxy frameworks to be considered for inclusion, covering the transparency, quality assurance, governance and ongoing maintenance of the frameworks.

The technical groups seek feedback on the guidance for the inclusion of different frameworks, as well as any specific feedback on the proxies currently drafted.

Questions for respondents:

1. Please identify any proxies that should be added, removed, or applied differently. Please provide supporting explanations and evidence for your recommendations.
2. Are there any additional or different safeguards you would recommend in the proposed Proxy Inclusion Guidance?

See [consultation draft](#), page 23.

Consultation focus: Refinement of clause for protection of Māori rights and interests across all criteria

All of the draft criteria for the activities include specific provisions relating to activities that affect Māori land, marae, papakāinga, wai, taonga, wāhi tapu, urupā, mahinga kai, customary resources or cultural landscapes.

The technical group members have supported the intent of including protections for Māori rights and interests, but have raised questions regarding the practical application, scope and scale of the clause, as well as the risk of creating unintended constraints.

The current draft clause reads:

Where an activity affects Māori land¹, Marae, papakāinga, wai, taonga, wāhi tapu, urupā, mahinga kai, customary resources or cultural landscapes, the proponent should show how Māori-defined environmental, cultural, social and intergenerational outcomes have been considered, and, where material, responded to in the design, delivery or decision-making for the activity.

Wherever there is evidence of a potential effect, a self-declared statement by the proponent alone is not sufficient. There should be evidence either through a cultural impact assessment (CIA) report, cultural values assessment, tangata whenua assessment or another form of evidence agreed with the relevant Māori rights-holders appropriate to the nature and significance of the effects and any applicable statutory or planning requirements.

Engagement should be conducted in line with the principle of Free, Prior and Informed Consent (FPIC), as conferred by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Where Māori interests are affected, there should be evidence of appropriate engagement with the relevant mana whenua, iwi, hapū, marae, Māori landowners or other Māori rights-holders, and that this engagement has been early enough, informed enough and sufficiently resourced to influence the outcome.

The technical groups are seeking feedback on the usability of the proposed clause and any further refinements that may be needed.

Questions for respondents:

1. Is the proposed scope of the clause appropriate, including the circumstances in which it is triggered and the Māori interests and rights-holders it applies to? If not, what refinements would you propose?
2. Are the proposed evidencing and engagement requirements sufficiently clear and practicable to apply? If not, what refinements would you propose?
3. Do you have any suggested or additional guidance, evidence pathways or refinements that would make the requirements clearer and more workable while retaining their intended protections?

See [consultation draft](#), page 27.

¹ Legally defined under [Te Ture Whenua Māori Act 1993](#) as specific categories of land in New Zealand held by Māori. It is designed to be retained, used, and controlled by whānau, hapū, and iwi as a taonga tuku iho (treasure handed down).

Consultation focus: Whether to include and if so, the minimum requirements for eligibility in relation to the construction or ownership of data centres

In the development process, some members of the technical groups requested that additional criteria be added to the draft NZ Taxonomy criteria for protections related to the construction and ownership of data centres. These members noted the potential effect of large new electricity loads on grid demand, water use, and that the potential scale of consumption from data centres warranted these additional protections.

Other technical group members acknowledged the potential effect of data centres in New Zealand and have questioned whether the Construction and Building sector taxonomy is the place to set minimum requirements. There was also feedback on whether singling out data centres means that similar consideration should be given to other possible large demand users in this or other sectors. They have also questioned whether proposed protective criteria are technically workable for the market at this stage, especially as the construction/operation of data centres in New Zealand is nascent.

The technical groups are seeking feedback on the preferred approach to treatment of data centres from the below options:

Option #1

Specific criteria are detailed to **provide additional protections and considerations** (alongside activity criteria) in relation to electricity and water use, as well as adaptation and resilience considerations associated with data centre construction and operations.

Proposed protective criteria include:

- For Construction of New Buildings criteria, facilities would be required to support grid reliability through i) peak-demand reduction or curtailment capability and ii) non-fossil-fuel dispatchable demand-response capacity formally agreed with the relevant system operator or lines company.
- For Acquisition and Ownership criteria, data centres would also be required to use 100% additional renewable electricity, with facilities of 5MW IT load or more subject to the demand-management requirements.
- These are complemented by proposed additional climate change A&R and water-related DNSH requirements:
 - Climate change A&R:
 - Data centres would need to complete a climate risk assessment identifying material physical climate risks to facility operations, including risks to i) cooling system performance under projected increases in ambient temperatures, ii) water supply reliability where water-based cooling is employed, and iii) grid supply resilience in the face of more frequent extreme weather events.
 - Where material risks are identified, the developer must document proposed mitigation measures or adaptation responses, with

implementation timelines proportionate to the severity and likelihood of the identified risk.

- Sustainable use and protection of water and marine resources: Data centres with an IT load capacity of 5MW or greater must not use once-through water cooling. Where any evaporative cooling system is employed, either a minimum cycles of concentration (concentration ratio) of 9 must be demonstrated through a documented water treatment programme at the time of commissioning; or the total water demand for evaporative cooling is met entirely with recycled water.

Option #2

The alternative proposal is to **exclude data centres from NZ Taxonomy alignment** even if they are able to otherwise meet the activity criteria for the NZ Taxonomy, at this time. Future versions of the NZ Taxonomy could reconsider their inclusion and any applicable protective criteria, as knowledge of the impacts and potential protections needed increases.

Questions for respondents:

1. Do you prefer approach Option #1 or Option #2, OR do you have a different proposed approach for how the NZ Taxonomy considers data centres at this time? Please provide any details and supporting evidence for your choice.
2. If you prefer Option #1, are the proposed protective criteria suitable, given consideration to both the intent and usability? Please provide any alternative criteria you would propose, and any evidence that supports your response.
3. Are there any proxies for assessing environmental considerations/protections related to the constructing and ownership data centres which criteria could be tested against?
4. If you prefer Option #2, what should trigger the review and consideration for inclusion of data centres and potential protective criteria in the future?

See [consultation draft](#), page 28.

Consultation focus: Size-based applicability threshold for embodied carbon targets

Requirements relating to upfront embodied carbon only apply to buildings in the New Construction activity category that are above a specified size.

The technical group's views have differed on where the threshold should be set, based on considerations related to useability, interoperability and impact.

The Australian Taxonomy uses a gross floor area (GFA) threshold of 5,000 m², where embodied carbon requirements are applied to buildings larger than this.

Some technical group members support a smaller GFA (<5,000m²) applicability threshold for the NZ Taxonomy, so that the embodied carbon thresholds apply across a greater proportion of the building stock, supporting higher performance. Others in the group consider that the administrative and financial burden associated with assessment and reporting means that the requirements should initially apply only to buildings >5,000m², in line with the Australian Taxonomy.

Insufficient market data on the ratio of active and future projects in either size band means a threshold cannot be calibrated to capture a defined proportion of New Zealand buildings.

The technical groups are seeking feedback or provision of data to help set this threshold appropriately in New Zealand.

Questions for respondents:

1. What is a GFA threshold you consider appropriate for when the embodied GHG emissions thresholds should apply? Please provide justification and any supporting evidence.
2. Can you provide New Zealand data that would help assess the proportion of buildings, construction activity and/or emissions captured at alternative threshold levels? * The NZ Taxonomy Secretariat will contact you to discuss this further. Agreements regarding confidentiality and use can be discussed.

See [consultation draft](#), page 19.

Activity-specific Do No Significant Harm (DNSH) criteria

Consultation focus: Waste diversion targets

The draft NZ Taxonomy activity-specific DNSH criteria include a requirement that at least 40 percent of construction and demolition waste by weight is diverted from landfill through reuse, recycling, or recovery processes.

Technical group members note that waste recovery and recycling capability varies significantly across New Zealand and that higher thresholds may be achievable in some regions. However, there is currently insufficient data to establish robust regional thresholds.

The consultation is therefore seeking views on an appropriate national minimum threshold and evidence on whether higher thresholds could be supported in particular regions.

Questions for respondents:

1. Do you consider a 40% waste diversion threshold by weight appropriate as a national minimum for the NZ Taxonomy?
2. Do you have any data/evidence to support a specific regional threshold being included? If so, please identify the region and provide any supporting evidence/data for the suggested threshold.
3. Do you recommend the application of any proxies in determining compliance? If so, please provide any supporting evidence/data for the suggested proxy.

See [consultation draft](#), page 52.

Consultation focus: Biodiversity and ecosystem protection/restoration requirements

Feedback is welcomed in consultation regarding the evidence and examples for/against the proposed approach and criteria related to restrictions for new construction on 'highly productive' land, land with recognised high biodiversity value and land classified as forest. The intent of these criteria is to provide additional protections. They deviate from the current level of protection in the Australian Taxonomy.

The clarity and feasibility of such criteria, as well as the restrictions on timber sourcing, has been queried by some technical group members and refinements to retain the intent of such protections while ensuring usability are welcomed.

See [consultation draft](#), page 53.

Consultation focus: Recovery and disposal of refrigerants

Feedback is welcomed in consultation regarding the evidence for/against the proposed approach and criteria related to the recovery and disposal of refrigerants, including any proposed alternative criteria and supporting evidence.

Select technical group members expressed concern during the criteria development process that destroying widely adopted refrigerants while still useful for legacy equipment unnecessarily stimulates the market for virgin hydrofluorocarbons (HFCs), which in turn could prolong new supply while existing equipment remains. These members recommended a sunrise date for the disposal provision to be in line with market feedback on availability of low-global warming potential (GWP) refrigerants for different use types.

See [consultation draft](#), page 56.



The consultation is open from Monday 5 October to 5pm NZT, Friday 30 October 2026.

Please contact taxonomy@sustainablefinance.nz for any questions or assistance.