

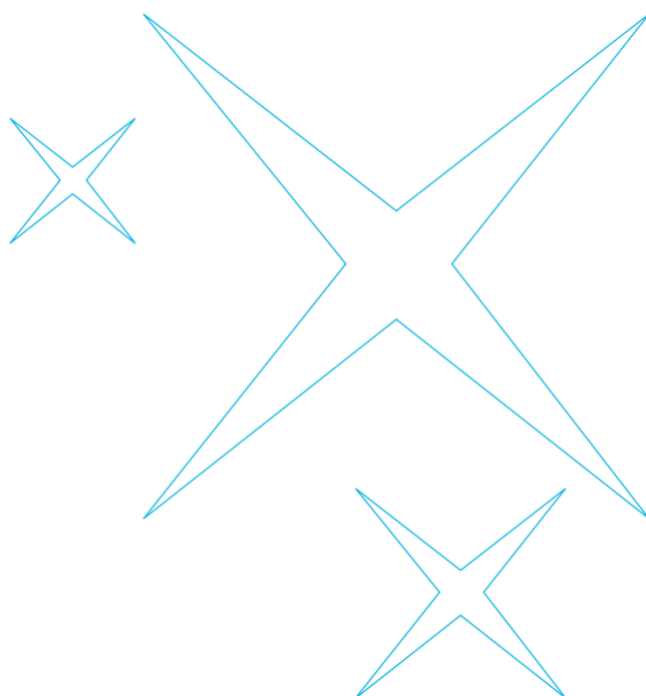
October 2026

Aotearoa New Zealand Sustainable Finance Taxonomy

Construction and Buildings sector

*Activity-specific Do No Significant Harm (DNSH)
criteria*

Draft for public consultation





Construction and Buildings sector Do No Significant Harm criteria – draft for public consult

Aotearoa New Zealand Sustainable Finance Taxonomy (NZ Taxonomy) Do No Significant Harm (DNSH) criteria ensure an economic activity that makes a substantial contribution to one of the NZ Taxonomy's environmental objectives – such as climate change mitigation – does not cause significant harm to any of the NZ Taxonomy's other environmental objectives.

They function as a risk management tool, ensuring activities aligned with the NZ Taxonomy do not create unintended or adverse environmental consequences. While Substantial Contribution (SC) criteria aim to achieve positive environmental outcomes, DNSH criteria are not intended to deliver net-positive impacts – their role is to prevent harm.

The DNSH sit alongside Minimum Social Safeguard (MSS) criteria, which similarly ensure that an economic activity that makes a substantial contribution to one of the NZ Taxonomy's environmental objectives – such as climate change mitigation – does not cause significant harm to social outcomes. The MSS are a cross-sectoral criteria that have been established in a previous phase and can be read [here](#).

Together, these two sets of criteria provide a core safeguard.

The NZ Taxonomy adopts a dual approach, consistent with international best practice (e.g., EU, Australia):

- Generic DNSH criteria: Applied across all Taxonomy environmental objectives and sectors. These criteria are related to each of the other environmental objectives. You can review the cross-sectoral generic DNSH [here](#).
- Activity-specific DNSH criteria: Tailored for individual activities and their material impacts.

This approach ensures the criteria remains both practical to implement and effective at managing specific risks across different sectors/economic activities.

It is intended that proponents will demonstrate alignment with one environmental objective's SC criteria (i.e., the activity is making a "substantial contribution" to one environmental objective) and demonstrate DNSH compliance for the remaining five environmental objectives.

For example, activities seeking alignment under the climate change mitigation objective are assessed against the climate change mitigation SC and against the other five environmental objectives' DNSH criteria, but not the climate change mitigation DNSH criteria.

Objective	Activities that make a substantial contribution to climate change mitigation are assessed against the DNSH for:	Activities that make a substantial contribution to climate change adaptation and resilience are assessed against the DNSH for:
Climate change mitigation	No	Yes
Climate change adaptation and resilience	Yes	No
Protection and restoration of biodiversity and ecosystem	Yes	Yes
Sustainable use and protection of water resources and marine resources	Yes	Yes
Pollution prevention and control	Yes	Yes
Transition to a circular economy	Yes	Yes

While this is the intended final use of these criteria, the technical groups are supportive of a phased and proportional approach for requiring the assessment of DNSH and MSS for alignment claims.

Please refer to the DNSH/MSS approach paper, [here](#), for more information about the approach and design of these criteria.

The Construction and Buildings sector activity-specific DNSH is available for feedback in this consult.

Activity-specific Do No Significant Harm criteria for Aotearoa New Zealand's Construction and Buildings sector

Instructions for respondents

Through this consultation, we are seeking feedback on the activity-specific Do No Significant Harm (DNSH) criteria for the Construction and Buildings sector.

In the development of these 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.

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:

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.

Throughout the drafted criteria which follow, these areas are highlighted where they become relevant, and additional context and details of proposed approaches are provided. Placeholders denote where the agreed outcomes from these areas will appear in the final criteria.

You can also review these focus areas as a single document [here](#), or respond to them via the online form [here](#).

We also welcome comments on any other aspect of the proposed activity-specific DNSH criteria, as drafted in this document.

Consultation is also open on the:

1. Substantial contribution criteria for activities for climate change mitigation; and
2. Sector-specific Whitelist of measures for climate change adaptation and resilience.

Note

- **Activities #1-#8:** These activities make a substantial contribution to **climate change mitigation** and shall be assessed against the applicable DNSH criteria for the following environmental objectives: i) Climate change adaptation and resilience, ii) protection and restoration of biodiversity and ecosystem, iii) sustainable use and protection of water and marine resources, iv) pollution prevention and control, and v) transition to a circular economy.
- **Activity #9:** This activity makes a substantial contribution to **climate change adaptation and resilience** and shall be assessed against the applicable DNSH criteria for the following environmental objectives: i) Climate change mitigation, ii) protection and restoration of biodiversity and ecosystem, ii) sustainable use and protection of water and marine resources, iv) pollution prevention and control, and v) transition to a circular economy.

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.

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 climate change mitigation Substantial Contribution 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 climate change mitigation Substantial Contribution 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?

1. Construction of New Buildings

The following DNSH criteria apply to all new construction activities involving buildings with a GFA > **Xm² (this threshold will be updated in line with the size-base applicability threshold used for the climate change mitigation Substantial Contribution criteria for this activity. See consultation focus on page 19 [here](#))**.

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.

Objective	Criteria
Climate change adaptation and resilience	Apply generic criteria. In addition: • Any applicable data centre specific provisions. NB: The approach to data centres in the NZ Taxonomy is currently being consulted on. The final agreed requirements (if any) will be added here. See consultation focus here. Notes: The pre-screen checklist from Green Star Buildings NZ and Homestar v5.1 is an acceptable proxy for applying the generic DNSH criteria for climate adaptation and resilience.
Protection and restoration of biodiversity and ecosystem	Apply generic criteria. In addition: • The activity must not be constructed on: ○ Highly productive land¹ unless the activity is dedicated to the surrounding agricultural enterprise. ○ Greenfield land of recognised high biodiversity value or land that serves as habitat for threatened or at-risk species listed under the New Zealand Threat Classification System (NZTCS). ○ Land classified as forest under the New Zealand Land Cover Database (LCDB) or,

¹ As defined by the [National Policy Statement for Highly Productive Land \(NPS-HPL\)](#).

	where applicable, land registered under the Emissions Trading Scheme as forestry land. All timber must be sourced from sustainable forestry operations, or previously used. Views on these protections are being considered in consultation. See consultation focus here. Notes: International proxies for the requirement that all timber be sustainably sourced and reused: Forest Stewardship Council (FSC).
Sustainable use and protection of water resources and marine resources	Apply generic criteria. In addition: - Systems are in place to measure and monitor water use. Any applicable data centre specific provisions. NB: The approach to data centres in the NZ Taxonomy is currently being consulted on. The final agreed requirements (if any) will be added here. See consultation focus here.
Pollution prevention and control	Apply generic criteria.
Transition to a circular economy	Apply generic criteria. In addition: At least 40 percent of construction and demolition waste by weight is to be diverted from landfill through reuse, recycling, or recovery processes. Views on regional targets are also being considered in consultation. See consultation focus here.

2. Acquisition and Ownership

Objective	Criteria
Climate change adaptation and resilience	Apply generic criteria. In addition: Any applicable data centre specific provisions. NB: The approach to data centres in the NZ Taxonomy is currently being consulted on. The final agreed requirements (if any) will be added here. See consultation focus here.
Protection and restoration of biodiversity and ecosystem	N/A

Sustainable use and protection of water resources and marine resources	Apply generic criteria. In addition: • Systems are in place to measure and monitor water use. • Any applicable data centre specific provisions. NB: The approach to data centres in the NZ Taxonomy is currently being consulted on. The final agreed requirements (if any) will be added here. See consultation focus here.
Pollution prevention and control	N/A
Transition to a circular economy	N/A

3. Renovation and Upgrades: Building Renovation

The following DNSH criteria apply to all renovation and upgrade activities involving works with a capital investment value of > \$5,000,000 (NZ).

Objective	Criteria
Climate change adaptation and resilience	Apply generic criteria. Notes: The pre-screen checklist from Green Star Buildings and Homestar v5.1 is an acceptable proxy for applying the generic DNSH criteria for climate adaptation and resilience.
Protection and restoration of biodiversity and ecosystem	N/A
Sustainable use and protection of water resources and marine resources	Apply generic criteria. In addition: • Systems are in place to measure and monitor water use. • Any applicable data centre specific provisions. NB: The approach to data centres in the NZ Taxonomy is currently being consulted on. The final agreed requirements (if any) will be added here. See consultation focus here.
Pollution prevention and control	Apply generic criteria.
Transition to a circular economy	Apply generic criteria. In addition: • At least 40 percent of construction waste by weight is to be diverted from landfill through reuse, recycling,

	or recovery processes. Views on regional targets are also being considered in consultation. See consultation focus here.
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4. Renovation and Upgrades: Replacement of Major Plant and Equipment

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.

Objective	Criteria
Climate change adaptation and resilience	N/A
Protection and restoration of biodiversity and ecosystem	N/A
Sustainable use and protection of water resources and marine resources	N/A
Pollution prevention and control	Refrigerants removed from decommissioned plant and equipment must be recovered in accordance with the Australia and New Zealand Refrigerant Handling Code of Practice (current edition) and destroyed through the Cool-Safe product stewardship scheme or equivalent scheme accredited under the Waste Minimisation Act 2008. Release of refrigerant to atmosphere or recovery for reuse is prohibited.
Transition to a circular economy	N/A

5. Renovation and Upgrades: Residential and Small Commercial Upgrades

Objective	Criteria
Climate change adaptation and resilience	N/A
Protection and restoration of biodiversity and ecosystem	N/A
Sustainable use and protection of water resources and marine resources	N/A
Pollution prevention and control	N/A
Transition to a circular economy	N/A

6. Supply of Equipment for Buildings

Objective	Criteria
Climate change adaptation and resilience	N/A
Protection and restoration of biodiversity and ecosystem	N/A
Sustainable use and protection of water resources and marine resources	N/A
Pollution prevention and control	N/A
Transition to a circular economy	N/A

7. Infrastructure Supporting Low-Emissions Precincts

Objective	Criteria
Climate change adaptation and resilience	For new construction, apply the criteria stipulated in 1. Construction of New Buildings.

	For existing infrastructure, apply the criteria given in 2. Acquisition and Ownership.
Protection and restoration of biodiversity and ecosystem	For new construction, apply the criteria stipulated in 1. Construction of New Buildings. For existing infrastructure, apply the criteria given in 2. Acquisition and Ownership.
Sustainable use and protection of water resources and marine resources	For new construction, apply the criteria stipulated in 1. Construction of New Buildings. For existing infrastructure, apply the criteria given in 2. Acquisition and Ownership.
Pollution prevention and control	For new construction, apply the criteria stipulated in 1. Construction of New Buildings. For existing infrastructure, apply the criteria given in 2. Acquisition and Ownership.
Transition to a circular economy	For new construction, apply the criteria stipulated in 1. Construction of New Buildings. For existing infrastructure, apply the criteria given in 2. Acquisition and Ownership.

8. Research, Development and Innovation of Emissions-Reducing Building Technologies

Objective	Criteria
Climate change adaptation and resilience	Any potentially material climate-and natural hazard-related physical risks from the researched technology, product or other solution are evaluated and addressed.
Protection and restoration of biodiversity and ecosystem	Any potentially material biodiversity- and ecosystem-related risks from the researched technology, product or other solution are evaluated and addressed.
Sustainable use and protection of water resources and marine resources	Any potentially material water-related risks from the researched technology, product or other solution are evaluated and addressed.
Pollution prevention and control	Any potentially material sources of pollution from the researched technology, product or other solution are evaluated and addressed.

Transition to a circular economy	Any potentially material resource use and waste from the researched technology, product or other solution are evaluated and addressed.
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9. Building-level Adaptation and Resilience

The following DNSH criteria apply to all adaptation and resilience activities involving buildings with a GFA > 5,000m².

Objective	Criteria
Climate change mitigation	Apply generic criteria. In addition: - Do not increase fossil fuel use. - Do not extend the life of fossil fuel plants and equipment.
Protection and restoration of biodiversity and ecosystem	Apply generic criteria. In addition: All timber must be sourced from sustainable forestry operations, or previously used. Views on these protections are being considered in consultation. See consultation focus here. Notes: International proxies for the requirement that all timber be sustainably sourced and reused: FSC.
Sustainable use and protection of water resources and marine resources	Apply generic criteria.
Pollution prevention and control	Apply generic criteria.
Transition to a circular economy	Apply generic criteria. In addition: At least 40 percent of construction (and demolition²) waste by weight is to be diverted from landfill through reuse, recycling, or recovery processes. Views on regional targets are also being considered in consultation. See consultation focus here.

² For new construction only.



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.