

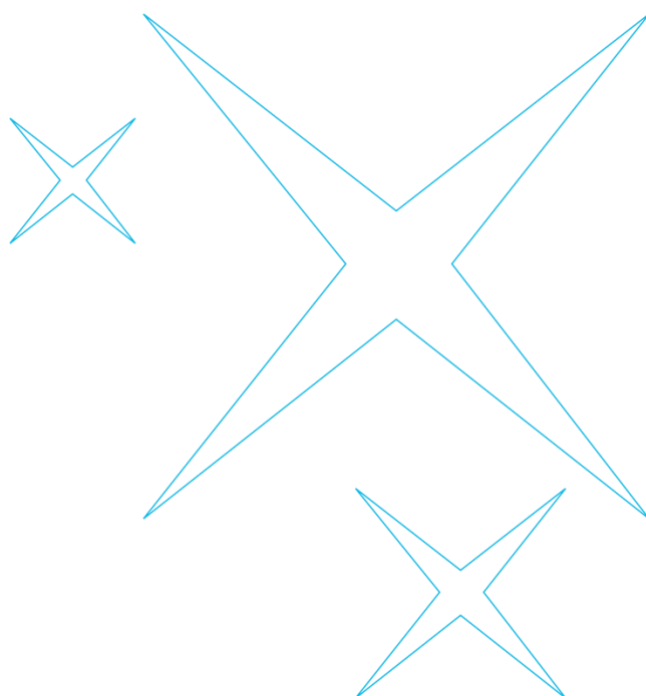
October 2026

# Aotearoa New Zealand Sustainable Finance Taxonomy

*Construction and Buildings sector*

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

Draft for public consultation





## Acknowledgements

CSF sincerely thank everyone who has given time and consideration to the development of the first draft of the Construction and Buildings sector criteria for the Aotearoa New Zealand Sustainable Finance Taxonomy (NZ Taxonomy).

This draft for consultation has been developed primarily by two working groups:

1. **Technical Experts Group (TEG):** This group is overseeing the development of the entire NZ Taxonomy (all sectors), with a focus on usability, interoperability and ensuring the NZ Taxonomy delivers on its intended purpose.
2. **Construction and Buildings Technical Advisory Group (TAG):** This sector-specific group has provided technical inputs to develop the climate change mitigation Substantial Contribution (SC) criteria, the Whitelist of climate change adaptation and resilience measures, as well as the activity-specific Do No Significant Harm (DNSH) criteria for the Construction and Buildings sector.

TAG members were selected based on broad construction and buildings industry expertise to provide feedback on the criteria drafted by the technical partners (the Climate Bonds Initiative). This feedback has helped shape the draft materials for consultation however the draft criteria do not necessarily reflect the complete or preferred approach/outcomes of any individual TAG member. In many instances the TAG expressed varying views and/or members opposed aspects of the criteria.

Final decisions and endorsement of the draft criteria for consultation are made by the TEG group.

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### 2026 TEG members

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#### TEG co-Chairs

1. **Andy Reisinger**, Independent Climate Change Expert
2. **Pip Best**, Partner – Climate Change & Sustainability Services, Ernst & Young (EY) Oceania

#### TEG members

3. **Adam Coxhead**, Head of Sustainable Finance, Bank of New Zealand (BNZ)
4. **Amelia Sharman**, Director – Sustainability Reporting, External Reporting Board (XRB)
5. **Caroline Poujol**, Director – Climate Transition (New Zealand), ANZ
6. **David Hall**, Co-Founder and Executive Director, Toha Network
7. **David Woods**, Independent Sustainable Finance Expert
8. **Feng Hu**, Founder and Director, silkroad.earth
9. **Fonteyn Moses-Te Kani**, Pou Tiaki – Director Māori Strategy & Indigenous Inclusion, Westpac New Zealand
10. **Greg Munford**, Senior Investment Strategist – Sustainable Investment, New Zealand Superannuation Fund
11. **James Paterson**, Head of Sustainable Finance, ASB
12. **Jono Broome**, Associate Director – Client Advisory (Asia-Pacific), Morningstar Sustainability
13. **June McCabe**, Independent Director; Pou Tahua Representative, National Iwi Chairs Forum (NICF)
14. **Sean Fullan**, Resilience & Recovery Manager, Insurance Council of New Zealand (ICNZ)

15. **Sue Walker**, Senior Manager – Responsible Investment, Harbour Asset Management

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### Construction and Buildings TAG members

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1. **Cristina Larrea**, Senior Sustainability Consultant, RDT Pacific
2. **Dustin Courage**, Senior Advisor – Sustainable Finance & Built Environment, Toitū Envirocare
3. **Emma Foulkes**, Group Environmental & Sustainability Manager, Naylor Love Construction
4. **Eziaku Rasheed**, Senior Lecturer in Sustainable Built Environment, Massey University
5. **Frankie L'Estrange**, Head of Sustainable Finance – Property Finance & Commercial Banking, ASB
6. **Hannah Paterson**, Associate Director – Sustainable Finance, Westpac New Zealand
7. **James Hughes**, Technical Director – Climate & Resilience, Tonkin + Taylor
8. **Joe Quad**, Technical Development Lead, New Zealand Green Building Council (NZGBC)
9. **Kristina Suleski**, Senior Manager – Property Finance, ANZ
10. **Lisa Hinde**, Head of Sustainability, Precinct Properties New Zealand
11. **Regan Potangaroa**, Professor of Construction & Built Environment, Auckland University of Technology (AUT)
12. **Rob D'auvergne**, Director, Foley Group Architecture
13. **Saatyesh Bhana**, Head of Sustainability, Argosy Property
14. **Sarah Daniell**, Technical Director, eCubed Building Workshop
15. **Scott Smith**, Technical Director – Sustainable Buildings, Beca
16. **Tapio Johansson**, Sustainable Finance Lead, Kiwibank

To support this work, CSF engaged the **Climate Bonds Initiative** (CBI) as the technical partners for the NZ Taxonomy development. CBI is an international organisation working to mobilise global capital for climate action. Their mission is to help drive down the cost of capital for large-scale climate and infrastructure projects and to support governments seeking increased access to capital markets to meet climate and greenhouse gas (GHG) emission reduction goals. CBI has contributed to the development of almost every sustainable finance taxonomy globally, including to the European Union (EU), Singapore, Brazil and Australian taxonomies. We thank them for their expertise and guidance.

**The Centre for Sustainable Finance: Toitū Tahua** (CSF) provides coordination and secretariat functions for the development of the NZ Taxonomy. CSF works across the financial system to align financial markets' settings and initiatives with long-term resilience and prosperity. It is an independently governed charitable trust.

Ngā mihi nui.



## Introduction

The Aotearoa New Zealand Sustainable Finance Taxonomy (NZ Taxonomy) is a framework to support the country's long-term environmental sustainability and resilience. This document includes Version 1 of the Technical Screening Criteria (TSC) for climate change mitigation, adaptation and resilience for the Construction and Buildings sector.

**A sustainable finance taxonomy defines economic activities that contribute to an environmental objective, and criteria to assess the performance of those activities.**

By providing clear, credible and consistent criteria for identifying and classifying environmentally sustainable activities, the NZ Taxonomy is intended to enable financial market participants to more easily identify environmentally sustainable investment opportunities, mitigate greenwashing risks, reduce friction and cost, and support capital allocation decisions that can enable New Zealand's sustainable future.

A well-designed NZ Taxonomy is also intended to support New Zealand businesses in attracting capital, demonstrating sustainability performance and/or alignment with global customer expectations, and enabling efficient access to global markets.

As a small and optional market in a global competition for capital, it is important that New Zealand aligns to international frameworks. Sustainable finance taxonomies are in development in more than 50 global jurisdictions. The NZ Taxonomy has been designed to be highly interoperable and aligned with the Australian Taxonomy. The drafting process also gives consideration to other benchmark taxonomies such as the European Union and Singapore.

The NZ Taxonomy is one tool that can be used to support Aotearoa New Zealand's transition to a lower-emissions, resilient economy. It is not intended to determine or prescribe the future economic mix or provide sectoral transition pathways, but rather, to outline activities that can serve as stepping stones on the path to a resilient and environmentally sustainable future.

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## Background and purpose

The purpose of the NZ Taxonomy is to enable market participants to mobilise and direct capital flows towards:

- Building a low-emissions, Paris-aligned future;
- Restoring nature; and
- Upholding the rights and interests of Indigenous Peoples of the land.

Development of a sustainable finance taxonomy for Aotearoa New Zealand was identified by the Sustainable Finance Forum as a key recommendation in its [2030 Roadmap for Action](#).

The NZ Taxonomy project commenced in February 2024, in partnership with the New Zealand Government, when the Centre for Sustainable Finance: Toitū Tahua (CSF) convened an Independent Technical Advisory Group (ITAG) of financial market and other relevant participants to provide [recommendations](#) for the design of the NZ Taxonomy to the Minister of Climate Change.

In line with these recommendations, the Minister directed the development of climate change mitigation, adaptation and resilience TSC for Agriculture and Forestry sector which began in October

2024. These criteria were published for voluntary use by the market in early 2026 (access them [here](#)).

In September 2025, the development of climate change mitigation criteria and climate change adaptation and resilience criteria for the Energy sector and the Construction and Buildings sector were directed, and work commenced in late 2025 and early 2026, respectively.

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## Governance

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The NZ Taxonomy has been developed through a robust process that has been established in alignment with leading international efforts in designing local taxonomies.

This process involves a diverse range of expertise, strong governance, regulatory oversight, transparency, opportunity for public input and safeguards against undue political or industry interference.

The Ministry for Cities, Environment, Regions and Transport (MCERT) (formerly Ministry for the Environment MfE), has provided government oversight for the development of the NZ Taxonomy. A Government quality assurance function, consisting of Financial Markets Authority (FMA), MCERT, Reserve Bank of New Zealand (RBNZ) and the Treasury – New Zealand, reviews the development process at key milestones, before it is signed off by a Council of Financial Regulators (CoFR) representative.

The Technical Experts Group (TEG), whose membership was endorsed by MfE, has provided strategic direction, input and endorsement for all NZ Taxonomy methodology and criteria prior to public consultation(s) and publication.

A sector-specific Technical Advisory Group (TAG) has provided technical input and feedback on the draft activity selection, the Substantial Contribution (SC) criteria to assess the performance of those activities, and activity-specific Do No Significant Harm (DNSH) criteria, prior to endorsement by the TEG. The TAG feedback has helped shape the draft materials for consultation however the draft criteria do not necessarily reflect the complete or preferred approach/outcomes of any individual TAG member. In many instances the TAG expressed varying views and/or members opposed aspects of the criteria.

**The draft TSC for Construction and Buildings are now open for a period of public consultation.**



## Key concepts and methodology

For an introduction to taxonomies and the New Zealand project, please review the materials available on the CSF website. Particularly:

1. [Introduction videos](#)
2. [Construction and Buildings sector engagement pack](#)
3. [Public webinar – preparing for consultation](#)

You will find a number of supporting papers covering the methodological approach, key component development approaches and design recommendations at [sustainablefinance.nz/nz-taxonomy](https://sustainablefinance.nz/nz-taxonomy).

Key concepts regarding the NZ Taxonomy design and underpinning methodology are also outlined below for ease.

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### Environmental objectives and criteria

Sustainable finance taxonomies classify and provide common definitions for activities and measures that **substantially contribute to an environmental objective**.

The NZ Taxonomy environmental objectives were defined based on New Zealand's environmental priorities and are aligned with the objectives of other international taxonomies, including those of the European Union (EU), Australia and Singapore.

**The NZ Taxonomy's six environmental objectives are:**

- Climate change mitigation
- Climate change adaptation and resilience
- Sustainable use and protection of water resources and marine resources
- Protection and restoration of biodiversity and ecosystem
- Pollution prevention and control
- Transition to a circular economy

In this phase, the NZ Taxonomy prioritises the development of criteria for activities that pursue the climate change mitigation and climate change adaptation and resilience objectives.

The prioritisation of the climate change mitigation goals reflects the urgent market need for credible and usable guidance to identify activities that are aligned with, or make a substantial contribution towards, achieving the Paris Agreement temperature goals. It also supports interoperability with international taxonomies and consistency with sustainability-related disclosure frameworks, which have similarly prioritised climate change mitigation to date.

The climate change adaptation and resilience criteria provide further options for NZ Taxonomy alignment and are intended to support investment in activities and measures that help New Zealand businesses to increase their adaptive capacity and build resilience in a changing climate.

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### Classifying economic activities

**Taxonomies create definitions and criteria at the level of an economic activity.**

This allows for granular, consistent assessments and can account for a range of activities that any one business may be undertaking.

The most common use of a taxonomy is to screen for eligible (Green or Transition) investments and expenditures, in order to facilitate the issuance of sovereign, sub-sovereign and corporate Green- or Transition-labelled debt by both the public and private sectors.

Taxonomies can also be used as a tool to demonstrate alignment of an entity with key environmental objectives (e.g., climate change mitigation) in a credible way that is useful to capital markets. Entities could demonstrate alignment in a number of ways, including percentage of taxonomy-aligned revenues, or taxonomy-aligned capital (CapEx) or operational (OpEx) expenditures or asset values.

The NZ Taxonomy includes both activities and measures.

- **Activities** are the underlying economic activities, such as the construction of new buildings, the acquisition and ownership of existing buildings, the replacement of major plant and equipment in existing buildings.
- **Measures** are practices, actions or investments that can be applied to an economic activity included in the NZ Taxonomy, but which don't change the underlying activity. For example, the supply of low-emissions equipment for buildings or improved on-site stormwater management.

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## Activity inclusion

The process below has been followed to determine which activities have been included for the Construction and Buildings sector:

1. Establishment of a methodology to screen and classify activities for inclusion (see a summary of this methodology below) and agreeing on sector boundaries for possible activities.
2. Identification of activities, practices and measures in the Construction and Buildings sector that support climate change mitigation, adaptation and resilience, based on relevant global and New Zealand-specific frameworks and sources.
3. Evaluation of the resulting list against the methodology, and for their suitability in the New Zealand context and adjusting as necessary to improve relevance and impact.

After determining the eligible activities, the technical groups then developed the TSC to establish the performance requirements for those activities.

As far as possible, an evidence-based approach has been used to assess whether an activity or measure should be included, how it would be classified, and in the development of associated performance criteria.

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## Green and Transition classifications

The NZ Taxonomy classifies both Green and Transition activities.

Green activities are those already aligned with a low-emissions, resilient future. The Transition category is intended to support the emissions reduction for industries which are hard to abate currently but are significant for social and economic wellbeing and are able to make substantial progress on emissions reduction.

The full methodology for defining these classifications can be read in detail [here](#).

| Environmental objective                         | Classifications                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                 | Green                                                                                                                                                                                                               | Transition                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Climate change mitigation</b>                | Low- or zero-emissions activities that already operate at very low Scope 1, 2 and 3 emissions, including activities that directly reduce emissions through their substitution for emissions-intensive alternatives. | Activities that currently still operate at substantial emissions but are a necessary part of the economy and societal wellbeing at present, have no low-emissions commercially available alternatives, and are: <ul style="list-style-type: none"> <li>• Moving rapidly towards a Green classification; or</li> <li>• Encouraging substantial GHG emissions reductions in the short term.</li> </ul> |
| <b>Climate change adaptation and resilience</b> | All activities and measures which meet the TSC can be classified as Green.                                                                                                                                          | N/A – all activities and measures which meet the TSC can be classified as Green.                                                                                                                                                                                                                                                                                                                     |

All activities that meet the TSC for adaptation and resilience are classified as Green.

Green activities for climate change mitigation are those that already operate at very low Scope 1, 2 and 3 emissions, including activities that directly reduce emissions through their substitution for emissions-intensive alternatives and meet the associated TSC.

The climate change mitigation criteria also include a Transition classification in some sectors, in order to support emissions reductions in industries which are hard to abate currently, but are significant for social and economic wellbeing. The Transition classification is available for activities where all the following conditions are present:

1. The activity is significant for social and economic wellbeing.
2. The activity's Scope 1, 2 and 3 emissions are able to be substantially reduced.
3. There are currently no commercially available low-/zero-emissions alternatives.
4. Investment in the activity/measure does not risk locking in emissions-intensive assets.

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## Aligning with the NZ Taxonomy

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### The NZ Taxonomy is a voluntary framework.

The NZ Taxonomy provides decision-useful information by setting clear criteria for what effective climate change mitigation, adaptation and resilience activities look like. It is at the discretion of any business owner whether they undertake any of the activities/measures outlined in the criteria or whether they seek NZ Taxonomy alignment. Likewise, it is at the discretion of any financial institution or investor whether they use this framework.

The NZ Taxonomy is made up of three sets of criteria, which together are the 'Technical Screening Criteria' (TSC):

1. **Substantial Contribution (SC) criteria:** The activity/measure demonstrates that it makes a substantial contribution to the particular environmental objective (i.e., climate change mitigation or adaptation and resilience).
2. **Do No Significant Harm (DNSH) criteria:** The activity making this substantial contribution does not cause significant negative impacts on other environmental objectives.
3. **Minimum Social Safeguards (MSS):** Entities must meet minimum standards for social responsibility, including labour rights, governance rights and Indigenous rights.

**The currently published NZ Taxonomy Version 1 for Agriculture and Forestry can be utilised in any of the following three ways:**

- Demonstrating alignment with the SC criteria for climate change mitigation or climate change adaptation and resilience, and alignment with *all* applicable DNSH and MSS criteria.
- Demonstrating alignment with the SC criteria for climate change mitigation or climate change adaptation and resilience, and *partial* alignment with the applicable DNSH and/or MSS criteria.
- Demonstrating alignment with the SC criteria for climate change mitigation or climate change adaptation and resilience *only*.

Users making claims of alignment with the NZ Taxonomy Version 1 are responsible for disclosing the parts of the NZ Taxonomy to which they are aligning (and those to which they are not), and ensuring that the impression conveyed by those claims is not misleading or deceptive.

All Version 1 users are encouraged to give consideration to relevant aspects of the DNSH and MSS frameworks. In future versions of the NZ Taxonomy, it is intended that the DNSH and MSS frameworks will become a requirement for claims of NZ Taxonomy alignment, i.e., there will be no partial alignment options, only alignment or no alignment.

Consideration of a timeline and process for phasing the implementation, as well proportional application of, the DNSH and MSS criteria are areas still under consideration by the TEG.

## Summary of NZ Taxonomy criteria

| Objectives                               | Criteria                                | Purpose                                                                                                                                                                                                                            | Format                                                                                                                                                                                                                                                                   | Application     |
|------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Climate change mitigation                | SC criteria                             | Detail the performance requirements that an activity/measure must meet to demonstrate that it makes a substantial contribution to the climate change mitigation environmental objective.                                           | A list of activities/measures that are classified as Green (or Transition), with associated performance criteria, as well as any eligible practices, monitoring requirements, and exclusions.                                                                            | Sector-specific |
| Climate change adaptation and resilience | SC criteria – process-based approach    | Detail the process that must be followed when identifying, designing and undertaking an activity, to demonstrate that it makes a substantial contribution to the climate change adaptation and resilience environmental objective. | Guidance on the process, including minimum requirements, for users to identify and design activities that increase adaptive capacity or resilience.<br>All activities that substantially contribute to climate change adaptation and resilience are classified as Green. | Pan-sector      |
|                                          | SC criteria – sector-specific whitelist | Pre-approved low-risk measures that are deemed to achieve a substantial contribution to the climate change adaptation and resilience environmental objective.                                                                      | List of pre-approved measures and applications.                                                                                                                                                                                                                          | Sector-specific |
| All six environmental objectives         | DNSH criteria – generic                 | Ensure that the activity making substantial contribution to one environmental objective does not cause significant negative impacts on other environmental objectives.<br>Address broad protections for each objective.            | List of minimum requirements per environmental objective.                                                                                                                                                                                                                | Pan-sector      |
|                                          | DNSH criteria – activity-specific       | Ensure that the activity making substantial contribution to one environmental objective does not cause significant negative impacts on other environmental objectives.<br>Addresses risks specific to the activity.                | List of detailed requirements related to the performance of a specific activity.                                                                                                                                                                                         | Sector-specific |
| Social protections                       | MSS                                     | Ensure that entities meet minimum standards for social responsibility.                                                                                                                                                             | List of minimum requirements for an entity seeking NZ Taxonomy alignment.                                                                                                                                                                                                | Pan-sector      |

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## About this consultation

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This consultation pertains to the draft criteria for:

- SC criteria for the climate change mitigation goal in the Construction and Buildings sector;
- The sector-specific Whitelist for the climate change adaptation and resilience goal in the Construction and Buildings sector; and
- Activity-specific DNSH criteria, for the Construction and Buildings sector.

You may respond to any or all components, or a combination of them.

Submissions can be made through the online consultation form ([here](#)), or by emailing a document to [taxonomy@sustainablefinance.nz](mailto:taxonomy@sustainablefinance.nz). Submissions which answer the consultation questions will be prioritised. You can download the full set of questions [here](#).

The consultation is open from Monday 14 September to Friday 9 October 2026.

Please contact [taxonomy@sustainablefinance.nz](mailto:taxonomy@sustainablefinance.nz) for any questions or assistance.

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## **Construction and Buildings sector Substantial Contribution criteria for climate change mitigation – draft for public consult**

This section presents the draft Substantial Contribution (SC) criteria for climate change mitigation, as they apply to the Construction and Buildings sector for the NZ Taxonomy.

The SC criteria define the thresholds and requirements that an economic activity or measure must meet to be considered as making a substantial contribution to an environmental objective – in this case, climate change mitigation.

The SC criteria are designed to ensure that activities go beyond business-as-usual and meaningfully advance emissions reduction towards alignment with the Paris Agreement.

The SC criteria are the core component of the framework specifically designed to drive positive outcomes for one of the Taxonomy’s environmental objectives.

The Construction and Buildings sector climate change mitigation SC criteria are available for feedback in this consult.

## Instructions for respondents

The climate change mitigation Substantial Contribution (SC) criteria set out the thresholds and requirements that an economic activity or measure must meet to be classified NZ Taxonomy aligned under the climate change mitigation objective.

Through this consultation, we are seeking feedback on the SC criteria, including whether they are appropriate for achieving the purpose of the NZ Taxonomy of directing and mobilising capital to activities that are aligned with the long term temperature goal of the Paris Agreement (limiting warming as close as possible to 1.5°C), and whether they strike an appropriate balance between credibility, usability and interoperability.

In the development of the Construction and Buildings Sector 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. 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 (m<sup>2</sup>) e.g., for embodied GHG emissions.

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 SC criteria, as drafted in this document.**

Consultation is also open on the:

1. Sector-specific Whitelist of measures for climate change adaptation and resilience; and
2. Activity-specific Do No Significant Harm criteria for the Construction and Buildings sector.

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## Sector context

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The building sector represents a significant opportunity for Aotearoa New Zealand to reduce greenhouse gas emissions and contribute to the goals of the Paris Agreement. Buildings generate emissions directly through energy use in operations, and indirectly through the materials used in construction. Achieving low-emission or net zero-emission buildings is central to any credible decarbonisation pathway.

According to the Ministry for the Environment (2026)<sup>1</sup>, buildings account for around 12 percent of annual gross domestic greenhouse gas emissions, comprising operational emissions of approximately 6.7 Mt CO<sub>2</sub>-e (9 a), arising from energy used to operate buildings, and embodied emissions of approximately 2.8 Mt CO<sub>2</sub>-e (just under 4 percent), associated with the manufacture and assembly of building materials.

Energy efficiency requirements established in voluntary rating tools such as NABERSNZ, Green Star, and Homestar provide frameworks for measuring and improving building performance. These frameworks rely on voluntary uptake by the sector, and further and accelerated uptake and continual refinement of benchmarks is encouraged to ensure fit for purpose across multiple asset classes and user types.

Targeted tools and incentives to accelerate electrification, improve energy efficiency, and retrofit existing building stock are not yet adequately in place. Existing building stock is large and slow to turnover and upfront capital costs continue to deter investment in low-emissions solutions. At the same time, New Zealand's highly renewables-based electricity grid, (approximately 85 percent of generation) offers a structural advantage where electrifying building services can deliver immediate and substantial emissions reductions.

Based on the preliminary research noted above, the principal levers for decarbonising the sector appear to be:

- Eliminating fossil fuels as an energy source for building operations.
- Lifting the energy efficiency of existing buildings through targeted retrofits and renovations.
- Setting higher ambition for new construction, both to reduce impacts during the build phase and to ensure buildings are optimised for low-emission operation over their lifetimes.
- Expanding onsite renewable energy generation to reduce grid demand and support broader electricity decarbonisation.
- Reducing the use of high GWP Synthetic Greenhouse Gases in refrigeration and heat pump systems, through appropriate selection of lower impact alternatives in new construction and proactive retrofit of existing systems.

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## Activity inclusion methodology

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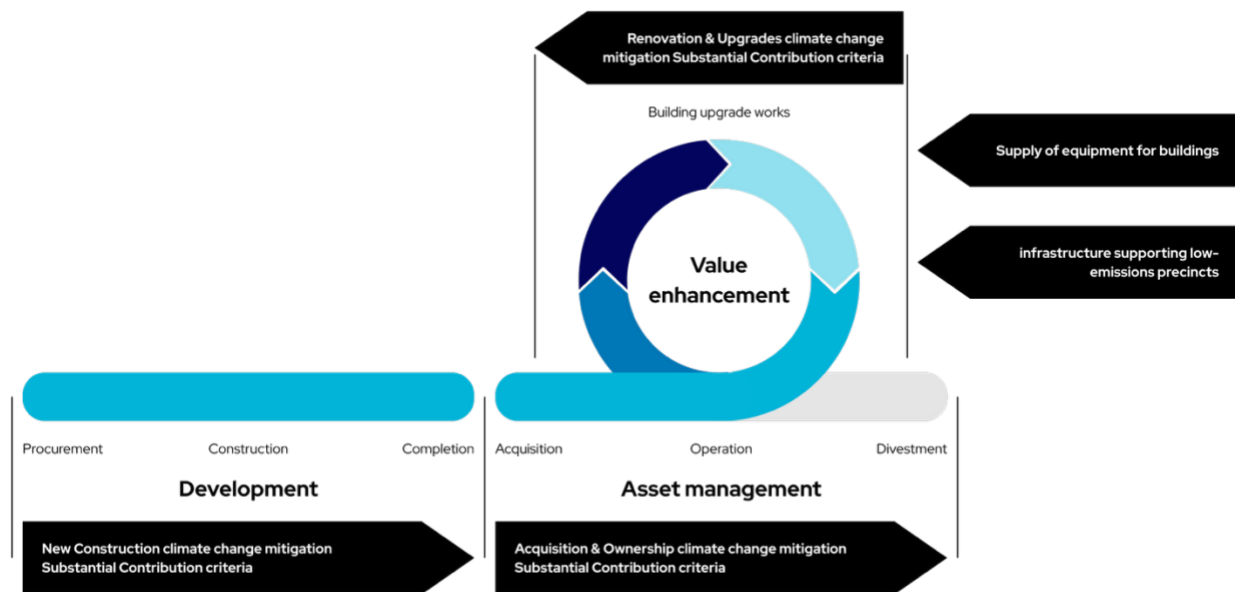
Each activity included within the Construction and Building sector is screened by the [NZ Taxonomy Methods Report](#) for inclusion eligibility classification as Green and/or Transition. Technical Screening

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<sup>1</sup> Ministry for the Environment (2026), Our journey towards net zero New Zealand's second emissions reduction plan 2026–30. Available at: <https://environment.govt.nz/assets/publications/climate-change/ERP2/New-Zealands-second-emissions-reduction-plan-Amended-January-2026.pdf>

Criteria (TSC) are then developed in accordance with the NZ Taxonomy design principles. The TSC assesses the performance of the activity.

The activities considered for inclusion are those to a building's economic life cycle, and are shown below:

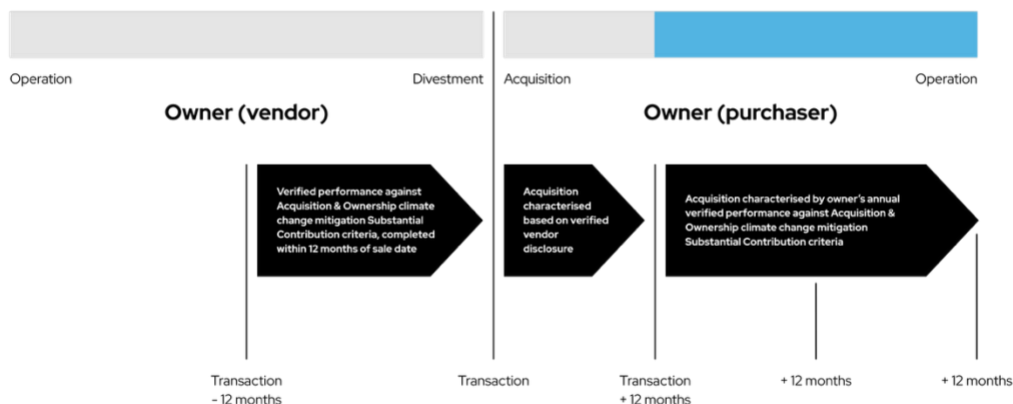


### Activities across the buildings' lifecycle

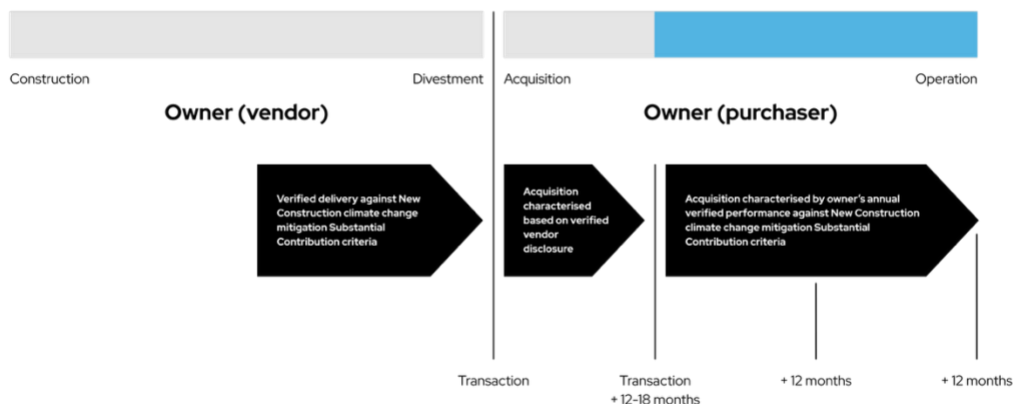
The criteria provide a benchmark for tracking buildings' contribution to greenhouse gas emissions over their lifecycle. They distinguish between:

1. Activities in the development phase, which are contained in New Construction;
2. Activities for the ongoing management of the asset which is contained in Acquisition and Ownership; and
3. Activities which enhance the asset value, which includes renovations, upgrades, equipment supply and infrastructure.

### Purchase of existing building



### Purchase of new building



### Performance targets for activity criteria

The following section sets out targets and caveats for specific areas of building performance, such as operational performance or embodied carbon. The activity-level criteria that follow specify which of these must be complied with for a particular activity to align with the NZ Taxonomy.

**Not all activities require demonstrating performance in every area; only those referenced in the relevant activity criteria are required for NZ Taxonomy alignment under that activity.**

The activity criteria denote whether the alignment pertains to the asset (e.g., Construction of New Buildings/Acquisition and Ownership), or only to the project being undertaken (e.g., Renovations and Upgrades). Activities related to a project do not result in the designation of a 'green asset'.

Several activities include alignment for both Green or Transition, with varied performance targets for the achievement of each.

**A focus of the current consultation is a proposed Transition category and appropriate performance targets for the Acquisition and Ownership – see [here](#) and [here](#).**

### Fossil fuel use

For criteria that specify an exclusion for the use of the fossil fuels, this covers all combustion of fossil fuels for normal on-site operations, including within buildings, and for plant and equipment.

On-site fossil fuel combustion for standby power within a building is permissible. However, standby power generators shall not be used for peak load topping, dispatchable generation, or any purpose other than standby power (and associated testing).

No fossil fuel plant is eligible under the "Renovation and Upgrades: Replacement of Major Plant and Equipment" screening criteria.

**A focus of the current consultation is the proposed Transition category for Acquisition and Ownership, which may include a sunset period for energy efficient assets with residual natural gas use – see [here](#).**

### Constructed to limit GHG emissions resulting from the materials used and the process of construction

For the Construction of New Buildings activity, embodied GHG emissions screening criteria is applicable where the buildings are above a specified size (m<sup>2</sup>) (see [below](#)). Where these criteria are applicable, a building's upfront embodied GHG emissions must be reduced by the amounts provided in the following table:

**Table 1. Upfront embodied GHG emissions screening criteria**

| Building types | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035+ |
|----------------|------|------|------|------|------|------|------|------|-------|
| Office         | 20%  | 29%  | 36%  | 39%  | 45%  | 49%  | 55%  | 60%  | 63%   |
| Other          | 14%  | 21%  | 28%  | 34%  | 36%  | 42%  | 48%  | 53%  | 56%   |

The reduction of upfront embodied GHG emissions is to be measured for modules A1-A5 in accordance with the method and procedures provided in the New Zealand Green Building Council Embodied Carbon Methodology v2.0 published by the Green Building Council of New Zealand.

The relevant target year is the year of building consent or percentage reduction requirement in line with the registration date of the project per NZGBC rules (whichever is earlier).

The percentage reduction required has been determined by using alignment with the Science Based Targets initiative (SBTi) 1.5-degree pathway for the building sector's embodied carbon emissions as the starting point. In the interests of making the thresholds domestically relevant, the SBTi Buildings Target-Setting Tool was adjusted using BAU reference values for New Zealand. The reference values

were derived from prior work undertaken for the New Zealand Green Building Council for the purpose of testing practical feasibility for carbon caps to support the development of Green Star. It should be noted that these reference values were not developed for the NZ Taxonomy use case and are very likely not representative of new build embodied emissions. As such, they have resulted in significantly reduced percentage reduction requirements compared to a global average approach. On balance, the technical groups preferred to have some attempt at locally 'ground truthing' the targets, but are clear that these targets should be reviewed once better local data becomes available.

**The final applicability threshold for application of these targets will be detailed in this section and in the applicable of the criteria once agreed following consultation feedback. See [consultation focus here](#).**

#### **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 m<sup>2</sup>, where embodied carbon requirements are applied to buildings larger than this.

Some technical group members support a smaller GFA (<5,000m<sup>2</sup>) 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 >5,000m<sup>2</sup>, 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.

## Refrigerant global warming potential (GWP) thresholds

The approach to refrigerant GWPs and any applicable targets/measures will be detailed in this section of the criteria once agreed following consultation feedback.

### 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:**

1. 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.
2. 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.
3. 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?
4. 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.

### Offsite renewable energy

Offsite renewable energy is not generally recognised within the screening criteria. There are two exceptions in **Data Centres (TBC)** and Infrastructure Supporting Low-Emissions Precincts. In these cases, to qualify, renewable energy must demonstrate additionality, and can be sourced offsite and evidenced by the transfer and voluntary surrender of Renewable Energy Certificates. Renewable Energy Certificates must be issued under an internationally recognised energy attribute certificate tracking standard (GHG Protocol aligned REC product such as the I-REC Standard or Bravetrace) by an accredited issuer, to ensure non-duplication of claim through unique serialisation, registry-based tracking, and single-point retirement. Additionality is to be demonstrated separately, for example through a long-term power purchase agreement with a new or not-yet-constructed generation asset.

## List of eligible activities, and their categorisation, at a glance

| Activities/measures                                                | Building type(s) | Categories                                     | Energy efficiency                                                                | No fossil fuel | Synthetic greenhouse gases | Embodied carbon |
|--------------------------------------------------------------------|------------------|------------------------------------------------|----------------------------------------------------------------------------------|----------------|----------------------------|-----------------|
| Construction of New Buildings                                      | New              | Green Activity                                 |                                                                                  |                |                            |                 |
| Acquisition and Ownership                                          | Existing         | Green Activity                                 |                                                                                  |                |                            |                 |
|                                                                    |                  | PROPOSAL FOR CONSULTATION: TRANSITION ACTIVITY | TBD: <a href="#">View</a> and respond to consultation on design of this category |                |                            |                 |
| Renovation and Upgrades: Building Renovation                       | Existing         | Green Activity                                 |                                                                                  |                |                            |                 |
|                                                                    |                  | Transition Activity                            |                                                                                  |                |                            |                 |
| Renovation and Upgrades: Replacement of Major Plant and Equipment  | Existing         | Green Activity                                 |                                                                                  |                |                            |                 |
|                                                                    |                  | Transition Activity                            |                                                                                  |                |                            |                 |
| Renovation and Upgrades: Residential and Small Commercial Upgrades | Existing         | Transition Measure                             |                                                                                  |                |                            |                 |
| Supply of Equipment for Buildings                                  | New + existing   | Transition Measure                             |                                                                                  |                |                            |                 |
| Infrastructure Supporting Low-Emissions Precincts*                 | New + existing   | Transition Measure                             |                                                                                  |                |                            |                 |
| Research, Development and Innovation of Building Technologies      | New + existing   | Green Activity                                 |                                                                                  |                |                            |                 |

\* Precincts are defined as 'defined masterplan or development area'.

Green criteria | Green criteria implemented after sunrise date | Transition criteria only available before sunset date

## Proxies for demonstrating alignment

### 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](#) 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?

| Activities                                                                                                                                   | Proxies                             | Proxied criteria                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Explanation re why the proxy's proposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Construction of New Buildings<br><b>Noting that proxies may be added/changed based on consultation outcomes on energy intensity targets.</b> | Green Star Buildings v1.0 certified | Green Criterion A – all-electric building with no fossil fuel use in normal operation.<br>Green Criterion E (except for residential buildings) – provision of load-managed EV charging infrastructure <i>[requires achievement of 3 points for the Movement and Place credit]</i> .<br>Green Criterion F – consideration of Māori values and appropriate engagement with affected stakeholders <i>[requires achievement of 1 point for the Tohu Mauri Ora credit]</i> . | Fossil fuel-free is a mandatory requirement for Green Star Buildings certification.<br>The optional EV requirements within the Movement and Place credit are aligned with the Taxonomy's SC criteria.<br>The optional Tohu Mauri Ora credit requires engagement with local hapū/iwi to identify project priorities and demonstrate that these have been addressed to their satisfaction. It was developed with New Zealand Green Building Council's Māori Technical Working Group and is designed to embed Māori perspectives throughout the design process rather than as a standalone requirement. |

|                                                                                                                                                                                                                           |                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                           | Homestar v5.1 certified                               | <p>Green Criterion A – all-electric building with no fossil fuel use in normal operation.</p> <p>Green Criterion C (until 2032) – refrigerants meet proposed GWP thresholds (from 1 Jan 2029) <b>[if GWP requirements are included – this is currently under consultation – see <a href="#">here</a>]</b>.</p> <p>Green Criterion E (for standalone dwellings only) – provision of load-managed EV charging infrastructure <i>[requires achievement of 1 point for the LV4: Sustainable Transport credit using the ‘Standalone’ pathway. Apartments, Terrace Houses and other points’ options cannot be used]</i>.</p> | <p>Fossil fuel-free is a mandatory requirement for Homestar certification.</p> <p>Homestar v5.1 includes a mandatory requirement to limit GWP of refrigerants. Its methodology is significantly different but is considered a suitable proxy with regards to outcome – if GWP requirements are included.</p> <p>The optional Sustainable Transport credit meets the screening criteria for single houses. However, it does not require infrastructure to be future-proofed to 100% of parking spaces for apartments. Hence, application of the credit is limited to standalone dwellings.</p> |
|                                                                                                                                                                                                                           | Climate Bonds Initiative certified                    | <p>Green Criterion A – all-electric building with no fossil fuel use in normal operation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>CBI New Buildings criteria are consistent with the proposed Taxonomy criteria, providing confidence that CBI-approved proxies are suitable for use.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Acquisition and Ownership<br><b>Noting that proxies may be added/changed based on consultation outcomes on <a href="#">energy intensity targets</a> and the inclusion of a <a href="#">Transition classification</a>.</b> | NABERSNZ certified (base building and whole building) | <p>Green Criterion A (for offices only) – energy intensity at or below the applicable published target. <i>[requires achievement of 5.5-star and above (specific rating level to be tested and determined through consultation)]</i></p> <p>Green Criterion B (for offices only) – no fossil combustion on site. <i>[requires zero fossil fuels recorded as a fuel source in the NABERSNZ report (excluding standby diesel use)]</i></p>                                                                                                                                                                               | <p>The 5.5-star rating aligns with the current Australian Taxonomy. However, due to voluntary adoption of the tool and a limited sample size in the NZ context, this threshold may not be representative of a ‘top 15%’ proxy.</p> <p>The building-specific report issued by NABERSNZ shows energy consumption by fuel type (including coal, gas, LPG and liquid fuels). A report showing zero use across these four categories (excluding standby diesel) would confirm alignment with the no fossil-fuel combustion requirement.</p>                                                        |
| Renovation and Upgrades:<br>Building Renovation                                                                                                                                                                           | NABERSNZ certified                                    | <p>Green Criterion C (for heritage-constraint buildings only) and Transition Criterion A – reduction in operational energy use by more than 30%. <i>[requires improvement in stars Base Buildings Energy rating by at least 1 star]</i></p> <p>Transition Criterion B (for offices only) – no fossil combustion on site. <i>[requires zero fossil fuels recorded as a fuel source in the NABERSNZ report (excluding standby diesel use)]</i></p>                                                                                                                                                                       | <p>This proxy is consistent with Method 2 of the New Zealand Green Building Council Sustainable Finance Guide V2 (see page 8 <a href="#">here</a>), which requires a minimum 30% improvement in energy efficiency.</p> <p>See above for the rationale regarding the appropriateness of building-specific NABERSNZ reports’ energy consumption information being used as a proxy for no fossil combustion on site.</p>                                                                                                                                                                         |

Read the [Proxy Inclusion Guidance](#).

## Climate change mitigation Substantial Contribution criteria for Aotearoa New Zealand's Construction and Buildings sector

### 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.

## 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 land<sup>2</sup>, 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?

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<sup>2</sup> 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?

## 1. Construction of New Buildings

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Activity description    | Development of buildings by bringing together financial, technical and physical means to realise the buildings for later sale, as well as the construction of complete buildings on one's own account for sale, or on a fee or contract basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Associated ANZSIC codes | <ul style="list-style-type: none"> <li>• E301 Residential building construction</li> <li>• E3020 Non-residential building construction</li> <li>• E32 Construction services</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Green Activity          | <p>The construction of new buildings must comply with criteria A, B, C, D, E, and F. Data Centres with an IT load capacity of 5MW or greater must also comply with G.</p> <ul style="list-style-type: none"> <li>A. Be an all-electric building, with no fossil fuels used for normal operations.</li> <li>B. Be designed and constructed to operate in line with the energy intensity performance requirements. NB: The energy intensity performance targets approach is currently being consulted on. The final agreed targets will be added here. See consultation focus <a href="#">here</a>.</li> <li>C. Installed equipment complies with the refrigerant GWP requirements (if any). NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus <a href="#">here</a>.</li> <li>D. From 1 January 2029: Constructed to limit the amount of greenhouse gas emissions resulting from the materials used and the process of construction (for buildings over <math>Xm^2</math>). NB: the appropriate size-based applicability threshold is currently being consulted on. The final agreed threshold will be updated here. See consultation focus <a href="#">here</a>.</li> <li>E. Provide load-managed EV charging infrastructure for any communal or shared carparking provided (multi-unit residential, commercial, public and institutional buildings; single residential dwellings excluded).</li> <li>F. The final agreed clause for protection of Māori rights and interests will be applied here. This clause is currently being consulted on. See consultation focus <a href="#">here</a>.</li> <li>G. 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 <a href="#">here</a>.</li> </ul> |

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| <p>Proxies: New Construction</p> <p>Noting that proxies may be added/changed based on consultation outcomes.</p> | <p><u>Green Star Buildings:</u></p> <ul style="list-style-type: none"> <li>Buildings certified under the Green Star Buildings NZ v1.0 (or later) standard, to be confirmed in a commitment to post-construction certification from the New Zealand Green Building Council, can confirm compliance with Part A of the SC climate mitigation criteria. Achievement of 3 points for Movement and Place can confirm compliance with Part E of the SC criteria for non-residential buildings. Achievement of 1 point for Tohu Mauri Ora can confirm compliance with Part F of the SC criteria.</li> </ul> <p><u>Homestar:</u></p> <ul style="list-style-type: none"> <li>Buildings certified under the Homestar v5.1 standard (or later), to be confirmed in a commitment to post-construction certification from the New Zealand Green Building Council, can confirm compliance with Parts A of the SC climate mitigation criteria<sup>#</sup>. Achievement of 1 point for LV4: Sustainable Transport using the Standalone pathway can confirm compliance with Part E of the SC criteria; the Public Access pathway for Apartments and Terraced Houses cannot be used.</li> </ul> <p><sup>#</sup> Demonstration on Part C compliance with Homestar v5.1 is applicable until 2032.</p> <p><u>International:</u></p> <ul style="list-style-type: none"> <li>International new construction activities can use the Climate Bonds Initiative new construction certification criteria to confirm compliance with Part A of the SC criteria, including using Climate Bonds Initiative proxies.</li> </ul> |
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## 2. Acquisition and Ownership

### **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 (see criteria below).

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.

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| Activity description    | Purchasing of real estate and exercising ownership or control of real estate operations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Associated ANZSIC codes | <ul style="list-style-type: none"> <li>• L6712 Non-residential property operators</li> <li>• L6711 Residential property operators</li> <li>• H4400 Accommodation</li> <li>• Q8601 Aged care residential services</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Green Activity          | <p>The activity must comply with criteria A, B and C. Data Centres must also comply with D.</p> <p><b>A. An energy intensity at or below the published target. NB: The energy intensity performance targets approach is currently being consulted on. These criteria will reference the agreed targets. See consultation focus <a href="#">here</a>.</b></p> <p><b>B. No fossil combustion on site.</b></p> <p><b>C. The final agreed clause for protection of Māori rights and interests will be applied here. See consultation focus <a href="#">here</a>.</b></p> <p><b>D. Any applicable data centre specific provisions. NB: The approach to data centres in the NZ Taxonomy is currently</b></p> |

|                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|                                                                                                                | being consulted on. The final agreed requirements (if any) will be added here. See consultation focus <a href="#">here</a> .                                                                                                                                                                                                                                                                                                                    |
| Consultation focus: Transition Activity                                                                        | Criteria and safeguards to be determined. See consultation focus <a href="#">here</a> .                                                                                                                                                                                                                                                                                                                                                         |
| Proxies: Acquisition and Ownership<br>Noting that proxies may be added/changed based on consultation outcomes. | <p><u>NABERSNZ:</u></p> <ul style="list-style-type: none"> <li>Office buildings with a current star rating of <b>5.5 and above [specific rating level to be tested and determined through consultation]</b> under the NABERSNZ Energy scheme can confirm compliance with part A of the criteria (under either approach option) and Part B of the criteria (where zero fossil fuel is listed on the report excluding standby diesel).</li> </ul> |

### 3. Renovation and Upgrades: Building Renovation

Three activities are covered within Renovation and Upgrades to suit different scales of intervention and investment, from renovating a building or replacing major plant and equipment to installing domestic scale low-carbon appliances and equipment.

Where the criteria specify percentage reductions in energy use, use is to be measured before and after the works (renovations, upgrades, installs etc) for which finance is being sought. To finance the works, energy savings required to meet the mitigation activity requirement demonstrated through calculation and must be included in the works contract and delivery of the activity confirmed by contracted post-works verification requirements.

Renovation activities cover any work within a building that results in repositioning the building's in-use operating performance. The Green criteria do not require a pre-works measure of performance. The Transition criteria are to be assessed based on the building's operational energy reduction, not the reduction in energy consumption of the work components.

|                         |                                                                                                                                                                                                                                                                                                                                                                |
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| Activity description    | Renovation and upgrade of buildings by bringing together financial, technical and physical means to improve, either on own account or on a fee or contract basis.                                                                                                                                                                                              |
| Associated ANZSIC codes | <ul style="list-style-type: none"> <li>E301 Residential building construction</li> <li>E3020 Non-residential building construction</li> <li>E32 Construction services</li> </ul>                                                                                                                                                                               |
| Green Activity          | <p>The renovated building must meet A and B, or B and C if heritage constrained:</p> <p><b>A.</b> Meet all relevant Green screening criteria provided for the Acquisitions and Ownership of existing buildings.</p> <p><b>B.</b> <b>Newly installed equipment complies with the refrigerant GWP requirements (if any). NB: The approach to refrigerant</b></p> |

|                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|                                                                                                                 | <p><b>GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus <a href="#">here</a>.</b></p> <p>C. Where a building is constrained by heritage listing, a minimum 30% reduction in operational energy use is to be achieved<sup>#</sup>. Heritage constraints are established by listing on the New Zealand Heritage List/Rārangī Kōrero maintained by Heritage New Zealand Pouhere Taonga, or by scheduling as a heritage item in the relevant territorial authority's District Plan under the Resource Management Act 1991, supported by a conservation management plan confirming that heritage constraints prevent the works necessary to achieve the Green criteria for the Acquisition and Ownership of buildings.</p> <p>The baseline from which to measure the reduction in energy use is to be demonstrated from a third-party verified assessment of the building's current annual operational energy use.</p> |
| Transition Activity*                                                                                            | <p>The renovation activities must meet all of the following criteria:</p> <p>A. Reduce the operational energy use of the building by more than 30%<sup>#</sup>.</p> <p>B. Not include fossil fuel combusting equipment, or extend the life of existing fossil fuel combusting equipment.</p> <p>C. Not extend the life of existing HFC- or HCFC-charged equipment, or <b>not include refrigerants above specified GWP requirements (if any). NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus <a href="#">here</a>.</b></p> <p>D. <b>The final agreed clause for protection of Māori rights and interests will be applied here. See consultation focus <a href="#">here</a>.</b></p>                                                                                                                                                                                             |
| Proxies: Building Renovation<br><b>Noting that proxies may be added/changed based on consultation outcomes.</b> | <p><u>NABERSNZ:</u></p> <ul style="list-style-type: none"> <li>Buildings that improve their certified NABERSNZ base building energy rating by at least 1 star can confirm compliance with Part C of the Green SC criteria or Part A of the Transition SC criteria and Part B of the criteria (where zero fossil fuel is listed on the report excluding standby diesel).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Notes                                                                                                           | <p>* The Transition criteria are subject to a sunset date of 1 July 2031. After this date, the activity must meet the Green criteria if it is to remain Taxonomy-aligned.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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|  | # The boundaries of operational energy are to be consistent with those defined under the Acquisition and Ownership Substantial Contribution criteria, and as detailed in <a href="#">Appendix 2</a> . |
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#### 4. Renovation and Upgrades: Replacement of Major Plant and Equipment

The boundary of energy improvement to be measured is limited to the plant and equipment that is being replaced. The savings required can be demonstrated through calculation and must be included in the works contract and contracted post-works verification requirements. Major plant and equipment refers to building services plants such as chillers, boilers, central heat pump systems, that serve a building or a precinct, irrespective of building type or scale, and may include all associated controls, distribution and delivery systems.

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| Activity description    | Replacement of major plant and equipment either on own account or on a fee or contract basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Associated ANZSIC codes | <ul style="list-style-type: none"> <li>• E301 Residential building construction</li> <li>• E3020 Non-residential building construction</li> <li>• E32 Construction services</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Green Activity          | <p>The plant replacement works must meet A or B, and criteria C:</p> <ul style="list-style-type: none"> <li>A. Improve the annual energy efficiency of the replaced services by more than 30%.</li> <li>B. Replace fossil fuel combusting plants and equipment with electric alternatives. <b>Comply with the refrigerant GWP requirements (if any)</b> at the time of purchase. <b>NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus <a href="#">here</a>.</b></li> <li>C. <b>The final agreed clause for protection of Māori rights and interests will be applied here. See consultation focus <a href="#">here</a>.</b></li> </ul> <p>Criteria B and C are to be assessed for all assets within the activity's scope of works or funding.</p> |
| Transition Activity*    | <p>The plant replacement works must meet A and D, and either criteria B or C:</p> <ul style="list-style-type: none"> <li>A. Improve the annual energy efficiency of the replaced services by more than 30%.</li> <li>B. Not include fossil fuel combusting equipment or extend the life of existing fossil fuel combusting equipment.</li> <li>C. From 1 January 2029: Not include refrigerants above the <b>refrigerant GWP requirements (if any)</b> or extend the life of existing HFC- or HCFC-charged equipment. <b>NB: The</b></li> </ul>                                                                                                                                                                                                                                                                                               |

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|       | <p>approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus <a href="#">here</a>.</p> <p>D. The final agreed clause for protection of Māori rights and interests will be applied here. See consultation focus <a href="#">here</a>.</p> |
| Notes | <p>* The Transition criteria are subject to a sunset date of 1 July 2031. After this date, the activity must meet the Green criteria to remain Taxonomy-aligned.</p>                                                                                                                                                  |

## 5. Renovation and Upgrades: Residential and Small Commercial Upgrades

This activity applies to upgrades undertaken in residential and small commercial buildings. Where a financed upgrade matches one of the measures listed below, it is automatically taxonomy-aligned, without requiring project-specific measurement or verification of the energy saving achieved. This removes the cost and complexity of verification for residential and small commercial financing, where bespoke savings verification is often disproportionate to the scale of the works.

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| Activity description    | Installation of small-scale equipment/appliances and upgrades that support the sector's climate alignment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Associated ANZSIC codes | <ul style="list-style-type: none"> <li>• E301 Residential building construction</li> <li>• E3020 Non-residential building construction</li> <li>• E32 Construction services</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Transition Measure      | <p>The installation of any of the following components:</p> <ul style="list-style-type: none"> <li>A. Heat pumps*. They must meet the <b>refrigerant GWP requirements (if any)</b> at the time of purchase. <b>NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus <a href="#">here</a>.</b></li> <li>B. Electric vehicle charging equipment.</li> <li>C. Induction cooktops.</li> <li>D. Rooftop solar and batteries.</li> <li>E. LED lighting.</li> <li>F. Window and glazing upgrades, including secondary glazing retrofits.</li> <li>G. Electric appliances replacing gas-fired equivalents, including permanent removal of gas connections.</li> <li>H. Appliances with the top 15% of the best star ratings under the GEMS programme. If containing refrigerants, they must meet the <b>refrigerant GWP requirements (if any)</b> at time of purchase. <b>NB: The approach to refrigerant GWPs is currently</b></li> </ul> |

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|       | <p>being consulted on. The final agreed requirements will be added here. See consultation focus <a href="#">here</a>.</p> <p>I. Thermal envelope improvements installed to meet the requirements of national or regional regulations, or as a condition of eligibility under a government-administered incentive scheme.</p>                                                                                                                                                                                                                                           |
| Notes | <p>Eligible GEMS star ratings can be found in <a href="#">Appendix 2</a>, Table 2.</p> <p>* Heat pump technologies refer to high-efficiency systems designed for domestic hot water, space heating, and cooling applications. These include, but are not limited to, air-source, ground-source (geothermal), and water-source configurations. The scope encompasses the heat pump unit itself, all associated plant and balance-of-system equipment (such as tanks, pumps, and heat exchangers), and integrated control systems required for operational delivery.</p> |

## 6. Supply of Equipment for Buildings

The criteria support manufacturing, importation, and wholesaling of equipment activities that support the building sector's climate alignment.

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| Activity description    | Manufacturing, importation, and wholesaling of equipment activities that support the sector's climate alignment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Associated ANZSIC codes | <ul style="list-style-type: none"> <li>• C24 Machinery and equipment manufacturing</li> <li>• F349 Other machinery and equipment wholesaling</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Transition Measure      | <p>Any of the following products and their key components are manufactured, imported or distributed:</p> <ul style="list-style-type: none"> <li>A. Heat pumps and compressors and air conditioning systems not using HFCs refrigerants or blends.</li> <li>B. Electric vehicle charging equipment.</li> <li>C. Induction cooktops.</li> <li>D. Rooftop solar and batteries.</li> <li>E. LED Lighting.</li> <li>F. Appliances with the top 15% of the best energy label index under the GEMS programme. If containing refrigerants, they must meet the <b>refrigerant GWP requirements (if any)</b> at time of manufacture. <b>NB: The approach to refrigerant GWPs is currently being consulted on. The final agreed requirements will be added here. See consultation focus <a href="#">here</a>.</b></li> </ul> |

|       |                                                                                          |
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| Notes | Eligible GEMS energy label indexes can be found in <a href="#">Appendix 2</a> , Table 3. |
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## 7. Infrastructure Supporting Low-Emissions Precincts

The criteria support the delivery and operation of infrastructure at the precinct scale. Precinct infrastructure is usually delivered to support buildings in a defined master plan or development area.

Utility-scale infrastructure delivered and operated independently of a defined masterplan or development activity is to be assessed under the relevant criteria of the Energy sector.

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| Activity description    | Construction, refurbishment, and operation of precinct and community-wide infrastructure for reducing the operation emissions of a precinct.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Associated ANZSIC codes | <ul style="list-style-type: none"> <li>• E32 Construction services</li> <li>• E3109 Other heavy and civil engineering construction</li> <li>• E2619 Other electricity generation</li> <li>• E263 Electricity distribution</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Transition Measure      | <p>The following infrastructure is installed to provide physical delivery of low-emissions and efficient energy sources to buildings within a precinct, community or district:</p> <ul style="list-style-type: none"> <li>A. Embedded electricity networks providing 100% renewable energy through on-generation and long-term voluntary retirement of the renewable energy attributes from offsite generation such that the renewable energy claim is attributable to the network itself and remains unaffected by occupants' choice of, or changes to, their electricity retail contracts.</li> <li>B. Central thermal energy, including hot water and chiller water provisions that do not use fossil fuels or refrigerants with a GWP greater than X [<b>specific threshold to be tested and determined through consultation – see <a href="#">here</a></b>].</li> <li>C. Site works associated with the decommissioning of fossil fuel infrastructure in support of precinct electrification or replacement with biomass/biogas.</li> </ul> |

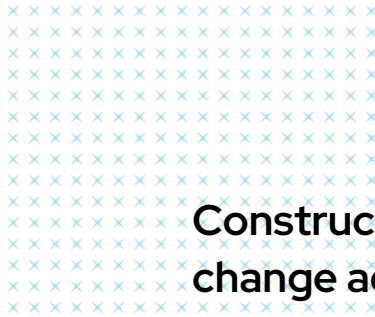
## 8. Research, Development and Innovation of Building Technologies

|                      |                                                                                                                                                                                                                                                                                                                                                       |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Activity description | Research, applied research and experimental development of building construction and operations related solutions, processes, technologies, business models and other products dedicated to the reduction, avoidance or removal of GHG emissions. The ability to reduce, remove or avoid GHG emissions in the target economic activities has at least |
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|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|                         | been demonstrated in a relevant environment, corresponding to at least Technology Readiness Level (TRL) 5.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Associated ANZSIC codes | <ul style="list-style-type: none"> <li>• 6910 Scientific research services</li> <li>• 6950 Market research and statistical services</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Green Activity          | <p>The activity fulfils <u>all</u> of the following criteria:</p> <ul style="list-style-type: none"> <li>A. The activity researches, develops or provides innovation for technologies, products or other solutions that are dedicated to one or more economic activities for which the technical screening criteria have been set out in the Construction &amp; Buildings sector of the NZ Taxonomy.</li> <li>B. The results of the research, development and innovation enable one or more of those economic activities to meet the respective criteria for substantial contribution to climate change mitigation, while respecting Do No Significant Harm (DNSH) criteria.<sup>3</sup></li> <li>C. The activity aims to bring to market a solution that is either not yet in the market or that improves an existing market solution, fulfilling either one of the following requirements: <ul style="list-style-type: none"> <li>a. The solution is expected to have a lifecycle GHG emissions performance that is better than the best commercially available technology with the same application and/or comparable technologies, based on public or market information. The implementation of the technologies, products or other solutions being researched results in overall net GHG emissions reductions over their lifecycle.</li> <li>b. The solution is expected to have a lifecycle GHG emissions performance that is at least in line with the best commercially available technology with the same application and/or comparable technologies. It should also provide new significant advantages, such as lower cost.</li> </ul> </li> <li>D. Where the researched, developed or innovated technology, product or other solution is at TRL 5 or 7, lifecycle GHG emissions are evaluated in simplified form by the entity carrying out the research. The entity demonstrates one of the following, where applicable:</li> </ul> |

<sup>3</sup> For avoidance of doubt, Research, Development and Innovation (RD&I) activities that come under criteria A(a) above should refer to their respective activity criteria for substantial contribution and DNSH. Activities that come under criteria A(b) should, until 2030, meet a maximum 100gCO<sub>2</sub>e/kWh lifecycle emissions intensity threshold, while fulfilling the generic DNSH criteria. Compliance with DNSH criteria for both types of RD&I activities will be phased in at a later stage and is voluntary for this Taxonomy iteration.

|              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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|              | <ul style="list-style-type: none"> <li>c. A patent not older than 10 years associated with the technology, product or other solution, where information on its GHG emission reduction potential has been provided; or</li> <li>d. A permit obtained from a competent authority for operating the demonstration site associated with the innovative technology, product or other solution for the duration of the demonstration project, where information on its GHG emission reduction potential has been provided; or</li> <li>e. A current lifecycle GHG emissions assessment calculated using ISO 14067:2018 or ISO 14064-1:2018 and verified by an independent third party.</li> </ul> <p>E. Where the researched, developed or innovated technology, product or other solution is at TRL 8 or higher, lifecycle GHG emissions are calculated using ISO 14067:2018 or ISO 14064-1:2018 and are verified by an independent third party.</p> |
| <b>Notes</b> | For the purposes of criteria D and E, lifecycle GHG emissions are assessed from raw material extraction through to end of useful life, consistent with the system boundary definitions in ISO 14067:2018 or ISO 14064-1:2018 as applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



## Construction and Buildings sector-specific Whitelist for climate change adaptation and resilience – draft for public consult

This section presents the draft sector-specific Whitelist for climate change adaptation and resilience as they apply to the Construction and Buildings sector for the NZ Taxonomy.

The Whitelist is part of the Substantial Contribution (SC) criteria for this sector. SC criteria define the requirements that an economic activity or measure must meet to be considered as making a substantial contribution to an environmental objective – in this case, climate change adaptation and resilience.

The development of the climate change adaptation and resilience criteria is intended to accelerate investment to support businesses to anticipate, prepare for and respond effectively to the impacts of climate change and/or strengthen long-term resilience in a changing climate.

The climate change adaptation and resilience SC criteria provide two options for assessing the performance of activities:

1. a cross-sectoral Process-Based Approach (PBA); and
2. a sector-specific Whitelist.

In an earlier phase, the NZ Taxonomy has developed a cross-sectoral PBA for climate change adaptation and resilience. You can review this [here](#). The PBA reflects the highly contextual nature of appropriate activities/measures to build adaptive capacity and resilience and outlines the steps that must be taken for development of a robust adaptation and resilience activity. If a business has followed the process, any resulting adaptation and resilience activity can be considered NZ Taxonomy-aligned.

The sector-specific Whitelist provides a list of low-risk, pre-approved adaptation and resilience measures that can be applied to an activity to substantially increase adaptive capacity and resiliency.

The activities/measures on the Whitelist are automatically deemed eligible for NZ Taxonomy-alignment and do not require a full assessment against the PBA criteria or the Do No Significant Harm (DNSH) criteria (due to their low-risk nature). Entities undertaking Whitelist measures will still need to be assessed against the Minimum Social Safeguards (MSS) criteria once these become applicable and are encouraged to undertake this assessment earlier where appropriate.

All adaptation and resilience activities are classified as Green.

The Construction and Buildings sector Whitelist is available for feedback in this consult.

## Whitelist of climate change adaptation and resilience measures for Aotearoa New Zealand's Construction and Buildings sector

| Whitelist measure                                                  | Guidance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Applicable sub-sector(s)             | Main climate hazard(s) |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|------------------------|
| 1. Flood barriers and demountable protection for doorways/openings | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | [Existing] All building types        | Flood damage           |
| 2. Improved management of stormwater on site                       | Achieve 50% reduction in offsite flows in 1% annual exceedance probability (AEP) + 3.6 degrees climate change (water sensitive urban design (WSUD), on-site stormwater detention (OSD), etc.) compared to existing conditions.                                                                                                                                                                                                                                                            | [Existing] All building types        | Flood damage           |
| 3. Sump pump with battery backup                                   | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | [Existing] All (below-ground spaces) | Flood damage           |
| 4. Raising of key equipment <sup>4</sup>                           | <p>Key equipment and services raised above 1% AEP flood level plus climate change allowance plus 500mm freeboard.</p> <p>Climate change allowance requirements:</p> <ul style="list-style-type: none"> <li>For coastal and estuarine sites: the H+ scenario from the New Zealand Coastal Hazards Guidance (Ministry for the Environment), adjusted for local vertical land movement.</li> <li>For all other sites: Climate projections to 2100 based on a minimum of SSP3-7.0,</li> </ul> | [Existing] All building types        | Flood damage           |

<sup>4</sup> Equipment that is relied upon for continuity of services (i.e., power, water, communications, fire and life safety).

|                                                         |                                                                                                                                                                                                                                                                          |                                                                              |                                      |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------|
|                                                         | assessed across a range of climate models consistent with best practice guidance.                                                                                                                                                                                        |                                                                              |                                      |
| 5. Building and site drainage                           | All secondary and major drainage systems are designed for 1% AEP (100-year average recurrence interval (ARI)) events under climate projections to 2100 based on a minimum of SSP3-7.0, assessed across a range of climate models consistent with best practice guidance. | <b>[New]</b> <b>[Existing]</b> All building types                            | Flood damage                         |
| 6. Flood-resistant materials below design flood level   | Closed-cell insulation, marine-grade fixings, concrete/tile floors, waterproof plaster designed for repairability and rapid recovery below design flood levels (e.g., demountable linings, accessible mechanical fixings).                                               | <b>[New]</b> <b>[Existing]</b> All building types                            | Flood damage                         |
| 7. Foundations designed for re-levelling and/or raising | Piled foundations with accessible jack points and floor framing designed to accommodate re-levelling loads.                                                                                                                                                              | <b>[New]</b> <b>[Existing]</b> Residential; aged care; healthcare; education | Flood damage<br>Mass movement damage |
| 8. Wind resistance structures                           | Design to New Zealand Standard (NZS) 3604/Australian Standard (AS)/NZS 1170.2 wind loading with climate uplift factor.                                                                                                                                                   | <b>[Existing]</b> All building types                                         | Storm damage                         |
| 9 Debris-resistant cladding systems                     | Cladding systems designed to resist progressive panel failure under design wind loads, with consideration of post-event repairability in fixing system selection.                                                                                                        | <b>[Existing]</b> All building types                                         | Storm damage                         |

|                                                                |                                                                                                                                                                                                                                                                                                         |                                     |                 |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------|
| 10. Enhanced roof tie-down connections                         | Continuous load path from roof to foundation.                                                                                                                                                                                                                                                           | [New] [Existing] Residential        | Storm damage    |
| 11. Rainwater collection systems                               | Minimum capacity of collection and storage in line with requirements for new build construction in the location at the time of the works.                                                                                                                                                               | [Existing] All building types       | Water stress    |
| 12. Water-efficient fixtures and fittings                      | Water Efficiency Labelling Scheme (WELS) rated.                                                                                                                                                                                                                                                         | [Existing] All building types       | Water stress    |
| 13. Alternative water source pre-plumbing                      | Dual plumbing for future reuse systems.                                                                                                                                                                                                                                                                 | [New] Multi-family; commercial      | Water stress    |
| 14. Climate appropriate landscaping                            | Locally indigenous planting that requires no irrigation once established.                                                                                                                                                                                                                               | [New] [Existing] All building types | Water stress    |
| 15. Re-detailed flashings, window/door junctions, penetrations | Upgrade to meet the Building Code that is in effect at the time of the works.                                                                                                                                                                                                                           | [Existing] All building types       | Moisture damage |
| 16. Climate-rated durability specification                     | Hazard class (H) 3.2+ timber treatment for all exposed and at-risk framing members per NZS 3602; marine-grade fixings in coastal zones.<br>Does not preclude use of engineered mass timber structural systems where these are protected from direct weather exposure by appropriate envelope detailing. | [Existing] All (coastal)            | Moisture damage |

|                                                                                       |                                                                                                                                                                                                                                                                                                                   |                                                                                                            |                 |
|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-----------------|
| 17. Low solar heat gain coefficient (SHGC) glazing                                    | Glazing with SHGC <0.3 in climate zones 1–3 (NZS 4218).                                                                                                                                                                                                                                                           | [Existing] All building types                                                                              | Heat stress     |
| 18. Application of reflective/light-coloured <sup>5</sup> materials on walls or roofs | N/A                                                                                                                                                                                                                                                                                                               | [Existing] All building types                                                                              | Heat stress     |
| 19. External solar shading                                                            | Fixed overhangs, louvres, fins on east (E)/west (W)/north (N) facades in climate zones 1–3 (NZS 4218); applicable in climate zones 4 and 6 where site-specific assessment indicates overheating risk from east or west-facing glazing.<br>In all zones, shading should be designed to admit low-angle winter sun. | [Existing] All building types                                                                              | Heat stress     |
| 20. Ceiling fans in habitable spaces                                                  | N/A                                                                                                                                                                                                                                                                                                               | [Existing] Residential; aged care; education                                                               | Heat stress     |
| 21. Emergency escape and access routes                                                | N/A                                                                                                                                                                                                                                                                                                               | [Existing] All buildings in rural, peri-urban, and areas identified as elevated wildfire risk <sup>6</sup> | Wildfire damage |

<sup>5</sup> Materials used have a minimum solar reflectivity index (SRI) of 82 if a horizontal surface or a minimum SRI of 39 for sloped surface greater than 15 degrees.

<sup>6</sup> Elevated wildfire risk is indicated as identified by the local authority or FENZ, or where a building is located within 100m of native bush, scrub, plantation forest, or ungrazed grassland exceeding 300mm height, particularly where combined with upslope vegetation, single-route vehicle access, or location in regions with increasing fire weather frequency under climate projections.

|                                                                        |                                                                                                                                                                                     |                                                                                                              |                    |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------|
| 22. Installation/provision of electrical protection                    | Arc fault detection and protected wiring in roof/wall cavities; address electrical ignition pathway during wildfire power surge events.                                             | <b>[Existing]</b> All buildings in rural, peri-urban, and areas identified as elevated wildfire risk         | Wildfire damage    |
| 23. Non-combustible external cladding and ember-resistant construction | Per AS 3959 (adapted for NZ).                                                                                                                                                       | <b>[Existing]</b> All buildings in rural, peri-urban, and areas identified as elevated wildfire risk         | Wildfire damage    |
| 24. Ember-proof mesh on all openings, vents, and subfloor              | Maximum 2mm aperture.                                                                                                                                                               | <b>[Existing]</b> All buildings in rural, peri-urban, and areas identified as elevated wildfire risk         | Wildfire damage    |
| 25. Non-combustible decking and fencing adjacent to buildings          | N/A                                                                                                                                                                                 | <b>[Existing]</b> Residential buildings in rural, peri-urban, and areas identified as elevated wildfire risk | Wildfire damage    |
| 26. Creation of firebreaks                                             | N/A                                                                                                                                                                                 | Urban planning                                                                                               | Wildfire damage    |
| 27. Design for thermal autonomy                                        | Design and associated construction works to allow the habitable rooms to maintain habitable conditions for minimum 72 hours during complete grid outage under design climate event. | <b>[New]</b> <b>[Existing]</b> All residential building types                                                | Survivability risk |
| 28. Solar PV with battery storage and islanding                        | Critical loads to include ventilation, lighting, medical equipment, communications; equipment must be installed above design flood levels.                                          | <b>[New]</b> <b>[Existing]</b> Aged care; healthcare; education                                              | Survivability risk |

|                                     |                                                                                                                                                                                                                                         |                                                                                                                |                                                 |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| capability for critical loads       |                                                                                                                                                                                                                                         |                                                                                                                |                                                 |
| 29. Safe refuge space               | Safe refuge space with enhanced thermal protection, structural security, and smoke/air quality protection above design flood levels.                                                                                                    | <b>[New]</b> <b>[Existing]</b> Aged care; healthcare; education                                                | Survivability risk                              |
| 30. Potable water storage           | Minimum 3 days' supply with gravity-fed or hand-pump distribution.                                                                                                                                                                      | <b>[New]</b> <b>[Existing]</b> Aged care; healthcare; multi-family                                             | Survivability risk                              |
| 31. Relocation of vulnerable assets | Relocation of vulnerable assets away from areas of persistent locational risk, including unstable slopes and mass movement zones, coastal erosion zones, and wildfire-exposed sites where adequate defensible space cannot be achieved. | Urban planning (applicable where hazard cannot be adequately mitigated through building-level design measures) | Mass movement damage<br>Wildfire damage         |
| 32. Maintenance and system access   | Improvements to the maintenance access to key systems relied upon for continuity of services (i.e., power, water, communications, fire and life safety).                                                                                | <b>[Existing]</b> All building types                                                                           | Flood damage<br>Storm damage<br>Wildfire damage |



## 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.

## 1. Construction of New Buildings

The following DNSH criteria apply to all new construction activities involving buildings with a GFA > **Xm<sup>2</sup> (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 [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                 | <p>Apply generic criteria. <b>In addition:</b></p> <ul style="list-style-type: none"><li>• <b>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 <a href="#">here</a>.</b></li></ul> <p>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.</p>                                                  |
| Protection and restoration of biodiversity and ecosystem | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"><li>• The activity must not be constructed on:<ul style="list-style-type: none"><li>○ Highly productive land<sup>7</sup> unless the activity is dedicated to the surrounding agricultural enterprise.</li><li>○ 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).</li><li>○ Land classified as forest under the New Zealand Land Cover Database (LCDB) or,</li></ul></li></ul> |

<sup>7</sup> As defined by the [National Policy Statement for Highly Productive Land \(NPS-HPL\)](#).

|                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                        | <p>where applicable, land registered under the Emissions Trading Scheme as forestry land.</p> <ul style="list-style-type: none"> <li>All timber must be sourced from sustainable forestry operations, or previously used.</li> </ul> <p><b>Views on these protections are being considered in consultation. See consultation focus <a href="#">here</a>.</b></p> <p>Notes: International proxies for the requirement that all timber be sustainably sourced and reused: Forest Stewardship Council (FSC).</p> |
| Sustainable use and protection of water resources and marine resources | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"> <li>Systems are in place to measure and monitor water use.</li> <li><b>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 <a href="#">here</a>.</b></li> </ul>                                                                                             |
| Pollution prevention and control                                       | Apply generic criteria.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Transition to a circular economy                                       | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"> <li>At least 40 percent of construction and demolition waste by weight is to be diverted from landfill through reuse, recycling, or recovery processes. <b>Views on regional targets are also being considered in consultation. See consultation focus <a href="#">here</a>.</b></li> </ul>                                                                                                                                    |

## 2. Acquisition and Ownership

| Objective                                                | Criteria                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Climate change adaptation and resilience                 | <p>Apply generic criteria. <b>In addition:</b></p> <ul style="list-style-type: none"> <li><b>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 <a href="#">here</a>.</b></li> </ul> |
| Protection and restoration of biodiversity and ecosystem | N/A                                                                                                                                                                                                                                                                                                                                                      |

|                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sustainable use and protection of water resources and marine resources | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"> <li>• Systems are in place to measure and monitor water use.</li> <li>• <b>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 <a href="#">here</a>.</b></li> </ul> |
| 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                               | <p>Apply generic criteria.</p> <p>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.</p>                                                                                                                                                                                                |
| Protection and restoration of biodiversity and ecosystem               | N/A                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Sustainable use and protection of water resources and marine resources | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"> <li>• Systems are in place to measure and monitor water use.</li> <li>• <b>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 <a href="#">here</a>.</b></li> </ul> |
| Pollution prevention and control                                       | Apply generic criteria.                                                                                                                                                                                                                                                                                                                                                                                               |
| Transition to a circular economy                                       | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"> <li>• At least 40 percent of construction waste by weight is to be diverted from landfill through reuse, recycling,</li> </ul>                                                                                                                                                                                                         |

|  |                                                                                                                                                 |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------|
|  | or recovery processes. <b>Views on regional targets are also being considered in consultation. See <a href="#">consultation focus here</a>.</b> |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------|

#### 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.<br>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.<br>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.<br>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.<br>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. |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|

## 9. Building-level Adaptation and Resilience

The following DNSH criteria apply to all adaptation and resilience activities involving buildings with a GFA > 5,000m<sup>2</sup>.

| Objective                                                              | Criteria                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Climate change mitigation                                              | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"> <li>Do not increase fossil fuel use.</li> <li>Do not extend the life of fossil fuel plants and equipment.</li> </ul>                                                                                                                                                                                                                     |
| Protection and restoration of biodiversity and ecosystem               | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"> <li>All timber must be sourced from sustainable forestry operations, or previously used. <b>Views on these protections are being considered in consultation. See consultation focus <a href="#">here</a>.</b></li> </ul> <p>Notes: International proxies for the requirement that all timber be sustainably sourced and reused: FSC.</p> |
| 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                                       | <p>Apply generic criteria. In addition:</p> <ul style="list-style-type: none"> <li>At least 40 percent of construction (and demolition<sup>8</sup>) waste by weight is to be diverted from landfill through reuse, recycling, or recovery processes. <b>Views on regional targets are also being considered in consultation. See consultation focus <a href="#">here</a>.</b></li> </ul>                                |

<sup>8</sup> For new construction only.

## Appendices

### Appendix 1: Framework for recognising certification schemes as proxies in the NZ Taxonomy

For the purposes of this framework:

Recognised Proxy Scheme means a certification, rating, labelling or equivalent assessment scheme recognised under the NZ Taxonomy as providing evidence that specified screening criteria have been satisfied.

Certification Body means the organisation responsible for operating a Recognised Proxy Scheme and issuing Certifications under that scheme.

Certification means a determination issued by a Certification Body under a Recognised Proxy Scheme confirming that an activity satisfies the applicable requirements of that scheme.

Relying Party means a person or entity entitled under the NZ Taxonomy to rely on a Certification for Taxonomy purposes.

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#### Purpose

This framework establishes the criteria by which a Recognised Proxy Scheme may be recognised as a proxy for demonstrating compliance with specified screening criteria under Version 1 of the NZ Taxonomy for Construction and Buildings.

Where a Recognised Proxy Scheme provides Certification that may be relied upon as a proxy for demonstrating satisfaction of specified screening criteria, the Scheme must operate appropriate governance arrangements to ensure the integrity of Certifications issued under that Scheme.

The review, ongoing recognition and inclusion of additional Recognised Proxy Schemes should be incorporated into future versions of the NZ Taxonomy.

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#### Recognition criteria

Recognised Schemes will be assessed against the following attributes.

##### **Credibility**

The assessment methodology supporting Certification should demonstrate a strong correlation with the underlying requirements of the relevant screening criteria.

Where the screening criteria are binary, the assessment methodology must demonstrate full alignment. Where the screening criteria are numeric, the methodology should demonstrate consistent and good correlation when applied to the relevant activity.

##### **Usability**

Usability considers the extent of current market use together with the ease and cost efficiency of broader adoption. Consideration should also be given to consistency with other climate-related reporting and investment frameworks, together with the accessibility of records required by financiers and other Relying Parties.

The primary objective is to minimise implementation friction while maintaining confidence in Taxonomy outcomes.

### **Accessibility**

The assessment criteria and criteria supporting of the Certification should be sufficiently accessible to enable Relying Parties to understand the basis upon which Certification has been granted, subject to the transparency requirements below.

The nomination of a Recognised Proxy Scheme with the Taxonomy is not intended to mandate the use of a particular Certification.

Certification assessment methodologies should avoid unnecessary dependence on proprietary or bespoke processes where these would create unreasonable barriers to adoption.

### **Balance**

Recognition should also take account of the practical characteristics of the relevant economic activity. For example, owners of commercial investment-grade buildings may be able to capture and report detailed operational data, whereas residential buildings may present greater challenges for obtaining reliable information. Recognition criteria should therefore be proportionate to the nature of the activity being assessed.

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## **Governance requirements**

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To obtain and maintain recognition under Version 1 of the NZ Taxonomy, a Recognised Proxy Scheme must operate governance arrangements commensurate with its role as an independent third-party verification of Taxonomy eligibility.

These arrangements include, at a minimum:

### **Transparency**

Where Certification is relied upon to demonstrate Taxonomy eligibility, the certifying body must, upon request by any relying party, disclose the basis on which the relevant certification criteria were assessed, including any professional advice received and the manner in which that advice was considered in the certification outcome.

### **Conflicts of interest**

The Certification Body must maintain documented procedures to identify, disclose and appropriately manage actual, potential and perceived conflicts of interest involving the Certification Body, assessors (where applicable), and applicants for Certification.

### **Consistency with published criteria**

Certification outcomes must be consistent with the published requirements of the Recognised Proxy Scheme as approved for recognition under the NZ Taxonomy.

Where a Certification is issued that departs from the published requirements of the Recognised Proxy Scheme, the Certification Body must provide details of that determination to any party known to be relying upon that Certification for Taxonomy purposes.

### **Ongoing eligibility**

Recognition under the NZ Taxonomy is conditional upon continued compliance with this framework.

Evidence of systematic non-compliance with the published requirements of the Recognised Proxy Scheme, or failure to provide required information in accordance with this framework, may result in suspension or withdrawal of recognition.

## Appendix 2: Construction and Buildings supporting guidance

This section describes additional supporting guidance for the application of the screening criteria.

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### New Construction

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#### Forecasting operational energy performance

For New Construction, Taxonomy eligibility requires that a building be designed and constructed to operate within the energy intensity thresholds [**TBD post consultation on approaches – see focus area here**]. Unlike existing buildings, where operational energy performance can be directly measured, New Construction requires a forecast of expected energy performance based on the design. The taxonomy does not prescribe a specific method for producing this forecast, recognising that appropriate methodologies will vary by building type, scale, and complexity. However, the forecast should be produced with sufficient rigour and transparency to allow an independent verifier to assess whether the design is reasonably expected to meet the relevant threshold in operation.

At a minimum, a credible forecast would be expected to: Use a recognised building energy simulation tool or equivalent method; reflect the actual design intent including building fabric, system specifications, occupancy assumptions, and climate data appropriate to the location; clearly document the assumptions and inputs underpinning the forecast; and be prepared or reviewed by a suitably qualified practitioner. Where the forecast relies on simplified or conservative assumptions, the verifier should be satisfied that those assumptions do not materially understate expected energy consumption. To demonstrate robustness, the energy model should also test a range of off-axis scenarios such as variations in occupancy patterns, equipment loads, or climatic conditions, to confirm that the building is expected to meet the energy intensity threshold across a reasonable range of operating conditions, not only under a single set of assumed conditions.

Once energy intensity targets are established post public consultation, Buildings with a **Green Star Buildings NZ v1.0 or Homestar v5.1 or later rating energy modelling output referencing minimum thresholds or NABERSNZ modelling report referencing the minimum proxy rating outcome** will be deemed to satisfy the energy efficiency requirement.

#### Future emissions from the onsite combustion of fossil fuels

All-electric servicing can be demonstrated by the compliance certification of the design and inclusion of requirements in construction contracts.

Buildings with a **Green Star Buildings NZ v1.0 or later rating** will be deemed to satisfy the all-electric requirement (because such rating can only be obtained for all-electric new buildings).

#### Provide load managed EV charging infrastructure

Load managing electric vehicle charging infrastructure can be demonstrated by providing the following:

Provision of electrical distribution boards dedicated to EV charging that are sized to support the future installation<sup>#</sup> of a 7kW (32A) type 2 electric vehicle charger in:

- 100% of the car parking spaces associated with a multi-user residential building; or
- 10% of car parking spaces associated with a commercial building; or
- 20% of car parking spaces associated with a hotel or a public building; and

Provision of a charging control system with the ability to manage and schedule charging of electric vehicles in response to total building demand:

- when associated with a multi-user residential building, have capacity for each circuit to support an electric vehicle charger able to deliver a minimum of 12kWh from 11:00pm to 7:00am daily; or
- when associated with a commercial building, have capacity for each circuit to support an electric vehicle charger able to deliver a minimum of 12kWh from 9:00am to 5:00pm daily; or
- when associated with a hotel building, have capacity for each circuit to support an electric vehicle charger able to deliver a minimum of 48kWh from 11:00pm to 7:00am daily.

<sup>#</sup> The intent of this requirement is to future proof newly constructed buildings and remove all barriers for the future installation of electric vehicle charging infrastructure. At the time of construction, all necessary infrastructure of sufficient capacity is to be provided to the point of connection at the dedicated EV switch boards. Chargers and cabling do not need to be provided at the time of construction.

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## Acquisition and Ownership

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### Energy intensity

A building's annual energy must be less than the energy intensity target [**TBD post consultation on approaches – see focus area [here](#)**].

Energy intensity must be measured consistently with the boundaries established for the relevant building target. The basis of measurement for each building type is described below.

Where any building use type represents less than 90% of the building's floor area, the building must be assessed as mixed-use. Mixed-use buildings can demonstrate qualification by comparing the total energy intensity to a target for all building uses derived by area-weighting the targets for each component of building use.

The energy intensity to be compared to the required target [**TBD post consultation on approaches – see focus area [here](#)**] can be calculated from annual energy use and the floor area. The scope of energy uses and area measurement should be consistent with those described for the required targets for each building use type.

The following methods are also able to confirm energy intensity for qualification against criteria A: **NABERS energy rating certificates** issued by the NABERSNZ administrator can be used to confirm energy intensity for Offices.

- The sum of all energy consumption (kWh)/rated area (m<sup>2</sup>).

### Basis of measurement for building energy targets

When screening Acquisition and Ownership criteria, the basis of measurement and energy boundaries are varied to suit each building type. The following table summarises the activities and building use types with Acquisition and Ownership screening criteria and the boundary and basis of measurement for each.

**Table 1. Basis of measurement for building energy targets**

| Building use type      | Boundary            | Basis of measurement                                        | Notes                                                                                                                                                               |
|------------------------|---------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Office                 | Landlord energy     | /m <sup>2</sup> of net lettable area/annum                  | Where landlord energy is not separately metered, a whole building target, that includes the consumption of the building tenants, can be used.                       |
| Co-located data centre | PUE/Operator energy | The sum is: PUE = Total facility energy/IT equipment energy | The basis of measurement used is consistent with the ISO/IEC 30134-2-2016 PUE measure. The PUE is adjusted based on the provisioned IT capacity of the data centre. |
| Shopping centre        | Landlord energy     | /m <sup>2</sup> of gross lettable area retail/annum         | Where the landlords provide HVAC services to the retail tenants the target is adjusted to in proportion to the percentage of lettable area served.                  |
| Hotel                  | Operator energy     | /guest room/annum                                           | Separate targets are provided for each hotel service grade star rating. Operator energy includes the energy consumed within the guest rooms.                        |
| Serviced apartment     | Operator energy     | /apartment/annum                                            | Operator energy includes the energy consumed within the apartments.                                                                                                 |
| Built to rent          | Operator energy     | /apartment/annum                                            | Operator energy includes the energy consumed within the apartments.                                                                                                 |
| Residential dwelling   | Occupier energy     | /dwelling/annum                                             | Separate targets are provided for single dwelling, terrace and apartment topologies, and the number of bedrooms in each.                                            |
| Supermarket            | Operator energy     | /m <sup>2</sup> of retail floor area/annum                  | The retail floor area is the trading area of the supermarket.                                                                                                       |

### Aggregation for portfolio and entity reporting

When reporting overall performance of a portfolio of buildings under the Acquisition and Ownership substantial contribution criteria, energy intensity targets and building performance against those same targets should be weighted by the measure denominator to derive an area weighted comparison of the portfolio performance against the taxonomy.

For example, the overall performance of a portfolio of buildings with energy targets given as kWh/m<sup>2</sup> should be weighted by the floor area of each building when calculating the portfolio's performance.

**Feedback on this approach is welcomed in consultation, and could be included in response to the Energy Intensity targets consultation questions.**

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## Additional information for confirming GWP refrigerant limits for small air conditioning appliances

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The requirement to limit the maximum GWP of refrigerants for small air conditioning appliances is a sunrise provision.

The GEMS star rating and, where relevant, the refrigerant type may be demonstrated from the manufacturer's published data or the relevant record in the GEMS database.

The following refrigerant types are used in air conditioning units found in the GEMS database in September 2024 and below the initial GWP<sub>100</sub> threshold of 700: M50, M60, R290, and R32.

The 15<sup>th</sup> percentile of an appliance's GEMS rating is to be based on a statistical test of the full GEMS equipment database for the relevant product type no more than 18 months before the activity.

**Table 2. Minimum star rating for residential and small commercial upgrade activities [as at June 2026]**

| Product type                   | Minimum GEMS Star ratings             |
|--------------------------------|---------------------------------------|
| Clothes Dryer                  | 9.0-star                              |
| Clothes Washer                 | 5.0-star                              |
| Dishwasher                     | 4.0-star                              |
| Air conditioning Hot Climate   | 4.5-star cooling and 3.5-star heating |
| Air conditioning Mixed Climate | 4.0-star cooling and 3.0-star heating |
| Air conditioning Cold Climate  | 4.0-star cooling and 2.5-star heating |

**Table 3. GEMS energy label indexes for supply of equipment activities [as at June 2026]**

| Product type   | Metric  | Minimum score |
|----------------|---------|---------------|
| Clothes Dryer  | New SRI | 9.091         |
| Clothes Washer | New SRI | 5.015         |
| Dishwasher     | New SRI | 4.139         |

|                 |               |                 |
|-----------------|---------------|-----------------|
| Air conditioner | ACOP; and EER | 4.332 and 4.045 |
| Chiller         | Decl. COP     | 6.037           |

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### Background on energy performance targets

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To be detailed post consultation, depending on the approach.



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

Please contact [taxonomy@sustainablefinance.nz](mailto:taxonomy@sustainablefinance.nz) for any questions or assistance.