

Guidance on green building ratings for sustainable finance

Supporting a net zero
carbon future

September 2025
Version 2.0

RIGHT:
PwC Tower, Commercial Bay, Auckland. Precinct Properties.
5 star Green Star Office Built rating



Foreword



Jo Kelly. Chief Executive, Centre for Sustainable Finance | Toitū Tahua

Finance is a critical enabler for delivering a resilient, productive and low emissions economy. Climate change, extreme weather and rising insurance costs are impacting asset values in the property and construction sectors. Targeted investments in resilience and sustainability can mitigate these risks while making home and work healthier and better for people in New Zealand.

The Centre for Sustainable Finance: Toitū Tahua welcomes this Guidance on Green Building Ratings by the New Zealand Green Building Council. NZGBC sets out the steps that construction firms, banks, investors and others can take to deliver a healthier, lower carbon-built environment. This clarity and consistency supports the creation of financial products that enable more sustainable homes and commercial buildings.

As New Zealand responds to the development of sustainable finance taxonomies and standards globally, this guidance also provides an important input from industry into the development of nationally recognised, internationally harmonised criteria for construction and property.

The Centre for Sustainable Finance congratulates NZGBC and all parties involved in evolving its guidance and continuing to provide clarity for the sector.



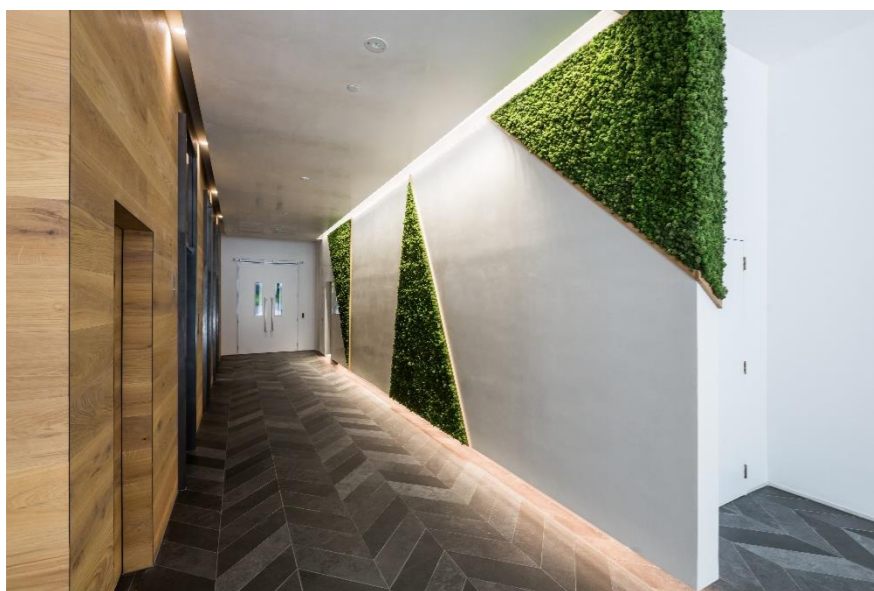
Andrew Eagles. Chief Executive, Te Kaunihera Hanganga Tautai AO | New Zealand Green Building Council.

The built environment, including infrastructure, is responsible for around 20% of Aotearoa New Zealand's domestic emissions. Driving down these emissions is key to delivering on our targets for 2030 and 2050. The good news is that the building and construction sector stands ready and committed to doing its part.

Green finance has a significant role in supporting the sector to meet these targets, and in doing so decarbonising our homes and buildings. The Green Bond Principles and the Green Loan Principles are quite broad in terms of defining "Green Buildings". Following requests from industry, Te Kaunihera Hanganga Tautai AO | the New Zealand Green Building Council (NZGBC) has set out our view on green building certifications that can drive down carbon emissions towards the targets set by the Paris Agreement, COP28 and beyond.

Green building certifications support the measurement, reporting and tracking of a building's performance – setting baselines, designing roadmaps for improvements, and supporting disclosure of climate related risks and environmental impacts. They can also evidence the meeting of sustainable development goals, improve wellbeing and improve resilience to climate change.

Improved collaboration between the real estate and finance sectors is essential to meeting climate goals. This guide aims to facilitate rapid uptake of sustainable finance in our sector. Working together we can deliver a lower carbon healthier future for Aotearoa New Zealand.



ABOVE: 82 Wyndham Street, Auckland. Argosy Property Ltd
5 star Green Star Office Built (v3) rating, 6 star NABERSNZ, Net Zero
Buildings



ABOVE: Greenwich Gardens, Unsworth Heights, Auckland
Metlifecare. 142 dwellings certified 6 Homestar Built v4

The purpose of this guide

This guidance aims to assist lenders and borrowers with defining what is a green building for the purpose of sustainable finance. It is not binding, and parties are free to depart from it in determining their own terms. It is not intended to answer every issue that may arise in a sustainable finance transaction for green buildings. However, we consider that there is value in providing a common standard to grow the sustainable finance market.

The guidance anticipates that the requirements on green buildings will increase over time as the sector seeks to improve its sustainability outcomes and contribute to Aotearoa New Zealand's climate goals.

Disclaimer

This guidance is intended to assist participants in the sustainable finance market. This guidance is not legal or financial advice and the NZGBC does not provide any assurance that finance will be provided in accordance with this guidance. While all reasonable care is taken in preparing this guidance, NZGBC is not liable for loss arising from use of this guidance.

Development of the guide

Sustainable finance globally is a constantly evolving space. This guidance is based on today's expectations and will be subject to periodic review which will take place in consultation with the sector.

The consultation process will typically begin with a seminar outlining the rationale behind any proposed changes, then a one-month window in which stakeholders can submit their feedback. There will also be a 'close the loop' final draft and meeting before finalising changes.

Our homes and buildings have a significant role to play in bringing about a low carbon economy. They can also help deliver healthier places that are sustainable and more resilient to our changing climate.

Date of effectiveness of this guide

We also recognise the impact this guidance may have on live sustainable finance transactions. To allow for this transition, every new release of this guidance will come into effect three months after the issue date as captured in the change log.

Grandfathering: We are aware that grandfathering has a role to play in sustainable finance transactions however it is not within the scope of this guidance.

Certification you can trust

Certification is an independent way to verify the environmental and social outcomes of a project, building or property portfolio. Used across hundreds of projects each year, only projects that the NZGBC has certified can claim to have achieved a Homestar, Green Star or NABERSNZ rating. Projects that claim to meet the requirements of these rating schemes but are not certified are potentially in breach of trademark rules and may be subject to allegations of greenwashing.

This is a summary of NZGBC rating schemes that are commonly used in Aotearoa New Zealand. Other internationally accredited rating schemes such as LEED, BREEAM, Passive House or Living Building Challenge may be of interest where certification under those tools is achieved to a high enough level. You may wish to refer to the [GBCA Sustainable Finance Guide](#) recently released by our friends at Green Building Council of Australia to consider how other rating tools align with taxonomies from around the world.

Change log

Version	Date of issue	Effective date	Change notes
1.0	01/08/2024	01/11/2024	Initial issue
2.0	30/09/2025	30/12/2025	Added Method 2 & 3, Appendix 1

Method 1: Criteria table for green buildings

Proposed debt issuance date ¹	Building type	Minimum certification for construction	Minimum certification verifying operational performance (also see note 2 regarding new buildings)	References
From 1 November 2024 to 1 August 2025 Office, industrial, retail, health, community facilities, big box retailers & other non-residential buildings	New buildings or refurbishments providing new heating and ventilation systems ² (See note 2)	4 star Green Star Buildings NZ v1.0 ³ 5 star Green Star - Design and As Built NZ v1.1 5 star Green Star - Design and As Built NZ v1.0 5 star Green Star v3	Existing office buildings Certify with a min 4 star NABERSNZ v1.2 rating. OR For existing buildings where a Green Star Performance v1.2 Pathway B industry-wide benchmark⁴ is available in NZ Certify with a Green Star Performance rating achieving min 8/20 points (base building) or 9/23 points (whole building) in the greenhouse gas emissions credit.	The sustainable finance industry guide 2019 NZGBC – A Zero Carbon Roadmap for Aotearoa's Buildings (September 2019) Green Building Council of Australia, Green Star: A year in focus An introduction to Green Star Buildings
	Existing buildings (after 3 years of build completion)	N/A	For existing buildings where a Green Star Performance v1.2 Pathway B industry-wide benchmark is not available in NZ⁵ Certification not required. To inform future benchmarking, buildings must provide operational energy data using the Green Star Performance calculators and work with the NZGBC to confirm the operational variables required.	The sustainable finance industry guide 2019 NZGBC – A Zero Carbon Roadmap for Aotearoa's Buildings (September 2019) An introduction to Green Star Performance An introduction to NABERSNZ
Residential (refer to Appendix 1 regarding Climate Bonds Standard)	New builds or major renovations	6 star Homestar v5 6 or 7 star Homestar v4 ⁶	N/A	An introduction to Homestar v5 Homestar Design Guide

¹ Noting that the version of the tool required (eg Green Star Buildings v1.0 or Homestar v5) is as locked in at the time of registration to the NZGBC for the asset.

² Newly constructed buildings are expected to achieve the “Certificate verifying operational performance” column three years after the new build certification.

³ Green Star Buildings NZ was released to the market August 2024.

⁴ “Industry-wide benchmark” is defined as a benchmark that is applicable and appropriate for the building type, and that has been tested and accepted by stakeholders.

⁵ Optional: Building types where a Pathway B industry-wide benchmark is not available are welcome to certify using the other Green Star Performance pathways to demonstrate the minimum performance thresholds set above - e.g. Pathway C peer benchmarking or Pathway D, benchmarking against historical performance for more unique buildings.

Proposed debt issuance date ⁶	Building type	Minimum certification for construction	Minimum certification verifying operational performance (also see note 2 regarding new buildings)	References
From 1 August 2025 to end 2026 Office, industrial, retail, health, community facilities, big box retailers & other non-residential buildings	New buildings or refurbishments providing new heating and ventilation systems ³	4 star Green Star Buildings NZ v1.0 5 star Green Star - Design and As Built NZ v1.1 5 star Green Star - Design and As Built NZ v1	Existing office buildings Certify with a min 4.5 star NABERSNZ v1.2 rating. OR For existing buildings where a Green Star Performance v1.2 Pathway B industry-wide benchmark⁵ is available in NZ Certify with a Green Star Performance rating achieving min 10/20 points (base building) or 11/23 points (whole building) in the greenhouse gas emissions credit.	The sustainable finance industry guide 2019 NZGBC – A Zero Carbon Roadmap for Aotearoa’s Buildings (September 2019) Green Building Council of Australia, Green Star: A year in focus An introduction to Green Star Buildings
	Existing buildings (after 3 years of build completion)	N/A	For existing buildings where a Green Star Performance v1.2 Pathway B industry-wide benchmark is not available in NZ Certification not required. To inform future benchmarking, buildings must provide operational energy data using the Green Star Performance calculators and work with the NZGBC to confirm the operational variables required.	The sustainable finance industry guide 2019 NZGBC – A Zero Carbon Roadmap for Aotearoa’s Buildings (September 2019) An introduction to Green Star Performance An introduction to NABERSNZ
Residential (refer to Appendix 1 regarding Climate Bonds Standard)	New builds or major renovations	6 star Homestar v5 7 or 8 star Homestar v4 ⁷	N/A	An introduction to Homestar v5 Homestar Design Guide

⁶ Noting that the version of the tool required (eg Green Star Buildings v1.0 or Homestar v5) is as locked in at the time of registration to the NZGBC for the asset.

⁷ Lower star ratings could be acceptable for public housing where there is evidence of progress on reducing or designing out waste, or reducing embodied carbon. This can be evidenced through achieving these credit areas in Homestar

Proposed debt issuance date ⁸	Building type	Minimum certification for construction	Minimum certification verifying operational performance (also see note 2 regarding new buildings)	References
From 2027 to 2030 Office, industrial, retail, health, community facilities, big box retailers & other non-residential buildings	New buildings or refurbishments providing new heating and ventilation systems ³	4 star Green Star Buildings NZ v1.0 5 star Green Star - Design and As Built NZ v1.1 5 star Green Star - Design and As Built NZ v1	Existing office buildings Certify with a minimum 5 star NABERSNZ v1.2. OR For existing buildings where a Green Star Performance v1.2 Pathway B industry-wide benchmark⁵ is available in NZ Certify with a Green Star Performance rating achieving min 12/20 points (base building) or 13/23 points (whole building) in the greenhouse gas emissions credit.	The sustainable finance industry guide 2019 NZGBC – A Zero Carbon Roadmap for Aotearoa’s Buildings (September 2019) Green Building Council of Australia, Green Star: A year in focus An introduction to Green Star Buildings
	Existing buildings (after 3 years of build completion)	N/A	For existing buildings where a Green Star Performance v1.2 Pathway B industry-wide benchmark is not available in NZ Certification not required. To inform future benchmarking, buildings must provide operational energy data using the Green Star Performance calculators and work with the NZGBC to confirm the operational variables required.	The sustainable finance industry guide 2019 NZGBC – A Zero Carbon Roadmap for Aotearoa’s Buildings (September 2019) An introduction to Green Star Performance An introduction to NABERSNZ
Residential (refer to Appendix 1 regarding Climate Bonds Standard)	New builds or major renovations	6 star Homestar v5 8 to 10 star Homestar v4	N/A	An introduction to Homestar v5 Homestar Design Guide

⁸ Noting that the version of the tool required (eg Green Star Buildings v1.0 or Homestar v5) is as locked in at the time of registration to the NZGBC for the asset.



Figure 1: Te Urutī, Christchurch, Ngāi Tahu. 6 star NABERSNZ, 5 star Green Star Office Built rating.

Method 2: sustainable finance for energy efficiency upgrades in office buildings

Consistent with the Australian [NABERS Sustainable Finance Criteria v1.1 June 2022](#), Method 2 has been developed to allow office buildings to demonstrate the positive impact of energy efficiency upgrades using NABERSNZ.

Supporting poorer performing or higher carbon buildings with sustainable finance incentives has the potential to lift the market or overcome barriers associated with upgrade/decarbonisation projects to existing buildings. Method 2 can be used separately or in conjunction with other methods, depending on what the sustainable finance is being sought for – eg, if seeking capital for an energy efficiency upgrade project, Method 2 would apply. Once the upgrade is completed and the building is functioning normally, the ongoing financing for that asset would apply the Method 1 criteria table.

Method 2 is only applicable to office buildings in Aotearoa New Zealand as the only building type covered by the NABERSNZ scheme at this stage. The sustainable finance benefit gained from using this method is only applicable to the capital for the upgrade project. As to whether the building is considered a ‘green asset’ after the upgrade project is completed, we recommend considering this on a case-by-case basis.

NABERSNZ benchmarks have been used to set targets for good performance in building energy efficiency upgrades. To be eligible for sustainable finance under this method, existing buildings must meet the following:

1. **Efficiency improvement target.** Building must target an improvement to their NABERSNZ Energy rating that results in an emissions reduction of at least 30%. They must also achieve above-average energy performance, which means 4 star NABERSNZ or above.
2. **Target date.** The length of loan will be determined between the lender and borrower. However, in order to manage a significant environmental achievement, the target rating must be achieved within five years.

Determining the efficiency improvement target

The target tables have been developed using NABERSNZ benchmarks. They demonstrate the required star rating improvement to achieve at least 30% emissions reduction. Obtaining the required initial and target NABERSNZ ratings is a proxy for the emission reduction; the emissions reduction does not need evidencing.

A 30% target has been set as it is a significant reduction in emissions which aligns with other sustainable finance criteria.

Tables 1 & 2: Target tables for energy efficiency upgrades

Initial NABERSNZ Whole Building rating (at the start of the loan)	Target NABERSNZ Whole Building rating (at the end of the loan)
0	4
0.5	
1	
1.5	
2	
2.5	
3	
3.5	4.5
4	5
4.5	
5	5.5
5.5	6

Initial NABERSNZ Base Building rating (at the start of the loan)	Target NABERSNZ Base Building rating (at the end of the loan)
0	4
0.5	
1	
1.5	
2	
2.5	
3	
3.5	4.5
4	5
4.5	5.5
5	
5.5	6

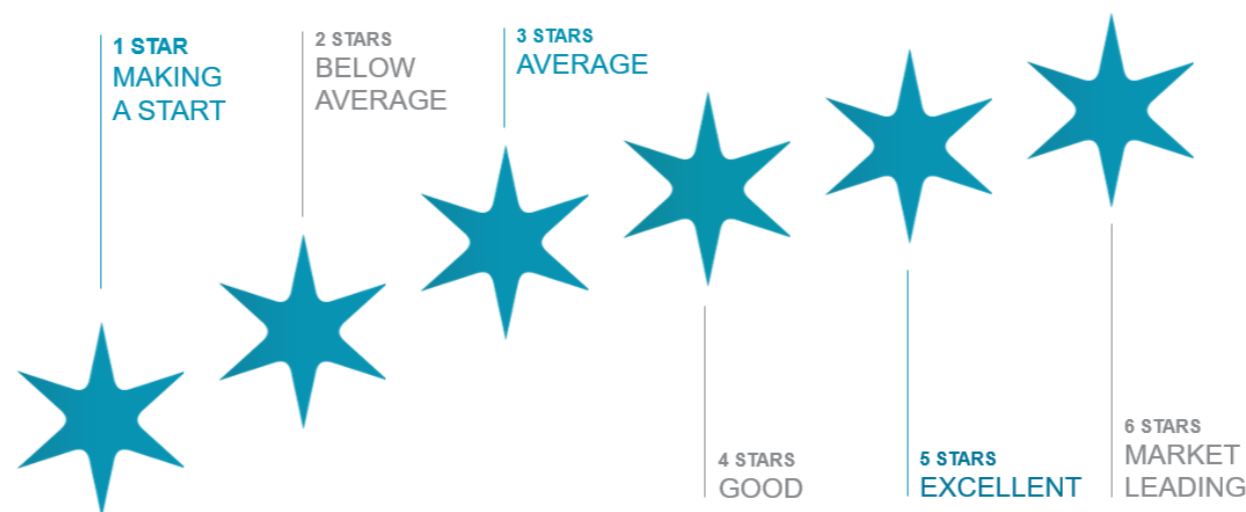


Figure 2: Descriptions of the different star rating for NABERSNZ.

Step 1

Determine the existing NABERS Energy star rating of the asset or portfolio associated with the loan and identify the target rating using Table 1–3.



Step 2

Ensure the proposed scope of works is reviewed by an external expert and verify:

- Capital expenditure total
- NABERS target is achievable from proposed upgrade activities.



Step 3

Commence works and provide status updates to lender(s) regarding works and energy usage. NABERS Energy ratings are completed annually throughout the period of the loan, where possible².



Step 4

Upon completion of the works, use a NABERS Energy rating to verify the required targets have been achieved.

Figure 3: Flowchart from Australia's NABERS Sustainable Finance Criteria describing suggested steps for this method which can be applied in the New Zealand transactions. Note NABERS in New Zealand is called NABERSNZ.



Figure 4: Peacocke Development by Hamilton City Council, targeting Green Star Communities v1.1

Method 3: Sustainable finance for precinct-level development

Green Star Communities is used to verify large scale developments. It considers infrastructure, community aspects, nature, among other impact categories.

[Green Star Communities NZ v1.1](#) assesses the planning, design and construction of large-scale development projects including precincts, neighbourhoods and entire communities. This method can be used separately from the Method 1 criteria table above or in conjunction with it – eg while this method would be applicable for the wider development, the buildings within it should use the Method 1 criteria table.

There is great potential for a better built environment if sustainability is considered up front in development activities. This method allows Green Star Communities to be considered for sustainable finance through the outcomes achieved.

Recognising the ambition it takes to certify with Green Star Communities, **4 star Green Star Communities** is the required threshold, representing ‘best practice’.

Some guidance:

- ✦ As with any of the Green Star tools, registration with the NZGBC is the first step to formally be ‘targeting’ a Green Star rating.
- ✦ Developments can be a long term, complex and involve stages. Users may want to consider what the scope of the sustainable finance benefit is limited to and milestones to achieve.
- ✦ Green Star Communities NZ v1.1 currently works on a 5 yearly ‘recertification’ basis – refer to Figure 5. However, this does not prevent more frequent tracking of commitments made at the initial certification.

Refer to the [NZGBC Green Star Communities website](#) or contact us for more information.

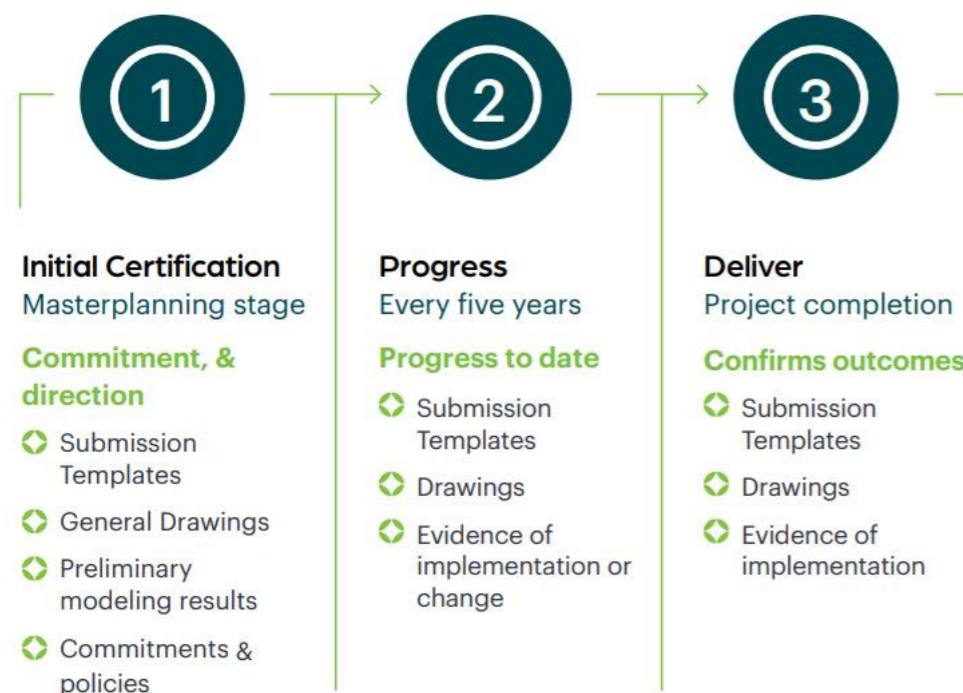


Figure 5: The general steps of Green Star Communities certification



Appendix 1: Verification of Homestar v5 by Climate Bonds Initiative

Quicker, more accessible sustainable finance transactions for residential buildings.

In April 2025, the Climate Bonds Initiative confirmed that residential buildings certified under the New Zealand Green Building Council's Homestar v5 rating scheme are officially approved as an eligible proxy under the Climate Bonds Standard for New Zealand.

Effective immediately, residential properties achieving a Homestar v5 rating of 6 stars or above and meeting the electric vehicle infrastructure credit in Homestar⁹ are deemed eligible for Climate Bonds certification.

This recognition supports investment in sustainable, low-carbon housing across New Zealand, aligning with international best practices in climate-resilient finance. This should also help deliver faster, lower-cost sustainable finance transactions.

⁹ This is interpreted as meaning at least 0.5 points achieved under the Homestar LV4 Sustainable Transport credit for electric vehicle charging.