

Submission – *Financial Markets Conduct Amendment Bill* – Amendment Paper No 446: Climate Related Disclosure Amendments

4 December 2025

To: Finance and Expenditure Committee

The Responsible Investment Association Australasia (RIA) welcomes the opportunity to comment on proposed [amendments](#) to the *Financial Markets Conduct Amendment Bill* (the Bill). Established in 2000, RIAA has more than 500 members, representing **NZD83trillion** in assets under management (AUM) globally and includes the top 10 KiwiSaver providers in New Zealand, making it by far the [largest and most active network](#) of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand.

The proposed amendments in the Bill would markedly narrow the CRD regime. These changes go beyond the scope signalled in the MBIE consultation and risk undermining investor confidence, capital allocation quality, capital inflows to New Zealand and New Zealand's international standing.

New Zealand has positioned itself as a leader in climate-related disclosure. Diluting the regime at a time when climate change is moving up the considerations of global investors would move the country from leadership to laggard status, making it harder to attract long-term investment and undermining the credibility of our financial system. Policy certainty and stability are essential. Implementation challenges should be addressed by working collaboratively with industry, not by dismantling the framework.

A regulated mandatory climate reporting disclosure regime provides a consistent baseline expectation of information that should be provided to the market and stakeholders. This allows for increased transparency and comparability. In addition, clear expectations can reduce cost and resourcing burden and mitigate risk.

RIA urges the Committee to **reject** the proposed changes to the CRD regime and **encourage** Government to adopt measured, proportionate amendments that maintain New Zealand's leadership in climate related disclosure, uphold market integrity, and attract global capital. The regime's purpose, investor needs, and international credibility should guide final decisions.

RIA also refers to and supports the submissions on Amendment Paper 446 from the Principles for Responsible Investment (PRI) and the Investor Group on Climate Change (IGCC).

Summary of concerns

- The proposed amendments substantially reduce the information available to investors and others to understand systemic climate risk, do not align with Australian reporting requirements and negatively impact informed investment decision making by consumers.
- A dramatic rollback risks moving New Zealand from climate-disclosure leadership to laggard, undermining transparency and credibility in the eyes of global investors.
- Policy stability matters. Weakening the regime sends the wrong signal to domestic and international investors, making it harder to attract long-term investment. Implementation challenges should be solved in partnership with industry – not by diminishing the framework.

Increasing reporting thresholds –

Will not improve alignment with Australia

Increasing thresholds to NZD 1 billion would exclude many economically significant entities from reporting obligations, reducing transparency and limiting the ability of investors to assess climate resilience. Contrary to the objectives of the proposed changes, changes to the reporting threshold will not result in better alignment with the Australian reporting requirements.

Currently, the NZ regime applies to approximately 173 listed issuers, registered banks, licenced insurers, credit unions, building societies, and managed investment scheme (MIS) managers. When compared to the Australian regime the Australian Securities and Investments Commission (ASIC) estimates [more than 6,000 entities](#) will be required to file climate-related disclosures under AASB S2 by 2030. The coverage is much more extensive than the NZ regime, and will include:

- large proprietary (i.e. private) companies;
- listed companies that trigger size thresholds;
- National Greenhouse and Energy Reporting (NGER) reporting entities; and
- superannuation and MIS schemes with AUD5 billion or more in assets under management.

There remain material differences between the Australian and New Zealand regimes unrelated to the reporting threshold:

- Market capitalisation is used by the CRD regime but the Australian regime uses revenue and assets, which is a better determinant of economic size and significance. Market capitalisation is based on market valuation which can be volatile and does not represent the size and significance of a company to the NZ economy and therefore the impact of its climate-related information.
 - For example, a listed issuer could have consolidated revenue of >\$50 million with consolidated gross assets of >25 million but have a market capitalisation of <\$60 million – resulting in an entity that would be required to report under the Australian regime but not required to report under the NZ regime (see diagram at paragraph 47).
- CRD regime is limited to listed public companies, presenting risks of regulatory arbitrage. The CRD regime does not extend to (large) private companies or unlisted public companies and is at significant disparity with the Australian regime, resulting in entities that are of significance and size to the objective of the regime being exempt from reporting. The Discussion Document has explained on page 36 that this consultation will not consider whether the regime should be extended to private companies that are not otherwise CREs with the view of alleviating current problems as soon as possible. However, by only applying the CRD regime to listed public companies, this introduces the risk of regulatory arbitrage for the NZ economy which is contrary to the objectives of the regime.

Further reducing the amount of information available to the market without addressing these factors will further widen the difference between the New Zealand regime and the Australian regime.

Will have a material impact on the understanding of systemic risk in New Zealand

RIAA expects that there will be a sharp decline in consistency, quality and amount of information being provided without a corresponding legal framework.

For example, the existing CRD regime captures approximately 200 listed issuers. Prior to the commencement of the CRD regime, voluntary reporting was adopted by listed issuers to varying degrees. A 2021 [PWC Report](#) found significantly fewer companies reporting with a wide variance in the type of disclosure:

- While some New Zealand companies have voluntarily made good progress towards Taskforce on Climate-related Financial Disclosures (TCFD) framework disclosures, the majority of NZX 100 listed companies are not yet publicly disclosing climate-related risks and opportunities.
- 37% of all annual and/or sustainability reports mention the TCFD recommendations.

- 15 NZX 100 listed companies applied the four core themes (governance, strategy, risk, metrics and targets) of the recommended climate-related financial disclosures.
 - 6 of the 15 companies were in the energy sector.
- Out of the NZX 100 listed companies, 35 companies disclosed at least scope 1 of their GHG emissions, more than the 15 companies in the NZX 100 using the TCFD framework.

Will reduce the information available to consumers and impact competition

In addition, RIAA draws attention to potential impacts on consumers and competition where there is an uneven application of the CRD regime to entities that issue financial products to consumers. For example, a consumer may avoid an entity which is captured by the CRD regime and prepares a climate statement (and refers to this information/statement in other disclosure documents as proposed by the FMA) due to information about how its investments may be negatively affected. The same consumer may then invest with a second entity which is not captured by the CRD regime and therefore is not required to disclose similar information in the same manner or to the same degree.

Consumers will not be properly informed where there is an arbitrary difference to the information provided (unrelated to returns or size and significance) due to an uneven application of the CRD regime with MIS managers being removed from the regime altogether (see below). CREs that continue to provide this useful information may be unfairly affected. Consumers should have an equal choice of investments options, and it should not be only the larger entities which are tasked with directing capital to climate resilience through the CRD regime.

A recent survey¹ of New Zealand RIAA members shows that **73% of respondents oppose** the proposed amendment increase in thresholds.

RIAA strongly urges the Committee to maintain thresholds closer to those consulted and to align them with existing financial reporting requirements under the Companies Act. Any changes should be sequenced after the External Reporting Board's post-implementation review to ensure they are evidence-based and proportionate. Expanding coverage to unlisted public and large proprietary companies would further strengthen the regime and prevent regulatory arbitrage.

If the Committee proceeds with the proposed increase to the reporting threshold, RIAA submits that new section 547 should be amended. At present, this section limits the Minister to recommending the Attorney-General that the reporting thresholds are increased (and only increased) by regulations. RIAA considers this to be inappropriate in the current circumstances because:

- the increase in reporting thresholds proposed by the Bill is not being exercised for administrative purposes, such as managing effects of inflation (see for example the exercise of equivalent provisions in the *Financial Reporting Act 2013* in [Financial Reporting \(Inflation Adjustments\) Regulations 2021](#));
- it is likely that the new thresholds will not have beneficial consequences for reporters, consumers, institutional investors or the broader market once implemented;
- XRB are considering differential reporting standards which are likely to address concerns related to the current CRD regime; and
- the new section 547(3) provides relevant safeguards around the exercise of this power by the Minister.

RIAA recommends that new section 547(2)(a) be amended to “may ~~only increase~~ adjust an amount;” to ensure the CRD regime is suitable for New Zealand.

¹ In November 2025, following the announcement of the proposed changes to the CRD regime, RIAA surveyed its New Zealand members, including some of the largest asset owners and asset managers in New Zealand. This survey provided members with the opportunity to anonymously provide their views on the changes.

Removal of MIS Managers from CRD regime is out of step with industry expectations

Exempting MIS managers – including KiwiSaver and managed funds – would materially weaken market transparency and deprive consumers and asset owners of critical climate data. These entities are systemically significant, and their exclusion would undermine the integrity of the disclosure framework.

A recent survey of New Zealand RIAA members shows that **80% of respondents oppose** the proposed amendment to remove MIS managers from reporting obligations under the regime.

RIAA urges the Committee to retain MIS managers within scope, with adjusted thresholds if necessary, and to focus on improving implementation rather than wholesale removal.

The proposed changes will impact access to global capital and policy certainty

Stable and credible policy settings are fundamental to attracting long-term capital. Rolling back climate-related disclosure requirements would unravel progress and diminish New Zealand's ability to compete for global investment. In addition, this information will continue to be important for investors who have relied on information in lodged climate statements. This will only increase engagement burden on market participants where they have failed to adequately prepare and have the necessary systems in place.

A recent survey of New Zealand RIAA members shows that:

- **80% of respondents used the information** in lodged climate statements, either by their organisation or themselves directly; and
- **73% of respondents will continue to require the information** in lodged climate statements.

RIAA calls on the Committee to ensure that any amendments remain proportionate, aligned with the intent of the original consultation, and developed in partnership with industry to strengthen implementation capability rather than dilute the framework.

About RIAA

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

