



COVERSHEET

Minister	Hon Scott Simpson	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Amendments to the Climate-Related Disclosures Regime	Date to be published	14 November 2025

List of documents that have been proactively released

Date	Title	Author
October 2025	Amendments to the Climate-Related Disclosures Regime	Office of the Minister of Commerce and Consumer Affairs
15 October 2025	Climate-Related Disclosures Regime: Proposed Amendments ECO-MIN-25-0166 Minute	Cabinet Office
29 May 2025	Regulatory Impact Statement: Capital markets – adjustments to the climate-related disclosures regime	MBIE

Information redacted

YES

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Some information has been withheld for the reasons of confidential advice to government, legal professional privilege, international relations and negotiations.

In Confidence

Office of the Minister of Commerce and Consumer Affairs

Cabinet Economic Policy Committee

Amendments to the Climate-Related Disclosures Regime

Proposal

- 1 This paper seeks policy approval for urgent amendments to the climate-related disclosures regime (**CRD regime**) to provide regulatory relief.

Relation to government priorities

- 2 These proposals relate to the Government's priority to reform capital markets under the Competitive Business Settings pillar of *Going for Growth*.

Executive summary

- 3 The CRD regime is burdensome and costly, and urgent adjustments are needed. There is an opportunity to implement some quick amendments now through the Financial Markets Conduct Amendment Bill, which is currently before the Finance and Expenditure Committee.
- 4 This paper seeks policy approval to:
 - 4.1 increase the reporting thresholds for listed issuers from \$60 million in market capitalisation for equity issuers, or total face value of quoted debt for debt issuers, to \$550 million;
 - 4.2 remove managed investment scheme managers (**MIS managers**) from the CRD regime;
 - 4.3 amend the liability settings to alleviate director concerns and encourage more robust and useful reporting;
 - 4.4 enable the monetary reporting thresholds for the CRD regime to be raised (but not lowered) by Order in Council, with appropriate safeguards.
- 5 Adjusting the regime is my preferred approach. However, ministerial consultation indicated some support for the repeal of the CRD regime. I have therefore included repeal as an alternative option in this paper.

Background

- 6 New Zealand's CRD regime requires registered banks, building societies, credit unions, licensed insurers, listed issuers and MIS managers to report on their climate-related risks and opportunities in annual climate statements, if they meet certain size thresholds. The purpose of the regime is to ensure that the effects of climate change are considered in business and investment

decisions, facilitating a more efficient allocation of capital and helping the transition to a low emissions economy.

- 7 In 2024, Cabinet authorised consultation on the CRD regime and invited the Minister of Commerce and Consumer Affairs to report back on any proposed policy decisions [ECO-24-MIN-0296 refers]. The discussion document, *Adjustments to the climate-related disclosure regime*, considered raising the reporting thresholds for listed issuers and MIS managers and adjusting the liability settings in response to issues raised during the first year of reporting.

Listed issuers

- 8 Large listed issuers must produce climate statements. The reporting obligation applies to equity issuers with market capitalisation, and debt issuers with a total face value of quoted debt, above \$60 million. This captures around 100 NZX-listed companies.
- 9 The first year of climate reporting has shown that the regime is imposing disproportionate costs on medium sized listed issuers. The CRD regime may also be a barrier to listing. I therefore propose to raise the reporting threshold for listed issuers from \$60 million to \$550 million. This means that approximately 44 listed issuers would be required to report (see **Appendix 1**).
- 10 MBIE recommended raising the threshold to \$250 million in the Regulatory Impact Statement (**RIS**) attached as **Appendix 2**. While acknowledging that both the \$250 million and \$550 million options were closely balanced, MBIE preferred the \$250 million option. In MBIE's view, the \$250 million option better mitigated the risk of impacting New Zealand companies operating internationally, and the net benefit of increased market transparency outweighed the associated compliance costs.
- 11 I do not entirely agree with these conclusions. The cost of complying with the regime is significant (I have heard reports from one entity who spent \$2 million on their reporting), and I think that \$550 million strikes the right balance between achieving the objectives of the regime and not imposing an unnecessary compliance burden on New Zealand companies.
- 12 Public engagement with stakeholders resulted in mixed feedback on increasing the listed issuer threshold and, if it was to be increased, to what level. I have done separate engagement with issuers and concluded that what I am proposing is broadly supported by the industry.
- 13 Another proposed threshold, \$1 billion, was raised during ministerial consultation. While I understand the merit in this higher threshold, I ultimately consider that \$550 million is a more suitable level, as it captures many of our most important companies (see list at **Appendix 1**). If the reporting threshold was \$1 billion, the number of reporting entities would reduce to 34 (approx.), and issuers such as Briscoe Group Limited and Skellerup Holdings Limited would not have to report.

Removal of MIS managers

- 14 MIS managers with more than \$1 billion in total assets under management must produce annual climate statements. This threshold captures 22 MIS with approximately \$230 billion in funds under management.
- 15 The original intent of including MIS managers in the CRD regime was to give investors greater information about the climate impacts of the funds they were investing in and to ensure MIS managers were routinely considering the risks and opportunities climate change presents when deciding where to invest.
- 16 Consultation feedback indicated that the MIS manager disclosures were not influencing investment decisions or driving capital allocation. This is because MIS managers do not have operational control over their investee companies and have limited influence over their climate outcomes.
- 17 In addition, retail investors – the intended primary readers of disclosures by MIS managers – are likely to find climate statements too detailed and complex. I did consider whether alternative simpler reporting could be introduced but, given the complexity of the task and time available, I did not pursue this.
- 18 The cost of reporting is also likely to impact consumers via increased fees which affects the competitiveness of funds. This will affect a large number of consumers, including members of KiwiSaver schemes.
- 19 I therefore propose that MIS managers are removed from the CRD regime.

Future adjustments to monetary thresholds

- 20 Whether registered banks, credit unions, building societies, insurers and listed issuers must prepare climate statements depends on whether they meet certain monetary thresholds that make them 'large' under the Financial Markets Conduct Act 2013. Currently, the thresholds can only be adjusted by amending the primary legislation (unless they are being adjusted for inflation).
- 21 I propose to allow the monetary amounts of the reporting thresholds to be increased (but not decreased) by Order in Council. These changes will ensure the monetary thresholds are flexible and can respond to changing market conditions. To safeguard against misuse of the power to adjust the monetary amounts by Order in Council, it will be subject to appropriate statutory criteria and consultation requirements.
- 22 I have been advised that the definition of a 'large' insurer in the Financial Markets Conduct Act does not reflect the language in the latest updated accounting standards and I propose to make a technical change to ensure that the same group of insurers continue to report.

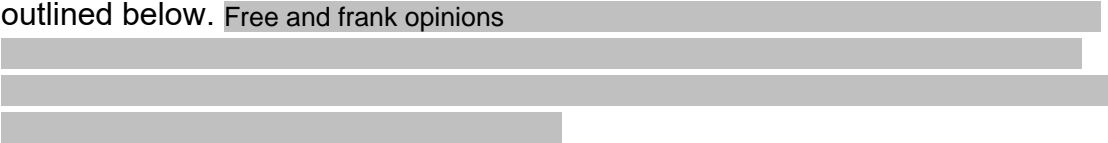

Liability settings

- 23 Consultation indicated that the liability settings are having a chilling effect on the disclosures and are causing a risk-averse approach to reporting, with increased legal costs. The liability settings are similar to those for financial

reporting; however, the nature of the disclosures is different, with climate statements being more future focused.

- 24 I propose to amend the legislation so that directors of climate reporting entities do not have deemed liability for entity breaches. In addition, I propose to amend the Financial Markets Conduct Act so that directors and entities do not have to have the same high level of evidence for their climate disclosures as they do for their financial disclosures.
- 25 To align with the proposal above, I also want to apply the same rules about evidence for disclosures to voluntary climate reports. This will avoid inconsistency and ensure that entities are not disincentivised from voluntary reporting. Related amendments may also be required to the Fair Trading Act 1986 which has similar rules about evidence for disclosures.
- 26 However, I am not proposing any changes for misleading and deceptive conduct or false or misleading statements. I consider that these settings are sufficient to ensure that directors and entities take appropriate care in the preparation of the climate statements.

Potential repeal of the CRD regime

- 27 During ministerial consultation, I received some feedback that the CRD regime should be repealed. I do not support this approach for the reasons outlined below. Free and frank opinions

- 28 Free and frank opinions

- 29 Chapman Tripp has reported that approximately 70 per cent of New Zealand's exports by value are going to markets that have mandatory climate reporting in place or proposed. In all of New Zealand's largest export markets CRD regimes are in force or imminent. This includes China, the United States (through the Californian reporting regime), Australia, Europe, Japan and the United Kingdom.
- 30 The CRD regime was introduced to address a systemic misevaluation of emissions-intensive activities and help avoid future market shocks. Repealing the regime increases the risk of capital misallocation and market inefficiencies. There is also an increased risk of greenwashing as entities can choose what, if any, climate reporting they wish to do. Entities that continue to report will be able to choose which international standards to report against. This will reduce the comparability of the reports.
- 31 There has been no consultation on repeal, and the market will not be expecting this. No submitters on the MBIE consultation proposed repeal of the regime, even if they considered that adjustments should be made to it. Some

submitters also considered that voluntary reporting by some entities would continue even if not legally required. Voluntary reports may be seen as less credible if they are not produced as part of a regulated regime (although having the reports independently assured may help to alleviate the risk).

- 32 If the regime is repealed, the FMA would have a limited regulatory role and would not monitor compliance of reports with international standards. Some entities will also need to continue to report to satisfy the requirements of overseas jurisdictions. Without a mandatory regime the FMA will be unable to promote either unilateral or mutual recognition of New Zealand's regime with overseas regulators. Reporting against international reporting standards may be more costly for entities than reporting against New Zealand's current standards.
- 33 I consider that adjustments to the CRD regime can address the concerns raised in the public consultation process without the loss of credibility and risk to our financial system resilience that repeal would bring. However, the option of repeal has been included in the recommendations section of this paper.

Cost-of-living implications

- 34 There are no cost-of-living implications.

Financial implications

Adjustments to the CRD regime

- 35 Climate-reporting entities pay a levy when they file their climate statements. The levy is cost recovery for the Crown and funds a portion of the costs of the FMA in exercising its regulatory role in relation to climate reporting. If fewer entities are captured by the regime, the total levy funding recovered is estimated to be reduced by approximately \$700,000 (GST inclusive). █

Confidential advice to Government

Repeal of regime

- 36 There will be some ongoing financial costs for agencies while the CRD regime is being wound up. Confidential advice to Government

Legislative implications

Adjustments to the CRD regime

- 37 The proposals will amend the Financial Markets Conduct Act 2013 and the Fair Trading Act 1986, which bind the Crown. There is an opportunity to progress these changes promptly by referring an amendment paper to the Financial Markets Conduct Amendment Bill (the **Bill**) to the Finance and Expenditure Committee before it reports back. The Office of the Clerk has given a preliminary indication that the changes proposed in this paper appear

to broadly fit within the scope of the Bill. A final view will need to be sought when the amendments are drafted.

- 38 I have written to the Finance and Expenditure Committee, asking it to request from the Business Committee an extension to the report-back date from 20 October until 30 January 2026. The Finance and Expenditure Committee may choose to seek public feedback on the amendments. If the Business Committee declines to extend the report-back date, the alternative approach is to submit an amendment paper to the Committee of the Whole House.

Repeal of the CRD regime

- 39 Repeal of the CRD regime will amend the Financial Markets Conduct Act 2013, Financial Reporting Act 2013 and Public Audit Act 2001 (which bind the Crown). Related and consequential amendments to other legislation will be required to give effect to the repeal of the regime.
- 40 If repeal is chosen, I also suggest that the legislation be put to the Finance and Expenditure Committee if there is sufficient time following the further development of policy options. I have received a preliminary indication from the Office of the Clerk that a repeal would fit within the scope of the Bill.

Impact analysis

Adjustments to the CRD regime

- 41 A Regulatory Impact Statement has been prepared in relation to the proposed adjustments to the CRD regime. A Regulatory Impact Analysis Review Panel from MBIE has reviewed the attached RIS titled *Capital Markets – Adjustments to the Climate-related Disclosures Regime*. The Panel considers that the RIS meets the Quality Assurance criteria.

Repeal of the CRD regime

- 42 Cabinet's impact analysis requirements apply to the proposal to repeal the CRD regime, but there is no accompanying Regulatory Impact Statement, and the Ministry for Regulation has not exempted the proposal from the impact analysis requirements. Therefore, this does not meet Cabinet's requirements for regulatory proposals.
- 43 As this paper seeks interim policy decisions, the Ministry for Regulation has waived the requirement to produce supplementary analysis on the basis that MBIE will prepare a final Regulatory Impact Statement to support Cabinet's final policy decisions when such policy decisions are sought.

Climate Implications of Policy Assessment

- 44 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to these proposals as the threshold for significance is not met.

Population and human rights implications

- 45 There are no population or human rights implications.

Use of external resources

46 No external resources were used in the policy development process.

Consultation

47 The Treasury, Ministry for Regulation, MfE, MFAT, the FMA and the XRB were consulted on the proposals to adjust the CRD regime and the alternative option to repeal the regime. The Department of the Prime Minister and Cabinet has been informed.

48 Public consultation on potential adjustments to the regime was carried out via release of the discussion document *Adjustments to the climate-related disclosures regime*. MBIE also undertook follow-up engagement with some MIS managers. There has been no consultation on the repeal of the regime.

Adjustments to the CRD regime – agency comment

49 MfE notes that MIS managers are a large and growing portion of our capital markets who can have meaningful consequences for low-emissions investment and may increasingly be exposed to the impacts of climate change, through their capital allocation decisions. There is still value in MIS managers routinely considering the risks and opportunities climate change presents when deciding where to invest.

50 Legal professional privilege

51

52 The FMA considers the proposed thresholds changes will reduce compliance costs for the entities most disproportionately impacted by the CRD regime, and removing the deemed director liability will resolve most of the other issues that climate reporting entities face in relation to compliance costs.

Repeal of the CRD regime – agency comment

53 MfE advises that the CRD regime is a key component of New Zealand's market-led climate strategy, enabling efficient capital allocation by providing material climate risk information to capital markets. MfE considers that disestablishing the regime would drive information asymmetries and may

undermine regulatory predictability, decrease the efficiency of capital allocation, and increase perceived investment risk. Climate-related risks are being factored into capital costs globally. Repealing the regime is likely to create uncertainty for investors, who may find it more difficult to assess risks in New Zealand.

54 The Treasury recommends against taking a decision at this time to repeal the scheme. Because this option was not consulted on, a decision now to repeal the scheme could surprise investors and entities covered. It is also not clear whether entities covered would prefer a repeal, given that mandatory schemes are becoming increasingly common internationally in markets New Zealand exports to. If Ministers wish to consider the merits of moving to a different approach, the Treasury recommends commissioning further work on this, including engagement with relevant entities, before taking decisions.

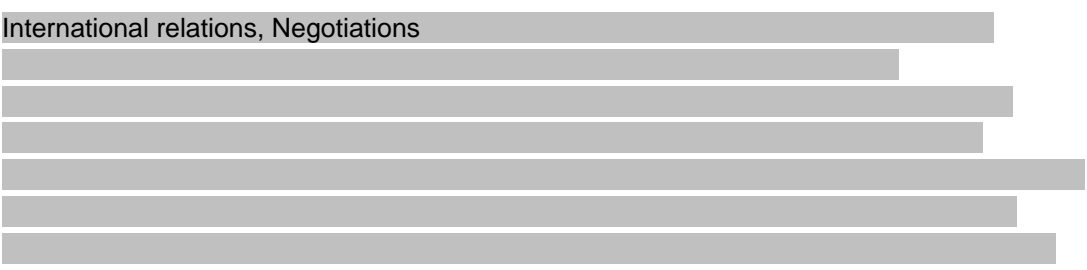
55 Given New Zealand's high exposure to some climate-related hazards, investors are likely to increasingly look for information on climate related risks when taking decisions, and factor in greater uncertainty where this cannot be found. Pending updated analysis, the Treasury's current view is that there is likely to remain a case for a mandatory scheme provided requirements are reasonable, but options to reduce compliance costs further should be considered. This could include looking at the disclosure requirements themselves.

56 Legal professional privilege



57 CRD regimes are also in place or under development in places such as Australia, the EU, United Kingdom and aspects of the United States market. MFAT engagement with New Zealand's export sectors reflects interest in exploring greater alignment of the existing CRD regime (and other aspects of climate policy) with trading partners, including through existing pathways such as International relations, Negotiations

58 International relations, Negotiations



Any decision should further take into account the fact that New Zealand's environmental credentials and our reputation in this regard are together increasingly key factors driving demand for New Zealand exports, from primary produce to tourism.

Communications

59 Cabinet decisions will be communicated publicly and to stakeholders.

Proactive release

60 This paper and attachments will be proactively released, subject to relevant redactions, within 30 business days of Cabinet decisions.

Recommendations

The Minister of Commerce and Consumer Affairs recommends that the Committee:

1 **agree** to:

EITHER (Minister's preferred option)

- 1.1 **agree** to raise the threshold for listed issuers to report, in relation to both market capitalisation (equity issuers) and face value of debt (debt issuers), from an amount exceeding \$60 million to an amount exceeding \$550 million;
- 1.2 **agree** that managers of registered managed investment schemes (**MIS managers**) will no longer be climate reporting entities captured by the obligations in Part 7A of the Financial Markets Conduct Act;
- 1.3 **agree** that the monetary thresholds that currently form part of the definition to define a climate reporting entity, may only be adjusted upwards, no more than once every three years for each type of climate reporting entity, on recommendation of the Minister by Order in Council subject to:
 - 1.3.1 consultation with the FMA, the External Reporting Board, the Reserve Bank of New Zealand as relevant, and affected parties;
 - 1.3.2 criteria including considering whether change is necessary or desirable to ensure that entities are not subject to disproportionate compliance costs, whether any increase is consistent with facilitating informed businesses and markets, and comparable international jurisdictions;
- 1.4 **agree** to amend Part 7A of the Financial Markets Conduct Act to align the terminology for when an entity is considered a climate-reporting entity with current accounting standards and enable financial reporting standards to be issued by the External Reporting Board to apply for the purposes of s 461Q of the Financial Markets Conduct Act;
- 1.5 **agree** that directors of climate reporting entities should not have deemed liability for entity breaches, i.e., disapply s 534(1)(cb) of the Financial Markets Conduct Act;
- 1.6 **agree** that climate reporting entities and their directors should not be liable for unsubstantiated representations in their climate statements if they comply with the climate standards;


- 1.7 **agree** that entities and directors that produce voluntary climate statements should also not be liable for unsubstantiated representations in those voluntary climate statements, if they comply with the climate standards – applied with all necessary modifications as if the statements were required to be prepared under Part 7A; and
- 1.8 **agree** to make related changes to the Fair Trading Act 1986 so that entities and directors producing mandatory and voluntary climate reports are not caught by a similar prohibition in the Fair Trading Act relating to unsubstantiated representations;

OR (option raised during ministerial consultation):

- 1.9 **agree** in principle to repeal the mandatory climate-related disclosures regime established in the Financial Markets Conduct Act;
- 1.10 **invite** the Minister of Commerce and Consumer Affairs to report back to Cabinet with proposed policy decisions necessary to repeal the regime;

Financial implications

2 Confidential advice to Government



Legislative implications

- 3 **note** that whether the CRD regime is adjusted as proposed in recommendations 1.1–1.8 or repealed as proposed in recommendations 1.9–1.10, the Minister of Commerce and Consumer Affairs intends to pursue the amendments relating to the climate-related disclosures regime via the Financial Markets Conduct Amendment Bill which is currently before the Finance and Expenditure Committee;
- 4 If the option to adjust the CRD regime is agreed, **authorise** the Minister of Commerce and Consumer Affairs to:
 - 4.1 issue drafting instructions to the Parliamentary Counsel Office to give effect to the above decisions; and
 - 4.2 make minor and technical changes during drafting that are consistent with the policy intent of the paper.

Authorised for lodgement

Hon Scott Simpson

Minister of Commerce and Consumer Affairs

Appendix 1: Reporting entity figures

Table one: Number of reporting entities

Class of climate-reporting entity (CRE)	Current numbers	Numbers after implementing proposals
Registered banks	24	24
Credit unions	0	0
Building society	1	1
Licensed insurers	17	17
Listed issuers	100	44
Managers of registered investment schemes (MIS)	22	0
Total number of CREs	164	86

Listed issuers captured by the \$550 million threshold

Air New Zealand Limited
ANZ Group Holdings Limited
Argosy Property Limited
Arvida Group Limited
Auckland Council
Auckland International Airport Limited
Australian Foundation Investment Company Limited
Briscoe Group Limited
Chorus Limited
Contact Energy Limited
Downer EDI Limited
Ebos Group Limited
F&C Investment Trust PLC
Fisher & Paykel Healthcare Corporation Limited
Fletcher Building Limited
Fonterra Co-operative Group Limited
Freightways Group Limited
Genesis Energy Limited
Heartland Group Holdings Limited
Henderson Far East Income Limited
Infratil Limited
Kiwi Property Group Limited
Mainfreight Limited
Mercury Nz Limited
Meridian Energy Limited
New Zealand Local Government Funding Agency Limited
Port of Tauranga Limited
Precinct Properties NZ Ltd & Precinct Properties Investments Ltd
Property for Industry Limited
Ryman Healthcare Limited
Skellerup Holdings Limited
Skycity Entertainment Group Limited

Spark New Zealand Limited
Stride Property Ltd & Stride Investment Management Ltd
Summerset Group Holdings Limited
Templeton Emerging Markets Investment Trust Plc
The a2 Milk Company Limited
The Bankers Investment Trust Plc
Transpower New Zealand Limited
Vector Limited
Ventia Services Group Limited
Vulcan Steel Limited
Wellington International Airport Limited
Winton Land Limited

Seven of these listed issuers (Australian Foundation Investment Company Limited, ANZ Group Holdings Limited, F&C Investment Trust PLC, Henderson Far East Income Limited, Templeton Emerging Markets Investment Trust Plc, The Bankers Investment Trust Plc, Ventia Services Group Limited) are currently relying on an eligible individual or class exemption to be exempt from climate reporting.