

McGuinness Institute Submission

Financial Markets Authority (FMA)

Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties

24 October 2025

1.0 Introduction

The McGuinness Institute (the Institute) welcomes the opportunity to submit on the proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties (the consultation).

Climate reporting is a rapidly evolving field that encompasses multiple dimensions, making it inherently complex. The old adage that ‘we manage what we measure’ remains as relevant as ever. To be responsible stewards of our nation, we must begin by assessing our impact through quality reporting and then commit to improving outcomes for both present and future generations. Accurate and transparent climate reporting is an essential step for New Zealand to meet our climate targets and comply with our international commitments.

As explained in section 2.0, the levels of carbon dioxide and impacts of climate change on our environment are unprecedented. In this context, more than ever, it is critical that New Zealand protects our own reporting framework with high-quality, consistent standards. Investors, stakeholders, the community and other users need standardized information to navigate the climate challenges we are facing. As the Ministry for the Environment (MfE) states:

Mandatory climate-related disclosures will help New Zealand meet its international obligations and achieve its target of net zero carbon by 2050. By improving transparency and revealing climate-related information within financial markets, our financial system will become more resilient and climate change risks outlined in the National Climate Change Risk Assessment will be addressed.¹ [bold added]

Maintaining consistent reporting standards for both preparers and users will mean climate reporting information is useful and comparable. The proposed exemption will lead to a number of risks and inconsistencies across our reporting framework, resulting in inconsistent information that mixes different types of reporting. The exemption also creates issues because as international standards change (which is almost certain in this changing world), reporting in New Zealand will become even more confusing for both users and preparers of climate information.

We note that the small number of foreign CREs proposed to be included in this exemption are all well-resourced, large, international entities (foreign listed issuers, overseas banks and overseas insurers). These foreign CREs are already reporting climate data for their foreign jurisdictions. Furthermore, this exemption would only apply for CREs who are already reporting climate information ‘broadly equivalent to New Zealand and of a high quality’.² As these CREs are already reporting ‘broadly equivalent’ comparable information, it is not overly onerous to

convert this data to match New Zealand's reporting standards and be consistent with local CREs. Maintaining standardized climate reporting will result in high-quality climate information across all CREs in New Zealand. This will both improve the quality of available climate information and support users to make more informed decisions to help mitigate the impacts of climate change.

The Institute recommends the FMA *does not* allow this exemption for foreign entities. Doing so risks weakening New Zealand's reporting regime and will result in both fractured reporting standards and inconsistent information that is less useful for users. Instead, we urge the FMA to take a long-term focus to maintain standardized, high-quality New Zealand reporting standards, ensuring consistency for all CREs and users.

We would like to thank the Financial Markets Authority (FMA) for inviting feedback on this important topic and would be happy to speak to this submission or assist with any questions.

1.1 About the McGuinness Institute

The Institute was founded in 2004 as a non-partisan think tank working towards a sustainable future for Aotearoa New Zealand. Project 2058 is the Institute's flagship project focusing on Aotearoa New Zealand's long-term future. Our observation that foresight drives strategy, strategy requires reporting, and reporting shapes foresight, led the Institute to develop three interlinking policy projects: *ForesightNZ*, *StrategyNZ* and *ReportingNZ*. All three of these must align if we want Aotearoa New Zealand to develop durable, robust and forward-looking public policies.

The policy projects frame and feed into our research projects, which address a range of significant issues facing Aotearoa New Zealand. The 13 research projects include: *BiodiversityNZ*, *CivicsNZ*, *ClimateChangeNZ*, *ForesightNZ*, *OneOceanNZ*, *PandemicNZ*, *PublicScienceNZ*, *ReportingNZ*, *SecurityNZ*, *StrategyNZ*, *TacklingPovertyNZ*, *TalentNZ* and *WaterFuturesNZ*.

1.2 Relevant research by the Institute

For more detailed research the Institute has undertaken in this area, we recommend you read the following three working papers. They analyse how annual reports of NZSX-listed companies report on climate statements, carbon offsets, and Non-GAAP Financial Information:

1. ***Working Paper 2025/06 – Analysing Climate Statements Contained in 2023 and 2024 Annual Reports of NZSX-listed Companies***³

This paper examines some aspects of recently published climate statements. It aims to contribute to research on how New Zealand might better report and manage climate risks and maximise opportunities in the transition to a low-carbon economy. It provides a quantitative assessment of the state of climate reporting in New Zealand through the lens of NZSX-listed companies that have published annual reports that mention NZ CS. This paper shows that scope 3 information can be prepared and is significant in terms of scale, and is therefore useful.

2. ***Working Paper 2025/07 – Analysing Carbon Offset Information Disclosed in 2021–2024 Annual Reports of NZSX-listed Companies*** (in press)⁴

This paper examines and identifies the extent to which carbon offset information has been disclosed in the 2021–2024 annual reports of NZSX-listed companies. It demonstrates that reporting of carbon offset information is a form of Anticipated Financial Impacts (AFIs). It suggests that more detailed reporting is needed to incentivise investment and ensure adoption of the most effective approach to carbon offsetting as well as climate change mitigation as a whole.

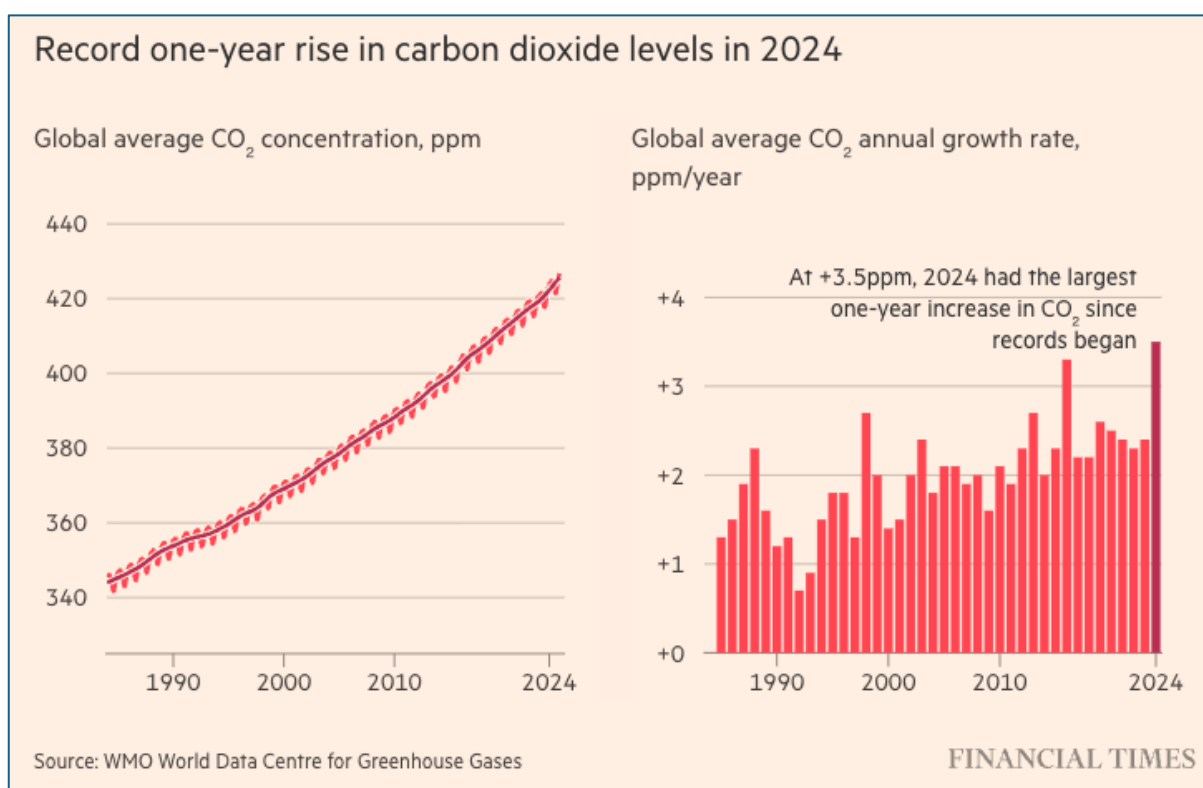
3. ***Working Paper 2025/05 – Reviewing Non-GAAP Financial Information in Annual Reports and Market Announcements of NZSX-listed Companies*** (in press)⁵

This paper examines and identifies the extent to which non-GAAP information is currently being presented in annual reports and, in some cases, financial statements and NZX announcements. The relevance of this paper is that reporters are currently preparing a lot of additional information outside of GAAP that is not required by the XRB. They are doing this voluntarily and at considerable cost, without common terms that enable investors and other stakeholders to compare companies.

2.0 Level of climate change is unprecedented

The intensifying global transition toward low-emission technologies, as well as increases in defence spending, are driving a substantial increase in demand for critical minerals such as lithium, cobalt, and rare earth elements. This surge is resulting in both supply-chain vulnerabilities and pricing volatility, with implications for industries reliant on clean energy infrastructure. At the same time, the growing frequency and severity of climate-related events are contributing to population displacement and heightened immigration pressures.

New research published this week shows that atmospheric carbon dioxide concentration last year saw the largest one-year increase since records began in 1957 (see graphs below using data from *WMO World Data Centre for Greenhouse Gases*).⁶



Graph source: Financial Times (2025).⁷

Recent examples of extreme climate impacts include:

- ‘In July [2025], Pakistan saw record-breaking heat, with temperatures in Chilas, in the mountains, of 48.5C, which may have contributed to the flooding that followed.’⁸
- ‘Extreme wildfire activity has more than doubled worldwide [from 2003 to 2023].⁹ These wildfires have had severe consequences for air quality, biodiversity and human health, and they continue to shape global discussions on climate resilience and emergency preparedness.
- ‘More than 32,000 people have died trying to reach Europe in the past 10 years – including 1,300 dead or missing this year [2025].’¹⁰

- ‘Cyclone Gabrielle in 2023 and the Auckland Anniversary floods caused an estimated \$14.5 billion in damage, of which insurers paid \$3.8 billion in claims ... global insured losses from natural catastrophes in 2025 are likely to surpass \$100 billion for the seventh straight year ... The largest single loss to date is the Los Angeles wildfire, with insured losses of more than \$40 billion’.¹¹

These shifts are straining local systems and amplifying demand for essential resources, including food and water, especially in regions already facing environmental stress.

With this context, it is unsurprising that the September 2025 *Mood of the Boardroom* survey revealed that 78% of chief executives in New Zealand report that their boards regularly assess geopolitical vulnerabilities as part of their risk matrix.¹² This reflects a growing recognition that global instability, from trade tensions and resource competition to climate-induced migration, is creating significant challenges for businesses. For this reason, the Institute considers all sustainability factors (including those that are difficult to report on) must be included in sustainability reporting in New Zealand. This information should be assured, trustworthy, and compliant with international standards. We cannot afford to ignore risks on the basis that they are too hard to quantify.

Below, we answer each of the consultation’s specific questions in detail.

3.0 Specific questions

The section contains the Institute's response to each of the specific questions in *Consultation paper: Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties* (the consultation document).

The section is divided into three parts:

- A: Status quo
- B: Proposed scope and conditions of the exemption
- C: Other

A: Status quo

Q1: Do you agree with the problem statement on page 6, including why the status quo does not work effectively for overseas CREs? If you disagree, please let us know why.

As noted in section 2.0 above, the current level of climate change is unprecedented. In this context, New Zealand needs high-quality reporting standards to guide user decision-making as we deal with these challenges.

Foreign CREs should be required to comply with New Zealand reporting standards. The Institute notes climate reporting is a rapidly developing area, and in this changing context it is important New Zealand upholds consistent standards. Consistency supports both the CREs themselves and the users of climate information. MfE has a good explanation why foreign CREs need to comply with New Zealand reporting requirements:

Overseas incorporated organisations will be required to make disclosures if their New Zealand business is over the thresholds outlined... **This will ensure their New Zealand stakeholders' needs are met.**¹³ [bold added]

Furthermore, as the consultation document itself states, the policy intent of Part 7A of the *Financial Markets Conduct Act 2013* (FMC Act), 'expressly requires overseas banks and insurers to prepare and lodge climate statements for their New Zealand businesses.'¹⁴

We recommend keeping standardized reporting across CREs in New Zealand rather than allowing an exemption for foreign CREs. Standardization will mean all CREs have consistent reporting and users will have access to comparable information. Not allowing for exemptions for large foreign CREs also supports the purpose of New Zealand's climate-related disclosures regime:

These mandatory climate-related disclosures are aimed at helping New Zealand meet its international obligations and achieve its target of net zero carbon by 2050. **The intention is that by improving transparency and revealing climate-related information within financial markets, our financial system and economy will become more resilient and climate change risks will be addressed.**¹⁵ [bold added]

Allowing exemptions for foreign CREs will result in fractured reporting that is less comparable for users and less useful for helping achieve the policy intent of New Zealand's climate reporting regime.

Foreign CREs are all large organizations with significant operations in New Zealand (i.e. foreign listed issuers, overseas banks and insurers). They therefore have the resources to reposition climate data (which they are already producing for their own country) into the New Zealand framework, especially as the standards should be 'broadly equivalent' to start with.

Q2: Please explain the impact of the status quo on the following stakeholders. Where appropriate, provide details of the costs (including compliance costs) and any benefits.

- Primary users
- Foreign listed issuers
- Overseas banks
- Overseas insurers

Allowing exemptions on a ‘case-by-case’ basis creates confusion and makes planning difficult for both users and preparers. Below are high-level thoughts:

Primary users: The status quo has a mixed impact. Users benefit from a standardised set of New Zealand disclosures, however exemptions result in inconsistent climate information that is less useful for users. Consistency across all CRE reporting allows users to make comparisons between both national and international CREs.

Foreign listed issuers, overseas banks and insurers: The status quo has a relatively small impact on large-scale international foreign issuers, overseas banks and insurers, however the fact some receive exemptions is likely to cause confusion.

It is important to consider the context of this exemption as foreign CREs are a few big players in New Zealand’s economy. Any compliance costs will be very minimal compared to the below financial criteria:

Part 7A applies to entities called climate reporting entities (CREs), comprising:

- large listed issuers of quoted equity securities or quoted debt securities (**over \$60 million in market capitalisation or quoted debt, respectively**. Issuers listed on growth markets are excluded)
- registered banks, credit unions and building societies with **total assets over \$1 billion**
- licensed insurers with total assets **over \$1 billion or annual gross premium revenue over \$250m**, and
- managers of registered schemes, such as KiwiSaver schemes and investment funds (other than restricted schemes) with **greater than \$1 billion in total assets** under management.¹⁶ [bold added]

It is also important to note foreign CREs are all large, well-resourced international entities who are already reporting to comparable international standards. This exemption would only apply for international entities who are already reporting climate information ‘broadly equivalent to New Zealand and of a high quality’.¹⁷

These foreign CREs therefore already have the climate information required under New Zealand standards and should easily be able to convert them to fit in with our local New Zealand standards without excessive compliance costs.

Q3: Is a class exemption from Part 7A of the FMC Act required or are there other interventions we could consider? Please give reasons for your view.

The exemption is not recommended for the reasons explained in Q1 and Q2.

B: Proposed scope and conditions of the exemption

Q4: Do you agree with the proposed scope and conditions of the exemption? If you disagree, please let us know why.

The Institute does not agree with the proposed scope and conditions of the exemption. Reasons include:

- There is a lack of clarity with the exemption. It is difficult to determine which foreign standards will ensure New Zealand's standards are maintained and which countries fit into the exemption. This causes confusion for preparers and users, making planning difficult.
- Consistency is an essential part of high-quality reporting. There is a high risk of change and inconsistency with the exemption. Potential issues include that exempted countries regimes may weaken, standards and technology may change, or that New Zealand's regime may have higher standard of reporting.
- Allowing this exemption will make New Zealand's reporting requirements unclear for all entities and users.
- Maintaining credibility of New Zealand's reporting standards is critical. There is a risk that if foreign exemptions are allowed, they may have lower-quality standards that weaken the regime in New Zealand.
- New Zealand standards are high-quality and this standard needs to be maintained to ensure reporting information remains trustworthy and comparable for users. For instance, climate reporting standards contain disclosures which have been carefully designed to allow users to make decisions and compare information across entities (i.e. forward-looking disclosures, governance of climate risks, transition plans, scenario analysis, resilience, adaptation pathways, Scope 1–3 emissions, etc.).
- As mentioned in the response to Q2 above, this exemption would only apply for a very small group of large foreign CREs who are already reporting climate information 'broadly equivalent to New Zealand and of a high quality.'¹⁸ Therefore it is not overly onerous to reframe their climate data into New Zealand's reporting framework.
- Local information may be missed if foreign CREs have an exemption. Foreign CREs may miss out New Zealand-specific risks in their climate reporting, such as local geographic or adaptation concerns. This information is critical for New Zealand users.

Q5: Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards? If you disagree, please let us know why.

No, the Institute believes the exemption will fracture New Zealand's framework and lead to inconsistent reporting.

As noted above, the exemption also goes against the policy intent of Part 7A of the *Financial Markets Conduct Act 2013* (FMC Act), which 'expressly requires overseas banks and insurers to prepare and lodge climate statements for their New Zealand businesses.'¹⁹

The purpose in section 19B of the *Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021* is relevant as it states that:

19B Purpose of climate standards and climate-related disclosures

The purpose of climate standards is to provide for, or promote, climate-related disclosures, in order to—

- (a) encourage entities to routinely consider the short-, medium-, and long-term risks and opportunities that climate change presents for the activities of the entity or the entity's group; and
- (b) enable entities to show how they are considering those risks and opportunities; and
- (c) enable investors and other stakeholders to assess the merits of how entities are considering those risks and opportunities.

As mentioned above, the proposed exemption does not help achieve this purpose, and is inconsistent with the intention of the FMC Act.

Q6: Do you agree with our view that Australia's mandatory climate reporting regime and AASB S2 are broadly equivalent to New Zealand's settings? If you disagree, please let us know why.

N/A

Q7: Do you believe there are any other relevant jurisdictions that would currently meet our suggested criteria for inclusion in the proposed exemption notice? Please give reasons for your view.

N/A

Q8: Please explain the impact of the proposed exemption and conditions on the following stakeholders. Where appropriate, please provide details of the costs and any benefits.

- Primary users
- Foreign listed issuers
- Overseas banks
- Overseas insurers

Below are high-level thoughts on possible impacts:

Primary users: The exemption will have negative impacts on users as it reduces comparability and makes information from foreign CREs more difficult for users to compare and understand. Group and foreign reports may miss locally relevant climate information that users need to make decisions.

Ensuring reporting standards are consistent for all CREs will mean information is much more useful and reliable for primary users.

Foreign listed issuers, overseas banks and insurers: The exemption will lead to less clarity in reporting requirements as the exemption (and international standards themselves) will be subject to change. As mentioned in the response to Q2 above, foreign CREs are a select group of big

players in New Zealand's economy, and any compliance costs will be minimal compared to their total financials.

Foreign CREs using this exemption would theoretically already have the 'broadly equivalent' climate data they need, so it should be relatively simple to report this information under New Zealand's reporting framework.²⁰ As foreign CREs would already have this information, the compliance costs will not be excessive, especially when compared to the scale of their total financial operations.

International standards are constantly changing and it is important to standardize New Zealand's reporting to help both preparers and users of climate information improve their decision-making. A transparent, consistent reporting framework for all CREs is preferable to an inconsistent mixture of local and international standards.

Q9: Should it be a condition that a foreign CRE must file in New Zealand separate climate statements for its New Zealand business using an approved overseas standard, at the same time it must file its group climate reporting? If so, in what circumstances should this be required?

The Institute does not support the exemption.

Q10: The proposed relief overlaps with the existing foreign listed issuers CRD exemption. Do you believe the existing foreign listed issuers CRD exemption should remain as is, if this new exemption is granted?

No. The Institute does not support the exemption.

Retaining two overlapping exemptions will make reporting requirements inconsistent and could cause confusion for preparers, stakeholders, investors, and other users.

Q11: Are any additional conditions required if exemption relief is granted?

The below conditions would benefit the quality of New Zealand's reporting regime:

- Regular review of foreign standard equivalence to maintain standards.
- Public disclosure when/if an exemption is used, including an explanation of the foreign regime used instead.
- Transparency with a public list of what foreign regimes are exempted and what criteria are used to determine this.

C: Other

Q12: Do you have any other comments?

Refer to 4.0 below for further comments and recommendations.

4.0 Further Institute recommendations

1. Consider integration in the broader external reporting framework

Any climate reporting reforms should support the wider New Zealand external reporting regime (financial, non-financial, risk, governance). The importance of ensuring New Zealand's reporting framework is designed for alignment is discussed in detail in the Institute's *Report 17: Building a Reporting Framework Fit for Purpose*.²¹

You can view a relevant part of *Report 17's* recommendations in Appendix 2: Extract from Report 17.

2. Reflect user needs and decision usefulness

Reporting standards should be considered in terms of information infrastructure. It is important to consider how reports serve a variety of information users (investors, regulators, the public). Users should be able to trust and rely on climate reporting, just as they can rely on financial and other assured information.

As noted above, the purpose of reporting focuses on the needs of 'primary users' to assess information on risk, value and strategy – not report preparers. The *New Zealand Conceptual Framework* states:

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial reports for much of the financial information they need. Consequently, they are the **primary users** to whom general purpose financial reports are directed.²² [bold added]

Hence, if the information is useful to **primary users**, even if adds another layer of reporting for foreign CREs, it should be reported in compliance with local New Zealand standards. It is also important to consider other users, beyond traditional shareholders, who will use sustainability information (e.g. local communities, iwi/Māori, etc.).

The use of this exemption needs to consider how these wider users will rely on climate reporting information and the confusion that will be caused by allowing different foreign exemptions that will change over time.

3. Monitor, evaluate, and require regular feedback loops to ensure reporting remains fit for purpose

We recommend that the FMA commit to periodic reviews of how all climate reporting is working. This should include monitoring uptake, quality, costs, usability, unintended consequences, and other factors that impact the reporting. This area of reporting is changing fast and it is critical to develop a feedback mechanism to adjust reporting when required.

It is clearly part of the XRB's role, as standard setter, to be working hard to ensure their standards are cost-effective and useful. Hence, both the FMA and XRB have an interest in ensuring business is not unnecessarily overlaid with costs and that users get the information they need to make decisions. This requires a balancing act and frequent reviews of new standards to ensure they are optimised for all concerned.

4. Implement change now to reflect the changing climate

Delaying disclosures in pursuit of perfect accuracy risks missing critical windows for mitigation and adaptation. Even imperfect data can guide capital allocation, risk management and strategic decision-making.

Imperfect information today is going to be more useful for investors and other stakeholders than accurate information in four to five years' time.

5. Implement regular reviews of the framework

It is critical to review types of sustainability reporting regularly. Consistent reviews will help to build intelligence as to what works and what does not. These reviews should analyse impacts from the perspective of both the users and the preparers of climate information.

It is also important these reviews are publicly available to ensure the regime is publicly accountable and transparent.

5.0 Conclusion

New Zealand has the ability to be a world leader in quality climate reporting. Designing a clear, consistent framework is an essential part of ensuring our sustainability reporting is reliable and trustworthy for users, and will help New Zealand meet our climate targets and international obligations.

Changes in political leadership have already caused inconsistency in New Zealand's climate reporting requirements, resulting in confusion and frustration for both users and preparers. New Zealand was the first country in the world to require climate reporting in 2020.²³ However, recent changes announced in October 2025 aim to 'drop the number of entities mandated by law to make climate-related disclosures from 164 to 76.'²⁴ This makes ensuring there is a standardized set of climate reporting standards in New Zealand even more important.

Foreign CREs are all large organizations with significant operations in New Zealand (i.e. foreign listed issuers, overseas banks and insurers). They therefore have the resources to reposition climate data (which they are already producing for their own country) into the New Zealand framework, especially as the standards should be 'broadly equivalent' to start with.²⁵ As foreign CREs would already have this information, the compliance costs will not be excessive, especially when compared to the scale of their total financial operations and their impacts on New Zealand.

Users need reliable, meaningful and standardized climate information to help make decisions and track alignment with climate targets. It is in the public interest to get our reporting framework right and we need to ensure New Zealand's standards remain consistent and high-quality. Not allowing the exemption will mean climate information is both more functional for users and more consistent for preparers.

The Institute therefore *does not* support an exemption for some CREs incorporated in foreign jurisdictions from the climate reporting duties in Part 7A of the Financial Markets Conduct Act 2013 (FMC Act). An exemption for large, well-resourced foreign CREs operating in New Zealand will just add more complexity and confusion to an already complex set of standards.

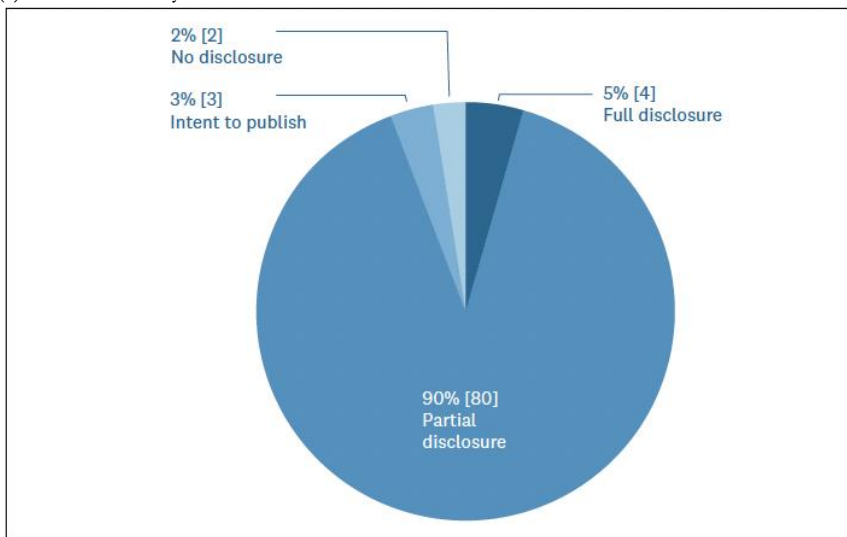
Appendix 1: Selected Tables and Figures from *Working Paper 2025/06 – Analysing Climate Statements Contained in 2023 and 2024 Annual Reports of NZSX-listed Companies*

Companies have worked hard to deliver users better quality information, both in terms of accuracy and breadth. The results below imply not only a successful start, but that others that are not required to produce this information, may require some form of mandatory reporting in the future.

Figure A1.1: Types of NZ CS disclosures made in FY24 annual reports by CREs compared with non-CREs

Source: McGuinness Institute, *Working Paper 2025/06 – Analysing Climate Statements Contained in 2023 and 2024 Annual Reports of NZSX-listed Companies*, September 2025.²⁶

(a) CREs only



(b) Non-CREs

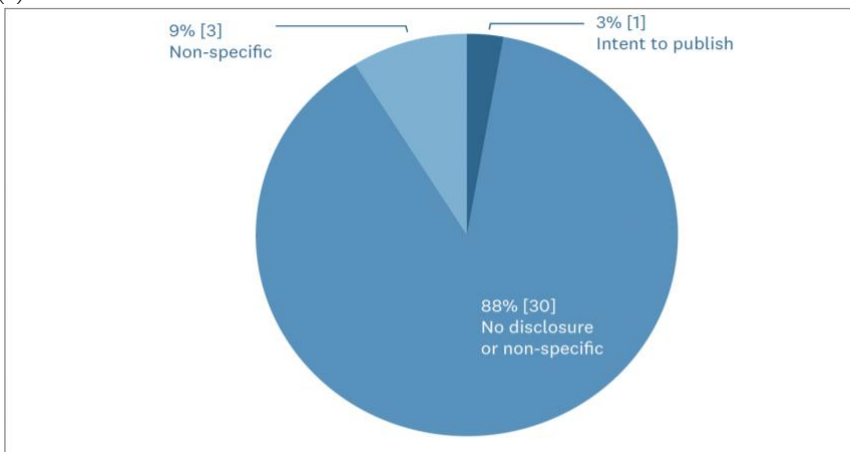


Figure A1.2: Adoption provisions applied in the FY23 and FY24 climate statements of NZSX-listed companies

Source: McGuinness Institute, *Working Paper 2025/06 – Analysing Climate Statements Contained in 2023 and 2024 Annual Reports of NZSX-listed Companies*, September 2025.²⁷

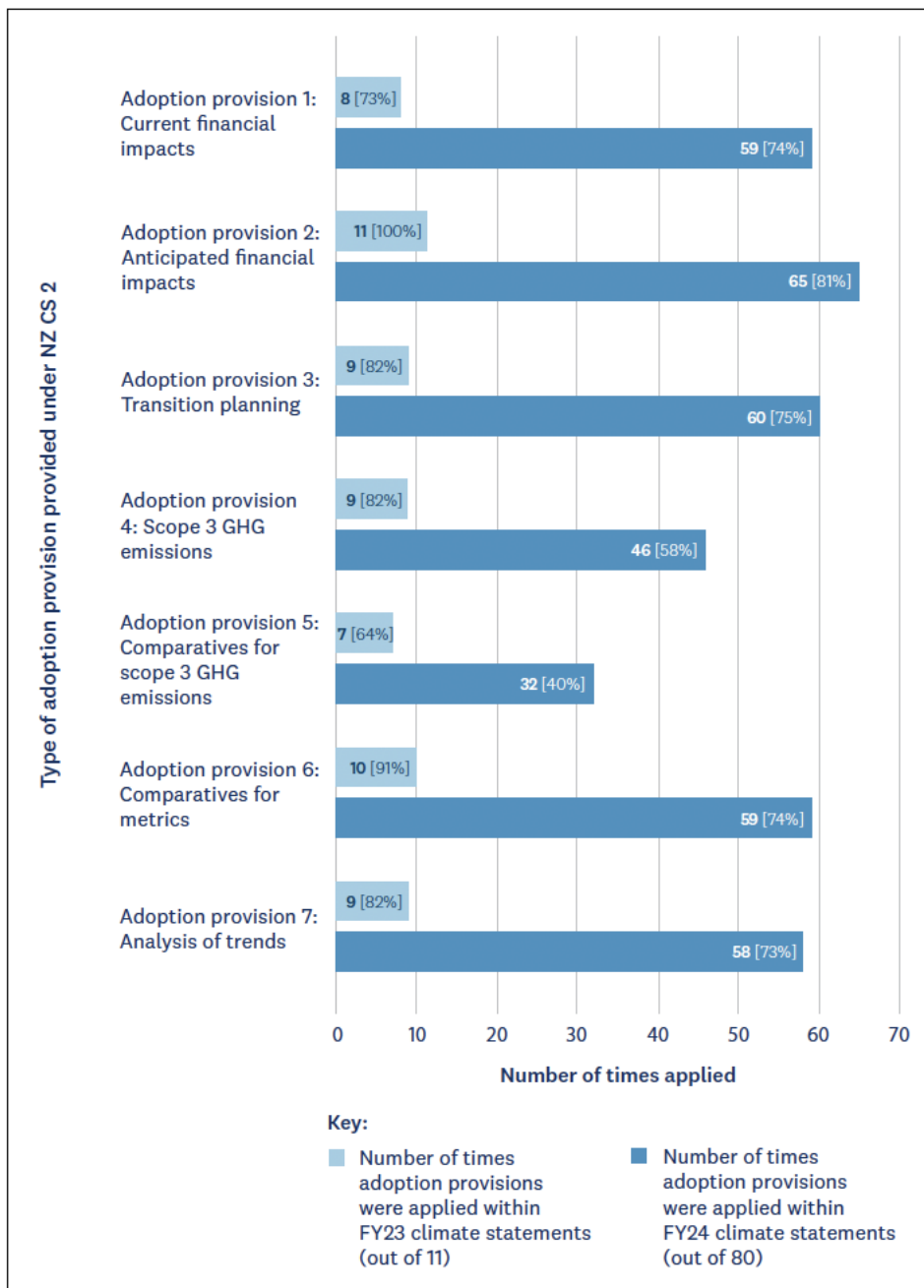


Table A1.1: Six early adopters that chose to fully report against NZ CS in FY23 annual reports

Source: McGuinness Institute, *Working Paper 2024/07 – Collating Climate Statements Contained in 2023 Annual Reports of NZSX-listed Companies*, September 2024.²⁸

NZSX code	Legal name	Number of pages	See page
AIA	Auckland International Airport	13	27
IPL	Investore Property	10	42
MEL	Meridian Energy	32	62
SAN	Sanford	13	92
SEK	Seeka	15	105
THL	Tourism Holdings	22	121

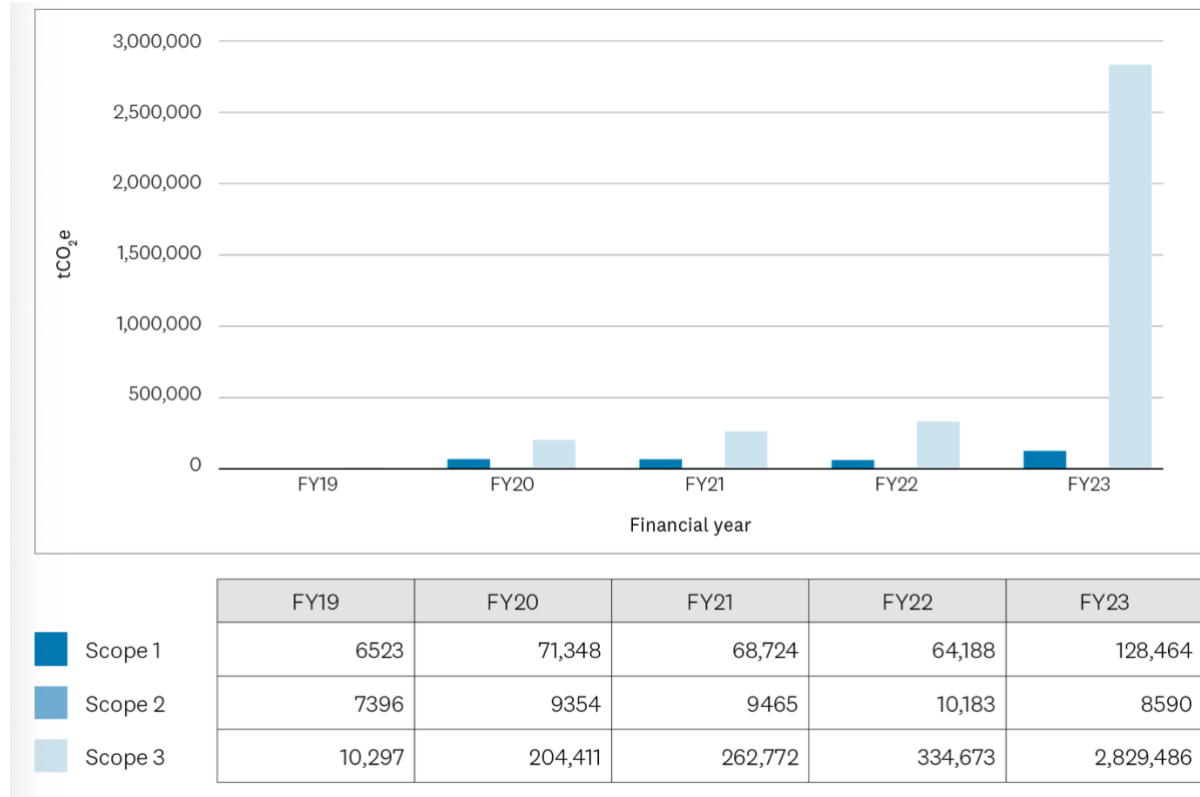
Table A1.2: Six early adopters' GHG emissions (disclosed in FY23 annual reports)

Source: McGuinness Institute, *Working Paper 2024/07 – Collating Climate Statements Contained in 2023 Annual Reports of NZSX-listed Companies*, September 2024.²⁹

		Auckland International Airport	Investore Property	Meridian Energy	Sanford	Seeka	THL Holdings	Total
FY19	Scope 1	2472	-	-	-	4051	-	6523
	Scope 2	3423	-	-	-	3973	-	7396
	Scope 3	6228	-	-	-	4069	-	10,297
	Total tCO ₂ e	12,123	-	-	-	12,093	-	24,216
FY20	Scope 1	2397	79	-	65,069	3803	-	71,348
	Scope 2	3224	11	-	2423	3696	-	9354
	Scope 3	5185	-	-	194,774	4452	-	204,411
	Total tCO ₂ e	10,806	90	-	262,266	11,951	-	285,113
FY21	Scope 1	1674	-	1020	62,130	3900	-	68,724
	Scope 2	2615	-	14	2349	4487	-	9465
	Scope 3	16,497	-	29,841	212,447	3987	-	262,772
	Total tCO ₂ e	20,786	-	30,875	276,926	12,374	-	340,961
FY22	Scope 1	2004	-	643	57,076	4465	-	64,188
	Scope 2	3007	-	2	1466	5708	-	10,183
	Scope 3	77,523	-	40,467	212,065	4618	-	334,673
	Total tCO ₂ e	82,534	-	41,112	270,607	14,791	-	409,044
FY23	Scope 1	2060	32	1191	60,103	5685	59,393	128,464
	Scope 2	2231	19	2	1493	2892	1953	8590
	Scope 3	2,579,061	10,861	46,565	184,386	4487	4126	2,829,486
	Total tCO ₂ e	2,583,352	10,912	47,758	245,982	13,064	65,472	2,966,540

Figure A1.3: Six early adopters' GHG emissions (disclosed in FY23 annual reports)

Source: McGuinness Institute, *Working Paper 2024/07 – Collating Climate Statements Contained in 2023 Annual Reports of NZSX-listed Companies*, September 2024.³⁰



Appendix 2: Extract from *Report 17: ReportingNZ: Building a Reporting Framework Fit for Purpose* (June 2020)

Report 17 was an ambitious attempt from the Institute to think more deeply about the purpose of New Zealand's reporting framework and the role of climate reporting in the future. In order to scope this report, it was critically important to set high-level principles (see the first three below).

Source: McGuinness Institute, *Report 17: ReportingNZ: Building a Reporting Framework Fit for Purpose*, June 2020.³¹

The climate-related reporting framework for New Zealand should be:

1. Simple, coherent and easy for preparers to apply and for investors to understand and trust;
2. Cost-effective – provides value in terms of (i) the costs of preparation, assurance, compliance and regulation and (ii) the urgency in addressing the challenges facing New Zealand and the planet; and
3. Durable and 'future-proofed' – stands the test of time by balancing certainty with the necessary flexibility to deliver on its purpose for preparers and users of climate-related financial disclosures.

Given the above, the Institute proposes that New Zealand should:

1. Require mandatory reporting for selected entities where the benefits of disclosure outweigh the costs of preparing and reporting;
2. Set out a clear purpose for the framework which outlines what disclosures an entity must comply with and why;
3. Build on existing legislative and external reporting frameworks, design features and terminology;
4. Utilise New Zealand's international standing in standard-setting. New Zealand, through the XRB and Office of the Auditor-General (AG), has world-leading and proven reporting and assurance standard capabilities and expertise;
5. Utilise the expertise of the XRB, with a view to the XRB developing domestic standards to support entities to meet legislative requirements;
6. Align the reporting requirements of both for-profit and public benefit entities. This will not only benefit shareholders and other users by providing comparable information across both sectors, but will also benefit preparers and assurance providers as they move between the public and private sectors; and
7. Allow entities that are not subject to mandatory reporting to report voluntarily and to file their report in the same location as mandatory reporting entities. There will be reputational advantages of reporting in terms of attracting/retaining staff and growing supplier and customer loyalty. These advantages should be made available to all other entities (e.g. SMEs and other large private entities).

In this section the Institute explores three linked mechanisms in which climate-related financial reporting, through requiring selected entities to prepare a 'Statement of Climate Information', could be embedded into the New Zealand reporting framework. A 'Statement of Climate Information' would improve the quality and consistency of reporting on climate-related financial information to shareholders and other stakeholders of selected entities. This would be achieved by a mandatory reporting framework that centres on ensuring adequate material information is contained in annual reports (or as standalone document if the entity does not prepare an annual report). Material climate-related financial information would be along the lines of the TCPD voluntary reporting framework.

Major recommendation: Embed climate-related financial reporting into the New Zealand reporting framework. From the Institute's perspective, this should be managed by the XRB as part of their normal business practice of issuing standards for selected entities to report against. The Institute envisages that this would result in a 'Statement of Climate Information' prepared and signed by two directors, audited by an external party and published in the entity's annual report (this is referred to as major recommendation 6 in Section 8).

Appendix 3: Extract from *Financial Times*

As we go to print, there continues to be debate over ESG, driven particularly by the US. This article by the *Financial Times* is insightful and reinforces the continued need for ESG information.

Source: Berg, F., *ESG might be more resilient than critics expect*, October 2025.³²

Recommended



Markets Insight [Andreas Utermann](#)

The push for ESG risks conflict with fiduciary responsibilities

Probably the most important development on climate reporting in the past few years is the publication of reporting standards by the International Sustainability Standards Board. In 2023, the ISSB published the IFRS S1 framework for reporting on material sustainability risks, and IFRS S2 on climate-related disclosures.

The Securities and Exchange Commission voted this year to end its defence of a rule

that would have required US companies to report on climate risks, and new chair Paul Atkins has [attacked](#) the new ISSB standards as driven by “ideologues”. But so far 37 jurisdictions have adopted or plan to adopt them, including a wide range of countries such as Australia, Bangladesh, Brazil, Chile, Hong Kong, Kenya, Malaysia, Mexico, Nigeria, Pakistan and Turkey. The standards also have been supported by key international bodies including the G7, the International Organization of Securities Commissions and the Financial Stability board.

Endnotes

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