

**Finance and Expenditure Committee:  
Financial Markets Conduct Amendment Bill –  
Amendment Paper 446**

McGuinness Institute

Oral submission 10 December 2025

# Observations

1. A change in threshold is significant, from 118 to 38 climate reporters (based on latest NZSX-listed companies). See attachments.
2. More work needs to be done on understanding the implications – decisions are being proposed on limited research and without a clear understanding of the differences between the purpose of the financial reporting standards framework and the purpose of the climate-related disclosure framework. They are very different.
3. Legislation and standards evolve; this is best practice. Change should be seen in terms of costs, benefits and risks.
4. Many non-climate reporters are still preparing climate statements for their boards – the standards are being used to prepare management reports, even if they are not being placed in the public domain.

5. Companies are choosing to publish a large amount of non-standard information – what is commonly known as non-GAAP information. They are choosing to do so because the costs, benefits and risks of not reporting are outweighed by the costs, benefits and risks of voluntary reporting. This is their choice. See the Institute's *Working Paper 2025/05 – Reviewing Non-GAAP Financial Information in Annual Reports and Market Announcements of NZSX-listed Companies*.
6. The risk is that climate information will increasingly become non-standardised and therefore add further risks to the market.
7. Companies will not stop reporting climate information; they will simply create non-GAAP climate information.

## 8. Alternative solutions

- a. 'Safe harbour' provisions for directors for 5–10 years would resolve liability risk.
- b. Differentiated reporting is common practice and should be adopted in terms of climate reporting. For example, apply a two-tier approach to climate disclosures.
  - Tier 1: Full reporting requirements for large entities
  - Tier 2: Simplified metrics, phased timelines, with concessions (e.g. simplified climate reporting for USX-listed companies and large private companies)
- c. Focus on providing more guidance for voluntary reporting (such as how to report carbon offset information).

# Non-GAAP recommendations for:

## 7.1 *Standard setters (XRB)*

1. XRB should establish a non-GAAP standard for implementation post-January 2027.
2. XRB should explore/conduct research into the costs, benefits and risks of standardising regulatory compliance requirements across public companies.

Working Paper 2025/05

Reviewing Non-GAAP  
Financial Information  
in Annual Reports and  
Market Announcements  
of NZSX-listed Companies

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# Non-GAAP recommendations for:

## 7.2 *The regulator, licensed stock exchange operators and operators of broker-traded markets*

1. The FMA should monitor the use of non-GAAP financial information; regularly report to the public on the quality of reporting; and actively communicate with companies it deems to have presented misleading non-GAAP information.
2. The FMA should explore/conduct research into the costs, benefits and risks of standardising regulatory compliance requirements across public companies.
3. The FMA should make clear that non-GAAP information should not be disclosed within the financial statements (this will ensure reporting practices in New Zealand are consistent with Australia).
4. The *NZX Listing Rules* and *USX Market Rules* should require that a company's legal name and its New Zealand Business Number (NZBN) be prominently displayed on the front page or inside cover of the annual report.
5. The FMA, NZX and USX should review the prominence of non-GAAP financial information in annual reports and provide more guidance to NZSX-listed and USX-listed companies.
6. The *NZX Listing Rules* should require companies to explicitly state (post-January 2027) whether non-GAAP information has been audited or reviewed within their annual report, and audit reports should explain how the audit or review has been undertaken.
7. The FMA, NZX and USX should require all result announcements to be clearly titled 'result announcements'.
8. The FMA, NZX and USX should review the prominence of non-GAAP information in result announcements.
9. The NZX should require that any non-GAAP financial information in result announcements be reconciled within the announcement.
10. The *NZX Listing Rules* and *USX Market Rules* should require that any non-GAAP financial figures presented within result announcements be identified as being a non-GAAP measure.

# Carbon offset recommendations

## External Reporting Board (XRB)

1. XRB should either expand its Aotearoa New Zealand Climate Standards or establish a new non-GAAP carbon-offsetting standard that requires the disclosure of carbon-offsetting information, including a clear definition of the 'core project information' for carbon credits.
2. XRB should expand its financial reporting standards to require Tier 1 reporters to disclose the cost of carbon credits in their financial statements.

## Ministry for the Environment

3. MFE should regularly update guidance on offsetting to align with the latest international guidance on best practice published by the ICVCM, ICROA and VCMi.
4. MFE (or a similar body) should conduct regular audits of carbon credits purchased from the VCM to ensure alignment with national and international guidance.
5. MFE, the Ministry of Business, Innovation and Employment (MBIE) and/or the Environmental Protection Agency (EPA) should develop a centralised and publicly available dashboard that records all carbon credit retirements by New Zealand companies.

## Commerce Commission

6. Commerce Commission should produce stand-alone guidelines on carbon-offset environmental claims.

## Financial Markets Authority (FMA)

7. FMA should produce guidelines on good practice for voluntary offsetting purchases and disclosures and review disclosures in annual reports and result announcements by NZSX-listed companies and USX-listed companies that disclose carbon offset information.

## Global corporate climate-action organisations

8. Organisations must collaborate at pace to develop a coherent reporting framework.

# Attachments: McGuinness Institute publications

1. [Submission on the Financial Markets Conduct Amendment Bill \(Final\)](#)  
Attachment 1: List of 38 NZSX-listed equity securities above \$1,000,000,000 as at 10 December 2025  
Attachment 2: List of 118 NZSX-listed equity securities above \$60,000,000 as at 10 December 2025
2. [Working Paper 2025/05 – Reviewing Non-GAAP Financial Information in Annual Reports and Market Announcements of NZSX-listed Companies \(Final\)](#)
3. [Working Paper 2025/06 – Analysing Climate Statements Contained in 2023 and 2024 Annual Reports of NZSX-listed Companies \(Final\)](#)
4. [Working Paper 2025/07 – Analysing Carbon Offset Information Disclosed in 2021–2024 Annual Reports of NZSX-listed Companies \(Final draft\)](#)