

25 February 2026

Wendy Venter
Chief Executive
External Reporting Board (XRB)
Level 6/154 Featherston St
Central Wellington, 6011
New Zealand

Dear Wendy,

Recent McGuinness Institute publications

The McGuinness Institute recently published three working papers that are relevant to the work of the Financial Markets Authority (FMA). These three working papers, and their key findings, are listed below and follow on from our Project 2058 signature report, *Report 17 – Building a Reporting Framework Fit for Purpose* (June 2020):

- *Working Paper 2025/05 – Reviewing Non-GAAP Financial Information in Annual Reports and Market Announcements of NZSX-listed Companies*
- *Working Paper 2025/06 – Analysing Climate Statements Contained in 2023 and 2024 Annual Reports of NZSX-listed Companies*
- *Working Paper 2025/07 – Analysing Carbon Offsetting Information Disclosed in 2021–2024 Annual Reports of NZSX-listed Companies*

While all three areas – non-Generally Accepted Accounting Principles (non-GAAP) disclosures, climate statements, and carbon offsetting information – are interconnected, they are shaped by distinct stakeholder groups and regulatory approaches. Non-GAAP information is voluntarily prepared and disclosed by entities in an ad hoc manner, reflecting internal priorities and market expectations. Climate statements, by contrast, are mandatory and governed by standards issued by New Zealand’s primary standard setter, the External Reporting Board (XRB). Disclosure of carbon offsetting information remains mostly voluntary, the only exception being a disclosure requirement in climate statements (see paragraph 23(e)(iv) in NZ CS 1 under Targets: ‘the extent to which the target relies on offsets, whether the offsets are verified or certified, and if so, under which scheme or schemes’).

Despite their differences, each area addresses emerging and complex challenges, and therefore warrants ongoing review, refinement and strategic alignment. Regular review will ensure information is relevant, useful, timely and accurate for shareholders and other stakeholders. These papers analyse the reports and announcements of NZSX-listed companies and in a few cases, USX-unlisted companies. This is because effective markets depend upon reliable, meaningful and timely information. Ensuring sustained economic growth requires investors, lenders, and insurers to have timely access to information that is clear, reliable, and uncomplicated. Strengthening the evidence base through systematic, high-quality research is essential.

Our hope is that this research will identify the gaps and shortcomings in current disclosures, highlight where further research is needed, and encourage the XRB to address these issues through the development of new or updated accounting standards.

Below we highlight the purpose of each of the working papers. Attachment 1 provides a consolidated summary of all recommendations across the three papers.

Working Paper 2025/05 – Reviewing Non-GAAP Financial Information in Annual Reports and Market Announcements of NZSX-listed Companies

This research has two purposes: to reveal the extent to which NZSX-listed and USX-unlisted companies are presenting non-GAAP accounting measures in their annual reports and announcements, and to recommend ways to improve the presentation of non-GAAP financial information in those reports and announcements.

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

This paper examines how NZSX-listed companies are applying Aotearoa New Zealand Climate Standards and makes recommendations as to how this area of reporting can be improved.

Working Paper 2025/07 – Analysing Carbon Offsetting Information Disclosed in 2021–2024 Annual Reports of NZSX-listed Companies (in press)

This paper examines and identifies the extent to which carbon offsetting information has been disclosed in the 2021–2024 annual reports of NZSX-listed companies. The Institute hopes this research will be used to benchmark the progress of climate-related disclosures on carbon offsetting over the coming years and will encourage more comprehensive disclosure requirements about the quality and costs of carbon credits that companies are purchasing.

We are also observing with interest the recent developments in the United Kingdom. Provision 29 in the updated *UK Corporate Governance Code (2024)* places a stronger emphasis on a company's risk-management and internal-control framework and introduces measures intended to strengthen annual reporting and enhance the transparency of disclosures. I expect this topic is now being actively considered in New Zealand.

I would welcome the opportunity to discuss our findings and Provision 29 in person and/or with members of the NZASB. If this is of interest, please contact me at wmcg@mcguinnessinstitute.org. For your information, I will also be forwarding a copy of this letter to the Minister of Commerce and Consumer Affairs, Scott Simpson; the Controller and Auditor-General, Grant Taylor; and the FMA, NZX, and USX.

Thank you for your interest.

Kind regards,



Wendy McGuinness
Chief Executive

Attachment Table 1: Recommendations from the working papers on NZSX-listed companies