

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

4 December 2025

To: Finance and Expenditure Committee

The Investor Group on Climate Change (IGCC) welcomes the opportunity to comment on the proposed [amendments](#) to the Financial Markets Conduct Amendment Bill, which would amend Aotearoa New Zealand's climate-related disclosures regime.

IGCC's membership comprises institutional investors with interests in Australia and New Zealand focused on the impact of climate change on the retirement savings of their beneficiaries and client investment outcomes. IGCC represents investors with total funds under management of over \$5 trillion in Australia and New Zealand, and \$40 trillion around the world.

For over [twenty years](#), IGCC has supported institutional investors concerned about how companies manage climate risks to their business, because these risks can impact overall investment returns.

IGCC supported the introduction of the climate related disclosure (CRD) regime because it made good sense to investors.<sup>1</sup> In a world with tight competition for capital, markets that bring greater transparency to climate-related financial risks are likely to attract more investment.

We urge the Finance and Expenditure Committee to consider the risk of adverse impacts on the New Zealand economy from proposed amendments to raise the reporting threshold for listed issuers and remove managed investment scheme (MIS) managers from the regime.

The proposed changes stand to weaken New Zealand's climate disclosures regime by substantially shrinking its coverage, and in so doing, send a signal to international investors that New Zealand companies are not prepared to manage the risks climate change poses to their operations.

For the reasons outlined below, IGCC recommends that amendments to raise the reporting threshold and exclude MIS managers be rejected, and the underlying concerns dealt with via the External Reporting Board (XRB) through its [planned consultation](#) on differential reporting.

IGCC also acknowledges and draws the Committee's attention to submissions from related investor groups, the Responsible Investment Association Australasia (RIAA) and the global Principles for Responsible Investment (PRI).

Yours sincerely,

Francesca Muskovic

Executive Director, Policy

---

<sup>1</sup> IGCC (2021) [IGCC submission on Aotearoa New Zealand Climate Standard 1: Government and Risk Management Consultation](#), IGCC (2022) [Climate disclosures - Lessons from Global Trends for Aotearoa New Zealand](#).

## **Climate disclosures are part of good risk management**

Climate disclosure is fast becoming a basic expectation of businesses worldwide. Many jurisdictions have introduced mandatory climate reporting – including Australia, the European Union, United Kingdom and California.

For investors, standardised climate-related financial disclosures enable them to assess whether companies have the right systems in place to deal with climate risks to their business. By making climate disclosures mandatory, governments send a message to investors that companies operating in their jurisdiction are taking steps to manage these risks.

Companies face climate-related financial risks as economies (including in key trading partners) reduce emissions in line with the Paris Agreement, and from the physical impacts of climate change on their operations, supply chains and assets. We note [a recent report](#) indicating that over 80% of New Zealand's exports by value go to countries with mandatory climate-related disclosures either in force or proposed.

Once a leader, Aotearoa New Zealand risks falling behind countries like China, Chile and Singapore which are some of the [40 jurisdictions](#) looking to adopt the International Sustainability Standards Board (ISSB) standards for mandatory climate reporting.

Weakening the CRD regime may undermine investor confidence in New Zealand businesses. This is bad for New Zealand companies looking to raise capital and grow their business.

## **Amendments to reduce company coverage**

Raising the reporting threshold for company issuers from NZ\$60 million to NZ\$1 billion will exclude a substantial portion of the New Zealand economy from climate reporting obligations.

To this end, IGCC notes that the consultation by the Ministry of Business, Innovation and Employment only contemplated a maximum increase to the threshold of NZ\$550 million. It is unclear on what evidence and rationale the decision to almost double this proposed maximum is based. Indeed, we understand that there was relatively little support for raising the threshold to even the NZ \$550 million upper limit from respondents to the MBIE consultation.

This change removes critical transparency into how a wide range of companies are managing financially material climate risks, especially those in sectors vulnerable to transition and physical climate impacts, such as agriculture.

Investors rely on consistent, comparable disclosures across the market to allocate capital efficiently and to assess systemic risk. A significant reduction in the number of reporting entities will fragment the data landscape and hinder informed investment decisions. It also risks local firms' access to global capital markets.

IGCC understands the concerns from entities about the reporting burden in the initial years of disclosure. However, the new proposed changes come at a time when reporting entities have been building capacity and skills to meet the current requirements. Altering the regime now creates unnecessary uncertainty and disrupts the momentum toward better corporate governance and risk management, contrary to the preference of investors.

For smaller entities, the planned consultation by the External Reporting Board (XRB) on differential reporting is the appropriate forum to make the necessary adjustments, rather than the drastic changes to the reporting threshold proposed.

### *Changes to thresholds via section 547*

Should the Committee elect to proceed with the proposed amendments, IGCC draws attention to the new section 547 which would allow the Governor General on recommendation of the Minister to *increase* (only) the reporting threshold via regulations. As the proposed new thresholds are likely to prove unsatisfactory for the purposes of CRD, IGCC recommends the proposed new s 547 be amended to allow a *downward* adjustment to the threshold.

We note that s 547 would require the Minister to:

- consult with key stakeholders;
- consider whether the costs of proposed changes are proportionate to the benefits;
- confirm the change is consistent with promoting confident and informed markets; and
- have regard to the thresholds in other jurisdictions.

Given these safeguards, it would be sensible for the Minister to have the discretion to recommend a reduction to the thresholds to ensure the CRD is fit for purpose, and to complement the introduction of any differential reporting standards by the XRB.

### **Amendments to exclude MIS Managers**

The wholesale removal of Managed Investment Scheme (MIS) managers from the regime is also troubling. These entities manage approximately NZ\$230 billion in assets—capital that is exposed to climate-related risks and opportunities.

IGCC, whose members include MIS Managers with reporting obligations, is aware of the challenges associated with disclosing against a standard developed for company issuers. These matters should be dealt with through the planned consultation by the XRB on differential reporting, along with appropriately tailored adjustments to the assurance requirements.

Pre-empting the work of the XRB through these amendments weakens stewardship and accountability across the financial system.

### **Policy certainty is good for investment**

IGCC urges the Committee to reject these changes in the interests of policy stability and to maintain a credible climate disclosure regime that sends a strong signal to investors. The Committee could refer issues related to implementation by smaller entities and MIS Managers to the XRB to be dealt with through the planned differential reporting consultation.

The recent [State of Net Zero Investing Aotearoa](#) report found that well over a third of local and global investors specifically identified policy uncertainty as an obstacle to implementation of climate investment practices.

Investors need transparency, consistency, and accountability to manage climate risk, and to support the New Zealand businesses that will be creating jobs, growth and economic prosperity now and into the future.

Weakening the regime now would be a step backward—one that comes with a risk of reduced access to international capital for New Zealand, its business community, and its investors.