



APRIL 2026

Submissions report: Proposed class exemption for foreign CREs

Collation of written feedback received as part of the public consultation on the FMA's proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties

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Introduction

We would like to thank all submitters for their feedback on our [consultation on the proposed class exemption for foreign climate reporting entities](#) (CREs).

We received 15 written submissions from a wide range of stakeholders. We appreciate the points raised and the effort put into submissions, which are compiled in this document. We have withheld some information in accordance with the Official Information Act 1982 and the Privacy Act 2020.

We have also published a [Regulatory Impact Statement](#) that provides an analysis of options that were acknowledged in determining the final policy proposal, including discussion of how we considered feedback from submitters.

Submissions

1. Chartered Accountants Australia and New Zealand
2. Citibank N.A.
3. Commonwealth Bank of Australia
4. Hollard Insurance Company Pty Ltd
5. IAG New Zealand Limited
6. Institute of Directors / Chapter Zero NZ
7. International Sustainability Standards Board
8. McGuinness Institute
9. MUFG Bank, Ltd
10. New Zealand Banking Association
11. NZX
12. Persefoni AI, Inc
13. QBE Insurance Group Limited
14. Resolution Life Australasia Limited
15. Swiss Re

Friday, 24 October 2025

Via e-mail: consultation@fma.govt.nz

Tēnā koe

CA ANZ Submission: Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties

Chartered Accountants Australia and New Zealand (CA ANZ) welcomes the opportunity to provide feedback on the proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties. We make this submission on behalf of our members and in the public interest. The Appendix contains more information about CA ANZ.

We note that the proposal may result in some reduction in the amount of New Zealand specific information available to primary users. Despite this, we are supportive of formalising the process into a broader class exemption to provide for business certainty and to reduce the resources required to facilitate the individual exemption process. More detailed answers to the consultation questions can be found in the table below.

Questions

| Status quo | | |
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| 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. | <i>We agree with the problem statement, but have heard that many CREs, that would benefit from the proposed exemption, are able to access individual exemptions. We therefore note that the 'status quo' already incorporates exemptions for these CREs and the benefits are more nuanced, as noted below.</i> |
| 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. <ul style="list-style-type: none"> • Primary users • Foreign listed issuers • Overseas banks • Overseas insurers | <i>For climate reporting entities with operations in New Zealand, there may be benefit, particularly to primary users, in maintaining the status quo. Climate-related risks, such as exposure to extreme weather events and regulatory changes, can vary significantly by geographic location. Primary users, in particular investors, may benefit in having access to this New Zealand specific information which will help them assess the resilience of business models to region-specific challenges.</i> <i>However, the costs associated with requiring all entities within the subset to produce New Zealand specific reporting likely outweigh the potential benefits and as noted in our response to Q1 we understand many CREs to which this</i> |

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| | | <p><i>exemption would apply already have an exemption in some form.</i></p> <p><i>On balance, we are therefore supportive of the proposals.</i></p> |
| Q3 | <p>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.</p> | <p><i>Climate reporting entities require certainty, and individual applications for exemptions require significant resources for both CREs and the FMA. A class exemption is therefore an appropriate option.</i></p> |

| Proposed scope and conditions of the exemption | | |
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| Q4 | <p>Do you agree with the proposed scope and conditions of the exemption? If you disagree, please let us know why.</p> | <p><i>We are supportive of an approach which aligns the CRD regime with financial reporting, as consistency and clarity are important for reporting entities.</i></p> <p><i>The proposed conditions are appropriate and necessary to maintain the integrity of New Zealand's climate reporting regime. This helps balance the need for business certainty and reduced compliance burden with the importance of maintaining high-quality, reliable climate disclosures.</i></p> <p><i>In particular, we support the inclusion of conditions regarding assurance. The effectiveness of the exemption relies on an ability to have confidence that the overseas regime and its associated assurance requirements are of high quality and broadly equivalent to New Zealand's. It would be beneficial to have further clarity on how assurance requirements will be assessed for equivalence. We suggest that the FMA specify that overseas statements lodged under the exemption as a minimum should have assurance over the greenhouse gas emissions data to a standard to that comparable to that required in New Zealand, or to clearly state where transitional arrangements apply.</i></p> |
| Q5 | <p>Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards? If you disagree, please let us know why.</p> | <p><i>We agree with the criteria for approving foreign jurisdictions and climate reporting standards.</i></p> |
| Q6 | <p>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.</p> | <p><i>We agree that they are broadly equivalent with the Australian regime incorporating internationally aligned standards and broader assurance requirements.</i></p> |

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| Q7 | <p>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.</p> | <p><i>CA ANZ supports a move towards alignment with the IFRS Sustainability Disclosure standards, specifically IFRS S2 for climate-related disclosures. We note that there is increasing uptake of IFRS Sustainability Disclosure Standards globally, particularly in the Asia Pacific region including Australia. We are therefore supportive of alignment with IFRS S2 as the global standard with the exclusion of industry specific metrics as per the Australian regime, rather than alignment with any one particular jurisdiction, such as Australia.</i></p> <p><i>We support an approach which enables CREs to produce one single climate statement to meet the requirements of IFRS S2 and that can be lodged in New Zealand.</i></p> |
| Q8 | <p>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.</p> <ul style="list-style-type: none"> • Primary users • Foreign listed issuers • Overseas banks • Overseas insurers | <p><i>The proposed exemption is likely to reduce the resources required for some CREs to comply with the New Zealand climate-related disclosure regime.</i></p> <p><i>There is a concern that some New Zealand-specific information may not be available to primary users as a result of CREs being able to lodge a single group report.</i></p> <p><i>However, given climate change is a global issue, primary users we have spoken with have indicated that they consider it more important that climate statements reflect the most material risks and opportunities for the CRE, rather than a focus on New Zealand based risks and opportunities.</i></p> |
| Q9 | <p>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?</p> | <p><i>It is not clear how this would solve the identified problem, as it would still result in significant duplication of work.</i></p> <p><i>Consideration would also to be given to New Zealand legislation and assurance expectations, and there is a risk that primary users may be confused by the production of this additional subset of reporting.</i></p> |
| Q10 | <p>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?</p> | <p><i>If the new class exemption is granted we recommend the FMA considers retiring the existing CRD exemption prior to the current expiry date of 4 April 2029 to avoid duplication and potential confusion for reporting entities.</i></p> |

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| Q11 | Are there any additional conditions required if exemption relief is granted? | <i>When granting exemption relief, it is essential to consider transitional arrangements that may exist in other jurisdictions and assess how these align with New Zealand’s requirements. If there are aspects of the New Zealand climate-related disclosure regime that are not yet mandated in the overseas jurisdiction, it is important to clarify how such differences will be managed to ensure consistency and compliance.</i> |
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| Other | | |
| Q12 | Do you have any other comments? | <i>Certainty is critical for businesses, especially given the extensive consultation that has already taken place on changes to New Zealand’s climate reporting regime. We welcome the FMA’s proposals as a positive step, as they provide the clarity and stability that businesses need to plan and operate effectively. It will be important to keep this need for certainty front of mind in any future consultations or changes to the regime.</i> |

Should you wish to discuss any matters raised in our submission, please contact [REDACTED]

[REDACTED]

Nāku iti noa, nā,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Appendix A

Chartered Accountants Australia and New Zealand (CA ANZ) represents more than 140,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members and the profession to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.

Our support of the profession extends to affiliations with international accounting organisations.

We are a member of the International Federation of Accountants and are connected globally through Chartered Accountants Worldwide and the Global Accounting Alliance. Chartered Accountants Worldwide brings together members of 16 chartered accounting institutes to create a community of more than 1.8 million Chartered Accountants and students in more than 190 countries. CA ANZ is a founding member of the Global Accounting Alliance which is made up of 10 leading accounting bodies that together promote quality services, share information and collaborate on important international issues.

We also have a strategic alliance with the Association of Chartered Certified Accountants. The alliance represents more than 870,000 current and next generation accounting professionals across 179 countries and is one of the largest accounting alliances in the world providing the full range of accounting qualifications.

Feedback form

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

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Proposed class exemption for entities incorporated in foreign jurisdictions from NZ climate reporting duties: [your organisation's name]' in the subject line. Thank you. **Submissions close at 5pm on Friday 24 October 2025.**

Date: 24 October 2025

Number of pages: 6

Name of submitter: Chapman Tripp on behalf of Citibank N.A. (New Zealand branch)

Company or entity: Citibank N.A. (New Zealand branch)

Organisation type: Registered bank

Contact name (if different):

[REDACTED]

Contact email and phone: email:

[REDACTED]

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- consider if you would like to provide a separate version, with your confidential information removed, for publication on the FMA website.

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I do not want my submission placed on the FMA's website because... insert reasoning here.

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I would like my submission (or identifiable parts of my submission) to be kept confidential for the purposes of an OIA request, and have stated my reasons for this, for consideration by the FMA.

I would like my submission (or identifiable parts of my submission) to be kept confidential because... insert reasoning here.

| Question number | Response |
|---|---|
| <p>1: 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.</p> | <p>Yes, although the status quo (with the exemptions the FMA has already granted) works suitably for the overseas bank branches who have been granted individual exemptions. These overseas bank branch exemptions are suitable and should be extended. They would continue to be necessary, even if the proposed class exemption is granted, until the relevant Overseas bank can comply with the class exemption.</p> <p>The current overseas bank branch exemptions are justified on additional grounds to the currently proposed class exemption. There are very few primary users who would wish to consider local branch climate statements for the Overseas banks, as opposed to voluntary parent company climate statements which are more meaningful.</p> |
| <p>2: 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.</p> | <p>Primary users of overseas banks are likely to be primarily interested in the Overseas banks' parent company climate statements, rather than those for the New Zealand branch.</p> <p>Without an exemption, Overseas banks would incur a substantial unnecessary and duplicative costs if they are required to prepare climate statements for their New Zealand branches, when they are voluntarily preparing climate statements for their parent companies.</p> |
| <p>4: Do you agree with the proposed scope and conditions of the exemption? If you disagree, please let us know why.</p> | <p>The proposed requirement that the exempt entity needs to comply with the climate reporting requirements of its home jurisdiction is too restrictive and does not accord with the manner in which overseas banking groups operate across many jurisdictions.</p> <p>For example, Citigroup, Inc (Citi) is an entity incorporated in the United States of America, under the laws of the State of Delaware. Citi conducts business in nearly 180 countries and jurisdictions. Citi is the parent company of Citibank N.A. (which is the New Zealand registered bank). Citibank N.A. (Citibank) is registered with and regulated by the US Federal Office of the Comptroller of the Currency (rather than any State) and also conducts business in many jurisdictions globally.</p> <p>As the FMA points out in Schedule 1 to its consultation paper, there are currently no mandatory US Federal climate reporting regulations. One of Citi's subsidiaries does business in the US State of California and will need to comply with local climate disclosure laws applicable to entities doing business in the US State of California once these laws are effective. These laws will permit consolidated parent-level reporting. Citi intends to publish compliant consolidated group climate disclosure statements to</p> |

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| | <p>satisfy the Californian law requirements when its subsidiary is required to comply.</p> <p>Citi also expects to publish a group level climate disclosure report as part of its direct obligations under the EU Corporate Sustainability Reporting Directive (CSRD) in as early as 2026 when Luxembourg has transposed the CSRD.</p> <p>None of the mandatory reporting will arise from Citibank's 'home jurisdiction's' requirements, rather it will arise for other reasons.</p> <p>Citibank submits that the reference to compliance with the "home" jurisdiction requirements be expanded to include compliance through Group-level reporting with the climate reporting laws and regulations of any FMA-approved jurisdiction set out in the Schedule to the exemption with regulatory or supervisory authority over any member of the Group.</p> |
| <p>5: Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards? If you disagree, please let us know why.</p> | <p>One of the criteria for approving foreign jurisdictions and climate reporting standards is that the relevant overseas regulator would also need to be a signatory to the IOSCO MOU, or a signatory to a bilateral agreement with the FMA.</p> <p>Citibank understands why the FMA would wish to include this criterion. However, Citibank submits that there may be certain Overseas Regulators responsible for implementation and supervision of CRD regimes that are not signatories to the IOSCO and may not be a signatory to a bilateral agreement with the FMA. Under the current proposed criteria, regulatory bodies in such jurisdictions would be ineligible to be considered to be an FMA Approved Regulator with respect to their jurisdiction.</p> <p>An example is the California Air Resources Board (CARB) which is responsible for implementation and supervision of the State of California's robust draft climate-related disclosure regime that is expected to come into effect in 2026. The CARB is not currently a signatory to the IOSCO MOU nor, as far as Citibank is aware, is it currently intended to be a signatory to a bilateral agreement with the FMA. Citibank submits that this process should not hold up CREs being able to adopt the relief under any class exemption.</p> |
| <p>7: 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.</p> | <p>Citibank submits that when the State of California climate-related disclosure laws are effective (which is expected to be in 2026), that regime should be assessed for inclusion in the list of FMA Approved Jurisdictions for the purposes of the proposed class exemption. This is because the State of California climate-related disclosure laws align with the requirements in the TCFD requirements.</p> <p>Additionally, Citibank submits that the EU Member States who have transposed the CRSD should be considered an FMA</p> |

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| | <p>Approved Jurisdiction. This is because the CRSD requirements broadly align with and are commonly seen as interoperable with IFRS ISSB S2 and therefore Citibank submits they require reporting to a similar robust standard as the New Zealand mandatory requirements currently do, and Australian mandatory requirements will.</p> <p>Citibank submits that, because the climate-related disclosure laws globally are still evolving, the process to add another jurisdiction to the approved list in the Schedule to the exemption should be a straight forward and as easy a process as possible.</p> |
| <p>9: 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?</p> | <p>The consultation paper currently proposes that one of the conditions of the class exemption is that the CRE must lodge climate statements, including any associated assurance report, prepared in accordance with its home jurisdiction's climate reporting and assurance requirements on the New Zealand CRD Register within 4 months of the CRE's balance date.</p> <p>While Citibank agrees with the proposed condition that the CRE must lodge climate statements, including any associated assurance report, prepared in accordance with the regime it is aligning with, on the New Zealand CRD Register, Citibank submits that the lodgment period should be aligned with the reporting deadline of the underlying Approved Jurisdiction for which compliance is being substituted.</p> <p>Although this will potentially result in different time periods that overseas climate statements will be lodged on the New Zealand CRD Register, it would result in more meaningful disclosure for New Zealand primary users, because the most up-to-date climate statements would be uploaded onto the Register, rather than the current report at the date that is 4 months after the CREs balance date.</p> <p>For example, the EU Directive being transposed in Luxembourg requires the climate statements to be produced approximately 4 months after the entity's balance date. Conversely, California climate-related risk reporting for FY24 is due by 1 January 2026 and the deadline within 2026 for FY25 GHG reporting is still to be determined by CARB.</p> <p>Citibank agrees with the proposal in the Consultation Paper that a foreign CRE need not file in New Zealand separate climate statements for its New Zealand business using the home jurisdiction's climate reporting and assurance requirements, at the same time it must file its group climate statements, as that would impose unnecessary costs.</p> |

Feedback summary – *if you wish to highlight anything in particular*

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.

Feedback form

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

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Proposed class exemption for entities incorporated in foreign jurisdictions from NZ climate reporting duties: [your organisation's name]' in the subject line. Thank you. **Submissions close at 5pm on Friday 24 October 2025.**

Date: 09 October 2025

Number of pages: 4

Name of submitter: [REDACTED]

Company or entity: Commonwealth Bank of Australia, New Zealand Branch

Organisation type: Branch of an overseas bank

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED]

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If you do not want your submission or a summary of your submission to be placed on the FMA's website, please tick the box and type an explanation below:

I do not want my submission placed on the FMA's website because... it includes disclosure of costs to produce our climate statements

Please check if your submission contains confidential information

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I would like my submission (or identifiable parts of my submission) to be kept confidential because... insert reasoning here.

| Question number | Response |
|-----------------|---|
| 1 | Yes, we agree with this problem statement. |
| 2 | <ul style="list-style-type: none"> • Overseas bank: Under the status quo, our NZ branch must prepare a standalone NZ-only climate statement that duplicates group reporting. This is why we sought a full exemption from Part 7A to avoid unnecessary duplication. [REDACTED] • Primary users: Minimal impact. CBA NZ has a very a very small number of Primary users (as defined in the Climate Standards as “existing and potential investors, lenders and other creditors”) and to date none has asked us for a standalone NZ-only climate statement. Any primary users can access the Group’s climate reporting which covers NZ and is more decision-useful given governance and strategy are set at Group level. |
| 3 | We consider that a class exemption from Part 7A of the FMC Act is the most efficient and effective method. This would eliminate the need for detailed analysis of individual applications, which can be costly and time-consuming both for the FMA, the applicant and their legal teams. |
| 4 | <p>We broadly agree with the proposed scope and conditions of the exemption. To support smooth implementation, we think it would be helpful for further clarification on the following two topics:</p> <ul style="list-style-type: none"> • Cross referencing: In Australia, a Sustainability Report may incorporate cross-reference to other reports prepared by the group as long as it is released at the same time. We would appreciate confirmation that this will be permitted under the exemption and whether any cross-referenced documents must also be lodged on the CRD Register. Our preference is to lodge the primary climate report and assurance report, with stable hyperlinks to any cross-referenced materials. • Reliance on home-regulator guidance: It would be helpful to provide clarification that an overseas issuer may rely on home-jurisdiction regulatory guidance (e.g. ASIC RG 280) when preparing and assuring its report. |
| 5 | We agree with the criteria for approving foreign jurisdictions and climate reporting standards |
| 6 | We agree that Australia’s mandatory climate reporting regime and AASB S2 are broadly equivalent to New Zealand’s settings |
| 8 | <ul style="list-style-type: none"> • Primary users: As set out in our exemption application, primary users are adequately served by the Group’s climate report. Climate-related impacts on governance, strategy and risk management are determined at the Group level; assessing CBA as a whole provides a more detailed and holistic view, including NZ operations where material. • Overseas bank: The proposed conditions will have minimal additional costs to the overseas bank in producing a climate report that encompasses the New Zealand branch as it is already required to issue a mandatory Sustainability Report. In the event that CBA NZ wasn’t subject to the current exemption, this class exemption would have resulted in material cost savings. |

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| 9 | <i>No. Requiring a separate NZ-only climate statement, even if prepared to an approved overseas standard, would duplicate group reporting and be similar to, if not worse than, the status quo. While using a single set of external legal advisers and auditors could create some efficiencies, in practice they would still need to consider and be suitably across relevant NZ legislation and assurance expectations, adding coordination time and cost. There would remain material drafting and assurance costs to produce a standalone NZ-only report, with limited—and to date no demonstrated—demand from NZ primary users.</i> |
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I would like my submission (or identifiable parts of my submission) to be kept confidential for the purposes of an OIA request, and have stated my reasons for this, for consideration by the FMA.

I would like my submission (or identifiable parts of my submission) to be kept confidential because... insert reasoning here.

| Question number | Response |
|-----------------|---|
| Q1 | <p><i>Hollard agrees with the problem statement outlined on page 6 of the consultation paper. Of additional note is that as a branch of an Australian insurer, we consider that our investors or providers of capital are predominantly interested in the climate disclosures of the Australian and New Zealand business as a whole. Likewise, to the extent that customers are interested in the risk that climate poses for our business, the relevant point of reference is the combined Australian and New Zealand business, as that is the level at which capital is primarily managed and profitability (and sustainability) is of most relevance.</i></p> <p><i>This aligns with NZ Climate Standard 1's definition of "primary users" and the FMA's goal in the Financial Markets Conduct Act 2013 to promote fair, efficient, and transparent markets. Recognising the combined Australian and New Zealand business as the reporting unit therefore supports the purpose of climate reporting to assist investor and capital market decisions, avoiding jurisdictional duplication.</i></p> |
| Q2 | <p><i>The status quo, under which Hollard would be required to prepare dual climate disclosures, is of limited additional benefit to the primary users of our financial and climate statements. As a privately owned overseas insurer, our shareholder has access to the relevant information they require in relation to our climate risks and opportunities through their representation on the Board. Our external debt holders, who are a significant users of our financial statements, are most likely interested in the overall entity and not specifically the NZ branch as separate from the Australian business.</i></p> <p><i>As an overseas insurer, we consider that the status quo creates unnecessary additional compliance costs for limited value for stakeholders.</i></p> <p><i>Providing proportionate relief through a class exemption would be consistent with the FMA's public-interest and efficiency mandate under section 554(2) of the FMC Act.</i></p> |
| Q3 | <p><i>A class exemption is the most efficient and transparent form of regulatory intervention. It is also the most equitable as it ensures a level playing field rather than different CREs having differing requirements at any given reporting period based on the quality and timeliness of their individual exemption request. If this class exemption were to fail (ie not be passed), it is reasonable to expect that the FMA may receive numerous individual exemption requests that specifically address any rationale provided for the class exemption not being approved. This would not appear to be an efficient use of the FMA's resources nor the relevant parties to the class exemption.</i></p> <p><i>This approach best meets the FMC Act section 554(2) criteria that exemptions should promote the public interest and the efficiency of New Zealand's financial markets.</i></p> |
| Q4 | <p><i>Hollard has no objections to the scope of the proposed exemption other than the requirement to file the foreign climate disclosure in New Zealand. In Australia, the AASB S2 aligned disclosure must be called a "Sustainability Report" and it must be included within the reporting entity's Annual Report.</i></p> <p><i>Filing the Sustainability Report in NZ presents challenges for entities that do not necessarily wish to file their entire Group Annual Report in NZ, but do not want to have to create a separate version of the Sustainability Report from what is included within the Annual Report (due to challenges around governance of separate documents and version control etc).</i></p> <p><i>There are certain modified liabilities in relation to director's duties in relation to the sustainability report for the first 3 years (to prevent activist investors from taking action against a company in relation to forward looking statements made in its sustainability report).</i></p> <p><i>It is not clear how the modified liability framework would apply to directors in respect of the sustainability report if it were filed NOT as part of the annual report and therefore not in compliance with the Corporations Act 2001. This may inadvertently open directors up to unintended legal liability exposure.</i></p> |

| | |
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| | <p><i>Instead, we propose that the foreign CRE simply lodge a letter/note that explains it is relying on the class exemption and contains information about where the Australian Group's Annual Report and therefore CRD can be found.</i></p> <p><i>It is fair to request that the Australian Climate Disclosure needs to be made publicly available (e.g. on the website or alternative place) as term of this class exemption, with a link included in the NZ filing.</i></p> <p><i>This Reliance Notice mechanism would preserve transparency and audit trail integrity while avoiding conflicting obligations under the Corporations Act 2001 (sections 295 and 295A). It would also enable FMA to maintain oversight by linking to a persistently available version of the Sustainability Report on the entity's public website or the home regulator's register.</i></p> |
| Q5 | <p><i>Yes.</i></p> <p><i>Recognising Australia and AASB S2 first is appropriate given both are fully aligned with ISSB IFRS S1 and S2 standards and are subject to ASIC and Treasury oversight comparable to FMA and XRB supervision.</i></p> |
| Q6 | <p><i>We agree that the Australian and NZ climate reporting requirements are broadly equivalent and that the requirements of AASB2 are more comprehensive than those required by XRB.</i></p> <p><i>The assurance requirements in Australia are more fulsome than NZ, which creates additional need for entities to have robust processes that sit behind the Australian disclosures.</i></p> <p><i>One area where Australia's requirements are not entirely equivalent to those in NZ is on the topic of Transition Plans. In Australia, an entity must only disclose a transition plan, if one exists. The NZ standard imposes a requirement on entities to have a transition plan. Our view is that the decision on whether to have a transition plan is a responsibility of the entity rather than the standard setting body. The lack of a mandated transition plan in Australia, in our view, is not a rationale for arguing that Australian requirements are not equivalent to NZ.</i></p> <p><i>The other area of difference is that in Australia, only 2 climate scenarios are required whilst in NZ, three must be undertaken. As this is an evolving science, we consider that two scenarios strike the appropriate balance between robustness and compliance cost burden.</i></p> <p><i>Notwithstanding these two areas where the NZ standards differ from the Australian requirements, on the whole, we consider the Australian disclosure requirements are broadly equivalent and more comprehensive overall.</i></p> |
| Q7 | <p><i>No comment.</i></p> |
| Q8 | <p><i>The proposed exemption will have minimal, if any, impact on primary users of climate and financial statements. Where there is a minor impact, it will be to simplify the process they need to go through to understand the entity's climate risks and opportunities, as they will only need to refer to one rather than two documents that report similar but somewhat different information.</i></p> <p><i>The impact of the proposed exemption on overseas insurers will be to reduce both direct and indirect compliance costs.</i></p> <p><i>We do not consider that there are costs to the primary users of the proposed exemption.</i></p> |
| Q9 | <p><i>No – imposing this condition would defeat the purpose of the exemption, which is to simplify reporting, reduce compliance costs and thereby promote participation of businesses in financial markets. This is also more onerous than simply applying the XRB requirements due to the level of detail required to be disclosed in Australia exceeding that required by XRB, and the Australian reporting deadline is 1 month prior to the NZ equivalent (3 months after balance sheet date vs 4 months). If this were a condition of the exemption, we would likely not utilise the exemption.</i></p> |

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| Q10 | <i>No comment.</i> |
| Q11 | <i>The exemption should specify its effective date and confirm how it will apply during transitional reporting periods.</i> |

Feedback summary – if you wish to highlight anything in particular

An entity’s place of incorporation should be the primary jurisdiction that mandates disclosure requirements that are intended to inform capital markets. Obligations placed on a licensed insurer should be limited to those related to its insurance activities and capital strength. Having an insurance license to operate should not be a rationale for an entity coming into scope for a reporting regime that doesn’t apply to entities with the same corporate structure operating in other less regulated industries (e.g. manufacturing, FMGC, etc). Many industries have a much larger environmental impact than insurers, but their branch operations would not fall into the NZ CRE definition. The scoping of licensed insurers into NZ’s CRE regime is somewhat disjointed with the broader economy and levers of decarbonisation within it.

Consumers in financial markets are currently not sufficiently savvy to take CREs into consideration when making financial decisions. Whilst this might be a future aspiration/expectation, it feels premature to impose a significant reporting burden on entities purely to meet this future aspiration, noting that savvy consumers will be able to be sufficiently informed under the proposed amended reporting regime.

Hollard appreciates the FMA’s efforts to promote proportionate, internationally consistent climate reporting. We support a class exemption grounded in clear equivalence criteria and practical filing processes that uphold transparency while avoiding duplicated obligations. We would welcome participation in any technical working group to finalise implementation guidance.

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.



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

IAG New Zealand

24 October 2025

IAG New Zealand Limited (IAG NZ) is the largest general insurer in the country, trading under the AMI, State, NZI, NAC, Lumley and Lantern brands, as well as providing the general insurance products sold by ASB, BNZ, Westpac and The Co-operative Bank. IAG New Zealand employs over 4,000 people, holds relationships with one in every two New Zealand households, and insures over NZ\$1.07 trillion of commercial and domestic assets.

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Contacts:

[Redacted contact information]

October 2025

Introduction and overarching comments

IAG New Zealand (IAG) welcomes the opportunity to provide feedback on this Financial Markets Authority (FMA) consultation on *Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties*. We support the continuing work and consultations by the FMA, External Reporting Board (XRB) and Ministry of Business, Innovation and Employment (MBIE) on adjusting the climate-related disclosures (CRD) regime under Part 7A of the *Financial Markets Conduct Act 2013* (FMC Act) in response to feedback and international developments.

Nonetheless the ongoing changes create uncertainty, the volume of consultations take time and attention away from other matters, and care must be taken that multiple **incremental adjustments don't** unduly compromise the underlying rationale for, or role or operation of, the CRD regime. Proposals such as layering class-exemptions on top of financial thresholds risk making the regime increasingly piecemeal. We also note the recently announced decision¹ to narrow the application of the CRD regime (and to modify **directors'** liabilities), which have some implications for this consultation. Following the still relatively recent establishment of the CRD regime, and a period of continual review and change, finding a degree of stability will be important.

IAG NZ is a wholly owned subsidiary of the ASX-listed Insurance Australia Group Limited (IAG Group), which commenced disclosure prepared with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2019. IAG NZ is a licensed insurer in New Zealand and is a climate reporting entity (CRE) as a consequence. IAG Group would also be a CRE on the basis of a secondary NZX listing related to the issuing of subordinated notes to New Zealand investors, however, it is subject to the FMA class exemption for foreign listed issuers.²

In this submission our feedback is centred on the proposals for 'overseas insurers', however, we also comment on other proposed class exemptions. In summary our feedback is:

- We are opposed to creating a new exemption for foreign CREs that are insurer branches.
- We would support foreign listed issuers being exempted as proposed.

The implications of the proposals vary across the types of entities proposed to be exempted

The consultation proposes to exempt from the CRD regime: foreign listed issuers, registered bank branches and foreign insurer branches. We note the rationale for applying the CRD regime to listed issuers, banks and insurers varies and this in turn effects the analysis of, and consequences of, the proposed exemptions.

Critically, insurers and banks are included as CRE's on the basis of the size of their operations in New Zealand, not on their organisational form. In contrast the rationale for listed issuers being CREs is centred on providing information to their investors and so where a foreign listed issuer provides a comprehensive disclosure overseas that covers their New Zealand operations, that meets the needs of key users.

Policy rationale for including licenced insurers in the CRD regime does not support exempting some licenced insurers on the basis of where the entity is registered

The specific purposes of the CRD regime, as set out in the General Policy Statement of the *Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill*, which introduced the regime in 2021, are:

- *to ensure that the effects of climate change are routinely considered in business, investment, lending, and insurance underwriting decisions*
- *to help reporting entities better demonstrate responsibility and foresight in their consideration of climate issues*
- *to lead to smarter, more efficient allocation of capital, and help smooth the transition to a more sustainable, low-emissions economy.*

¹ <https://www.beehive.govt.nz/release/commonsense-changes-boost-capital-markets>

² Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024.

This rationale was expanded upon further on page 8 of the Regulatory Impact Statement³ that underpinned the Cabinet decisions leading to that Bill:

How does this work?

The intervention logic of this regime is that it creates a chain of information across financial markets. For example, an NZX listed company discloses information about how climate change may present risks and opportunities in the short-, medium- and long-term, and how it is mitigating or optimising that, within its annual reports. Banks can then use that information to make lending or ownership decisions, insurers can use it to make underwriting decisions or investment decisions, and fund managers can use it to make asset allocation decisions.

In turn, fund managers will disclose whether and how their funds are exposed to climate change, and how they are mitigating any risks (e.g. through greater stewardship, engagement and voting) to their clients, the end investors. The end investors (e.g. institutional investors, retail investors) are able to use the disclosures to make more informed decisions on which fund managers or banks to give their money to.

The exercise of producing disclosures may additionally prompt companies to make different strategic decisions to improve resilience against climate change.

In the original 2019 consultation document⁴ the following rationale for including insurers in the CRD regime, consistent with the TCFD approach was outlined on page 38 as follows:

106.3 general insurers, including reinsurers, because their underwriting and investment risks and opportunities are changing due to rising sea levels, changing climate patterns and a potential increase in the number of weather-related natural catastrophes

Overall, this illustrates how the policy rationale for including insurers in the CRD regime is centred on their role as underwriters (and therefore their role in both directing and protecting private and commercial capital), and to a lesser extent as institutional investors. The specific users of this information were not commented on in relation to insurers, although the Reserve Bank of New Zealand (RBNZ) was identified in its role as prudential regulator and systemic risk monitor.

Before turning to the implications of this for the current consultation, it is important to consider the nature of licensed insurers in New Zealand subject to the CRD regime, which include all types of insurers (general, life, health) defined as ‘large’ by virtue of being above either of the financial thresholds specified in section 461Q of the FMC Act (\$1b in assets or \$250m GWP). Thresholds were imposed with the intent that those insurers with substantial underwriting portfolios exposed to climate-related risks, such as natural disasters and long-term liability shifts, would be subject to it and also recognised that these entities are major institutional investors, meaning their investment decisions can significantly influence capital flows in the economy. Smaller insurers were excluded to avoid imposing disproportionate compliance costs on entities with limited market impact. The current thresholds mean that of the currently 81 licensed insurers, around 20% currently meet **the definition of ‘large’ and are therefore CREs.**

The New Zealand general insurance market is made up of insurers with various corporate forms, including domestically listed insurers (e.g. Tower) and mutuals (e.g. FMG), domestically incorporated insurers that are wholly owned (e.g. IAG NZ, Vero, AIG) or largely owned (AA Insurance) by overseas insurers, and overseas insurers that operate through domestic branches (e.g. OBE, Hollard). These different organisational forms largely represent historical choices by those companies and all are enabled under the *Insurance (Prudential Supervision) Act 2010* (IPSA) regime administered by the RBNZ.

Examples of all the various corporate forms (and the 8 general insurers listed above) meet the requirements to be ‘large’ under section 461Q and are therefore currently CREs. The corporate form adopted by an insurer in New Zealand does not alter the insurance provided to customers and there is no particular correlation between corporate form and the size/significance of the insurer in the New Zealand market.

Some of the more significant players in the New Zealand general insurance market are operated as branches of overseas insurers (irrespective of the fact that their New Zealand operations might be a modest proportion of the overall business).

³ Available at <https://www.regulation.govt.nz/assets/RIS-Documents/ria-mfe-crfd-jul20.pdf>

⁴ Ministry for the Environment & Ministry of Business, Innovation & Employment. 2019. Climate-related financial disclosures – Understanding your business risks and opportunities related to climate change: Discussion document. Wellington: Ministry for the Environment, October 2019.

Where an insurer is a significant player in the domestic market, but a small proportion of that insurers' global business, then given the natural hazard driven volatility of the New Zealand market it is important to understand how that capacity is being approached in the context of climate change.

Focussing the proposed class exemption on this type of organisational form would mean that such insurers operated as branches of overseas insurers would be exempted, **even when they are 'large'**. This would materially reduce the coverage of climate reporting across the general insurance sector as these insurers play a material role. It would also create the anomalous situation whereby two foreign general insurers with larger underwriting activities in New Zealand would be exempted from the CRD regime while another overseas general insurer that operates through a wholly owned domestically incorporated subsidiary, but with a somewhat smaller scale of local underwriting activities, would continue to be subject to it.

Given the rationale for requiring licensed insurers to be CREs in the first place, as outlined above, pertains to ensuring that **"the effects of climate change are routinely considered in business, investment, lending, and insurance underwriting decisions"** and **"creates a chain of information across financial markets"**, the organisational form of a licensed insurer is seemingly irrelevant. We recognise the logic varies for why other types of entities are CREs (e.g. listed issuers).

The consultation paper does not outline any specific rationale for exempting foreign CREs that are insurer branches, beyond the view that with the Australian regulated CRD requirements coming into place, primary users will have access to broadly similar and equivalent information. The same Australian disclosure requirements will however apply equally to overseas (Australian) insurers with wholly owned subsidiaries in New Zealand (such as IAG NZ) and in the same way their reporting will include the entirety of the group's activity, including the local activity here. Therefore, the logic for exempting overseas insurers with domestic branches (duplication and associated compliance costs while information would still be otherwise be available) would apply equally to overseas insurers with wholly owned domestic subsidiaries. While an overseas insurer **operating through a domestic subsidiary has its own board, the subsidiary must act consistently with the group's policies** in any case.

We are cognisant that exempting all such insurers would leave only a modest part of the insurance market within the scope of the CRD regime, and therefore **potentially goes beyond FMA's exemption powers**, and as a supporter of CRD requirements **in New Zealand we don't advocate for this**. Nonetheless, this dichotomy illuminates the absence of rationale for, and the distortions that would be created by, the proposed class exemption. This new regulatory distortion would further encourage insurers to operate through branches by increasing the ways in which this reduces the regulatory burden.

Finally, we note that recently announced Cabinet decisions on changes to IPSA include to **"empower the Reserve Bank to prohibit overseas incorporated insurers from carrying on insurance business in New Zealand as a branch, where they meet a specified size and importance threshold specified in secondary legislation"**.⁵ The stated rationale for this includes:

"The operation of insurers in New Zealand through branches – which is more prevalent than in the deposit taking sector – creates risks as there are limitations over the Reserve Bank's ability to regulate and supervise a branch of an overseas insurer. Reliance is placed on regulation by the insurer's 'home' jurisdiction. These risks increase with the size of the branch."

and

"that requiring incorporation is also a way of ensuring consistent treatment of insurers of certain size and importance."

Continuing with the proposed CRD exemption for licensed insurer branches, including those that are large, would be inconsistent with the logic for this recent policy decision on the regulation of insurer branches, which will be progressed through amending legislation of IPSA that is expected to be introduced to Parliament next year.

For the reasons outlined above we are therefore opposed to the proposed new class exemption from the CRD regime for CREs that are branches of foreign insurers. In the following section of this submission, we respond specifically to the questions in the consultation document.

⁵ Refer to <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/consultations/insurers/ipsa-review/ipsa-decisions/cabinet-paper-modernising-the-ipsa-2010.pdf>

Responses to questions in the consultation document

In this section we provide responses to the specific questions asked in the consultation document.

| Status quo | |
|------------|--|
| Q1 | <p>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.</p> <p>We agree with aspects of the problem statement, however, we do not consider the problem statement is adequate to justify regulatory change in the case of foreign insurers operating as branches in New Zealand for the following reasons:</p> <ul style="list-style-type: none"> • It refers to foreign entities that have relatively small activities/revenue in New Zealand, however, this argument is not relevant for licensed insurer branches because only branches above the material financial thresholds (e.g. \$250m GWP in New Zealand) are required to be CREs and irrespective of whether the New Zealand operations are a small or large proportion of their overall business. Licensed insurers with less GWP than the threshold are not CREs, whether branches or otherwise. • The imminent reality of duplicated regulated reporting in Australia and New Zealand for trans-Tasman companies (from FY26), both of which will cover New Zealand activity, applies equally to Australian owned licenced insurers that operate here through wholly owned locally incorporated subsidiaries, or through branches. However, the problem statement refers only to the impacts of this duplication for branches. • Exempting licensed insurer branches (that meet the financial thresholds of ‘large’ for being CREs) would undermine the point of including large licensed insurers in the regime and reduce competitive neutrality in the market by distorting the regulatory treatment of entities based solely on their chosen organisational form. It would mean that some foreign owned insurers that are domestically incorporated would continue to be CREs, while other foreign owned insurers with significantly larger businesses in New Zealand (operating as branches) would become exempt. • Licensed insurer branches are already subject to a lighter form of regulatory oversight under IPISA as compared with domestically incorporated insurers, and excluding them from the CRD regime would further accentuate these regulatory asymmetries. <p>We note that the context for listed issuers is different in terms of the rationale for including them in the CRD regime, the relevant users of the information, and the nature of thresholds applying to them.</p> |
| Q2 | <p>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.</p> <ul style="list-style-type: none"> • Primary users • Foreign listed issuers • Overseas banks • Overseas insurers <p>In relation to the status quo in the context of the proposal to exempt overseas insurers operating through branches, the status quo:</p> <ul style="list-style-type: none"> • Ensures that licensed insurers with significant businesses in New Zealand (i.e. above the “large” threshold specified in the legislation) are (regardless of corporate form) subject to the New Zealand CRD regime for their New Zealand insurance activities. • Creates additional compliance costs for overseas insurers operating in New Zealand (both through domestically incorporated entities and through overseas branches) that will be duplicative once their parent organisations are subject to comprehensive CRD requirements in their home jurisdictions, which in the case of Australia is imminent. |

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| Q3 | <p>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.</p> <p>We do not consider a class exemption from Part 7A of the FMC Act is required in relation to licensed insurer branches as this would meaningfully reduce the coverage of the CRD regime of general insurers and undermine the purpose of requiring “large” insurers to be CRDs as local information is specifically relevant to that purpose. This is detailed further elsewhere in this submission. While we have not commented on overseas bank branches in any detail, we note a similar logic applies.</p> <p>We consider a class exemption from Part 7A of the FMC Act for overseas listed issuers would be appropriate as a comprehensive disclosure in an overseas jurisdiction that covers any New Zealand activity would continue to meet the needs of users. While there might be a reduction in New Zealand specific information provided, disclosure would still be provided on emissions, business strategy, transition and physical risks etc. that would be relevant for primary users such as investors in the company. We note that this new class exemption would overlap the existing <i>Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024</i> for some entities and discuss this further in response to question 10 below.</p> |
| <p>Proposed scope and conditions of the exemption</p> | |
| Q4 | <p>Do you agree with the proposed scope and conditions of the exemption? If you disagree, please let us know why.</p> <p>For the reasons outlined above we do not agree with foreign insurer branches being included. We support foreign listed issuers being exempted given this does not create the same asymmetries and primary users will still be able to access relevant information on the entity.</p> |
| Q5 | <p>Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards? If you disagree, please let us know why.</p> <p>The proposed criteria for approving foreign jurisdictions and climate reporting standards looks generally appropriate.</p> |
| Q6 | <p>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.</p> <p>We agree the two regimes are broadly aligned in intent and structure, however, Australia’s regime is more prescriptive and closely aligned with global International Sustainability Standards Board (ISSB) standards. There are also differences in how transition planning is dealt with in the two regimes, and differences in director liability in the first three years.</p> |
| Q7 | <p>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.</p> <p>From an IAG NZ perspective, the only jurisdiction of significant relevance to us is Australia.</p> |

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| Q8 | <p>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.</p> <ul style="list-style-type: none"> • Primary users • Foreign listed issuers • Overseas banks • Overseas insurers <p>In relation to the proposal to exempt overseas insurers operating through branches, this would:</p> <ul style="list-style-type: none"> • Materially reduce the proportion of the commercial general insurance market subject to the CRD regime as the overseas branches that would be exempted are material players in it – with consequent effects on the extent to which the CRD regime is relevant to insurance underwriting decisions, as well as to investment decisions/allocation of capital. This would also reduce the New Zealand specific information available to the RBNZ in relation to these types of licenced insurers (i.e. branches). • Result in inconsistent regulatory treatment of some licensed insurers in New Zealand, based solely on their chosen corporate form rather than their size/significance in the market. This uneven playing creates opportunities for regulatory arbitrage. • Reduce the compliance costs for the four overseas insurers operating in New Zealand through branches that are subject to the CRD regime (i.e. meet the thresholds), but have no impact on the compliance costs for the other overseas insurers operating through domestically incorporated entities or for New Zealand owned insurers. |
| Q9 | <p>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?</p> <p>Requiring filing in New Zealand would provide transparency on what entities are subject to the regime (albeit exempt under an FMA notice), however, being on the register and filing does have some costs and so we don't consider this to be critical given the overseas climate disclosure/statements will have been made publicly available on the internet.</p> |
| Q10 | <p>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?</p> <p>The two exemptions work in different ways and have different conditions, the detail of which are yet to be confirmed for the proposed new exemption. Given this there is the potential for uncertainty and confusion where both could apply to an entity (e.g. some foreign listed issuers). Ensuring there is clarity of obligations and avoiding duplication will be important.</p> <p>We also note the policy decisions recently announced on 22 October, which included materially increasing the thresholds for listed issuers (to \$1 billion), would mean some entities subject to one or both of these exemptions would no longer be subject to the regime at all (e.g. IAG Group).</p> |
| Q11 | <p>Are any additional conditions required if exemption relief is granted?</p> <p>Not that we have identified.</p> |
| Other | |
| Q12 | <p>Do you have any other comments?</p> <p>No.</p> |

Feedback form

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

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Proposed class exemption for entities incorporated in foreign jurisdictions from NZ climate reporting duties: [your organisation's name]' in the subject line. Thank you. **Submissions close at 5pm on Friday 24 October 2025.**

Date: 16/10/2025 Number of pages: 4

Name of submitter: ██████████

Company or entity: Institute of Directors / Chapter Zero NZ

Organisation type: Membership

Contact name (if different):

Contact email and phone: ██████████
██████████

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If your submission contains any information that is confidential which you do not want published, please:

- state this at the start of your submission, and clearly mark any confidential information within your feedback text
- consider if you would like to provide a separate version, with your confidential information removed, for publication on the FMA website.

If you do not want your submission or a summary of your submission to be placed on the FMA's website, please tick the box and type an explanation below:

I do not want my submission placed on the FMA's website because... insert reasoning here.

Please check if your submission contains confidential information

Release of information under the Official Information Act

Once submitted, your feedback becomes official information, and can be requested under the Official Information Act 1982 (OIA).

An OIA request asks for information to be made available unless there are sufficient grounds for withholding it. If some or all of your submission falls within the scope of any request for information received by the FMA, the FMA cannot guarantee that your feedback will not be made public. Any decision to withhold information requested under the OIA is reviewable by the Ombudsman. Get help from the ombudsman – <https://www.ombudsman.parliament.nz>

If you do not want your submission feedback released as part of an OIA request, please check the box below and provide the reasons why (for example, privacy or commercial sensitivity).

The FMA will take your reasons into account when responding to OIA requests.

I would like my submission (or identifiable parts of my submission) to be kept confidential for the purposes of an OIA request, and have stated my reasons for this, for consideration by the FMA.

I would like my submission (or identifiable parts of my submission) to be kept confidential because... insert reasoning here.

| Question no. | Response |
|--------------|--|
| 1 | <p>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.</p> <p>We agree with the FMA's assessment that the current regime risks imposing unnecessary duplication and costs on foreign CREs that are already subject to robust, mandatory reporting obligations overseas. This duplication, particularly for trans-Tasman entities, creates additional complexity and may discourage listings on the NZX.</p> |
| 3 | <p>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.</p> <p>We support the introduction of a class exemption from Part 7A of the FMC Act.</p> |
| 4 | <p>Do you agree with the proposed scope and conditions of the exemption? If you disagree, please let us know why.</p> <p>We support conditions ensuring that only entities reporting under mandatory, high-quality overseas regimes are eligible. The requirement that reports be lodged on the New Zealand CRD Register and that reliance on the exemption be disclosed is appropriate and will maintain transparency for investors.</p> |
| 5 | <p>Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards? If you disagree, please let us know why.</p> <p>We agree with the proposed criteria for approving foreign jurisdictions and climate reporting standards.</p> |
| 6 | <p>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.</p> <p>We agree that Australia's AASB S2 climate reporting regime is sufficiently aligned to New Zealand's settings to be recognised for exemption purposes.</p> |
| 8 | <p>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.</p> <p>The proposed exemption and conditions will reduce duplication and costs for issuers while maintaining investor access to credible and decision-useful information.</p> |
| 10 | <p>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?</p> <p>We do not believe that the existing exemption should remain once the new class exemption is in place. A consolidated framework would provide greater clarity and efficiency.</p> |
| 12 | <p>Do you have any other comments?</p> <p>We agree that introducing a class exemption is consistent with maintaining a credible climate disclosure regime while reducing unnecessary cost and duplication.</p> <p>Notwithstanding Section 292A(2) of the Australian Corporations Act, in order for an issuer to receive an exemption their report must include their New Zealand subsidiaries.</p> |

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.

27 October 2025

[REDACTED]
Financial Markets Authority
New Zealand

[REDACTED]
International
Sustainability
Standards Board
(ISSB)
IFRS Foundation

Dear [REDACTED]

While the ISSB does not respond to jurisdictional consultations, following our conversation in Auckland in August I am taking the opportunity to share some observations regarding the FMA consultation on class exemptions for foreign private issuers as this is an issue we are considering more generally.

We welcome FMA's consultation on a proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand's climate reporting duties.

Your considerations aimed at avoiding unnecessary reporting burden and costs for companies operating across several jurisdictions while ensuring investors receive material information on climate-related risks and opportunities are fully aligned with our objectives at the ISSB.

The ISSB was established to provide standards that deliver a global baseline of sustainability-related financial disclosures that meet the information needs of investors and enable companies to provide globally comparable, material information about sustainability-related risks and opportunities efficiently across multiple jurisdictions. Today nearly 40 jurisdictions are adopting or otherwise using IFRS Sustainability Disclosure Standards (ISSB Standards).

The ISSB engages with the international regulatory community, including with its [Jurisdictional Working Group](#), to facilitate discussions about use of the global baseline of ISSB Standards for efficiency in global capital markets

In conversations with companies and investors the benefits of being able to use the ISSB Standards as issued by the ISSB to meet jurisdictional reporting requirements is being noted. Those preparing sustainability-related disclosures are seeking support for a global reporting system that provides this efficiency. Allowing issuers and companies to leverage **ISSB Standards as issued by the ISSB** as the **global passport** is an important tool to reduce regulatory burden for entities operating in multiple jurisdictions.

The FMA proposes to specify approved climate reporting standards that it is satisfied are broadly equivalent to NZ CS and of a high quality. Factors considered in this assessment include:

- whether the reporting standards are based on TCFD recommendations or ISSB Standards; and
- if application of the foreign reporting standards would result in broadly equivalent information to that required by NZ CS.

To ease the assessment of climate reporting standards and provide clarity to foreign CREs, we recommend that the FMA specify that IFRS Sustainability Disclosure Standards as issued by the ISSB satisfy its assessment criteria.

Like the NZ CS the ISSB Standards (including the climate standard IFRS S2) are based upon the TCFD recommendations. The NZ XRB consider there is a high degree of interoperability between NZ CS and the TCFD recommendations and the ISSB Standards.¹ Providing clarity to stakeholders that ISSB Standards in all cases will satisfy the FMA's criteria for climate reporting standards will promote delivery of a truly global solution and ease the FMA's process for considering exemptions. This will also support the FMA's objective to provide certainty to new entrants to the New Zealand market that are incorporated offshore.

Confirming that the ISSB Standards as issued by the ISSB as an approved standard would provide significant **global** relief, beyond that which is available by only specifying particular jurisdictional standards. For example, allowing use of the Australian sustainability reporting standards is useful for Australian companies, whereas if the ISSB Standards are confirmed as an approved reporting standard this would facilitate ease of application for foreign companies from a range of jurisdictions. This will support the FMA's objective of providing support for new (global) entrants to the New Zealand market.

There are also additional efficiency benefits for corporates in allowing the use of the ISSB Standards as issued by the ISSB that are not realised by only allowing use of particular jurisdictional standards.²

¹ [International alignment of climate reporting – XRB position statement » XRB](#)

² In fact, increasingly international companies and business organisations across regions are asking that they be permitted to use the ISSB Standards (directly) for reporting by their subsidiaries in the jurisdictions in which they are present. This would enable a common global language to be used to support the preparation of consolidated information.

Jurisdictional sustainability-related disclosure standards, even when designed to deliver comparable information to investors (by providing functionally aligned outcomes to those resulting from the application of ISSB Standards), often introduce specific variations. Such variations, *even when slight* are being highlighted by companies as a source of cost and complexity in meeting sustainability reporting requirements across jurisdictions. Allowing use of the ISSB Standards as issued by the ISSB removes the frictions caused by such variations. This is of particular importance now as such reporting is being introduced around the world. This is because jurisdictions are often phasing in sustainability reporting by introducing particular disclosures over time – so while the ultimate reporting is aligned, in the near term there are more differences between jurisdictional requirements.³

Thank you for your attention to this very important matter as we work together globally to introduce important disclosures in a manner that is proportionate and cost effective while meeting the important information needs of investors globally.

I would be very happy to discuss this in more detail at your convenience.

Yours sincerely,

[Redacted signature]

[Redacted name]

[Redacted title]

[Redacted contact information]

[Redacted contact information]

[Redacted contact information]

■ This is reflected in the jurisdictional profiles provided by the IFRS Foundation [IFRS - IFRS Foundation publishes jurisdictional profiles providing transparency and evidencing progress towards adoption of ISSB Standards](#) which highlights the differences between current requirements and target requirements. For example, the Australian requirements are targeted to provide climate disclosures aligned with the ISSB's climate requirements but at the current time partially adopt the ISSB Standards.

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.

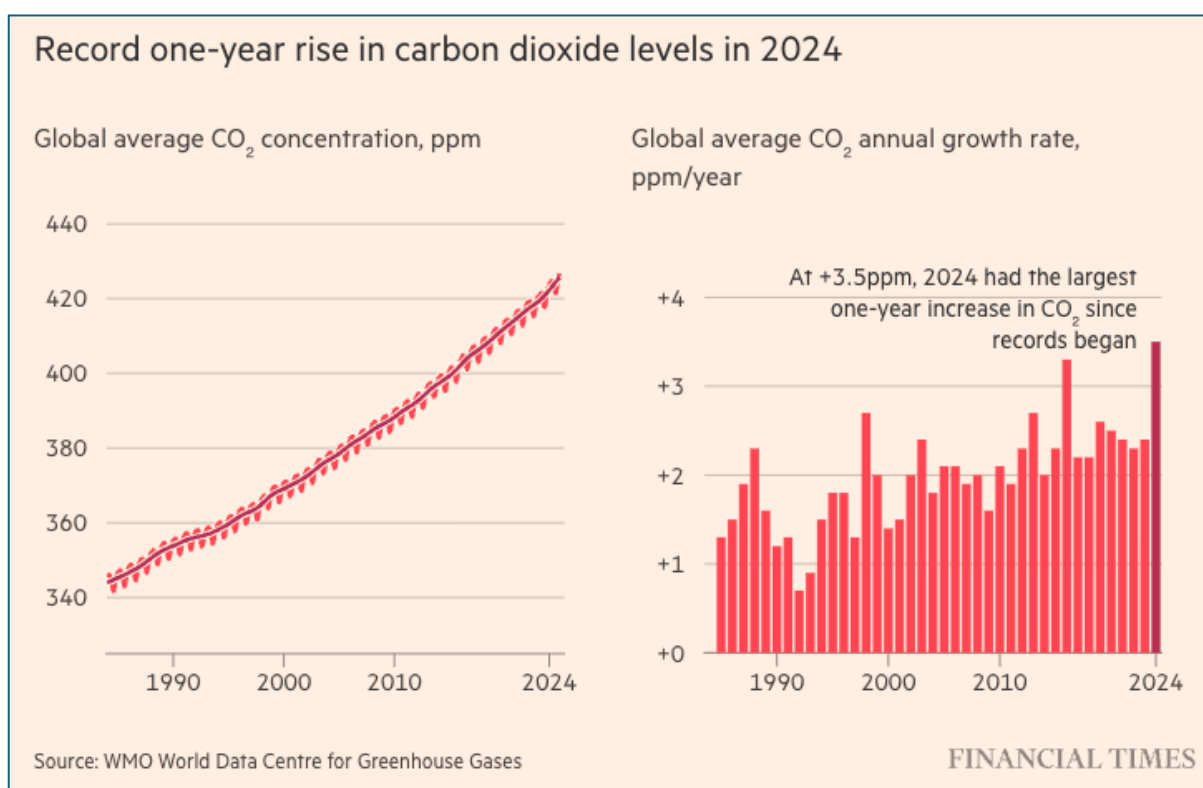
3. ***Working Paper 2025/05 – Reviewing Non-GAAP Financial Information in Annual Reports and Market Announcements of NZSX-listed Companies*** (in press)⁵

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.

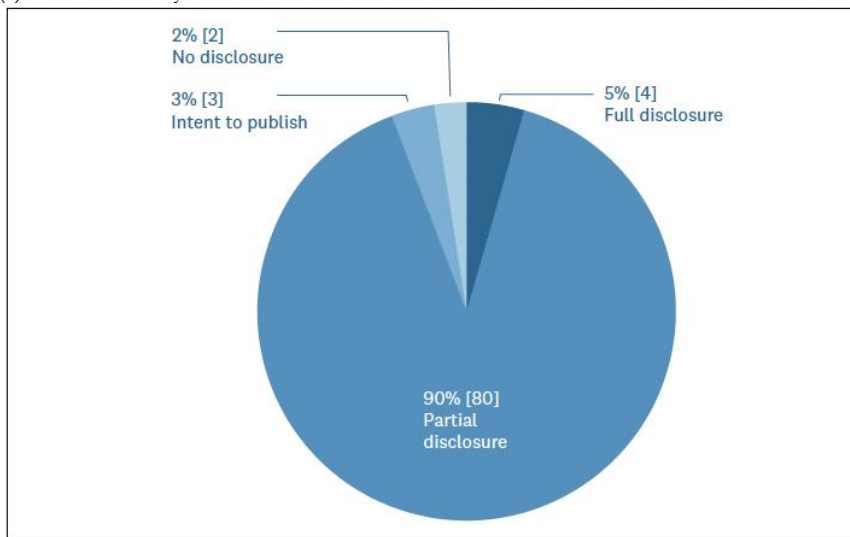
Appendix 1: Selected Tables and Figures from *Working Paper 2025/06 – Analysing Climate Statements Contained in 2023 and 2024 Annual Reports of NZSX-listed Companies*

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

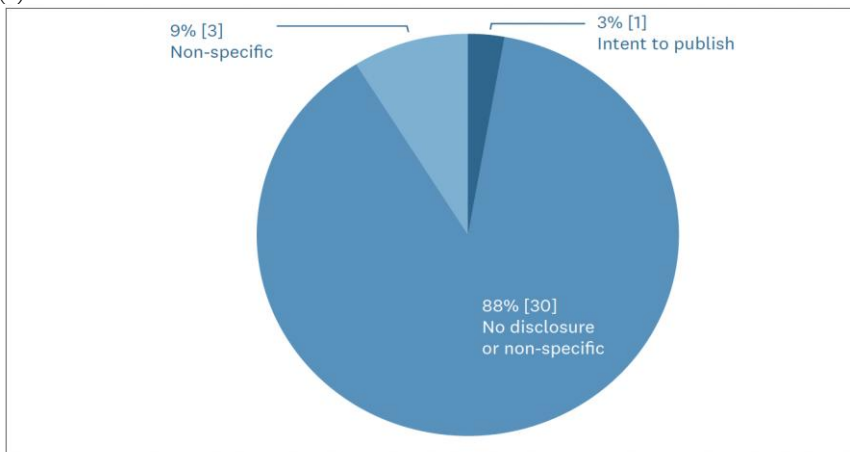


Figure A1.2: Adoption provisions applied in the FY23 and FY24 climate statements of NZSX-listed companies

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

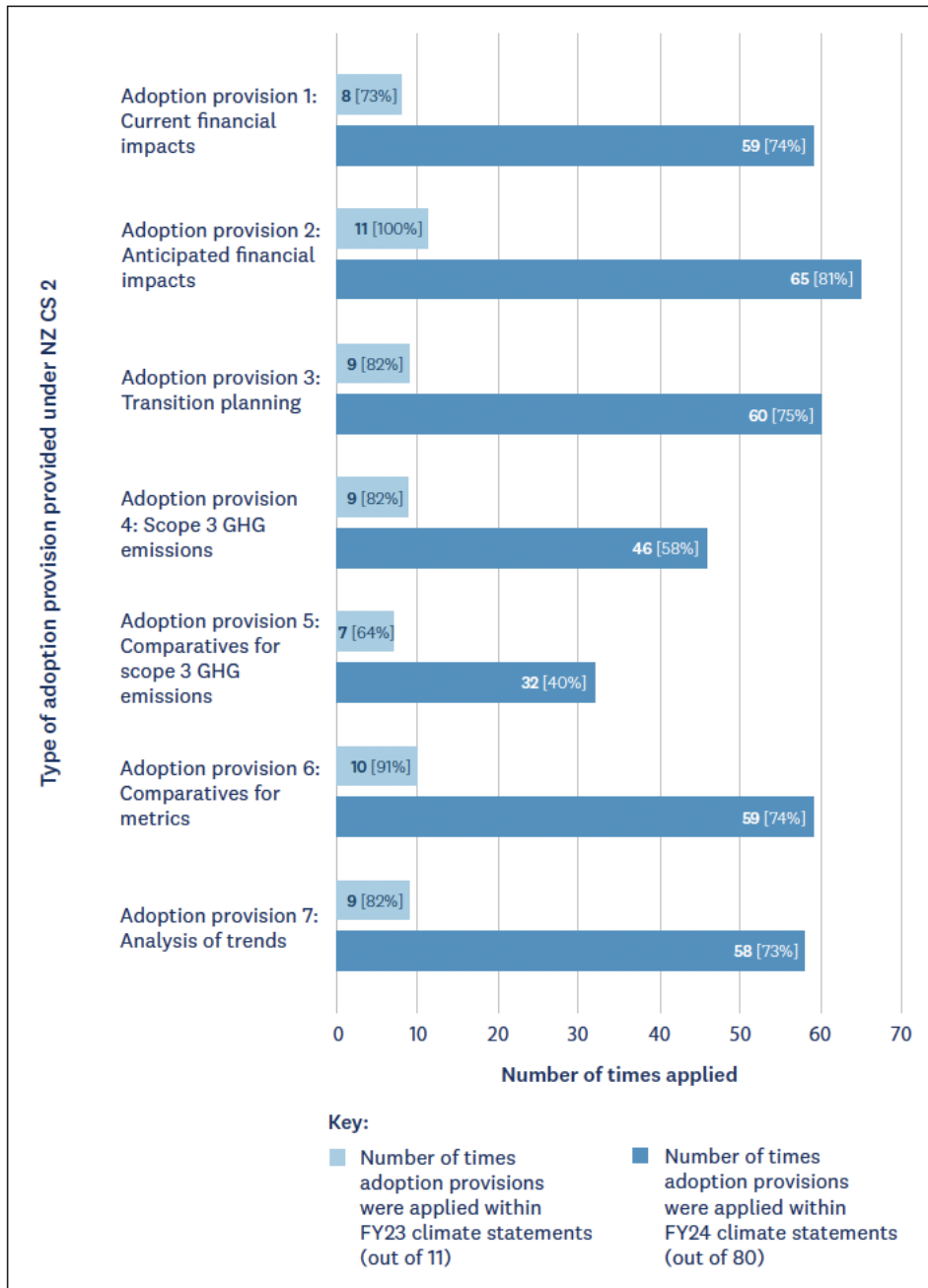


Table A1.1: Six early adopters that chose to fully report against NZ CS in FY23 annual reports

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 |

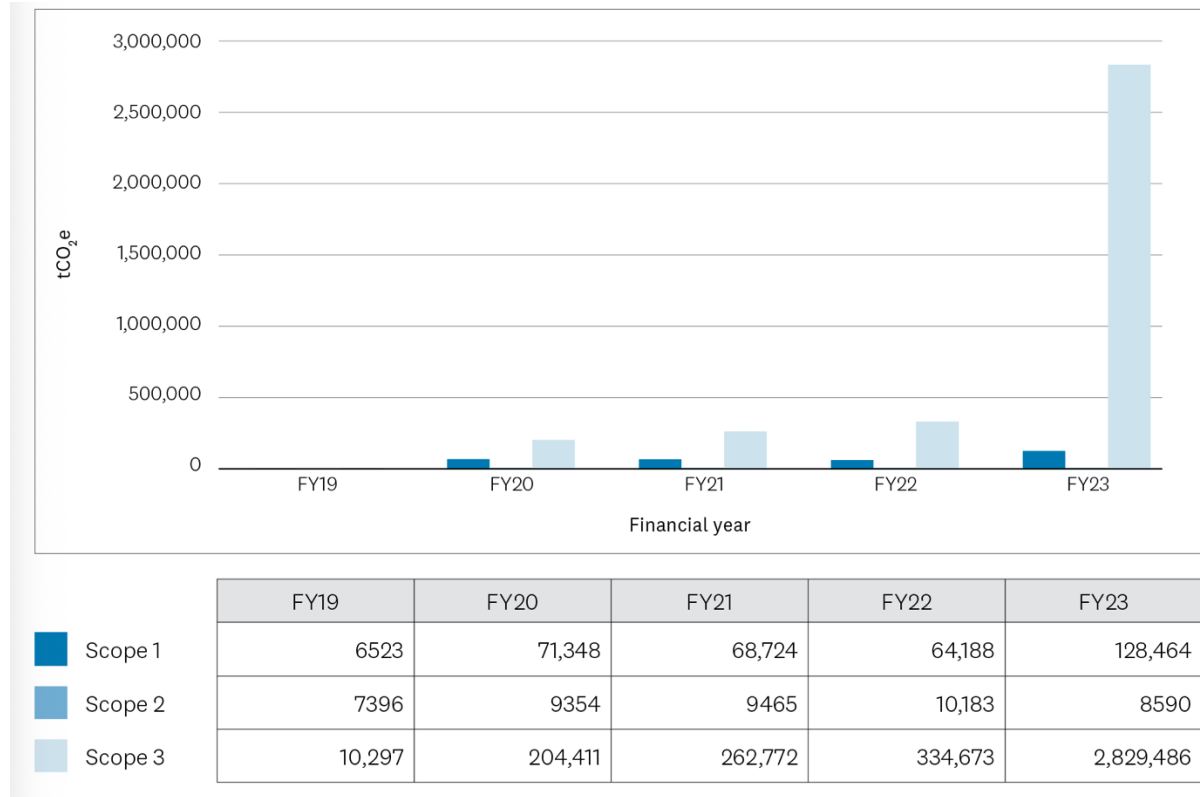
Table A1.2: Six early adopters' GHG emissions (disclosed in FY23 annual reports)

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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- ² Financial Markets Authority (FMA) (2025). *Consultation: Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties*. [online] p.11. Available at: <https://www.fma.govt.nz/assets/Consultations/Consultation-paper-Foreign-CRE-climate-reporting-exemption.pdf> [Accessed 24 Oct. 2025].
- ³ McGuinness Institute (2025). *Working Paper 2025/06 – Analysing Climate Statements Contained in 2023 and 2024 Annual Reports of NZSX-listed Companies*. [online] Available at: <https://www.mcguinnessinstitute.org/publications/working-papers> [in press].
- ⁴ McGuinness Institute (2025). *Working Paper 2025/07 – Analysing Carbon Offset Information Disclosed in 2021–2024 Annual Reports of NZSX-listed Companies*. [in press] Available at: <https://www.mcguinnessinstitute.org/publications/working-papers> [Accessed 3 Oct. 2025].
- ⁵ McGuinness Institute (2025). *Working Paper 2025/05 – Reviewing Non-GAAP Financial Information in Annual Reports and Market Announcements of NZSX-listed Companies*. [online] Available at: <https://www.mcguinnessinstitute.org/publications/working-papers> [in press].
- ⁶ Tauschinski, J. and Mooney, A. (2025). Extreme heat events rise in decade since Paris accord as CO₂ stays at record, studies say. *Financial Times*. [online] 16 Oct. Available at: <https://www.ft.com/content/4186663e-e96a-4852-ae6c-1fdaf31afa44> [Accessed 23 Oct. 2025].
- ⁷ Tauschinski, J. and Mooney, A. (2025). Extreme heat events rise in decade since Paris accord as CO₂ stays at record, studies say. *Financial Times*. [online] 16 Oct. Available at: <https://www.ft.com/content/4186663e-e96a-4852-ae6c-1fdaf31afa44> [Accessed 23 Oct. 2025].
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- ⁹ NASA (2025). *Wildfires and Climate Change*. [online] Available at: <https://science.nasa.gov/earth/explore/wildfires-and-climate-change> [Accessed 24 Sep. 2025].
- ¹⁰ Keane, F. (2025). Migrant crisis: How Europe went from Merkel’s ‘We can do it’ ten years ago to pulling up the drawbridge. *BBC*. [online] 4 Sep. Available at: <https://www.bbc.com/news/articles/cn5e5q7w41eo> [Accessed 24 Sep. 2025].
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- ¹² McCready, T. (2025). Mood of the Boardroom: Leaders warn global instability hitting business. *NZ Herald*. [online] 23 Sep. Available at: <https://www.nzherald.co.nz/business/business-reports/mood-of-the-boardroom/mood-of-the-boardroom-leaders-warn-global-instability-hitting-business/V3TIERH5NBHFFBWEMWBSXG76GI> [Accessed 24 Sep. 2025].
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- ¹⁸ Financial Markets Authority (FMA) (2025). *Consultation: Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties*. [online] p.11. Available at: <https://www.fma.govt.nz/assets/Consultations/Consultation-paper-Foreign-CRE-climate-reporting-exemption.pdf> [Accessed 24 Oct. 2025].
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- ²⁰ Financial Markets Authority (FMA) (2025). *Consultation: Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties*. [online] p.11. Available at: <https://www.fma.govt.nz/assets/Consultations/Consultation-paper-Foreign-CRE-climate-reporting-exemption.pdf> [Accessed 24 Oct. 2025].
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- ²² External Reporting Board (XRB) (2018). *New Zealand Equivalent to the IASB Conceptual Framework for Financial Reporting (2018 NZ Conceptual Framework)*. [online] Available at: <https://www.xrb.govt.nz/standards/accounting-standards/for-profit-standards/conceptual-frameworks> [Accessed 24 Sep. 2025].
- ²³ Ministry for the Environment (MfE) (2023). *Mandatory climate-related disclosures*. [online] Ministry for the Environment. Available at: <https://environment.govt.nz/what-government-is-doing/areas-of-work/climate-change/mandatory-climate-related-financial-disclosures/> [Accessed 23 Oct. 2025].
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Feedback form

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

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Proposed class exemption for entities incorporated in foreign jurisdictions from NZ climate reporting duties: [your organisation's name]' in the subject line. Thank you. **Submissions close at 5pm on Friday 24 October 2025.**

Date: Friday 24th October 2025

Number of pages: 8

Name of submitter: ██████████

Company or entity: MUFG Bank, Ltd.

Organisation type: Branch of an overseas bank

Contact name (if different): ██████████

Contact email and phone: ██████████

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I would like my submission (or identifiable parts of my submission) to be kept confidential because... insert reasoning here.

| Question number | Response |
|---|---|
| <p>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.</p> | <p>MUFG Bank, Ltd. (MUFG, We) agrees with the problem statement on page 6.</p> <p>MUFG is a branch of MUFG Bank, Ltd., which is a part of MUFG Group and has had a banking presence in New Zealand for over 30 years, having become a registered branch in 1996. MUFG is the only Japanese bank with a New Zealand branch presence and provides banking services to a wide variety of domestic and Japanese Corporate and Institutional clients across a range of sectors.</p> <p>Since announcing its Carbon Neutrality Declaration in 2021, MUFG Group has been pursuing various initiatives based on the following commitments:</p> <ul style="list-style-type: none"> • helping achieve the 1.5°C target by achieving carbon neutrality by 2050; • supporting a smooth transition to a decarbonized society; and • creating a sustainable society by fostering a virtuous cycle between the environment and the economy. <p>In 2022, MUFG Group published its first Progress Report, which highlighted the progress of MUFG’s carbon neutrality initiatives and the measures being taken.</p> <p>Since 2024, MUFG Group has transitioned from publishing Progress Reports and published its first Climate Report which showcases the progress and achievements of MUFG’s wide-ranging efforts toward decarbonization, including the contents of MUFG’s transition plan and approach to decarbonization to MUFG’s investors and various stakeholders. MUFG Group’s Climate Report is based on TCFD requirements. MUFG Group intends to publish a further Climate Report in 2026.</p> <p>In 2025, the Sustainability Standards Board of Japan Sustainability Disclosure Standards (SSBJ) announced the issuance of its sustainability disclosure standards. These standards are comprised of the following three documents:</p> <ol style="list-style-type: none"> 1. Universal Sustainability Disclosure Standard “Application of the Sustainability Disclosure Standards”. 2. Theme-Based Sustainability Disclosure Standard No.1 “General Disclosures”. 3. Theme-based Sustainability Disclosure Standard No. 2 “Climate-related Disclosures”. |

| | |
|--|--|
| | <p>MUFG Group will be subject to mandatory disclosure requirements as per the SSBJ Standards for the financial year ending March 2027, with third-party assurance on such disclosures becoming mandatory for the financial year ending March 2028. However, MUFG Group will voluntarily commence disclosure for the financial year ending March 2026.</p> |
| <p>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.</p> <ul style="list-style-type: none"> • Overseas banks | <p>Currently the time and cost for MUFG to produce the New Zealand CRDs is substantial.</p> <p>MUFG's New Zealand business operates on a hub-and-spoke model, whereby front office relationship managers are based in Auckland, whilst all back-office support functions (E.g. Risk, Compliance, Finance) are situated in Sydney and provide support across Sydney, Melbourne, Perth and Auckland Offices.</p> <p>We do not have resources solely dedicated to the maintenance and production of the CRD, however we have formulated a cross-departmental project team with assistance from external advisory firms. For MUFG, the cost is around \$85,000 to \$135,000 per annum* for external consulting, review and assurance (Noting that this cost is expected to increase if expanded to scope 3 and does not include internal resourcing costs and considerations).</p> <p>* Costs associated with production of NZ climate-related disclosures (All in NZD and exclude GST):</p> <ul style="list-style-type: none"> • FY 2023 – External auditor review: \$15,000 + consulting fee: \$70,000 • FY 2024 – Consulting fee: \$110,000 + scope 1 and 2 assurance fee: \$24,000. |
| <p>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.</p> | <p>We believe a class exemption from Part 7A of the FMC Act is the most suitable option as opposed to another intervention based on the following:</p> <ul style="list-style-type: none"> • It is consistent with the FMA's approach to date in terms of other exemptions that have been granted, i.e. Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024 and Financial Markets Conduct (Climate-related Disclosures – Overseas Banks and Insurers) Exemption Notice 2024. • It is more efficient in comparison to the current approach whereby entities are having to apply individually for exemptions. |
| <p>Q4 Do you agree with the proposed scope and</p> | <p>We agree with the proposed scope and conditions of the exemption.</p> |

| | |
|---|--|
| <p>conditions of the exemption? If you disagree, please let us know why.</p> | <p>Allowing foreign CREs the ability to rely on existing climate reporting requirements in its home jurisdiction will significantly reduce the time, resources and cost involved in producing the New Zealand CRD.</p> <p>Given the size and scope of MUFG's New Zealand business, we do not think that by only relying on the home jurisdictions climate reporting will it diminish the primary user's view of MUFG's current climate change risks and opportunities. This is due to the fact that the New Zealand CRDs that MUFG has been publishing for the last two financial years are already reflective of MUFG Group's broader corporate strategy and objectives and incorporates information from MUFG Group's Climate Report. We are committed to supporting MUFG Group's sustainability and risk management initiatives in tackling the impact of climate change and is developing its strategy, governance structures and risk management processes accordingly.</p> |
| <p>Q5 Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards? If you disagree, please let us know why.</p> | <p>We agree with the criteria for approving foreign jurisdictions and climate reporting standards. Ultimately should the FMA choose to provide an exemption to foreign CREs and allow them to rely on their home jurisdictions climate reporting standards, they need to ensure that the overseas climate reporting standards, regulatory oversight and assurance practitioners are of high quality and broadly equivalent to those that apply in New Zealand.</p> |
| <p>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.</p> | <p>We believe that Japan's SSBJ Standards meet the FMA's suggested criteria for inclusion in the proposed exemption notice.</p> <p>The SSBJ was formed in 2022 under Japan's Financial Accounting Standards Foundation (FASF) in order to develop sustainability reporting standards, in line with a legal framework to be developed by Japan's Financial Services Agency (FSA), and to contribute to international sustainability reporting standards, following the launch of the ISSB. In order to achieve international comparability, the SSBJ decided to align its new standards with the ISSB standard through the following three sustainability disclosure standards:</p> <ul style="list-style-type: none"> • "Application of the Sustainability Disclosure Standards" • "General Disclosures" and • "Climate-related Disclosures". |

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| | <p>SSBJ Standards also require third-party assurance to be mandatory for MUFG Group for the financial year ending March 2028. The scope of assurance will be limited to disclosure of GHG emission amount Scope 1 and 2, Governance and Risk Management for the first two years after the obligation to provide assurance is in place.</p> <p>Two of the SSBJ's standards comprise the framework for disclosing four items related to sustainability-related financial risks and opportunities: "Governance", "Strategy", "Risk Management" and "Metrics and Targets".</p> <p>In addition to the general disclosure standards, strategies to address climate change-related risks and opportunities will require:</p> <ul style="list-style-type: none"> i) disclosure of climate change mitigation and adaptation efforts, ii) transition plans to achieve climate-related targets, iii) the need to address impacts identified through scenario analysis, and iv) the ability to respond to changes and uncertainties in current or future business models. |
| <p>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.</p> <ul style="list-style-type: none"> • Primary users • Overseas banks | <p>Primary Users:</p> <p>Given MUFG is not a listed company in New Zealand, our Primary users are considered to be mainly clients and business partners. MUFG Group's Climate Report and other Sustainability-related reports are made publicly available on MUFG's website.</p> <p>Overseas Banks:</p> <p>The potential impact to MUFG is positive, as we will be able to minimise the expenditure and resources allocation required to produce the New Zealand CRD.</p> |
| <p>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</p> | <p>We do not think it should 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. We are of the view that the SSBJ disclosures adequately meet the criteria for inclusion in the proposed exemption notice based on the reasoning set out in Q7.</p> |

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| <p>time it must file its group climate reporting? If so, in what circumstances should this be required?</p> | |
| <p>Q11 Are any additional conditions required if exemption relief is granted?</p> | <p>Confirming that we do not think any additional conditions should be imposed if the exemption relief is granted.</p> |
| <p>Q12 Do you have any other comments?</p> | <p>The following are comments that MUFG would like the FMA to consider based on our responses to the questions above.</p> <p>As noted above, MUFG would be lodging climate statements to the FMA, including any associated assurance report based on the SSBJ Standards. However, mandatory disclosures under the SSBJ Standards are not required to be lodged until the financial year ending March 2027, with mandatory third-party assurance not being required until financial year ending March 2028.</p> <p>MUFG Group, however, will commence voluntary reporting under the SSBJ Standards from financial year ending March 2026. Therefore:</p> <ul style="list-style-type: none"> • Should the FMA proceed with providing an exemption to foreign CREs and allow MUFG to rely on the SSBJ Standards for the next year of reporting, will MUFG Group's voluntary disclosure from financial year ending March 2026 be permitted or will the SSBJ disclosures not be considered an approved foreign climate reporting standard until its first mandatory year of reporting, i.e. FY 2027? • Should the FMA not permit the SSBJ disclosures as an approved foreign climate standard until their respective mandatory year of commencement, what is the proposed course of action for foreign CREs? I.e. Will the FMA require foreign CREs to continue to comply with Part 7A of the FMC Act or should the foreign CRE have to apply for an individual exemption? • The SSBJ disclosures are only required to be lodged in Japanese and English translations will not be made available. Therefore, will the FMA accept the Japanese version, or will MUFG need to provide an English version in order to lodge onto the New Zealand CRD Register? |

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| | <ul style="list-style-type: none">• As noted in our response to question 1, MUFG Group have been publishing Climate Reports since 2023. Although MUFG Group will be voluntary disclosing under the SSBJ Standards from financial year ending March 2026, it also intends to continue publishing these Climate Reports. These Climate Reports are based on TCFD requirements, are subject to third party assurance and are made available in English. However, these Climate Reports are entirely voluntary and do not undergo any monitoring or review by any regulator in Japan. Therefore, should the SSBJ Standards not be accepted, would the FMA also accept the Climate Report as a suitable alternate disclosure? |
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Feedback summary – *if you wish to highlight anything in particular*

Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.

Thank you for your feedback – we appreciate your time and input.

Submission

to the

Financial Markets Authority

on the

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

24 October 2025



About NZBA

1. The New Zealand Banking Association – Te Rangapū Pēke (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.

2. The following sixteen registered banks in New Zealand are members of NZBA and support this submission:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - China Construction Bank (New Zealand) Limited
 - Citibank N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - KB Kookmin Bank Auckland Branch
 - Kiwibank Limited
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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Introduction

4. NZBA welcomes the opportunity to provide feedback to the Financial Markets Authority (**FMA**) on the Consultation: *Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties (Consultation)*. NZBA commends the work that has gone into developing the Consultation.
5. We support the proposal for a class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties where the foreign entity is, at a group level, compliant with climate reporting comparable to that required by Part 7A of the Financial Markets Conduct Act 2013 (**FMC Act**).
6. We consider that the proposed exemption should be extended to entities reporting under the State of California climate-related disclosure laws (once effective), and entities from or subject to regulation by European Union member states who have transposed the Corporate Sustainability Reporting Directive (**CSRD**). This feedback, along with our other comments, is set out below in response to the questions posed in the Consultation.
7. We request that, if the FMA does proceed with the class exemption, we are engaged as part of the consultation process on the details and draft wording of the exemption notice.
8. We are happy to discuss should the FMA have any questions on our submission.

Question 1: 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.

9. NZBA agrees with the problem statement, including why the status quo does not work effectively for overseas climate reporting entities (**CREs**).
10. Overseas CREs face increased compliance costs from meeting multiple standards / requirements. We agree that the international group context needs to be considered for overseas CREs as climate impacts are not constrained by jurisdictional boundaries, and take a whole-of-organisation approach to address.
11. We also note that the external cost and internal resource required to obtain individual exemptions is significant.



Question 2: 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.

Overseas banks

12. For overseas banks who prepare climate reporting for their New Zealand businesses or New Zealand branch only, there is considerable extra work to prepare and verify the additional report, as well as costs associated with assurance and any external compliance review the CRE obtains.
13. In practice, the reports are often highly duplicative of reporting prepared in relation to the whole group, either voluntarily or under overseas regimes – or in the case of dual registered banks, reporting prepared by its New Zealand subsidiary bank. This reflects that New Zealand branches typically follow the governance structures, risk management approach and strategy of the broader group.
14. The unnecessary and significant compliance costs to overseas banks of producing either duplicative, or relatively small climate-related disclosures in New Zealand is disproportionate when primary users have alternative disclosures available to them which are more meaningful.
15. Primary users of overseas banks generally engage with their NZ branches to leverage their international banking capabilities and expertise to support their global operations and international banking needs. To the extent that climate-related disclosures and information are relevant to decisions by these primary users, it is our view that overseas banks' home jurisdiction (or other FMA-approved jurisdiction) and ultimate headquartered jurisdiction climate-related disclosures would be more relevant. This enables primary users to have a fair and transparent – and overall, more meaningful – understanding compared to the disclosures of one entity in an overall group.
16. This is reflected by the experience of our overseas bank members, who have observed very few primary users access their New Zealand branch reports. We consider this illustrates that information about branches on a stand-alone basis may not be useful to many stakeholders.
17. Further, the proposed exemption supports the way in which business is managed for foreign CREs, who typically manage their businesses globally using a portfolio approach. Overseas banks' climate-related disclosures cover the activities of their New Zealand branches, and comply with globally accepted climate reporting frameworks, and as such:
 - 17.1. already meet the purpose of climate statements for their New Zealand businesses; and



- 17.2. provide more meaningful insights into their global climate footprint for internationally-oriented clients than climate statements for their New Zealand businesses – for example, using global climate statements can simplify cross-border comparability.

Listed issuers

18. For listed issuers who do not rely on any existing FMA exemptions, ensuring group-level climate reporting complies with New Zealand Climate Standards (**NZCS**) in addition to applicable overseas standards adds a significant level of additional complexity, and therefore a large amount of additional staff time to draft and review the report. There are also additional costs associated with ensuring assurance of greenhouse gas (**GHG**) emissions meets New Zealand requirements (in addition to applicable overseas standards) and any external compliance review the reporting entity obtains.
19. Where the report complies with other standards that require a similar or higher standard of disclosure (such as ISSB S2 or AASB S2), we consider complying with NZCS as well is unlikely to provide any material benefit to primary users because it is unlikely to result in any additional disclosures that are material to those primary users.

Question 3: 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.

20. We consider the proposed class exemption is the best way to address this challenge. As noted in the Consultation, a class exemption would give certainty to the market and be efficient and appropriate in terms of use of resources.
21. While individual exemptions or more targeted class exemptions could achieve a similar outcome, this is a less efficient use of both the FMA's and reporting entities' time, reduces certainty, and increases the risk of different treatment of entities in similar positions.
22. Alignment of standards would, to some extent, reduce the burden for foreign listed issuers. However, this would not be as effective because:
 - 22.1. It would not address the issue for overseas incorporated registered banks and licenced insurers, whose obligation is to prepare climate statements for their New Zealand businesses.
 - 22.2. Until there is significantly more international convergence of standards, it is unlikely we could substantially fully align with most relevant jurisdictions.
 - 22.3. Even if standards are aligned, differences in regulatory interpretation or guidance can still create additional inefficient impost on reporting entities.



22.4. This approach is unlikely to remove all of the duplication (for example, in relation to assurance requirements as noted above).

Question 4: Do you agree with the proposed scope and conditions of the exemption? If you disagree, please let us know why.

23. We agree with the proposed scope that foreign CREs incorporated in approved jurisdictions would be exempt from Part 7A of the FMC Act, although note that the scope has not been fully determined. As noted above, we submit that further engagement should be carried out in respect of the draft wording of the exemption once FMA's work has progressed to this stage.

Question 5: Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards? If you disagree, please let us know why.

24. We generally agree with the criteria, which are broadly consistent with the FMA's approach to financial reporting exemptions.

25. However, in relation to some of the specific proposals, we submit that:

The entity must comply with its home jurisdiction CRD regime:

- 25.1. For our members whose home jurisdiction is the US, we note that there are currently no US climate reporting regulations at the federal level. However, those members can publish compliant, consolidated group climate disclosure statements in satisfaction of applicable local climate disclosure laws that apply to subsidiaries (for example, incoming California climate disclosure laws specifically permit consolidated parent level reporting). These members can also publish group level climate disclosure reports as part of their obligations under the EU CSRD when the CSRD is transposed under relevant EU country legislation.
- 25.2. Accordingly, we submit that the scope of compliance with "home" jurisdiction be expanded to include compliance through Group level reporting with the climate reporting laws and regulations of any FMA approved jurisdiction to be set out in the schedule.
- 25.3. Additionally, we submit that in relying on a parent's reporting under an approved jurisdiction, entities should be able to rely on an ultimate parent entity, where that entity is reporting group level information under a similar climate reporting regime. This should be permitted even where the entity might have a different home jurisdiction or different reporting obligations. For example, a bank branch that has an intermediate, regional parent as well as an ultimate, 'group' parent should be permitted to rely on the latter.



The entity must lodge climate statements within 4 months of its balance date

25.4. We consider the lodgement period should be aligned with the reporting deadline of the underlying approved jurisdiction for which compliance is being substituted. We note the reporting deadline for sustainability statements under the CSRD being transposed by EU member states is approximately four months. California climate-related risk reporting for FY2024 is due by 1 January 2026, and the deadline within 2026 for FY2025 GHG reporting is still to be determined by the California Air Resources Board

The relevant overseas regulator will be a signatory to the IOSCO MOU, or signatory to a bilateral agreement with the FMA

25.5. The requirement for the overseas regulator to be a signatory to IOSCO or have a bilateral agreement with the FMA should either be removed or exempted for overseas banks.

25.6. There will be instances for overseas banks where the home regulator may not meet these criteria, but the home regulator / home jurisdiction regulatory environment has been reviewed as part of the bank's registration process in New Zealand and should be regarded / taken into consideration for consistency.

25.7. One example of an environmental regulator which might be relevant as part of the home jurisdiction regulatory environment for some banks is the California Air Resources Board, which is responsible for implementation and supervision of the State of California's robust draft CRD regime that is expected to come into effect in 2026.

Minimum assurance requirements

25.8. Consideration of whether minimum assurance requirements are similar to those in New Zealand should be removed as a condition (assuming this refers to external assurance), given the still-developing practice of assurance and the live discussion in New Zealand around assurance timelines.

26. We would welcome clarification of which home jurisdictions in Table 1 of the Consultation the FMA has determined will be treated as approved foreign jurisdictions following the criteria (outside of Australia).

Question 6: 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.

27. We agree that Australia's mandatory climate reporting regime and AASB S2 are broadly equivalent to New Zealand's settings for the purposes of considering this



exemption, and consider that this exemption would be a positive step towards enabling trans-Tasman alignment.

28. We are supportive of initiatives that enhance the ease of doing business between Australia and New Zealand and this would align with the New Zealand and Australian Governments' Closer Economic Relations framework. This proposal is also consistent with the theme of other climate reporting initiatives, including MBIE's discussion paper on proposed changes to climate-related disclosures and XRB's request for feedback regarding the international harmonisation of climate reporting standards.
29. We submit that, similarly, TCFD- and ISSB-aligned disclosures are broadly equivalent to the New Zealand settings.

Question 7: 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.

30. We submit that the State of California climate-related disclosure laws (once effective), and European Union member states who have transposed the CSRD should be considered as FMA-approved jurisdictions.
31. We also consider the criteria should be revised as set out in our response to Question 5.

Question 8: 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.

32. As set out in response to Question 2, we consider the proposed exemption would significantly reduce compliance costs for foreign reporting entities, and only have a very limited impact on their primary users.

Question 9: 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?

33. NZBA does not consider the exemption should have a condition requiring reporting entities to produce New Zealand business climate statements. Such a condition would be in opposition to the problem statement as framed in the Consultation.
34. We submit that such a condition would undermine any regulatory relief from the exemption. For many reporting entities, producing climate statements for their New Zealand business in accordance with foreign standards is likely to be as onerous, or more onerous, than not relying on the exemption and complying with the FMC Act.



35. We agree with the FMA's assessment that group level climate related disclosures will give New Zealand-based primary users a fair view on how the group considers and manages its climate-related risks and opportunities, including for its New Zealand business where material.
36. We note that, for listed issuers and banks, their New Zealand based shareholders and bondholders will often be engaging with the group as a whole (not specifically its New Zealand businesses), and therefore they are likely to want to understand the material risks and opportunities for the entire group, rather than information specific to the New Zealand business.
37. For many of the overseas banks that operate in New Zealand through branches, customers of their New Zealand branch will often also be either dealing with that bank in other jurisdictions (in which case, global information is likely to be more relevant to their decisions) or, for dual registered banks, also have a relationship with their New Zealand bank subsidiary (in which case, information about the Group's approach in New Zealand is available through that subsidiary bank's climate statements).

Question 10: 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?

38. If the FMA can get comfortable that the UK regime also meets the criteria (such that the UK and Jersey incorporated listed issuers can be brought into the new notice), we think it would make most sense to remove the existing class exemption.
39. This would cause no detriment to any existing listed issuers, as all of them would get similar or more extensive exemptions under the new notice. If the UK regime does not yet meet the equivalency criteria due to the stage of implementation, it would make sense to retain the existing class exemption for the UK and Jersey incorporated issuers until the UK regime is fully implemented.

Question 11: Are any additional conditions required if exemption relief is granted?

40. We do not consider any other conditions should be included.

24 October 2025

Financial Markets Authority
Level 2, 1 Grey Street
Wellington, New Zealand

By email only: consultation@fma.govt.nz

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

Background

1. NZX Limited (**NZX**) submits this response to the Financial Markets Authority (**FMA**) consultation on the proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties (**Consultation**). We thank the FMA for the opportunity to provide this submission.
2. NZX is a licensed market operator and New Zealand's exchange and makes this submission from its perspective as a licensed market operator. NZX is a member of the Sustainable Stock Exchange Initiative (a United Nations partnership programme organised by UNCTAD, the UN Global Compact, UNEP FI and the PRI), and member of the Sustainable Business Council. NZX strongly supports the climate-related disclosures (**CRD**) regime. We are committed to supporting the development of capital markets in a manner that contributes to a climate-resilient future for New Zealand, and we support mandatory reporting being expanded to private enterprise to further the purposes of the CRD regime.
3. NZX welcomes the Government's recent changes to New Zealand's CRD regime. Increasing the mandatory climate reporting threshold for listed issuers from \$60 million to \$1 billion in market capitalisation creates more proportionate settings that allow smaller issuers to focus their resources on climate change mitigation and adaptation rather than reporting and compliance. In addition the removal of deemed personal director liability will reduce the burden for those listed issuers who remain climate reporting entities (**CREs**). NZX considers that these changes will materially improve the viability of companies using the listed New Zealand markets to deliver on their growth aspirations.
4. NZX supports the FMA's proposed class exemption for certain overseas CREs. The proposed exemption will provide better flexibility for exempt overseas CREs, while ensuring that New Zealand investors still have access to high quality climate statements that are aligned with New Zealand's climate reporting standards.
5. While we understand that the XRB is currently considering the alignment of the Aotearoa New Zealand Climate Standards (**NZ CS**) with international standards, we support further consideration being given to the granting of an additional class exemption for a New Zealand-incorporated CRE to be able to use an equivalent

overseas standard (in particular Australian AASB S2) to align with its parent or subsidiary's reporting.

Responses to consultation

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.

6. NZX agrees that the status quo does not work effectively for overseas CREs. Foreign listed issuer CREs who are unable to fully rely on the existing Financial Markets Conduct (Climate-related Disclosures for Foreign Listed Issuers) Exemption Notice 2024 (**Foreign Issuer CRD Exemption Notice**) are likely to face increased costs from having to meet multiple, overlapping climate reporting obligations across jurisdictions.

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
7. We consider that the status quo primarily affects overseas CREs, an increasing number of which will be required to produce duplicative reports as mandatory climate regimes continue to emerge globally. This is particularly relevant for Australian CREs who are now required to prepare climate statements under the Australian climate reporting regime.
 8. NZX has heard from foreign listed CREs which have a primary listing in Australia that the status quo is costly and will result in duplication due to the alignment between the Australian and New Zealand climate reporting regimes. The only existing option for complete relief from Part 7A of the FMC Act for an Australian foreign listed CRE which has a large presence in New Zealand is to seek an individual exemption from the FMA.
 9. The status quo may also be acting as a deterrent for prospective Australian foreign listed CREs from considering bringing a secondary listing to New Zealand, particularly for CREs who may be uncertain as to whether they meet the thresholds of having a large presence in New Zealand under the Foreign Issuer CRD Exemption Notice.

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.

10. We consider that a full class exemption for overseas CREs incorporated in certain FMA approved jurisdictions from Part 7A is the most appropriate intervention. This approach will provide complete regulatory certainty for foreign listed CREs, which is particularly important for prospective foreign CREs looking to list in New Zealand. This approach also enables the FMA to be able to approve new jurisdictions as mandatory climate reporting regimes continue to be implemented globally.

Proposed scope and conditions of exemption

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

11. We agree that the scope of the exemption should cover all foreign CREs incorporated in certain jurisdictions where the FMA is satisfied that the climate reporting required in those jurisdictions are broadly equivalent to New Zealand's requirements. This approach would provide certainty for foreign CREs while ensuring that the FMA is comfortable with both the quality of the foreign climate statements produced and the overseas regulator in each jurisdiction.
12. We do however consider that the scope of the exemption should be extended to include New Zealand incorporated CREs where the entity is:
 - a subsidiary of a foreign parent who is subject to mandatory climate reporting in their home jurisdiction that has been approved by the FMA (e.g., a New Zealand subsidiary of an Australian parent), or
 - a parent that includes overseas incorporated subsidiaries in jurisdictions approved by the FMA that are subject to mandatory climate reporting (e.g., a New Zealand parent which has an Australian subsidiary).
13. We consider that these New Zealand CREs should be able to rely on the exemption to prepare their climate statements in accordance with FMA approved overseas reporting standards to enable reporting processes to be streamlined across the group. This would reduce compliance costs for these New Zealand CREs, and provide New Zealand investors and other stakeholders with broadly similar climate information they would have otherwise received if the information had been prepared in accordance with NZ CS.

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

14. NZX generally agrees with the FMA's criteria for approving foreign jurisdictions and climate reporting standards. We understand that the proposed factor relating to enforcement provisions for non-compliance being available to *foreign regulators* is intended to refer to enforcement powers for the overseas regulator (rather than referring to the FMA as the foreign regulator of the overseas entity). We consider this to be appropriate as the FMA will be able to seek assistance from the foreign regulator under the IOSCO MoU, if needed.

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.

15. NZX agrees with the FMA's view that Australia's mandatory climate reporting regime and AASB S2 are broadly aligned with NZ CS. NZX considers that it is essential to recognise the equivalence of AASB S2.

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.

16. Given that international standards remain in a state of flux, we do not consider that there are any other jurisdictions that should be immediately included in the proposed exemption notice. Once there has been further international development we suggest it could be useful for the FMA to assess whether the following overseas markets, in jurisdictions where NZX may accept a Foreign Exempt listing, have climate reporting regimes which are equivalent to NZ CS:
- Hong Kong Stock Exchange
 - London Stock Exchange
 - Nasdaq Stock Market
 - Singapore Exchange
 - Toronto Stock Exchange
17. Where appropriate the FMA could include these in the exemption notice. We note that all these overseas markets are currently included in the Foreign Issuer CRD Exemption Notice. In the Foreign Issuer CRD Exemption Notice statement of reasons the FMA had satisfied itself that the jurisdictions in which these overseas markets operate currently had or were developing mandatory climate reporting requirements that were broadly equivalent to NZ CS or had expected voluntary reporting.
18. While there are currently no existing foreign listed CREs with a primary listing on one of these markets that are not eligible to rely on existing exemptions, we suggest that the FMA take an active approach to the inclusion of these jurisdictions as their respective climate regimes develop to provide certainty for any prospective foreign listed CREs that may consider listing in New Zealand in the future.

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
19. For foreign listed issuer CRDs, the exemption will reduce the compliance burden as they will not be required to prepare separate climate statements in accordance with New Zealand standards. This will lead to improved efficiency for foreign listed issuer CREs, who would be able to better allocate their resources on the effect of climate risks and opportunities on their businesses.
20. There should be little to no impact on primary users, given that foreign listed issuer CRD's climate reports will include information relating to their New Zealand businesses. Under the proposed conditions of the exemption these climate reports will be publicly

available on the New Zealand CRD Register like other climate reports prepared in accordance with NZ CS.

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?

21. We do not think this condition should be included in the exemption. As noted by the FMA in the consultation paper, a foreign CRE's group climate statements should be able to provide adequate information to New Zealand based investors and other stakeholders to assess the foreign CRE's climate information. We also note that as most groups report on a consolidated basis, we consider it would be onerous from a reporting process perspective to require a group to separately file in New Zealand climate statements for its New Zealand businesses.

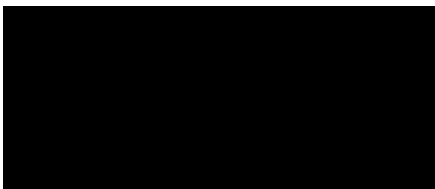
Q10. The proposed relief overlaps with the existing foreign listed issuers CRD exemption. Do you believe the existing foreign listed issuers CRD exemption should remain as is, if this new exemption is granted?

22. We consider it is appropriate for the existing Foreign Issuer CRD Exemption Notice to be tied into the proposed exemption notice. Having one consolidated exemption notice would provide greater clarity and simplicity for foreign CREs. We consider that the relief provided in the existing Foreign Issuer CRD Exemption Notice will continue to be necessary until the FMA has included all jurisdictions referred to in the current exemption within the proposed exemption.

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

23. The consultation paper mentions that an entity will be required to make available information about its reliance on the exemption in various ways, however it is not entirely clear to us exactly where an entity must make available this information. We consider the exemption notice should mirror the requirements for disclosure of reliance on relief in the Foreign Issuer CRD Exemption Notice.

Yours faithfully,



Feedback form

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

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Proposed class exemption for entities incorporated in foreign jurisdictions from NZ climate reporting duties: [your organisation's name]' in the subject line. Thank you. **Submissions close at 5pm on Friday 24 October 2025.**

Date: _____ Number of pages: _____
Name of submitter: _____
Company or entity: Persefoni AI, Inc., General Counsel, Chief Sustainability Officer
Organisation type: Carbon Accounting SAAS Software Provider
Contact name (if different): _____
Contact email and phone: _____

Personal information

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| Question number | Response |
|-----------------|--|
| 5 | <p>We serve several global clients that are active across multiple jurisdictions, including the United States, Japan, the United Kingdom, Canada, Europe, and Australia, among others. We strongly support the FMA's proposal to allow foreign entities to lodge reports based on climate reporting standards that are broadly equivalent to the New Zealand Climate Standards (NZ CS). Reducing the burden of duplicative reporting is critical for entities operating internationally.</p> <p>In particular, we welcome the proposed criteria for accepting standards based on the ISSB. We urge the FMA to clarify this provision by explicitly stating that it will accept the "IFRS Sustainability Disclosure Standards as issued by the ISSB (ISSB Standards)," subject to conditions appropriate to meet the FMA's supervisory needs. The ISSB Standards are built on the foundation of the TCFD framework and are being adopted across a growing number of jurisdictions. Their use enables companies to report consistent, high-quality climate-related information globally, while minimizing the burden of duplicative compliance. This approach would be consistent with the alternative compliance mechanism offered by the State of California, allowing companies to use the "ISSB Standards as issued by the ISSB" directly to meet state requirements. This provision offers clarity and certainty to reporters as they prepare to comply with their reporting obligations.</p> <p>Many of our clients are navigating the need to understand and apply slightly different national versions of the ISSB Standards, creating additional burdens in their preparation processes. While other standards may include the information required by the NZ CS, global alignment around the "ISSB Standards as issued by the ISSB" is the most efficient way to meet the needs of investors for consistent and comparable disclosures. It is also the most cost-effective approach for globally active reporting companies.</p> <p>Clearly stating that a foreign entity may follow the "ISSB Standards as issued by the ISSB" alleviates potential confusion and is the most efficient way to address the challenges the FMA has identified. This approach could also streamline the FMA's exemption process and reinforce New Zealand's leadership in supporting global alignment in climate-related financial disclosures.</p> |
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Feedback summary – *if you wish to highlight anything in particular*

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Thank you for your feedback – we appreciate your time and input.

QBE Insurance Group Limited 28 008 485 014
Level 18, 388 George St, Sydney NSW 2000 Australia
GPO Box 82, Sydney NSW 2001 Australia
Tel: +61 2 9375 4444
qbe.com



9 October 2025

Financial Markets Authority
Level 1, 215 Lambton Quay
Wellington 6011
NEW ZEALAND

By email: consultation@fma.govt.nz

QBE response to FMA Consultation: Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties

QBE appreciates the opportunity to provide feedback to the Financial Markets Authority on its consultation on a proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties released on 11 September 2025.

QBE Insurance Group Limited (QBE) is an Australian-based public company listed on the Australian Securities Exchange, is an international insurer and reinsurer offering a diverse portfolio of commercial, casualty and specialty products, personal lines and risk management solutions. QBE operate across three divisions: North America, Australia Pacific (AUSPAC) and International.

QBE is the ultimate parent company of QBE Insurance (Australia) Limited (QIA), which is one of the legal entities operating QBE's AUSPAC division. The New Zealand business is a branch of QIA and has operations in both New Zealand and Australia. QBE's New Zealand Branch is a climate reporting entity under the *Financial Markets Conduct Act 2013* and therefore currently required to report in accordance with New Zealand climate standards (NZ CS).

QBE is in the process of implementing AASB S2 *Climate-related Disclosures*, which uses IFRS S2 *Climate-related Disclosures* as a baseline, for the consolidated Group entity for the period 1 January to 31 December 2025.

Overall comments

QBE welcomes the proposed class exemption and supports the proposed scope and conditions of the exemption. QBE considers there would be cost savings from not having to separately report on QBE's New Zealand operations applying NZ CS and believes there would be no loss of useful information for users of climate-related information.

Attached is the feedback form with QBE's responses to the specific questions in the consultation document. Should the FMA have any questions or would like to meet to discuss QBE's responses further, please contact [REDACTED].

Yours sincerely

[REDACTED]
[REDACTED]

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

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Proposed class exemption for entities incorporated in foreign jurisdictions from NZ climate reporting duties: [your organisation's name]' in the subject line. Thank you. **Submissions close at 5pm on Friday 24 October 2025.**

Date: 9 October 2025 Number of pages: 6

Name of submitter: [REDACTED]

Company or entity: *QBE Insurance (Australia) Limited*

Organisation type: Overseas insurer

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED]

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I would like my submission (or identifiable parts of my submission) to be kept confidential because... insert reasoning here.

| Question number | Response |
|--|---|
| <p>Q1: Do you agree with the problem statement on page 6, including why the status quo does not work effectively for overseas CREs?</p> | <p>Yes, in broad terms, QBE agrees with the problem statement on page 6.</p> <p>QBE’s insurance operations are organised across three divisions: North America, Australia Pacific, and International (which includes Europe, the UK and Asia). Accordingly, QBE faces climate reporting obligations in Australia, New Zealand, Europe and the UK.</p> <p>Each set of requirements in each of these jurisdictions are different in some respects. However, given QBE Insurance Group Limited is an Australian-based publicly listed company, AASB S2 which uses IFRS S2 as a baseline, is the most relevant benchmark.</p> <p>QBE consolidated Group will apply AASB S2 for its January to December 2025 financial year. New Zealand operations represent a small proportion of QBE’s activities based on a range of measures, including revenue. QBE does not plan to separately report its Australasian operations applying AASB S2, and the New Zealand operations would represent a small proportion of QBE’s Australasian activities based on a range of measures.</p> |
| <p>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.</p> <ul style="list-style-type: none"> • Primary users • Foreign listed issuers • Overseas banks • Overseas insurers | <p>QBE operates at a global level and identifies, assesses and manages its climate-related risks and opportunities at that level. Accordingly, there are costs to QBE of having to translate Group-wide functions to the separate New Zealand context.</p> <p>Translating QBE’s Group-wide climate reporting functions to the New Zealand context incurs several costs. These include duplicated effort to reformat and reconcile disclosures for NZ CS1, manual extraction of NZ-specific data from global systems, and additional assurance and regulatory engagement. The NZ climate statement relies heavily on QBE Group-led scenario analysis, risk and opportunity assessments, and GHG data collection, yet requires separate validation and tailoring for local compliance. This diverts resources from Group-wide strategic initiatives and creates inefficiencies without delivering proportionate stakeholder benefit.</p> <p>Since climate change is a global issue and QBE operates with a global footprint, primary users, such as institutional investors, credit rating agencies, regulators, and ESG analysts, will continue to use our climate disclosures to assess Group-wide exposure, strategy, and performance. These users are expected to rely on consolidated data to inform investment decisions, evaluate risk, and benchmark sustainability commitments. As QIA NZ operates as a branch and does not raise capital independently or maintain a separate listing on the New Zealand or Australian stock exchanges, standalone New Zealand disclosures are unlikely to be a focal point for these users. A global summary will therefore remain the most relevant and practical format for their needs.</p> |

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| <p>Q3: Is a class exemption from Part 7A of the FMC Act required or are there other interventions we could consider?</p> <p><i>Please give reasons for your view.</i></p> | <p>QBE considers a class exemption approach is most effective and less costly for preparers and the FMA than requiring entities to apply individually for exemptions.</p> |
| <p>Q4: Do you agree with the proposed scope and conditions of the exemption?</p> | <p>QBE agrees with the proposed scope and conditions of the exemption, namely:</p> <ul style="list-style-type: none"> • The entity complies with its home jurisdiction CRD regime • The entity lodges climate statements and any associated assurance report, prepared using its home jurisdiction's climate reporting and assurance requirements on the New Zealand CRD Register within 4 months of its balance date • We concur with not having as a condition that a foreign CRE must file in New Zealand separate climate statements for its New Zealand business using the home jurisdiction's climate reporting and assurance requirements. |
| <p>Q5: Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards?</p> | <p>QBE agrees with the proposed criteria for approving foreign jurisdictions and climate reporting standards, particularly the condition that application of foreign reporting standards would result in broadly equivalent information to that required by NZ CS.</p> |
| <p>Q6: Do you agree the Australia's mandatory climate reporting regime and AASB S2 are broadly equivalent to New Zealand's settings?</p> | <p>QBE agrees that Australia's mandatory climate reporting regime and AASB S2 are broadly equivalent to New Zealand's settings, as evidenced by the XRB's interoperability tool.</p> |
| <p>Q7: Do you believe there are any other jurisdictions that would currently meet our suggested criteria for inclusion in the proposed exemption notice?</p> | <p>QBE considers any jurisdictional requirements that closely align with IFRS S2 and relevant concepts from IFRS S1 would typically meet the suggested criteria.</p> <p>We note the IFRS Foundation has published profiles for 26 jurisdictions that have adopted or otherwise used the IFRS Sustainability Disclosure Standards (ISSB Standards) or are in the process of finalising steps towards introducing them into their regulatory framework. Some of these jurisdictions' regimes may meet the FMA's proposed criteria.</p> <p>[IFRS - IFRS Foundation publishes jurisdictional profiles providing transparency and evidencing progress towards adoption of ISSB Standards]</p> |
| <p>Q8: Please explain the impact of the proposed exemptions and conditions on the following stakeholders. Where appropriate, provide details of the costs (including compliance costs) and any benefits.</p> <ul style="list-style-type: none"> • Primary users • Foreign listed issuers • Overseas banks • Overseas insurers | <p>As a preparer, QBE considers the proposed exemptions would reduce compliance costs and allow resources to be focused more on the quality of the Group-wide climate reporting.</p> <p>While interoperability tools such as that prepared by the XRB between NZ CS and AASB S2 is helpful, interoperability tools do not eliminate the duplicated time and effort that needs to be expended to meet two or more sets of requirements.</p> <p>As an investor in equity and debt securities, QBE typically focuses on information at the listed-entity level and the proposed exemptions</p> |

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| | <p>would not reduce the availability of useful climate related information at that level.</p> <p>QBE considers that New Zealand users of climate related information would not be disenfranchised by the proposed exemptions because the most relevant climate related information for the types of entities exempted would typically be group-level information.</p> |
| <p>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?</p> | <p>QBE supports not requiring a foreign CRE to file in New Zealand separate climate statements for its New Zealand business using the home jurisdiction's climate reporting and assurance requirements, at the same time it must file its group climate statements. We consider that this approach will avoid unnecessary compliance costs, and will provide useful information for all users, including those in New Zealand.</p> <p>Many of the disclosures about climate-related risks and opportunities are identified, analysed and managed at a consolidated group level and are most relevant to consider at that level.</p> |
| <p>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?</p> | <p>QBE considers that having both exemptions in place would be reasonable, but considers the proposed exemption an improvement on the existing exemption because of the focus on information needing to be broadly equivalent to that required by NZ CS. This should help promote comparability of information lodged with the FMA.</p> |
| <p>Q11: Are any additional conditions required if this new exemption is granted?</p> | <p>QBE considers that the proposed conditions are sufficient.</p> |
| <p>Q12: Do you have any other comments?</p> | <p>QBE has no other comments.</p> |
| | |
| <p>Feedback summary – if you wish to highlight anything in particular</p> | |
| <p>Please note: Feedback received is subject to the Official Information Act 1982. We may make submissions available on our website, compile a summary of submissions, or draw attention to individual submissions in internal or external reports. If you want us to withhold any commercially sensitive or proprietary information in your submission, please clearly state this and note the specific section. We will consider your request in line with our obligations under the Official Information Act.</p> | |
| <p>Thank you for your feedback – we appreciate your time and input.</p> | |

Feedback form

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

Please submit this feedback form electronically in both PDF and MS Word formats and email it to us at consultation@fma.govt.nz with 'Proposed class exemption for entities incorporated in foreign jurisdictions from NZ climate reporting duties: [your organisation's name]' in the subject line. Thank you. **Submissions close at 5pm on Friday 24 October 2025.**

Date: 22 October 2025

Number of pages: 5

Name of submitter: [REDACTED]

Company or entity: Resolution Life Australasia Limited

Organisation type: Overseas ASIC Company and licensed (IPSA) NZ life insurer [branch] and licensed (FMCA) financial institution

Contact name (if different): [REDACTED]

Contact email and phone: [REDACTED]

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I would like my submission (or identifiable parts of my submission) to be kept confidential because... insert reasoning here.

| Question number | Response |
|--|---|
| <p>Q1. Do you agree with the problem statement on page 6, including why the status quo does not work effectively for overseas CREs?</p> | <p>Yes.</p> <p>Resolution Life Australasia Limited (RLAL) agrees with the problem statement. The current regulatory settings impose duplicative obligations on foreign CREs, particularly NZ branches of Australian insurers. With the commencement of mandatory Australian climate reporting from 2026, maintaining separate New Zealand branch-level reporting would result in unnecessary duplication of effort, cost, and assurance processes, with minimal additional benefit to stakeholders.</p> |
| <p>Q2. Please explain the impact of the status quo on the following stakeholders.</p> | <p><i>Primary users:</i> Primary users would continue to be well-served by access to the parent entity’s climate reporting, filed in parallel in New Zealand, produced under the nascent Australian regime. That reporting will include material New Zealand operations.</p> <p><i>Overseas insurers:</i> For NZ branches of Australian insurers, the current regime imposes six-figure “hard” compliance costs annually (excluding internal staff time). Delivering appropriate and compliant reporting, to fulfil RLAL’s reporting obligations, is taken very seriously. At the NZ branch level, that reporting <i>may</i> have provided some value in the absence of Australian reporting, and it was helpful insofar as preparing RLAL for reporting under the Australian regime. However, from 2026 and prospectively, RLAL considers any benefit substantially diminishes, to the point it should be considered redundant/spent.</p> |
| <p>Q3. Is a class exemption from Part 7A of the FMC Act required or are there other interventions we could consider?</p> | <p>Issuing a class exemption is an efficient and cost-effective solution (for FMA and market participants). Further, it is the most equitable solution, striking the right balance, and ensuring entities spanning multiple jurisdictions are not disadvantaged versus those operating in only one jurisdiction.</p> <p>The exemption would reduce unnecessary compliance costs while maintaining meaningful climate reporting through the foreign/Australian regime.</p> <p>If the class exemption is not issued (with conditions substantially as is proposed in the Consultation document), RLAL would seek an individual exemption on similar terms, noting RLAL’s case for relief is even more compelling vis-à-vis the proposed class exemption’s in scope entities.</p> <p>We note there are analogous individual exemptions issued in recent months (including CBA and Venetia). Those exemptions’ “Statement of Reasons” align with the proposed class exemption’s provisions. (<i>Indeed, if the class exemption does not proceed substantively unchanged, it could make FMA appear inconsistent in its position/view.</i>)</p> |
| <p>Q4. Do you agree with the proposed scope and conditions of the exemption?</p> | <p>Yes, certainly in relation to New Zealand branches of foreign life insurers. The proposed conditions are reasonable and ensure transparency without imposing undue burden.</p> <p>RLAL expresses no view on other sub-classes (e.g., NZ bank branches), which may have different profiles or features that could make aspects of the proposed exemption inappropriate to a sub-class(es).</p> |
| <p>Q5. Do you agree with the criteria for approving foreign jurisdictions and climate reporting standards?</p> | <p>Yes.</p> <p>The criteria, aligned with recognising overseas reporting under section 203 of the Companies Act 1993, are sound.</p> |

| Question number | Response |
|---|--|
| <p>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?</p> | <p>Yes.</p> <p>While “broadly equivalent” is subjective, for New Zealand branch life insurers, the Australian regime provides sufficient coverage of climate risks and opportunities. The group-level reporting under AASB S2 is appropriate and meaningful for stakeholders.</p> <p>Further, RLAL supports recognition of foreign regimes generally where they are broadly equivalent in substance. It should not be relevant whether the foreign regimes are identical, or even broadly equivalent, in form. Suitable jurisdictions include:</p> <ul style="list-style-type: none"> • Australia, with its AASB S2 modelled – as the Consultation document observes – largely on the International Sustainability Standards Board’s IFRS S2. • Singapore, which formally adopted IFRS S1 and S2 in March 2024, and • Japan, whose Sustainability Standards Board issued its inaugural standards this year, which are based largely on IFRS S1 and S2, and will be progressively applied over the next few years. <p>The key consideration should be using suitable international reference points, with IFRS S1 and S2 being prime examples. Such an approach ties together disparate regimes’ nuances and provides a compelling comparative basis for jurisdictional recognition. Aotearoa New Zealand’s Climate Standards are similarly aligned to IFRS S1 and S2, which are standards incorporating the recommendations of the Task Force on Climate-related Financial Disclosures.</p> <p>In addition, the three jurisdictions noted, above, also have robust local regulatory oversight regimes, so not only would the standards be broadly aligned the veracity of the reporting should be considered sufficient too.</p> |
| <p>Q7. Do you believe there are any other relevant jurisdictions that would currently meet our suggested criteria for inclusion in the proposed exemption notice?</p> | <p><i>Refer our response to Q6, above.</i></p> |
| <p>Q8. Please explain the impact of the proposed exemption and conditions on the following stakeholders.</p> | <ul style="list-style-type: none"> • <i>Primary users</i> should continue to receive meaningful climate-related information via easy access to parent entity reporting filed in New Zealand. • <i>Overseas insurers</i> (including their New Zealand branches) will see significant reductions in regulatory burden and compliance costs without compromising reporting quality. |
| <p>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?</p> | <p>No.</p> <p>Timing obligations should be sufficiently flexible to align with home jurisdiction requirements. A reasonable condition could be to file within one month of the parent entity’s filing (i.e., in its home jurisdiction). An even more flexible approach could be to require whatever is the most recent home jurisdiction’s reporting one month prior to the date required for filing the branch’s financial statements. That would accommodate potential significant mismatches between the home jurisdiction CRD reporting and New Zealand financial statements reporting time frames, particularly when financial year ends don’t align, which can happen.</p> |

| Question number | Response |
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| Q11. Are any additional conditions required if exemption relief is granted? | No additional conditions should be necessary. However, if further streamlining is possible (e.g., automatic criteria for recognition of certain jurisdictions or standards), that could enhance the exemption's utility. |
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Feedback summary –

Resolution Life Australasia Limited strongly supports the proposed class exemption for foreign CREs, particularly NZ branches of Australian life insurers. The exemption will reduce unnecessary compliance costs while maintaining meaningful climate reporting for stakeholders. The Australian regime is robust and suitable for recognition. Objectively, certain other APAC countries' regimes are too. We encourage the FMA to proceed with the exemption as proposed (or with further enhancements, which we outline in this submission).

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Thank you for your feedback – we appreciate your time and input.

External Reporting Board
Level 6/154 Featherston St
Central Wellington
6011
NEW ZEALAND

Swiss Re Life & Health Australia Limited
ABN 74 000 218 306
Level 36, Tower Two,
International Towers Sydney
200 Barangaroo Avenue
Sydney NSW 2000 Australia
Phone +61 2 8295 9500
Fax +61 2 8295 9600
www.swissre.com

17 October 2025

Re: Consultation- Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties

Dear Sir or Madam,

Please find enclosed our submission in response to the proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties. This submission outlines Swiss Re's views on the proposed exemption.

Yours sincerely,


Chief Financial Officer ANZ


Swiss Re Life & Health Australia Limited

Submission to the Financial Markets Authority of New Zealand

Submitted by: Swiss Re

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.

We agree that the multiple climate-related disclosure (CRD) regimes across jurisdictions result in “overlapping” reporting for overseas climate reporting entities (CRE) (as stated in the problem statement), increasing the related resource needs and costs. Swiss Re manages climate risks primarily at the consolidated group level, in terms of sustainability strategy, governance and initiatives. Instead of reporting separate local CRD, it is more efficient for a foreign branch to refer to its parent's CRD report, which leverages the Group-level CRD and provides a comprehensive view of the sustainability performance of the company.

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.

- **Overseas insurers**

We can offer a perspective as an overseas reinsurer, operating as the New Zealand branch of a larger international group, but cannot comment on the impacts for other types of CREs. Swiss Re seeks to ensure uniformity across its global operations. Consequently, sustainability-related policies, targets, actions and metrics are largely centralised and managed at the Group level instead of at the legal entity level. This means that the New Zealand branch report may overlap considerably with the group and/or Australian subsidiary report, offering less incremental value for end users but adding considerable costs to the reporting entity due to fragmented/different reporting requirements. Swiss Re and many groups in a similar position will also be required to have Group and Australian subsidiary reports subject to assurance requirements. Reliance on these can avoid duplication for local auditors.

As more jurisdictions require mandatory sustainability reports, there is increasing duplication of content to meet the overlapping reporting requirements of multiple jurisdictions, which could potentially lead to inadvertent inconsistencies.

With the arrival of mandatory Australian reporting requirements (AASB S2), we now face the requirement to produce two separate climate reports for the same legal entity:

- An AASB S2-compliant report for the Australian entity, and
- A NZ CS1–CS3 compliant report for the New Zealand branch of that same entity.

These two reports leverage Group level analysis and the Swiss Re Group report with much of the content overlapping.

This duplication increases compliance costs and diverts resources away from activities that could otherwise be focused on improving the quality of disclosures and progressing the transition with measures that have a real impact for the climate and environment. Incremental costs with limited additional value will increase the operating expense and eventually flow through as higher premiums for customers. By contrast, leveraging the parent's CRD report (where the regime is robust and based on legislative requirements in Switzerland and relevant international standards) would enable overseas reinsurers to allocate resources more

efficiently, reduce the reporting burden, and deliver clearer, more comprehensive disclosures of material climate-related activities to investors and regulators across both jurisdictions. In our case, this would be based on Australian AASB S2 as our New Zealand entity is a branch of an Australian entity.

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. Proposed scope and conditions of the exemption.

We support this class exemption for overseas CREs to rely on the CRD of their home jurisdictions.

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

We agree with the proposed scope (for foreign re/insurer branches, in particular) and the conditions that the CRE should comply with its home jurisdiction CRD regime, lodge its home jurisdiction's CRD on the New Zealand CRD Register, and make information available about its reliance on the exemption

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

We agree that the approved foreign jurisdictions should be where the reporting standards are based on TCFD recommendations, ISSB standards, or other frameworks that are sufficiently robust.

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.

Given that the AASB S2 is based on IFRS S2—which goes beyond New Zealand's current TCFD-based requirements, we support the acceptance of the Australian CRD regime as sufficiently robust to New Zealand's settings.

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.

We suggest a principle-based approach that recognizes a jurisdiction's CRD regime as sufficiently aligned based on the robustness of the international standards it is based on, which can include the TCFD, ISSB, or other internationally recognized CRD standards or frameworks.

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.

- Overseas insurers

Given that Swiss Re Life & Health Australia Limited (parent of the New Zealand branch) will be producing sustainability reports starting in 2026 (based on 2025 financial data), the acceptance of Australia's regime as "broadly equivalent" will streamline the reporting process and eliminate overlapping resources to meet New Zealand's CRD requirements, as well as prevent the reporting of duplicate and potentially misaligned information.

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?

Other than the requirement for a foreign CRE to lodge climate statements (i.e. the home jurisdiction's climate reporting and any associated assurance report) on the New Zealand CRD Register by the stipulated timeline, there should not be additional climate statements for the entity to file. This is in line with the objective of the consultation to reduce the reporting burden.

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?

N/A

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

N/A

Other

Q12. Do you have any other comments?

N/A

