

## New Zealand's climate reporting regime

Key updates and considerations for  
management and directors

November 2025



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# 1| MBIE's decision on adjustments to the climate reporting regime

On Wednesday 22 October 2025, the Ministry of Business, Innovation and Employment (MBIE) announced its decision to make the following amendments to New Zealand's climate reporting regime:

## Changes to the CRD Regime

- The current threshold is \$60 million market capitalisation for equity issuers and \$60 million total face value of quoted debt for debt issuers.
- **The new threshold will be \$1 billion for both equity and debt issuers.**
- Companies below the reporting threshold can continue reporting if they wish to.

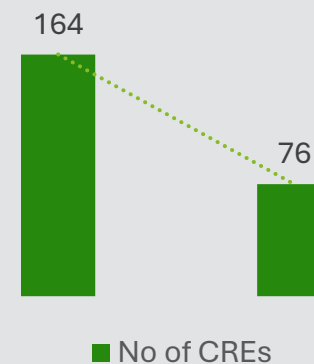
## Removal of managed investment scheme (MIS) Managers

- Currently, MIS managers with more than \$1 billion in total assets under management must produce annual climate statements.
- This covers 22 MIS with approximately \$230 billion in funds under management.
- **MIS managers will no longer be required to prepare annual climate statements.**

## Amendment of liability settings

- **Directors will no longer have personal responsibility (deemed liability)** if their company breaks climate reporting rules.
- **Directors and reporting companies will not have to show the same level of evidence for climate disclosures as they do for financial disclosures.**
- Directors and companies will **still be liable for misleading or deceptive conduct, or false or misleading statements.**

**“The number of reporting entities will **reduce by about half overall, from 164 to 76**, with 66 listed companies and 22 MIS managers removed from the regime.”**



## Next Steps

Legislation to put these changes into effect will be passed as part of the Financial Markets Conduct Amendment bill in 2026

Reference: • [Capital markets changes to boost business growth | Ministry of Business, Innovation & Employment](#)  
• [Decisions on capital markets reforms - Fact sheet - Oct 2025](#)



## 2| FMA 'no action' approach

From 1 November 2025, climate reporting entities affected by recently announced climate reporting changes **will no longer be expected to lodge climate statements ahead of legislative changes.**

The FMA is taking a 'no action' approach, for all post-June year-end entities exiting the regime, effective from Saturday 1 November 2025 – the official announcement was released 28 October 2025: [Entities affected by climate reporting changes granted “no action” relief | Financial Markets Authority.](#)

For affected Climate Reporting Entities (CREs) with upcoming lodgement dates for the 2025/2026 reporting period, the 'no action' approach means that **the FMA will not take any action in respect of a failure to prepare or lodge climate statements**, or any other obligation under Part 7A of the FMC Act.

- This 'no action' approach will **begin on 01 November 2025.**
- CREs with **30 June 2025 balance dates** are still required to lodge their climate statements by 31 October 2025.

- A 'no action' approach means that the **FMA will not take action against a person for breach of a statutory or regulatory obligation.**
- An FMA 'no action' confirmation does not necessarily preclude third parties from taking legal action in relation to the same conduct or conduct of that kind.

### Note

Some affected CREs may choose to continue to produce climate statements on a voluntary basis after the amending legislation is enacted and the thresholds for reporting are changed. These entities are reminded that the fair dealing provisions in Part 2 of the FMC Act will continue to apply to representations made in voluntary reporting.



# Exiting New Zealand's climate disclosures regime?

## Key considerations for management and directors

### 3| Key considerations for entities exiting New Zealand's climate disclosures regime

If your entity is no longer captured by the climate reporting requirements of the Financial Markets Conduct Act, there may still be reasons to focus on climate risk management and reporting.



#### Consideration of international climate regimes and investor confidence

Your organisation may be required to disclose actions being taken to manage climate risks for other reasons. For example:

- suppliers to customers captured by other regimes may need to provide evidence of actual emissions, resilience planning, emissions reduction, climate risk management and transition planning as part of the other entity's value chain.
- Subsidiaries of foreign entities may need to comply with foreign frameworks to support group reporting.
- The [NZX Corporate Governance Code](#) recommends that issuers provide disclosure of ESG factors with further guidance included in the [ESG Guidance Note](#). The Listing Rules provide for a "comply or explain" approach with disclosure in the annual report as to the extent to which an issuer has followed the recommendations of the Code (refer [rule 3.8.1 in the Listing Rules](#)). The FMA has also issued similar [Corporate Governance Principles](#) which apply more broadly to FMC reporting entities.



#### Access to credit and insurance, and risk-based pricing

Domestic and international banks, institutional investors, and insurers may be captured by climate and may leverage risk-based pricing to reduce the level of risk carried in their portfolios, as well as to achieve sustainable finance targets and manage their scope 3 (category 15) financed emissions. They may therefore favour entities that demonstrate proactive management of climate risk (both transition and physical). Entities that are actively managing climate risk exposure may also benefit from a stronger credit rating, continued access to credit, continued access to insurance, and potentially more stable premiums and interest rates.



#### Accountability and primary user considerations

Climate-related matters are required to be considered when preparing financial statements if the effect of them could be material. Deficiencies in analysis could lead to a challenge by shareholders or investors, and could potentially expose the entity to litigation. Litigation risk would be heightened where climate risk isn't robustly considered, including its potential impact on financial statements (and disclosure thereof where material).



#### Preparing for the future

The regulatory landscape is evolving rapidly, both in New Zealand and internationally. Voluntary reporters are better prepared for future requirements, including expanded assurance, broader ESG disclosures, and alignment with global standards. Early movers typically can shape the narrative, influence policy, and set the benchmark for their peers.





### 3| Key considerations for entities exiting New Zealand's climate disclosures regime (cont.)



#### Legal considerations

Entities that have a strategy for managing climate risk exposure (both transition and physical risk exposure) are more likely to have processes and controls in place to manage the risk. Where organisations are subject to media scrutiny or legal risk, those able to provide evidence of due consideration, planning, processes, and controls, will be better positioned to provide a robust defence, even where impacts may have been underestimated.

Conversely, reporting entities that have no governance processes to provide effective oversight of climate risk, no processes in place to manage climate risk, and no strategic plan to mitigate exposure to climate-related risk are likely to be challenged by investors, auditors, consumers and lobby groups. As evidenced by [Deloitte's sustainability survey 2025](#), C-suite executives the world over continue to see value in managing climate-related risk, being able to disclose performance with confidence, and in transitioning their businesses for the future.



#### Fiduciary Duties

In determining whether to discontinue climate reporting, Directors and Executive Management may consider the [legal clarification made by Chapman Tripp](#) in 2019, which found that fiduciary duties extend beyond financial matters to include climate risk governance. According to Chapman Tripp's legal opinion, Directors have a fiduciary duty to oversee risk management and ensure that material risks - including climate-related risks - are adequately disclosed. Failure to do so may expose Directors to liability for misleading statements or omissions in financial reports, particularly where climate risks are financially material.



#### Litigation Risk

The FMA has issued a ['No Action' notice for climate reporting entities](#) exiting the scheme. A 'no action' approach means that the FMA will not take action against a person for breach of a statutory or regulatory obligation. As pointed out by FMA, a 'no action' confirmation does not necessarily preclude third parties from taking legal action in relation to the same conduct or conduct of that kind.





# XRB and FMA consultations underway



## 4| XRB – 2025 amendments to climate and assurance standards

On 31 October, the XRB's Sustainability Reporting Board (SRB) voted to extend the adoption provisions for scope 3 greenhouse gas (GHG) emissions disclosure and assurance, and anticipated financial impacts, for an additional two reporting periods. On 3 November, the New Zealand Auditing and Assurance Standards Board (NZAuASB) voted to replicate the impact of the extension for scope 3 GHG emissions assurance in the assurance standard.

1

Extend exemption period on disclosure & assurance over Scope 3 greenhouse gas (GHG) emissions

Relates to AP4, AP5, AP7, AP8

The XRB has agreed to the following exemptions:

- **Extension of Adoption Provision 4**, Scope 3 emissions disclosure are **extended** for a further 2 reporting periods.
- **Extension of Adoption Provision 8, Assurance** on Scope 3 emissions are **extended** for a further 2 reporting periods.
- **Extension of Adoption Provisions 5 (Comparatives for Metrics), and 7 (Analysis of Trends)**, for a commensurate period relating to the extension of disclosure and assurance exemptions on AP4 and AP8, respectively.

XRB's rationale for doing so is based on feedback from CREs and assurance practitioners that:

- **Disclosure** of Scope 3 GHG emissions are complex and burdensome, with some CREs citing undue cost and complexity.
- **Assurance** of Scope 3 GHG emissions assurance is challenging and costly
- **Other jurisdictions/countries** are also delaying introduction and amending requirements for Scope 3 GHG reporting.

2

Extend exemption period on disclosure of anticipated financial impacts (AFIs)

Relates to AP2

The XRB has agreed to the following exemption:

- **Extension of Adoption Provision 2**, disclosure of anticipated financial impacts are extended for a further 2 reporting periods.

XRB's rationale for doing so is based on feedback from CREs and assurance practitioners that there is:

- Significant international uncertainty (ISSB and ESRS) about what is expected from AFIs disclosures
- There is a need for more clarity, support and time to disclose AFIs disclosure in terms of providing additional guidance materials

The following standards will now move through the formal gazetting process:

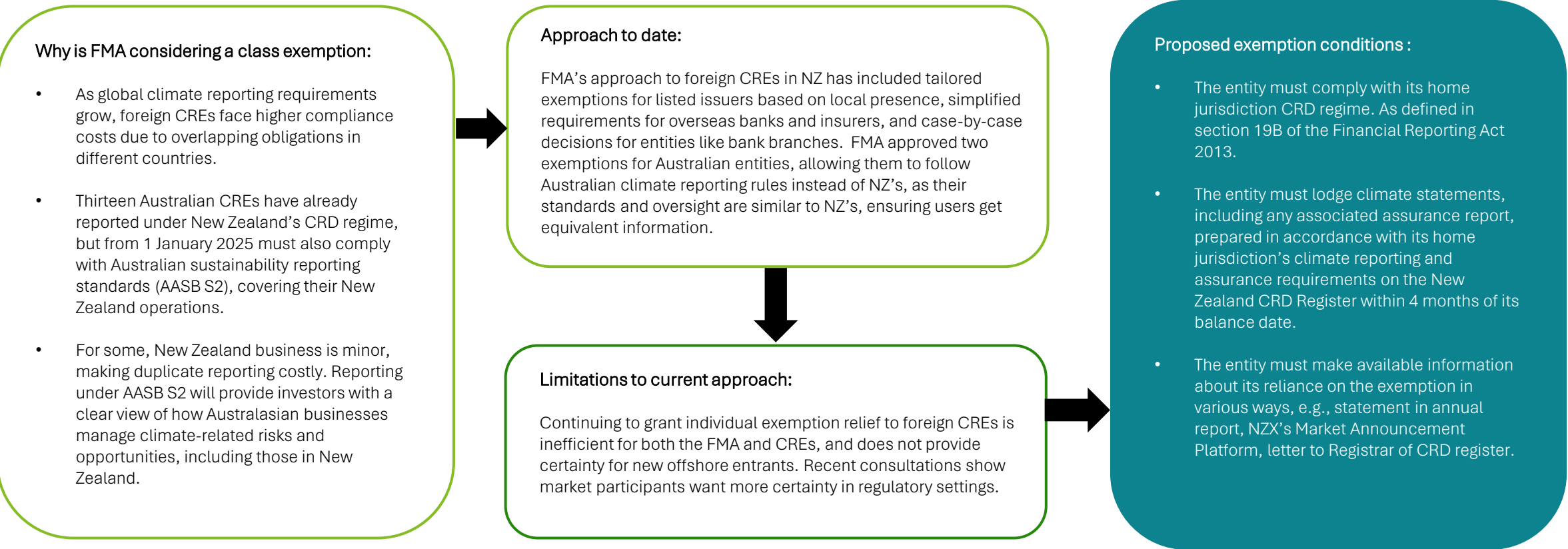
- **Amendments to Adoption of Aotearoa New Zealand Climate Standards 2025**, which amends NZ CS 2 Adoption of Aotearoa New Zealand Climate Standards.
- **Amendment to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2025**, which amends New Zealand Standard on Assurance Engagements 1 (NZ SAE 1) Assurance Engagements over Greenhouse Gas Emissions Disclosures.

References:

- [2025 Amendments to Climate and Assurance Standards](#)
- [Climate Alerts » XRB](#)

# 4| FMA – Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties

Foreign entities required to do similar climate reporting in their home country may get an exemption to submit those reports to the NZ CRD Register, with conditions such as disclosing use of the exemption. **Consultation closed 24 October 2025.**



Reference: [Proposed class exemption for entities incorporated in foreign jurisdictions from New Zealand climate reporting duties](#)

## 4| XRB future changes to climate and assurance standards

The External Reporting Board has sought information on the potential for alignment with international standards, now that the International Sustainability Standards Board has issued IFRS S2 Climate-related Disclosures and other jurisdictions (including Australia) have aligned their disclosure with this. A summary of the feedback received is available here: [What we heard RFI on international alignment of CRD](#)

In short, many submitters noted that:

- International alignment is important for improving comparability, reducing duplication, streamlining reporting processes, meeting investor expectations and improving market access.
- There is a need for stability and a phased approach to change, particularly to avoid frequent disruptions and increased compliance burdens.
- There is support for mutual (or unilateral) recognition, particularly between New Zealand and Australia in order to reduce compliance burdens and enhance efficiency.

As there is clear support for change the XRB is planning to publish a consultation document outlining potential change options later this year.

The XRB has also been consulting on whether international standards for assurance practitioners should be made available for use in New Zealand, and is currently considering feedback received. For more information: [International alignment consultation » XRB](#)

International alignment of reporting standards ensures we keep pace with international practice, enables access to international capital and reduces unnecessary regulatory burden for entities operating in multiple jurisdictions.



## 5| FMA relief for CRE entities on inclusion of climate statements in Annual Report and Australian licensees

FMA provided a review update in September 2025 for Climate Reporting Entities (CREs) to grant continued exemption relief both of the exemption notices below:

### [Financial Markets Conduct \(Requirement to include Climate Statements in Annual Report\) Exemption Notice 2023](#)

- Existing notice above due to expire in December 2025

### [Financial Markets Conduct \(Australian Licensees\) Exemption Notice 2020](#)

- Existing notice above due to expire in April 2026

FMA will:

- continue reviewing the remaining exemption notices expiring in 2026
- announce decisions in December 2025 for some of the exemption notices that are due to expire
- Review and announce the decisions of the remaining exemption notices mid-next year

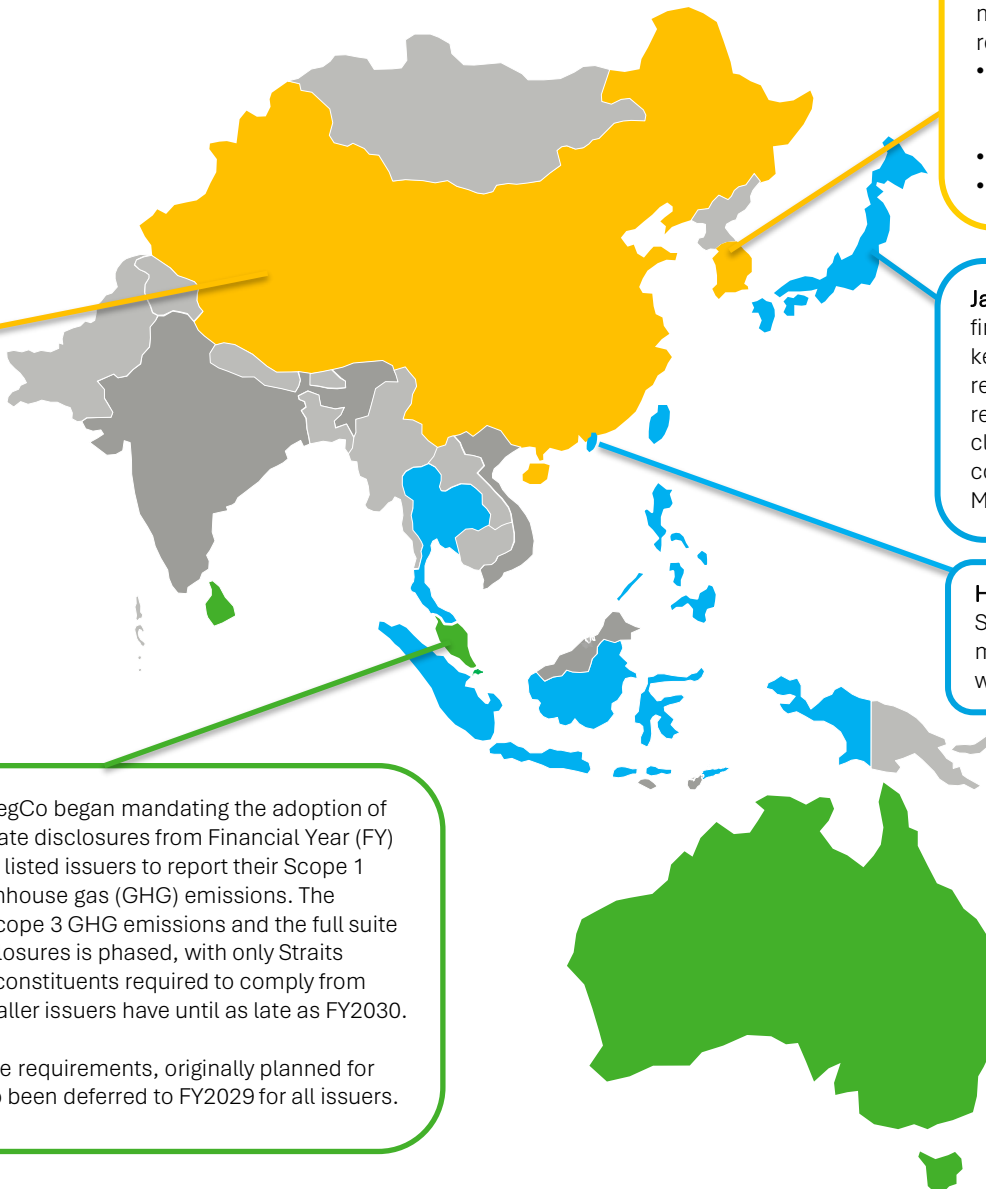
Reference: [Review of expiring class exemption notices, and designations](#) | Financial Markets Authority



# Climate regulations in New Zealand's key export markets

# 6| Climate reporting in NZ's Asian export markets

Asia is the recipient of 57% of all NZ exports  
(Source: [Trading Economics](#) November 2025)



**China:** New sustainability reporting guidelines were announced for listed companies in February 2024, with requirements for larger cap and dual-listed issuers to begin mandatory ESG disclosures from 30 April 2026.

This captures:

- Companies listed on the Shanghai Stock Exchange's SSE 180 and STAR 50 indices, and the Shenzhen Stock Exchange SZSE 100 ChiNext indices
- Dual-listed companies (firms listed on both Chinese stock exchange and a foreign stock exchange)

**South Korea:** In April 2024, draft sustainability disclosure standards based on ISSB standards – KSSB 1 and KSS2 were introduced, and the timing of mandatory disclosure will be determined after 2026. Reporting requirements will capture:

- Phase 1 (FY26): Korea Composite Stock Price Index (KOSPI)-listed companies with assets ≥ KRW 2 trillion / NZD2.5bn (approx. top 100 firms)
- Phase 2 (anticipated FY28): Mid-cap KOSPI companies
- Phase 3 (FY30): All KOSPI-listed companies

**Japan:** In March 2025, the Sustainability Standards Board of Japan (SSBJ) finalised its inaugural sustainability disclosure standards, comprising three key documents: Application Standard (aligned with IFRS S1's fundamental reporting requirements), General Standard (focusing on sustainability-related risks and opportunities), and Climate Standard (mirroring IFRS S2's climate-related disclosures). Mandatory adoption for Prime Market-listed companies is planned to phase in starting with fiscal years ending from March 2027.

**Hong Kong:** HKICPA published the final HKFRS S1 and HKFRS S2 (Hong Kong Sustainability Disclosure Standards) in December 2024. These have a non-mandatory, voluntary effective date of 1 August 2025. Mandatory adoption will start from large publicly accountable entities no later than 2028.

**Singapore:** SGX RegCo began mandating the adoption of ISSB-aligned climate disclosures from Financial Year (FY) 2025, requiring all listed issuers to report their Scope 1 and Scope 2 greenhouse gas (GHG) emissions. The requirement for Scope 3 GHG emissions and the full suite of other ISSB disclosures is phased, with only Straits Times Index (STI) constituents required to comply from FY2026, while smaller issuers have until as late as FY2030.

External assurance requirements, originally planned for FY2027, have also been deferred to FY2029 for all issuers.

**Australia:** Mandatory climate reporting in Australia, based on AASB S2 (IFRS S2 aligned), commences for Group 1 entities for financial years beginning on or after 1 January 2025, with a phased rollout for all other required entities to follow. AASB S1 (General Requirements) remains voluntary.

This Deloitte Australia publication covers who has to report, what must be reported and the assurance requirements that will apply in Australia's phased roll out: [A new era of sustainability reporting | Deloitte Australia](#)

Key: Status of alignment with standards issued by the ISSB
Announced
Under Development
Effective
No ISSB Alignment



# 6| Climate reporting in NZ’s global export markets

Americas and Europe account for 17% and 9% of NZ exports, respectively

(Source: [Trading Economics](#) November 2025)

## United States

- **US SEC Climate disclosure regulations:** Rule finalised in March 2024 requiring companies to report on climate risks and greenhouse gas emissions. The rule was vigorously contested. On March 28, 2025 the SEC voted to end its legal defence of its climate disclosure rules, effectively walking away from its regulation, without actually having to rescind the rules.
- **New York State** has introduced mandatory disclosure of Scope 1 and 2 emissions in 2027 and disclosure of Scope 3 emissions in 2028 for businesses with total annual revenues exceeding \$1 billion in the preceding fiscal year.
- **California State:** The California Climate Corporates Data Accountability Act (Senate Bill 253) requires public and private companies with over \$1 billion in annual revenue that do business in California to report on their GHG emissions, including Scope 1 and 2, starting in 2026 and Scope 3 emissions reporting starts in 2027. The Climate-Related Financial Risk Act requires companies with more than \$500 million in revenues to report climate-related financial risks and threats each year.

## European Union (EU)

- **Corporate Sustainability Reporting Directive (CSRD) :** Key elements of the EU Sustainability Omnibus package proposed by the European Commission in February are a new directive that will amend the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD). The key elements include modified scope for CSRD and CSDDD, due diligence under CSDDD and transition plan under CSDDD.
- Reporting obligations :
  - For CSRD reporters in wave two and three: Reporting obligations have been delayed by two years. This means they will begin reporting for financial years starting in 2027 and 2028, respectively.
  - For the first wave of CSDDD application: The deadline for the largest companies to comply has been pushed back one year to July 26, 2028.
  - For CSDDD transposition into national law: Member States have an additional year, until 26 July 2027, to implement the directive into their national laws.

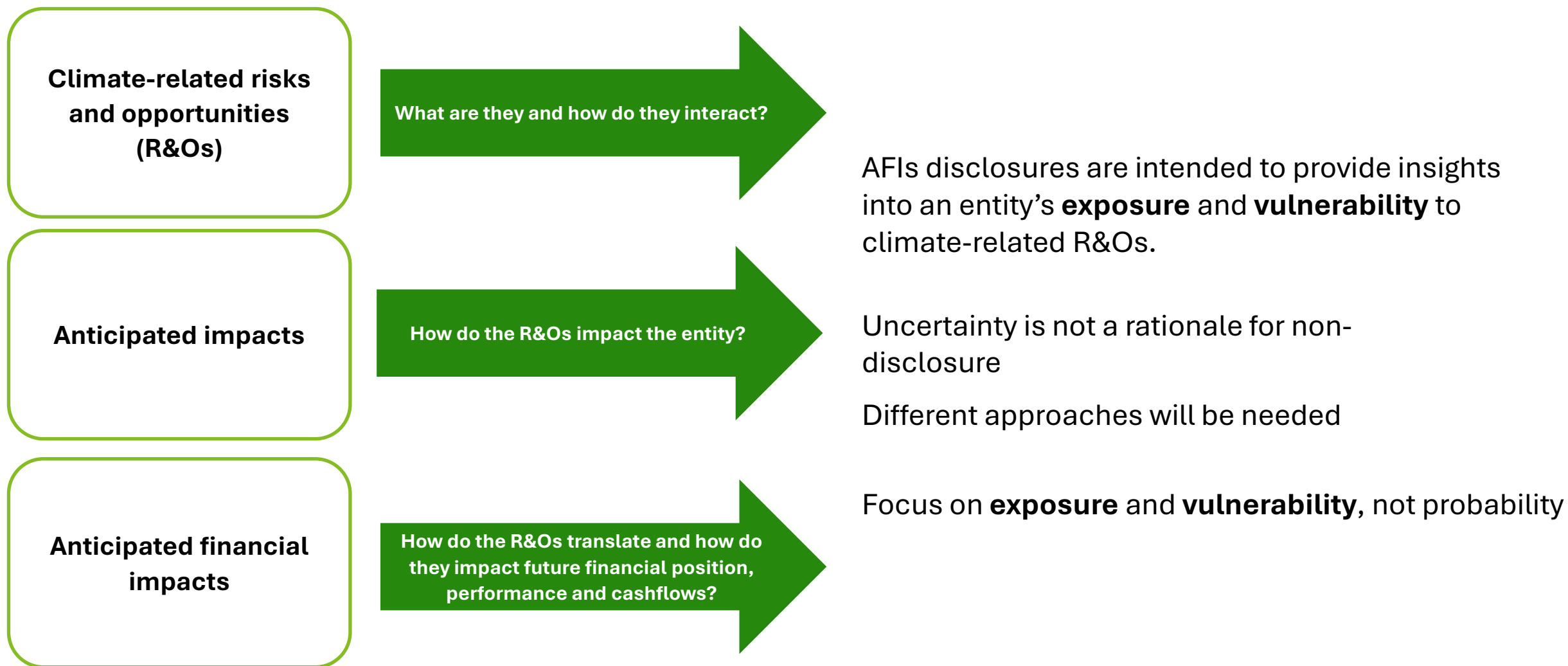
Scope of application		Commission		Council	JURI
CSRD	Captured entities	EU entities	Large non-EU subsidiaries or branches	All entities	European Parliament
	Turnover	€50 million	€450 million	EUR 450 mil	€450 mil
	Number of employees	1,000	1,000	1,000	1,000
CSDDD	Turnover	EUR 450 mil	EUR 450 mil	EUR 1.5 billion	EUR 1.5 billion
	Number of employees	1,000	1,000	5,000	5,000



# Summary of XRB and IFRS Guidance to modelling Anticipated Financial Impacts

## 7 | Summary of XRB staff guidance on AFIs – Issued July 2025

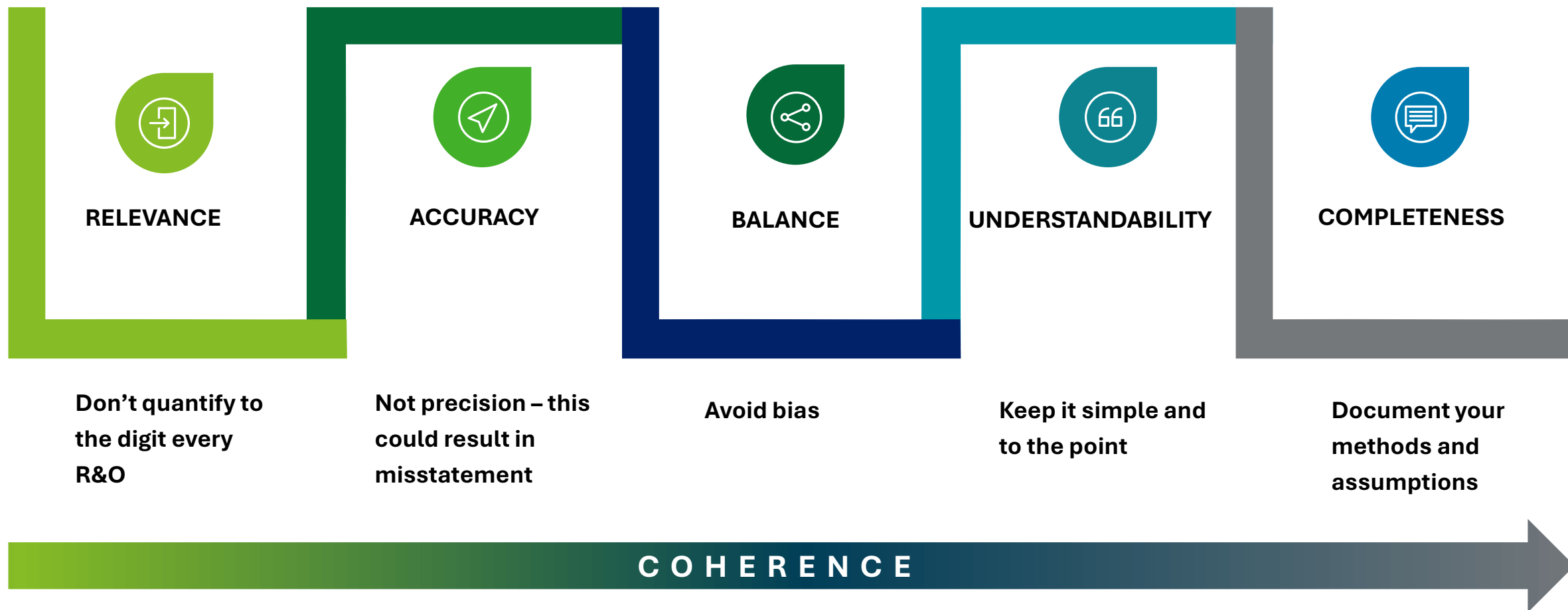
XRB staff guidance on modelling AFIs can be found here: [GHG emissions guidance data quality](#)





## 7 | Summary of XRB staff guidance on AFIs – Issued July 2025

XRB staff guidance on modelling AFIs can be found here: [GHG emissions guidance data quality](#)



**AFIs should be linked to the identified R&Os and should be reflected in financial statements (if material).**

## 7 | Summary of IFRS guidance on disclosing information about AFIs - Issued August 2025

IFRS guidance on modelling AFIs can be found here: [Disclosing-information-anticipated-financial-effects.pdf](#)

When preparing disclosures on anticipated financial effects, a company does not need to carry out an exhaustive search for information. Instead, it uses:

**All reasonable and supportable information available at the reporting date without undue cost or effort**

Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions.

Companies:

- need only to use information that is available to them at the reporting date including historical, current or forward-looking information (such as forecasts of future conditions)
- cannot disregard information that is known or publicly available
- need to have an appropriate basis for using the information.

**An approach commensurate with the skills, capabilities and resources available to the company.**

A company:

- need not carry out an exhaustive search to obtain information to meet the relevant disclosure requirement; and
- considers the benefits for investors and the incremental effort, or costs required to provide such additional information.

**Some information is always considered to be available to a company without undue cost or effort**

This information includes information the company used:

- in preparing its financial statements;
- in operating its business model;
- in setting its strategy; and
- in managing its risks and opportunities

### Sources of information

Information comes from various sources of data, both internal and external.

Internal data sources include the company's risk management processes or other reports and statistics. External data sources include public databases, industry and peer group experience and external ratings.

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Information about anticipated financial effects	
What it is	What it is not
<b>Estimated</b> <ul style="list-style-type: none"><li>The use of reasonable estimates is an essential part of preparing sustainability-related financial disclosures. In providing quantitative information, a company may disclose a single amount or a range.</li></ul>	<b>Precise / Definitive / Predictive</b> <ul style="list-style-type: none"><li>When preparing disclosures about anticipated financial effects, a company does not need to carry out an exhaustive search for information.</li></ul>
<b>Quantitative and qualitative</b> <ul style="list-style-type: none"><li>Providing a combination of both quantitative and qualitative information is most useful for investors to enable them to make investment decisions.</li></ul>	<b>Commercially sensitive</b> <ul style="list-style-type: none"><li>A company does not need to disclose information about a sustainability-related opportunity if that information is commercially sensitive as described in IFRS S1, such as confidential merger and acquisition plans.</li></ul>

# 7 | Summary of IFRS guidance – seeking out the ‘fact pattern’

IFRS guidance on modelling AFIs can be found here: [Disclosing-information-anticipated-financial-effects.pdf](#)



	Example Scenario	Example Disclosure
Transition Risk	A company expects increased costs due to carbon pricing or regulatory changes.	Estimate the potential increase in operating expenses over the next [NUMBER] years, including assumptions about carbon price trends.
Transition Opportunity	Investment in renewable energy to reduce emissions.	Outline expected capital expenditure, projected cost savings, and impact on revenue streams.
Physical Risks	Exposure to extreme weather events affecting supply chains.	Quantify anticipated disruptions, insurance costs, or asset write-downs.

## Best Practices for Disclosure

- Be specific: Use relevant metrics and timeframes.
- Explain assumptions: Clearly state methodologies and data sources.
- Balance detail and clarity: Avoid excessive technical jargon; focus on material impacts.
- Update regularly: Reflect changes in risks, opportunities, and business strategy.



## 8| Any questions? Contact us

For more insights on climate reporting, connect with Deloitte New Zealand's Sustainability & Climate team.



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