

October 2025

FSC Debrief – Adjustments to the Climate-Related Disclosures Regime

Background:

From December 2024 to February 2025, MBIE consulted on possible changes they are considering making to the climate-related disclosures (CRD) regime to ensure that reporting thresholds and director liability settings are appropriate and proportionate for the New Zealand context. These include reducing the number of entities captured and to relieve directors of personal liability. The listed issuer thresholds are also proposed to be lifted from NZD60m to NZD550m and the fund managers' threshold lifted from NZD1bn to NZD5bn assets under management.

Resources:

Consultation Paper [here](#)

Press release [here](#)

Overall:

- FSC's submission was highly influential. The final policy outcomes closely align with FSC's key recommendations across all major areas.
- The Government adopted FSC's core messages: proportionate compliance, cost reduction, simplification, and maintaining integrity of disclosure.
- MIS managers fully removed, one of the most significant wins.
- Threshold lifted to \$1 billion, providing major relief for smaller issuers.
- Director liability reform implemented, reducing personal risk.
- Remaining open issues: timing of XRB review and clarity on future differential reporting standards.

Overall Outcome: Strong success. FSC positions largely accepted or exceeded.

Impact: Major compliance cost savings, better proportionality, enhanced market competitiveness, and maintained investor trust.

Proposal	FSC Submission Recommendation	Final amendments	Outcome indicator
			Poor Medium Good
Adjustments to the Climate-related Disclosures (CRD) Regime	The FSC submission noted significant issues and resource drain since inception. Encouraged simplification and	Government confirmed "common-sense changes" to make CRD fit for purpose.	Government adopted the substance of FSC's position. Acknowledges

	streamlining of NZ Climate Standards (NZ CS).	Regime reset to be more proportionate.	high compliance cost and excessive burden.
Reporting Threshold for Listed Issuers	Supported Option 3: A staged approach consistent with Australia, keeping larger entities within scope while relieving smaller issuers.	Threshold lifted from \$60m to \$1b market capitalisation for equity and debt issuers. Reduces total CREs from 164 to 76.	Government adopted an even higher threshold than FSC proposed, aligning with FSC's view that smaller entities should be excluded. Major compliance win.
Removal or Differential Reporting for MIS Managers	Strongly advocated for differential reporting for MIS Managers, arguing high costs and low value of CRD for this class.	Managed Investment Scheme (MIS) managers removed entirely from CRD regime.	Reflects FSC's submission almost verbatim. Recognises cost and limited investor benefit for MIS reporting. Significant regulatory relief for fund managers.
Director Liability Settings	Supported removal of deemed liability (s 534) but retention of liability for involvement in contraventions. Emphasised need for education, proportionality and safe harbour during early years.	Deemed liability for directors removed. Directors still liable for misleading or deceptive conduct or false/misleading statements. Lower evidentiary burden than financial statements.	Aligns directly with FSC recommendations. Maintains integrity while reducing risk and over-caution in disclosures.
Sequencing of Reforms	Requested that XRB review of Climate Standards occur before legislative changes, to ensure consistent framework and proportionality.	Legislative reform proceeding, but Government acknowledges XRB review as ongoing.	While sequencing was not fully delayed, Government accepted XRB simplification as part of broader reform pathway.

Reporting Thresholds for MIS Managers	Preferred Option 2 (\$5b FUM) as middle ground if MIS managers remained in scope.	MIS managers removed altogether, so threshold change no longer required.	FSC's alternative approach effectively adopted in full via removal from regime
Location of Reporting Thresholds	Preferred Option 2: a move to secondary legislation for flexibility with consultation requirements.	Government agreed; thresholds will move to secondary legislation with formal consultation before changes.	Adds regulatory flexibility while ensuring transparency.
Differential Reporting Regime (XRB)	Supported a separate simplified reporting standard for MIS managers and potential proportional application for smaller entities.	XRB review confirmed; simplification and streamlining to be considered.	While not yet implemented, clear acknowledgment that simplification is on the agenda.
Barriers to listing	Stated CRD thresholds and director liability may deter listings and increase cost/risk for smaller issuers.	Government explicitly cited feedback that climate reporting was deterring listings; reforms aim to reverse that trend.	FSC's position directly reflected in press release language. Supports healthier capital markets.
Costs of Compliance and Data Access	Highlighted significant costs: data subscriptions, assurance, staff resourcing, scenario analysis, and transition planning.	Government recognised compliance costs of up to \$2 million per entity, using this as rationale for reform.	FSC's evidence used directly in Minister's communication.
Subsidiaries of Multinationals	Not a major focus of our submission but noted risk of confusion and comparability issues if overseas reports substituted.	Government to allow voluntary parent statement filing or links on MBIE website; clear warnings about comparability.	Consistent with FSC's cautious stance; no adverse outcome.
Broader Capital Markets Reform Context	Supported broader reforms that balance climate objectives with market competitiveness and investor confidence.	Government aligning CRD reform with capital markets growth agenda and KiwiSaver transparency measures.	Reflects holistic adoption of FSC's proportionate and pragmatic regulatory philosophy.