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Climate-related disclosures: monitoring insights

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Agenda

1. FMA's role and monitoring approach
2. Observations to date
3. XRB and FMA guidance and key considerations for primary users
4. What's on the horizon

FMA's role and monitoring approach



The legislation and our role

PRIMARY LEGISLATION



Financial Markets Conduct Act 2013

Part 7A

Climate-related disclosures for certain FMC reporting entities with higher level of public accountability

SECONDARY LEGISLATION



Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD



Provides a framework for entities to consider climate-related risks and opportunities.

[NZ CS 1 →](#)



Outlines a limited number of adoption provisions.

[NZ CS 2 →](#)



Establishes principles and general requirements.

[NZ CS 3 →](#)

SECONDARY LEGISLATION



Financial Markets Conduct Regulations 2014



Responsible for the independent monitoring and enforcement of the climate-related disclosures regime

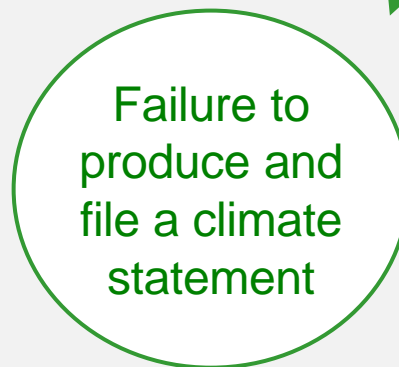
What does the FMA do?



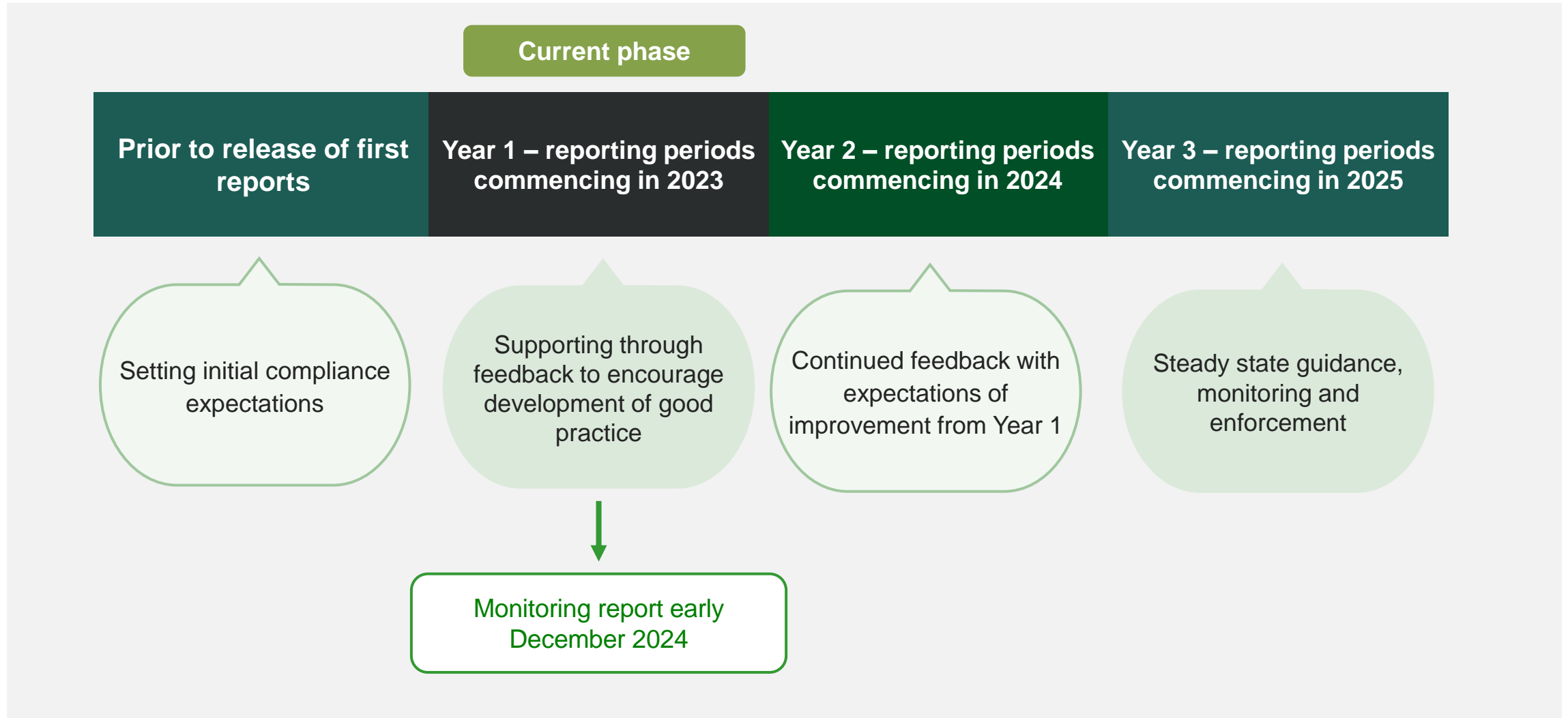
Broadly educative and constructive approach



Enforcement action where there has been **serious misconduct**



Approach will evolve over time



Why regulate the CRD regime?



To provide primary users with more confidence in climate-related disclosures.



Observations to date



Observations so far



Reviews indicate entities made reasonable efforts to comply



Areas for improvements across almost all climate statements

Insights

- Materiality
- Fair presentation
- Methods, assumptions and uncertainty
- Explain the “how”
- Disclose all material information to explain climate-related risks and opportunities
- Consistency and coherence with other information



Key considerations for primary users



Joint XRB and FMA user guides

June 2024

Climate-related Disclosures Regime: What you need to know

 **XRB** | Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

 **FMA**
FINANCIAL MARKETS AUTHORITY
TE MANA TĀTAI HOKOHOKO

June 2024

Navigating climate statements Readers' guide

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 **FMA**
FINANCIAL MARKETS AUTHORITY
TE MANA TĀTAI HOKOHOKO

Mandatory disclosure not mandatory action

 CRD regime does not require entities to mitigate or adapt to climate change

Mandatory disclosure of:



Climate governance



Current and future impacts



Transition plan aspects of strategy



Risk management



Metrics and targets

Ok, so what is the purpose?



Ensure entities routinely consider the risks and opportunities climate change presents.



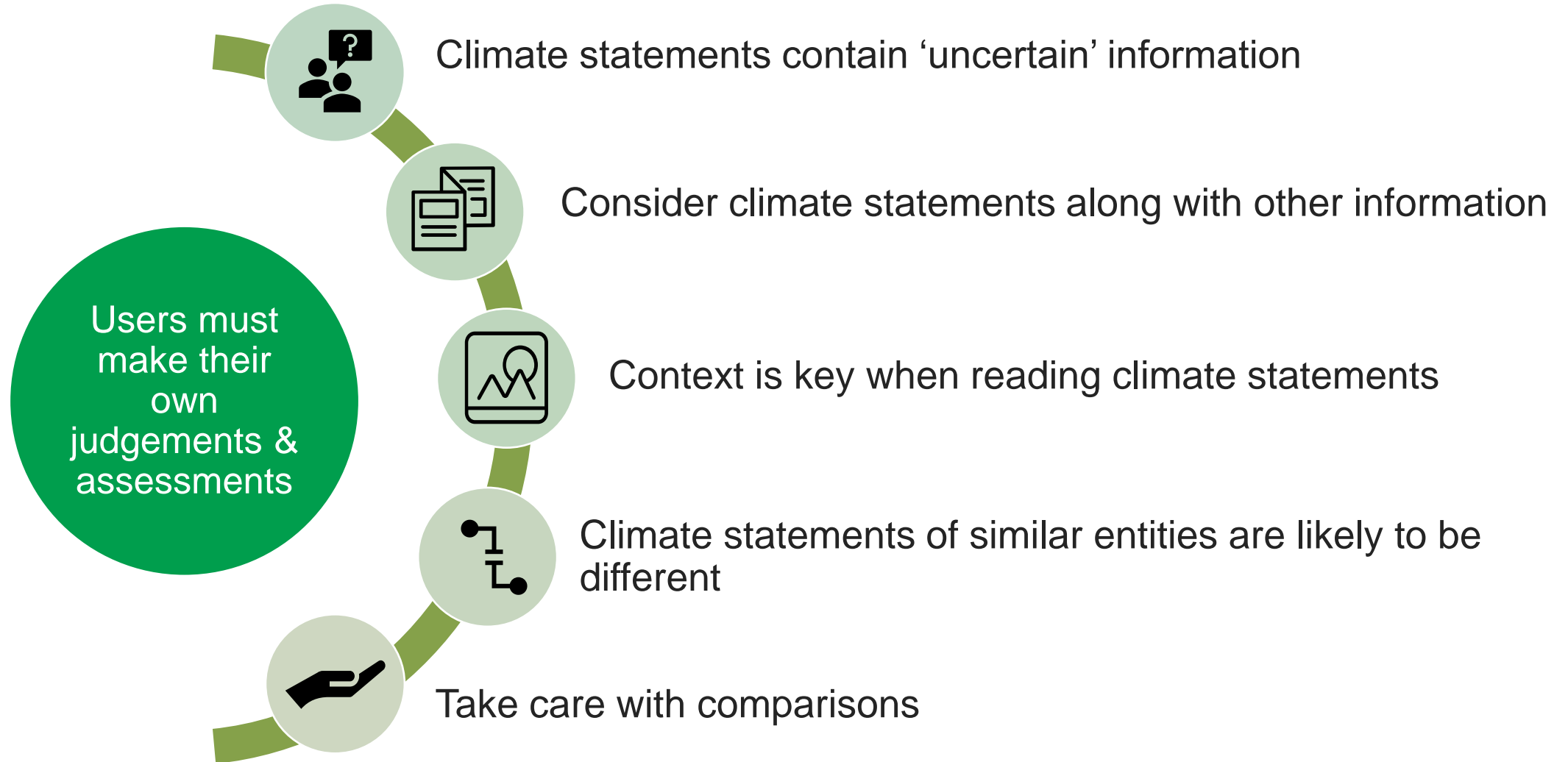
Provide a common framework for entities to show how they are considering those risks and opportunities in consistent manner.



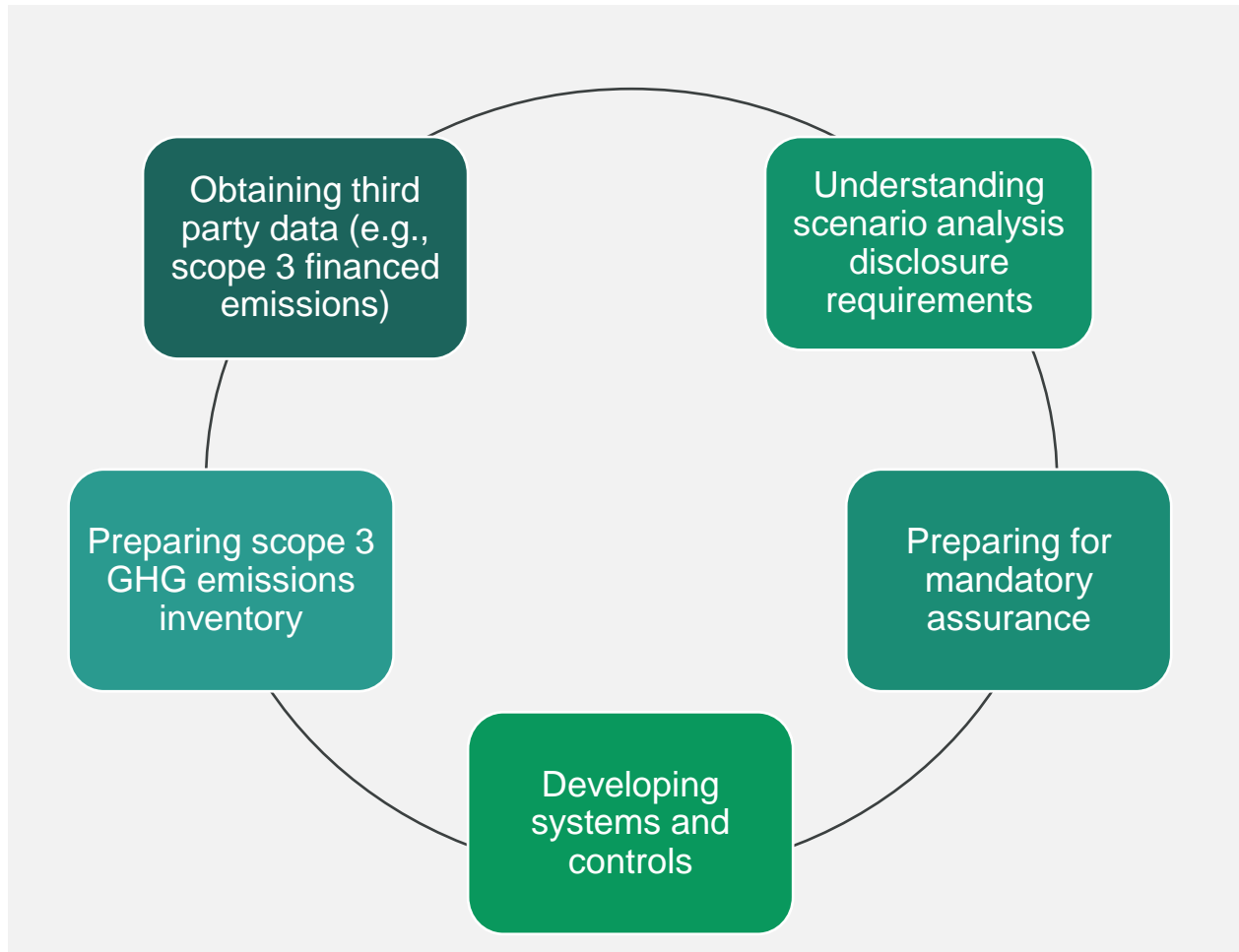
Enable primary users to assess the merits of how entities are considering those risks and opportunities.

Ultimate aim is to support the allocation of internal and external capital towards activities that are consistent with a transition towards a low emissions, climate resilient future.

Overarching considerations



Recent challenges for CREs



What's on the horizon?



Looking ahead

- How is the Australian regime impacting us?
- FMA's areas of focus going forward
- Possible exemptions



Questions?



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