



Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021

Public Act 2021 No 39
Date of assent 27 October 2021
Commencement see section 2

Contents

	Page
1 Title	5
2 Commencement	5
Part 1	
Amendments to Financial Markets Conduct Act 2013 to come into force by first anniversary of Royal assent	
3 Principal Act	6
4 Section 5 amended (Overview)	6
5 Section 6 amended (Interpretation)	6
6 Section 351 amended (Regulations modifying this Part or Part 7 for licensed markets)	7
7 Section 461C amended (Failure to comply with authoritative notice does not give rise to pecuniary penalty)	7
8 New Part 7A inserted	7
Part 7A	
Climate-related disclosures for certain FMC reporting entities with higher level of public accountability	
Subpart 1—Overview, application, and interpretation	
461N Overview	8
461O Meaning of climate reporting entity	8
461P Definitions relating to listed issuers	9
461Q Meaning of large (in relation to registered banks, licensed insurers, credit unions, and building societies)	10

461R	Meaning of large after amalgamation	11
461S	Meaning of large manager	11
461T	Application if person's status changes during accounting period	12
461U	Miscellaneous provision relating to application	13
	Subpart 2—CRD records	
461V	Climate reporting entities must keep proper CRD records	13
461W	Manner in which CRD records to be kept	14
461X	Period for which CRD records to be kept	14
461Y	Inspection of CRD records	14
	Subpart 3—Preparation of climate statements	
	<i>Climate statements of climate reporting entities</i>	
461Z	Climate statements must be prepared	14
461ZA	Group climate statements must be prepared	15
461ZB	Climate statements for overseas climate reporting entities	15
	<i>Climate statements relating to registered schemes</i>	
461ZC	Climate statements for separate funds of registered schemes, etc	16
461ZD	Application if manager of registered scheme changes and new manager is not large manager	16
	<i>Miscellaneous</i>	
461ZE	Climate statements may be combined in single document	17
461ZF	Failure to comply with authoritative notice does not give rise to pecuniary penalty	17
	<i>Offences</i>	
461ZG	Offence to knowingly fail to comply with climate standards	17
	Subpart 4—Assurance engagements	
461ZH	No requirement for assurance of climate statements on commencement of Part	18
	Subpart 5—Lodgement of climate statements	
461ZI	Lodgement of climate statements	18
461ZJ	Information about climate statements of climate reporting entities to be made available in annual report	18
	Subpart 6—Civil liability for certain contraventions of this Part	
461ZK	Part 7A climate-related disclosure provisions	19
9	Section 462 amended (When FMA may make stop orders)	19
10	Section 468 amended (When FMA may make direction orders)	19

11	Section 470 amended (FMA may order that simplified disclosure PDS may not be used)	20
12	Section 474 amended (FMA may order that exclusion for offers of products of same class as quoted products does not apply)	20
13	Section 485 amended (What are civil liability provisions)	20
14	Section 489 amended (When court may make pecuniary penalty orders)	20
15	Section 490 amended (Maximum amount of pecuniary penalty)	20
16	Section 501 amended (Additional disclosure or financial reporting defence for directors who are treated as contravening)	20
17	Section 534 amended (Directors treated as having contravened in case of defective disclosure or financial reporting contravention)	20
18	Section 554 amended (Regulations or exemptions may require compliance with generally accepted accounting practice, standards, or FMA frameworks or methodologies)	21
19	Section 556 amended (FMA may grant exemptions)	21
20	Section 561A amended (Financial reporting exemptions)	21
21	Schedule 4 amended	21

Part 2

Amendments to Financial Markets Conduct Act 2013 to come into force by third anniversary of Royal assent

22	Section 6 amended (Interpretation)	22
23	Section 461N amended (Overview)	22
24	Section 461V amended (Climate reporting entities must keep proper CRD records)	22
25	Section 461ZH replaced (No requirement for assurance of climate statements on commencement of Part)	22
	461ZH Assurance engagement required for parts of climate statements relating to greenhouse gas emissions	22
	461ZHA Assurance engagement must be carried out in accordance with auditing and assurance standards	23
	461ZHB Assurance practitioner's report	23
	461ZHC Assurance engagement may cover other parts of climate statements	23
	<i>Assurance practitioner access to information</i>	
	461ZHD Climate reporting entity must give assurance practitioner access to information	24
	461ZHE Assurance practitioner may require information and explanations from director or employee	24
26	Section 461ZI amended (Lodgement of climate statements)	25
27	Section 461ZJ amended (Information about climate statements of climate reporting entities to be made available in annual report)	25

28	Section 461ZK amended (Part 7A climate-related disclosure provisions)	26
29	Section 501 amended (Additional disclosure or financial reporting defence for directors who are treated as contravening)	26
30	Section 534 amended (Directors treated as having contravened in case of defective disclosure, financial reporting contravention, or climate-related disclosure contravention)	26
31	Schedule 4 amended	26

Part 3

Amendments to Financial Reporting Act 2013

32	Principal Act	26
33	Section 3 amended (Purpose)	26
34	Section 4 amended (Overview of financial reporting duties)	26
35	Section 5 amended (Interpretation)	27
36	New section 9AA inserted (Meaning of climate-related disclosure framework)	28
	9AA Meaning of climate-related disclosure framework	28
37	Section 12 amended (Functions of Board)	28
38	Section 14 amended (Membership of Board)	28
39	Subpart 2 heading in Part 2 replaced	28

Subpart 2—Standards

40	New sections 19A to 19C and cross-heading inserted	28
	19A Guidance for purposes of non-financial reporting	29
	<i>Climate standards</i>	
	19B Purpose of climate standards and climate-related disclosures	29
	19C Climate standards	29
41	Section 27 amended (When standards and authoritative notices take effect)	29
42	Section 44 amended (Purpose)	30
43	New subpart 6 heading in Part 2 inserted	30

Subpart 6—Monetary amounts adjusted for inflation

44	Section 48 amended (Minister must regularly review amounts to take into account inflation)	30
45	Section 49 amended (Order may amend amounts)	30
46	Section 51 amended (Levies)	30
47	Schedule amended	30

Part 4

Amendments to other Acts

Subpart 1—Public Audit Act 2001

48	Principal Act	31
----	---------------	----

2021 No 39	Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021	s 2
49	Section 4 amended (Interpretation)	31
50	New section 15B inserted (CRD assurance practitioner for public entities)	31
	15B CRD assurance practitioner for public entities	31
51	New section 34A inserted (Appointment of CRD assurance practitioners)	31
	34A Appointment of CRD assurance practitioners	31
52	Section 35 amended (Delegation of powers)	32
53	Section 41 amended (Protection from liability)	32
54	Section 42 amended (Audit fees)	32
	Subpart 2—Related and consequential amendments	
55	Related and consequential amendments	32
	Schedule 1	33
	New Part 7 inserted into Schedule 4 of Financial Markets Conduct Act 2013	
	Schedule 2	35
	New Part 8 inserted into Schedule 4 of Financial Markets Conduct Act 2013	
	Schedule 3	36
	New Part 2 inserted into Schedule of Financial Reporting Act 2013	
	Schedule 4	38
	Related and consequential amendments	

The Parliament of New Zealand enacts as follows:

1 Title

This Act is the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021.

2 Commencement

- (1) The following parts of this Act come into force on the day after Royal assent:
 - (a) Part 3, other than sections 44(1) and 45:
 - (b) section 55(1).
- (2) The rest of this Act comes into force on a date or dates set by Order in Council.
- (3) However,—
 - (a) any part of this Act, other than Part 2 and subpart 1 of Part 4, that has not come into force by the first anniversary of Royal assent comes into force then:
 - (b) any part of Part 2 and subpart 1 of Part 4 that has not come into force by the third anniversary of Royal assent comes into force then.

- (4) An Order in Council made under this section is secondary legislation (*see* Part 3 of the Legislation Act 2019 for publication requirements).

Legislation Act 2019 requirements for secondary legislation made under this section

Publication	PCO must publish it on the legislation website and notify it in the <i>Gazette</i>	LA19 s 69(1)(c)
Presentation	The Minister must present it to the House of Representatives	LA19 s 114, Sch 1 cl 32(1)(a)
Disallowance	It may be disallowed by the House of Representatives	LA19 ss 115, 116

This note is not part of the Act.

Part 1

Amendments to Financial Markets Conduct Act 2013 to come into force by first anniversary of Royal assent

3 Principal Act

This Part amends the Financial Markets Conduct Act 2013.

4 Section 5 amended (Overview)

After section 5(1)(g), insert:

(ga) Part 7A provides for climate-related disclosure obligations:

5 Section 6 amended (Interpretation)

- (1) In section 6(1), insert in their appropriate alphabetical order:

applicable climate standard has the same meaning as in section 5(1) of the Financial Reporting Act 2013

authoritative notice has the same meaning as in section 5(1) of the Financial Reporting Act 2013

climate-related disclosure framework has the same meaning as in section 9AA of the Financial Reporting Act 2013

climate reporting entity has the meaning set out in section 461O

climate statements has the same meaning as in section 5(1) of the Financial Reporting Act 2013

CRD records means the records that a climate reporting entity is required to keep by subpart 2 of Part 7A

group climate statements has the same meaning as in section 5(1) of the Financial Reporting Act 2013

overseas climate reporting entity, in Part 7A, means a body corporate that—

- (a) is incorporated outside New Zealand; and
- (b) is a climate reporting entity under section 461O(1)(b) to (e) (*see* section 461Q(3) and (4))

Part 7A climate-related disclosure provision means any of the provisions specified in section 461ZK(3) or (4)

separate fund, in Parts 7 and 7A, has the meaning set out in section 461A(2)

- (2) In section 6(1), replace the definition of **group** with:

group,—

- (a) in Part 7 and subpart 1 of Part 7A, means a group comprising an FMC reporting entity and its subsidiaries:
- (b) in Part 7A (other than subpart 1), means a group comprising a climate reporting entity and its subsidiaries

- (3) In section 6(1), definition of **licensed insurer**, paragraph (b), replace “section 238(1)(b) of that Act” with “section 238(1)(b)(i)(A) or (ii) of that Act; and”.

- (4) In section 6(1), definition of **licensed insurer**, after paragraph (b), insert:

- (c) in Part 7A, does not include a Lloyd’s underwriter (within the meaning of that Act) or an insurer that is included in a class of insurers that is the subject of an exemption under section 238(1)(b) of that Act

- (5) In section 6(1), definition of **subsidiary**, replace “Part 7” with “Parts 7 and 7A”.

6 Section 351 amended (Regulations modifying this Part or Part 7 for licensed markets)

- (1) In the heading to section 351, after “7”, insert “or 7A”.

- (2) Replace section 351(1)(ab) with:

- (ab) providing that section 451(1)(d) does not apply in respect of persons that are listed issuers only in respect of a licensed market or class of licensed markets, and providing for replacement or modified requirements to apply relating to—
 - (i) accounting records and financial reporting;
 - (ii) CRD records and climate-related disclosures (for those listed issuers that would otherwise be climate reporting entities under section 461O(1)(a)):

7 Section 461C amended (Failure to comply with authoritative notice does not give rise to pecuniary penalty)

Repeal section 461C(3).

8 New Part 7A inserted

After Part 7, insert:

Part 7A**Climate-related disclosures for certain FMC reporting entities with
higher level of public accountability**

Subpart 1—Overview, application, and interpretation

461N Overview

- (1) This Part provides for climate reporting entities to—
 - (a) keep proper records relating to their obligations to make climate-related disclosures; and
 - (b) prepare climate statements; and
 - (c) lodge those statements.
- (2) This section is only a guide to the general scheme and effect of this Part.

461O Meaning of climate reporting entity

- (1) In this Act, a person who is an FMC reporting entity that, under section 461K, is considered to have a higher level of public accountability than other FMC reporting entities is a **climate reporting entity** if that person is 1 or more of the following:
 - (a) a listed issuer that—
 - (i) is a large listed issuer; and
 - (ii) is not an excluded listed issuer:
 - (b) a registered bank that is large:
 - (c) a licensed insurer that is large:
 - (d) a credit union that is large:
 - (e) a building society that is large.
- (2) In this Act, a manager of a registered scheme (other than a restricted scheme) is a **climate reporting entity** in respect of the scheme if—
 - (a) the manager is a large manager; and
 - (b) section 461K(1)(b) applies to the manager in respect of the scheme.
- (3) In this section,—

excluded listed issuer has the meaning set out in section 461P

large, in relation to a registered bank, licensed insurer, credit union, or building society, has the meaning set out in section 461Q

large listed issuer has the meaning set out in section 461P

large manager has the meaning set out in section 461S.

461P Definitions relating to listed issuers

- (1) For the purposes of this Part, a listed issuer is a **large listed issuer** in respect of an accounting period if at least 1 of the following applies to the listed issuer:
 - (a) the listed issuer,—
 - (i) at any time in the accounting period, has quoted equity securities; and
 - (ii) as at the balance date of each of the 2 preceding accounting periods, has equity securities (whether quoted or unquoted) that have a total value, as implied by the market price or fair value of those equity securities, that exceeds \$60 million:
 - (b) the listed issuer,—
 - (i) at any time in the accounting period, has quoted debt securities; and
 - (ii) at any time in the 2 preceding accounting periods, has quoted debt securities with a total face value that exceeds \$60 million:
 - (c) the listed issuer is large after amalgamation (within the meaning of section 461R) in respect of the accounting period.
- (2) For the purposes of this Part, a listed issuer is an **excluded listed issuer** in respect of an accounting period if, at all times during the accounting period,—
 - (a) any equity securities of the issuer and any debt securities of the issuer that are quoted are quoted only on a growth market; or
 - (b) the issuer has no quoted equity securities and no quoted debt securities.
- (3) *And see* section 351(1)(ab) (which may allow for some listed issuers not to be FMC reporting entities and, consequentially, not climate reporting entities under section 461O(1)(a)).
- (4) For the purposes of subsection (1)(a)(ii), fair value must be determined in accordance with generally accepted accounting practice.
- (5) In this section, **growth market** means a financial product market if—
 - (a) the operator has a licence to operate the market issued under section 316; and
 - (b) either or both of the following apply:
 - (i) the licence is subject to a condition that limits the size of issuers that are eligible to become, or to remain, listed issuers on the financial product market (for example, a limit based on the issuer's market capitalisation):
 - (ii) the market is otherwise designed for, and clearly targeted at, small- and medium-sized entities.

461Q Meaning of large (in relation to registered banks, licensed insurers, credit unions, and building societies)

- (1) For the purposes of this Part, a registered bank, credit union, or building society (A) is **large** in respect of an accounting period if either or both of the following apply:
 - (a) as at the balance date of each of the 2 preceding accounting periods, the total assets of A and A's subsidiaries (if any) exceed \$1 billion:
 - (b) A is large after amalgamation (within the meaning of section 461R) in respect of the accounting period.
- (2) For the purposes of this Part, a licensed insurer is **large** in respect of an accounting period if at least 1 of the following paragraphs applies to the licensed insurer:
 - (a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the licensed insurer and its subsidiaries (if any) exceed \$1 billion:
 - (b) in each of the 2 preceding accounting periods, the annual gross premium revenue of the licensed insurer and its subsidiaries (if any) exceeds \$250 million:
 - (c) the licensed insurer is large after amalgamation (within the meaning of section 461R) in respect of the accounting period.
- (3) However, if a registered bank, credit union, building society, or licensed insurer is an overseas company,—
 - (a) subsections (1) and (2) do not apply; and
 - (b) the overseas company is large for the purposes of section 461O(1)(b) to (e) if its New Zealand business, or its group's New Zealand business, is large under subsection (4).
- (4) The New Zealand business of an overseas company or its group is **large** in respect of an accounting period if at least 1 of the following paragraphs applies (calculated as if the New Zealand business were an entity):
 - (a) as at the balance date of each of the 2 preceding accounting periods, the total assets of the New Zealand business exceed \$1 billion:
 - (b) the overseas company is a licensed insurer and, in each of the 2 preceding accounting periods, the annual gross premium revenue of the New Zealand business exceeds \$250 million.
- (5) A financial reporting standard (or a part of a standard) issued by the External Reporting Board that is expressed as applying for the purposes of subsection (4) must be applied in determining whether that provision applies.
- (6) In this section, **overseas company** means a body corporate that is incorporated outside New Zealand.

461R Meaning of large after amalgamation

- (1) For the purposes of this Part, a person (A) is **large after amalgamation** in respect of an accounting period if—
 - (a) A amalgamated with a large entity during the accounting period; or
 - (b) A is a new entity formed on the amalgamation of 2 or more entities during the accounting period, and at least 1 of those entities was a large entity.
- (2) If A is large after amalgamation under subsection (1) in respect of an accounting period, A continues to be **large after amalgamation** in respect of the next accounting period.
- (3) In this section, **large entity** means an entity that, in respect of the accounting period, was any of—
 - (a) a large listed issuer under section 461P(1) (other than an issuer described in section 461P(2)(a) or (b) for the accounting period up to the time of amalgamation);
 - (b) a registered bank, licensed insurer, credit union, or building society that is large under section 461Q.

461S Meaning of large manager

- (1) For the purposes of this Part, a manager (A) that holds a market services licence that covers the service referred to in section 388(a) is a **large manager** in respect of an accounting period of A if, as at the balance date of each of A's 2 preceding accounting periods, the total assets of the following schemes exceed \$1 billion:
 - (a) all schemes for which A is manager; and
 - (b) all schemes for which the manager is an authorised body that provides the service of acting as a manager of a registered scheme under A's market services licence.
- (2) If A is a large manager, every manager described in subsection (1)(b) is also a **large manager**.

Example

Company A holds a licence that covers acting as a manager of registered schemes. A's subsidiaries, B and C, also provide this service under A's licence (as authorised bodies).

The assets of the schemes for which A is manager total \$700 million on the balance date of each of A's 2 preceding accounting periods (the **relevant balance dates**).

The assets of the schemes managed by B total a further \$300 million, and the assets of the schemes managed by C total \$200 million, on each of the relevant balance dates.

The total assets therefore exceed \$1 billion. A is a large manager. B and C are also large managers.

- (3) Subsections (4) and (5) apply if—
- (a) a manager and a scheme managed by the manager have different balance dates; and
 - (b) the manager becomes, or ceases to be, a large manager.
- (4) If the manager was not a large manager in respect of an accounting period (**AP1**) but becomes a large manager in respect of the next accounting period (**AP2**), the manager—
- (a) is not treated as a large manager in respect of the scheme in relation to the accounting period of the scheme that starts in AP1 and ends in AP2 unless paragraph (b) applies:
 - (b) must be treated as a large manager in respect of the scheme in relation to the accounting period of the scheme that starts in AP1 and ends in AP2 if—
 - (i) the manager was not the manager of the scheme at the start of that accounting period of the scheme; and
 - (ii) the manager at the start of that accounting period of the scheme was a climate reporting entity in respect of the scheme.
- (5) If the manager was a large manager in respect of an accounting period (**AP3**) but ceases to be a large manager in the next accounting period (**AP4**), the manager must be treated as a large manager in respect of the scheme in relation to the accounting period of the scheme that starts in AP3 and ends in AP4.
- (6) In this section, the **total assets** of a scheme are—
- (a) as reported in the most recent audited financial statements, prepared in accordance with generally accepted accounting practice, for the scheme; or
 - (b) if there are no such statements, as calculated—
 - (i) for a date as near as possible to the balance date of the manager; and
 - (ii) as if for the purpose of preparing financial statements for the scheme in accordance with generally accepted accounting practice.
- (7) In this section, **scheme** means a registered scheme (other than a restricted scheme).

461T Application if person's status changes during accounting period

- (1) If a person ceases to be a climate reporting entity during an accounting period, that person is treated as continuing to be a climate reporting entity in relation to that accounting period for the purposes of this Act and every other enactment.

- (2) However, subsection (3) applies if the person (A)—
 - (a) ceased to be a climate reporting entity under section 461O(1); and
 - (b) on the balance date, is not a climate reporting entity under section 461O(1) (disregarding the rule in subsection (1)).
- (3) If this subsection applies,—
 - (a) A is not required to ensure the completion of climate statements or group climate statements under any of sections 461Z to 461ZB and the lodgement of those climate statements in relation to the accounting period:
 - (b) records required to be kept by A up to the date that A ceased to be a climate reporting entity under section 461O(1) are CRD records for the purposes of sections 461W to 461Y.
- (4) In any case where a person is, or was, the manager of a registered scheme (and a climate reporting entity under section 461O(2) in respect of the scheme), subsection (1) does not limit—
 - (a) section 461S(5) (which applies if the manager and the scheme have different balance dates); or
 - (b) section 461ZD (which may apply if the manager of a scheme changes during an accounting period).

461U Miscellaneous provision relating to application

Nothing in this Part requires a climate reporting entity to ensure the completion of climate statements or group climate statements and the lodgement of those climate statements in relation to an accounting period that ended before the accounting period in which that person became a climate reporting entity.

Subpart 2—CRD records

461V Climate reporting entities must keep proper CRD records

- (1) Every climate reporting entity under section 461O(1) must ensure that there are kept at all times records that will enable the climate reporting entity to ensure that the climate statements of the climate reporting entity comply with the climate-related disclosure framework.
- (2) Every manager that is a climate reporting entity in respect of a registered scheme must ensure that there are kept at all times records that will enable the manager to ensure that the climate statements relating to the registered scheme comply with the climate-related disclosure framework.
- (3) Every climate reporting entity must establish and maintain a satisfactory system of control of the records that it is required to keep under this section.
- (4) In this section,—

climate statements of the climate reporting entity means the climate statements or group climate statements that are required to be prepared under any of sections 461Z to 461ZB

climate statements relating to the registered scheme means the climate statements of the separate funds of the scheme or the climate statements of the scheme that are required to be prepared under section 461ZC.

461W Manner in which CRD records to be kept

- (1) Every climate reporting entity must keep the CRD records in the prescribed manner (if any).
- (2) A climate reporting entity that contravenes this section commits an offence and is liable on conviction to a fine not exceeding \$50,000.
- (3) The offence in this section is an infringement offence (*see* subpart 5 of Part 8).

461X Period for which CRD records to be kept

CRD records, or copies of them, must be retained by the climate reporting entity for a period of at least 7 years after the date the records are made.

461Y Inspection of CRD records

- (1) Every climate reporting entity must make the CRD records available, in the prescribed manner at all reasonable times for inspection without charge, to—
 - (a) the directors of the climate reporting entity; and
 - (b) any supervisor (if the climate reporting entity is an issuer of debt securities or the manager of a registered scheme); and
 - (c) the FMA; and
 - (d) any other persons authorised or permitted by an enactment to inspect the CRD records of the climate reporting entity or scheme.
- (2) A climate reporting entity that contravenes this section commits an offence and is liable on conviction to a fine not exceeding \$50,000.
- (3) The offence in this section is an infringement offence (*see* subpart 5 of Part 8).

Subpart 3—Preparation of climate statements

Climate statements of climate reporting entities

461Z Climate statements must be prepared

- (1) Every climate reporting entity must ensure that, within 4 months after the balance date of the entity, climate statements that comply with the climate-related disclosure framework are—
 - (a) completed in relation to the entity and that balance date; and
 - (b) dated and signed on behalf of the entity by 2 directors of the entity or, if the entity has only 1 director, by that director.

- (2) However, subsection (1) does not apply to—
- (a) a climate reporting entity that, on the balance date referred to in subsection (1), has 1 or more subsidiaries; or
 - (b) an overseas climate reporting entity, unless it is a climate reporting entity under section 461O(1)(a); or
 - (c) a person that is a climate reporting entity only under section 461O(2).

Example

A company (incorporated in New Zealand and with no subsidiaries) is a large manager of 2 registered schemes.

The company is also a large registered bank, so subsection (2)(c) does not apply. Subsection (1) applies to the company (and see section 461ZC, which also applies to the company in respect of its registered schemes).

461ZA Group climate statements must be prepared

- (1) Subsection (2) applies to every climate reporting entity in relation to a balance date of the entity if the entity has, on that balance date, 1 or more subsidiaries.
- (2) The climate reporting entity must ensure that, within 4 months after that balance date, group climate statements that comply with the climate-related disclosure framework are—
 - (a) completed in relation to the group and that balance date; and
 - (b) dated and signed on behalf of the entity by 2 directors of the entity or, if the entity has only 1 director, by that director.
- (3) However, subsection (2) does not apply to—
 - (a) an overseas climate reporting entity, unless it is a climate reporting entity under section 461O(1)(a); or
 - (b) a person that is a climate reporting entity only under section 461O(2).

461ZB Climate statements for overseas climate reporting entities

- (1) This section applies to every overseas climate reporting entity, unless it is a climate reporting entity under section 461O(1)(a).
- (2) The climate reporting entity must ensure that, within 4 months after the balance date of the entity, climate statements that comply with the climate-related disclosure framework are—
 - (a) prepared for its New Zealand business as if that business were conducted by a company formed and registered in New Zealand; and
 - (b) dated and signed on behalf of the entity by 2 directors of the entity or, if the entity has only 1 director, by that director.
- (3) However, if the climate reporting entity has, on that balance date, 1 or more subsidiaries, subsection (2) does not apply and instead the entity must ensure

that, within 4 months after the balance date of the entity, climate statements that comply with the climate-related disclosure framework are—

- (a) prepared for the group's New Zealand business as if the members of the group were companies formed and registered in New Zealand; and
 - (b) dated and signed on behalf of the entity by 2 directors of the entity or, if the entity has only 1 director, by that director.
- (4) Subsection (3) does not limit any obligation under this subpart of a subsidiary of the climate reporting entity.

Climate statements relating to registered schemes

461ZC Climate statements for separate funds of registered schemes, etc

- (1) This section applies to every manager of a registered scheme that is a climate reporting entity in respect of the scheme.
- (2) The manager must ensure that, within 4 months after the balance date of the scheme, climate statements that comply with the climate-related disclosure framework are—
 - (a) completed in relation to each separate fund of the scheme and that balance date; and
 - (b) if any liabilities of the manager and the scheme are not limited to a separate fund, completed in relation to the scheme and that balance date; and
 - (c) dated and signed on behalf of the manager by 2 directors of the manager or, if the manager has only 1 director, by that director.
- (3) However, if the manager was not the manager of the scheme at the start of the scheme's accounting period, subsection (2) applies to the manager only if the manager of the scheme at the start of the scheme's accounting period was a climate reporting entity in respect of the scheme.

461ZD Application if manager of registered scheme changes and new manager is not large manager

- (1) This section applies if—
 - (a) the manager of a registered scheme changes during an accounting period of the scheme; and
 - (b) the person who was the manager of the scheme at the start of the accounting period (the **old manager**) was a climate reporting entity in respect of the scheme; and
 - (c) the person who is the manager of the scheme at the end of the accounting period (the **new manager**) is not a large manager (within the meaning of section 461S).

- (2) If this section applies, the new manager is not required to ensure the completion of climate statements under section 461ZC(2) and the lodgement of those climate statements in relation to the accounting period.
- (3) Records kept by the old manager up to the date that the old manager ceased to hold office as manager of the scheme are CRD records for the purposes of sections 461W to 461Y.

Miscellaneous

461ZE Climate statements may be combined in single document

Nothing in this Part prevents any of the following from being combined in a single document:

- (a) climate statements and group climate statements that are required to be prepared under any of sections 461Z to 461ZB in relation to an accounting period and 1 or more members of a group:
- (b) climate statements that are required to be prepared under section 461ZC in relation to an accounting period and a registered scheme.

461ZF Failure to comply with authoritative notice does not give rise to pecuniary penalty

- (1) This section applies if climate statements or group climate statements referred to in this subpart fail to comply with the climate-related disclosure framework as a result of a failure to comply with an authoritative notice.
- (2) A pecuniary penalty order may not be made under section 489 in relation to the failure to comply with the authoritative notice.

Compare: s 461C

Offences

461ZG Offence to knowingly fail to comply with climate standards

- (1) A climate reporting entity and every director of the entity commit an offence if—
 - (a) any of the following fail to comply with an applicable climate standard:
 - (i) the climate statements of the entity prepared under section 461Z:
 - (ii) group climate statements in relation to a group comprising the entity and its subsidiaries prepared under section 461ZA:
 - (iii) the climate statements or group climate statements prepared by the entity under section 461ZB:
 - (iv) in the case of a manager of a registered scheme, the climate statements for any separate fund or for the scheme prepared under section 461ZC; and

- (b) the entity or the director (as the case may be) knows that the climate statements or group climate statements fail to so comply when those statements are lodged.
- (2) A person who commits an offence under subsection (1) is liable on conviction,—
 - (a) in the case of an individual, to imprisonment for a term not exceeding 5 years, a fine not exceeding \$500,000, or both; and
 - (b) in any other case, to a fine not exceeding \$2.5 million.

Compare: s 461I

Subpart 4—Assurance engagements

461ZH No requirement for assurance of climate statements on commencement of Part

- (1) A climate reporting entity is not required to obtain an assurance engagement in relation to the climate statements or group climate statements that are required to be prepared under any of sections 461Z to 461ZC.
- (2) *See* Part 2 of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021, which sets out assurance requirements to apply from a later date.

Subpart 5—Lodgement of climate statements

461ZI Lodgement of climate statements

- (1) Every climate reporting entity that is required to prepare climate statements or group climate statements under any of sections 461Z to 461ZB must ensure that, within 4 months after the balance date of the entity, copies of those statements are delivered to the Registrar for lodgement.
- (2) Every manager that is a climate reporting entity in respect of a registered scheme must ensure that, within 4 months after the balance date of the scheme, copies of the climate statements that are required to be prepared under section 461ZC are delivered to the Registrar for lodgement.
- (3) A climate reporting entity that contravenes this section commits an offence and is liable on conviction to a fine not exceeding \$50,000.
- (4) The offence in this section is an infringement offence (*see* subpart 5 of Part 8).

461ZJ Information about climate statements of climate reporting entities to be made available in annual report

- (1) This section applies to every climate reporting entity that is required to prepare—
 - (a) climate statements or group climate statements under any of sections 461Z to 461ZB; and

- (b) an annual report under the Companies Act 1993 or any other enactment.
- (2) The climate reporting entity must include, in its annual report for the period ending on the balance date,—
 - (a) a statement that the entity is a climate reporting entity for the purposes of this Act; and
 - (b) a copy of the climate statements or group climate statements prepared by the entity under any of sections 461Z to 461ZB, or the address of (or a link to) the Internet site where a copy of those statements can be accessed.
- (3) A climate reporting entity that contravenes this section commits an offence and is liable on conviction to a fine not exceeding \$50,000.
- (4) The offence in this section is an infringement offence (*see* subpart 5 of Part 8).
- (5) In this section, **annual report** includes a concise annual report.

Subpart 6—Civil liability for certain contraventions of this Part

461ZK Part 7A climate-related disclosure provisions

- (1) All of the provisions specified in subsections (3) and (4) are Part 7A climate-related disclosure provisions.
- (2) A contravention of any of the provisions listed in subsection (3) may give rise to civil liability (*see* subpart 3 of Part 8), including a pecuniary penalty not exceeding \$1 million in the case of an individual or \$5 million in any other case.
- (3) For the purposes of subsection (2), the provisions are the following:
 - (a) section 461V (climate reporting entities must keep proper CRD records):
 - (b) sections 461Z to 461ZC (climate statements and group climate statements must be prepared):
 - (c) section 461ZI (climate statements must be lodged).
- (4) A contravention of section 461X (CRD records to be kept for 7 years) may give rise to civil liability (*see* subpart 3 of Part 8), including a pecuniary penalty not exceeding \$200,000 in the case of an individual or \$600,000 in any other case.

9 Section 462 amended (When FMA may make stop orders)

In section 462(1)(ga), after “7”, insert “or 7A”.

10 Section 468 amended (When FMA may make direction orders)

After section 468(1)(f), insert:

- (fa) a Part 7A climate-related disclosure provision:

- 11 Section 470 amended (FMA may order that simplified disclosure PDS may not be used)**
After section 470(1)(b), insert:
(ba) any provision under Part 7A:
- 12 Section 474 amended (FMA may order that exclusion for offers of products of same class as quoted products does not apply)**
After section 474(1)(b), insert:
(ba) any provision under Part 7A:
- 13 Section 485 amended (What are civil liability provisions)**
After section 485(g), insert:
(ga) a Part 7A climate-related disclosure provision:
- 14 Section 489 amended (When court may make pecuniary penalty orders)**
In section 489(3)(b), replace “or 461C” with “, 461C, or 461ZF”.
- 15 Section 490 amended (Maximum amount of pecuniary penalty)**
After section 490(2)(f), insert:
(fa) a Part 7A climate-related disclosure provision (other than section 461X):
- 16 Section 501 amended (Additional disclosure or financial reporting defence for directors who are treated as contravening)**
- (1) In the heading to section 501, after “reporting”, insert “or climate-related disclosure”.
- (2) In section 501(1)(a), replace “and 461H” with “461H, 461Z to 461ZC, and 461ZI”.
- 17 Section 534 amended (Directors treated as having contravened in case of defective disclosure or financial reporting contravention)**
- (1) In the heading to section 534, replace “or financial reporting contravention” with “, financial reporting contravention, or climate-related disclosure contravention”.
- (2) After section 534(1)(ca), insert:
(cb) a climate reporting entity has contravened any of sections 461Z to 461ZC and 461ZI (climate-related disclosure obligations); or
- (3) In section 534(3),—
- (a) after “FMC reporting entity,”, insert “climate reporting entity,”; and
- (b) after “(ca),” insert “(cb),”.
- (4) In section 534(5), after “FMC reporting entity,”, insert “climate reporting entity,”.

18 Section 554 amended (Regulations or exemptions may require compliance with generally accepted accounting practice, standards, or FMA frameworks or methodologies)

- (1) In the heading to section 554, replace “or FMA frameworks or methodologies” with “**frameworks, or FMA methodologies**”.
- (2) After section 554(1)(b), insert:
 - (baaa) the climate-related disclosure framework, either generally or in specified circumstances:
 - (ba) a climate standard:
- (3) In section 554(2), after “a financial reporting standard,”, insert “the climate-related disclosure framework, a climate standard,”.
- (4) In section 554(3), insert in its appropriate alphabetical order:

climate standard has the same meaning as in section 5(1) of the Financial Reporting Act 2013

19 Section 556 amended (FMA may grant exemptions)

In section 556(1)(a), replace “7” with “7A”.

20 Section 561A amended (Financial reporting exemptions)

- (1) Replace the heading to section 561A with “**Financial reporting and climate-related disclosure exemptions**”.
- (2) After section 561A(1), insert:
 - (1A) An exemption granted under this subpart in relation to any provision of Part 7A may, if the FMA thinks fit, apply to an accounting period that commenced before the exemption is granted (including an accounting period that ended before the exemption is granted) if the exemption is granted before the climate statements or group climate statements for that period are required to be lodged under that Part.
- (3) In section 561A(2), after “7”, insert “or 7A”.

21 Schedule 4 amended

- (1) In Schedule 4, clause 1(1), insert as the last paragraph:
 - (g) Part 7 provides for transitional provisions relating to Part 1 of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021.
- (2) In Schedule 4,—
 - (a) insert the Part set out in Schedule 1 of this Act as the last Part; and
 - (b) make all necessary consequential amendments.

Part 2

Amendments to Financial Markets Conduct Act 2013 to come into force by third anniversary of Royal assent

22 Section 6 amended (Interpretation)

In section 6(1), insert in its appropriate alphabetical order:

assurance practitioner, in Part 7A, means a person who is appointed to carry out an assurance engagement under that Part

23 Section 461N amended (Overview)

After section 461N(1)(b), insert:

(ba) to the extent that those statements are required to disclose greenhouse gas emissions, obtain an assurance engagement in relation to those statements; and

24 Section 461V amended (Climate reporting entities must keep proper CRD records)

Replace section 461V(1) and (2) with:

- (1) Every climate reporting entity under section 461O(1) must ensure that there are kept at all times records that will enable—
 - (a) the climate reporting entity to ensure that the climate statements of the climate reporting entity comply with the climate-related disclosure framework; and
 - (b) the assurance engagement required by section 461ZH to be readily and properly carried out.
- (2) Every manager that is a climate reporting entity in respect of a registered scheme must ensure that there are kept at all times records that will enable—
 - (a) the manager to ensure that the climate statements relating to the registered scheme comply with the climate-related disclosure framework; and
 - (b) the assurance engagement required by section 461ZH to be readily and properly carried out.

25 Section 461ZH replaced (No requirement for assurance of climate statements on commencement of Part)

Replace section 461ZH with:

461ZH Assurance engagement required for parts of climate statements relating to greenhouse gas emissions

- (1) Every climate reporting entity must ensure that the climate statements or group climate statements that are required to be prepared under any of sections 461Z

to 461ZC are, to the extent that those statements are required to disclose greenhouse gas emissions, the subject of an assurance engagement.

- (2) None of the following persons may carry out the assurance engagement:
 - (a) a director, an officer, or an employee of the climate reporting entity;
 - (b) a person who is in partnership with, or in the employment of, a person specified in paragraph (a);
 - (c) a liquidator or a person who is a receiver in respect of the property of the climate reporting entity;
 - (d) a person who, by virtue of paragraphs (a) to (c), may not carry out an assurance engagement under this Part for a related body corporate of the climate reporting entity.
- (3) In the case of a climate reporting entity that is a public entity under the Public Audit Act 2001, the only person who may carry out the assurance engagement is the Auditor-General or any other person who may act as the CRD assurance practitioner under that Act in respect of the assurance engagement.

461ZHA Assurance engagement must be carried out in accordance with auditing and assurance standards

An assurance practitioner must, in carrying out an assurance engagement under this Part, comply with all applicable auditing and assurance standards.

461ZHB Assurance practitioner's report

- (1) The assurance practitioner's report on the climate statements or group climate statements prepared by an entity under any of sections 461Z to 461ZC must comply with the requirements of all applicable auditing and assurance standards.
- (2) If the assurance practitioner's report indicates that the requirements of this Part have not been complied with, the assurance practitioner must, within 20 working days after signing the report, send a copy of the report, and a copy of the climate statements or group climate statements to which it relates, to—
 - (a) the FMA; and
 - (b) the External Reporting Board; and
 - (c) in the case of a climate reporting entity that is an issuer of debt securities or a manager of a registered scheme, the supervisor.
- (3) An assurance practitioner who contravenes subsection (2) commits an offence and is liable on conviction to a fine not exceeding \$50,000.

461ZHC Assurance engagement may cover other parts of climate statements

- (1) Section 461ZH does not prevent the assurance engagement from covering the whole, or other parts, of the climate statements or group climate statements.

- (2) If an assurance engagement does cover the whole, or other parts, of the statements,—
 - (a) the assurance practitioner's report must separately identify the matters that are required to be the subject of the assurance engagement under section 461ZH; and
 - (b) this subpart applies, with any necessary modifications, in relation to the whole of the assurance engagement.
- (3) In this section, **other parts**, in relation to climate statements or group climate statements, means any part or parts of those statements that are not required by section 461ZH to be the subject of the assurance engagement.

Assurance practitioner access to information

461ZHD Climate reporting entity must give assurance practitioner access to information

- (1) Every climate reporting entity must ensure that an assurance practitioner appointed for an assurance engagement under this Part has access, at all times, to—
 - (a) the CRD records of the climate reporting entity or scheme; and
 - (b) any other documents of the climate reporting entity or scheme that are relevant to the assurance engagement.
- (2) If a climate reporting entity contravenes subsection (1), every director of the entity commits an offence and is liable on conviction to a fine not exceeding \$50,000.
- (3) In any proceeding against a director for a contravention of subsection (1), it is a defence if the director proves that—
 - (a) the climate reporting entity took all reasonable steps to ensure that subsection would be complied with; or
 - (b) the director took all reasonable steps to ensure that the climate reporting entity complied with that subsection; or
 - (c) in the circumstances, the director could not reasonably have been expected to take steps to ensure that the climate reporting entity complied with that subsection.

Compare: 2013 No 101 s 38

461ZHE Assurance practitioner may require information and explanations from director or employee

- (1) An assurance practitioner appointed for an assurance engagement under this Part is entitled to require from a director or an employee of the climate reporting entity the information and explanations that the assurance practitioner thinks necessary for the performance of their duties as assurance practitioner.

- (2) A director or an employee who fails to comply with a requirement to provide information or an explanation under subsection (1) commits an offence and is liable on conviction to a fine not exceeding \$50,000.
- (3) In any proceeding against an employee for failing to comply with a requirement to provide information or an explanation under subsection (1), it is a defence if the employee proves that—
 - (a) the employee did not have the information required in their possession or under their control; or
 - (b) by reason of the position occupied by the employee or the duties assigned to them, they were unable to give the explanations required.

Compare: 2013 No 101 s 39

26 Section 461ZI amended (Lodgement of climate statements)

Replace section 461ZI(1) and (2) with:

- (1) Every climate reporting entity that is required to prepare climate statements or group climate statements under any of sections 461Z to 461ZB must ensure that, within 4 months after the balance date of the entity, copies of the following are delivered to the Registrar for lodgement:
 - (a) the climate statements or group climate statements that are required to be prepared; and
 - (b) the assurance practitioner's report on those statements.
- (2) Every manager that is a climate reporting entity in respect of a registered scheme must ensure that, within 4 months after the balance date of the scheme, copies of the following are delivered to the Registrar for lodgement:
 - (a) the climate statements that are required to be prepared under section 461ZC; and
 - (b) the assurance practitioner's report on those statements.

27 Section 461ZJ amended (Information about climate statements of climate reporting entities to be made available in annual report)

Replace section 461ZJ(2)(b) with:

- (b) either—
 - (i) a copy of the climate statements or group climate statements prepared by the entity under any of sections 461Z to 461ZB, together with a copy of the assurance practitioner's report on those statements; or
 - (ii) the address of (or a link to) the Internet site where a copy of those statements, together with the assurance practitioner's report on those statements, can be accessed.

28 Section 461ZK amended (Part 7A climate-related disclosure provisions)

After section 461ZK(3)(b), insert:

(ba) section 461ZH (parts of climate statements must be subject to assurance engagement):

29 Section 501 amended (Additional disclosure or financial reporting defence for directors who are treated as contravening)

In section 501(1)(a), after “461ZC,”, insert “461ZH,”.

30 Section 534 amended (Directors treated as having contravened in case of defective disclosure, financial reporting contravention, or climate-related disclosure contravention)

In section 534(1)(cb), after “461ZC”, insert “, 461ZH,”.

31 Schedule 4 amended

(1) In Schedule 4, clause 1(1), insert as the last paragraph:

(h) Part 8 provides for transitional provisions relating to Part 2 of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021.

(2) In Schedule 4, clause 1(1), in the last paragraph (as inserted by subsection (1)), make any necessary consequential amendment.

(3) In Schedule 4,—

- (a) insert the Part set out in Schedule 2 of this Act as the last Part; and
- (b) make all necessary consequential amendments.

Part 3

Amendments to Financial Reporting Act 2013

32 Principal Act

This Part amends the Financial Reporting Act 2013.

33 Section 3 amended (Purpose)

(1) In section 3(b), after “financial reporting standards”, insert “, climate standards,”.

(2) After section 3(c), insert:

(d) provide for standard provisions relating to climate-related disclosure duties under the Financial Markets Conduct Act 2013.

34 Section 4 amended (Overview of financial reporting duties)

(1) In the heading to section 4, after “reporting”, insert “and other”.

(2) After section 4(2), insert:

- (2A) This Act also provides for various matters relating to climate-related disclosure duties under the Financial Markets Conduct Act 2013, including—
- (a) defining key concepts (for example, climate-related disclosure framework, climate statements, and group climate statements); and
 - (b) providing for the Board to prepare and issue climate standards.
- (3) In section 4(3), after “duties”, insert “, and of this Act in relation to climate-related disclosure duties”.

35 Section 5 amended (Interpretation)

- (1) In section 5(1), replace the definition of **applicable auditing and assurance standard** with:

applicable auditing and assurance standard, in relation to an audit or an assurance engagement, means an auditing and assurance standard that applies to the audit or the assurance engagement in accordance with the standard

- (2) In section 5(1), insert in their appropriate alphabetical order:

applicable climate standard, in relation to a reporting entity and to an accounting period or an interim accounting period of a reporting entity, means a climate standard that applies to the reporting entity and to the accounting period or the interim accounting period in accordance with the climate standard

climate-related disclosure framework has the meaning set out in section 9AA

climate reporting entity has the same meaning as in section 461O of the Financial Markets Conduct Act 2013

climate standard means a climate standard issued by the Board under section 12; and includes an amendment to a climate standard that is issued by the Board

climate statements, in relation to a reporting entity and a balance date, means the climate-related disclosures for the entity as at the balance date, or in relation to the accounting period ending at the balance date, that are required to be prepared in respect of the entity by an applicable climate standard

group climate statements, in relation to a group and a balance date, means the climate-related disclosures for the group as at the balance date, or in relation to the accounting period ending at the balance date, that are required to be prepared in respect of the group by an applicable climate standard

- (3) In section 5(1), replace the definition of **reporting entity** with:

reporting entity—

- (a) means an entity whose financial statements, group financial statements, reports, or other information is required by any enactment to comply, or be prepared in accordance, with generally accepted accounting practice or non-GAAP standards; or

(b) means an entity whose climate statements, group climate statements, reports, or other information is required by any enactment to comply, or be prepared in accordance, with the climate-related disclosure framework

(4) In section 5(1), definition of **standard**, after paragraph (a), insert:

(aa) a climate standard; or

36 New section 9AA inserted (Meaning of climate-related disclosure framework)

After section 9, insert:

9AA Meaning of climate-related disclosure framework

In this Act, climate statements, group climate statements, a report, or other information complies with the **climate-related disclosure framework** only if the statements, report, or other information complies with—

- (a) applicable climate standards; and
- (b) in relation to matters for which no provision is made in applicable climate standards, an authoritative notice.

37 Section 12 amended (Functions of Board)

(1) After section 12(a), insert:

(aa) to prepare and, if it thinks fit, issue climate standards for the purposes of any enactment that requires climate statements or group climate statements, or a statement, report, or other information to comply, or be prepared in accordance, with the climate-related disclosure framework:

(2) Replace section 12(c) with:

(c) to prepare and, if it thinks fit, issue authoritative notices for the purposes of—

- (i) the definition of generally accepted accounting practice; or
- (ii) the definition of climate-related disclosure framework:

38 Section 14 amended (Membership of Board)

In section 14(2), replace “or law” with “law, or sustainable development”.

39 Subpart 2 heading in Part 2 replaced

In Part 2, replace the subpart 2 heading with:

Subpart 2—Standards

40 New sections 19A to 19C and cross-heading inserted

After section 19, insert:

19A Guidance for purposes of non-financial reporting

- (1) The Board may issue non-binding guidance that relates to non-financial reporting on 1 or more of the matters in section 17(2)(a)(i) to (iv).
- (2) The purpose of the guidance is to facilitate best practice reporting on those matters.
- (3) The guidance—
 - (a) must not be inconsistent with any financial reporting standard or authoritative notice; and
 - (b) must state that it is non-binding.
- (4) Subsection (1)—
 - (a) applies regardless of whether an Order in Council is made under section 17(2):
 - (b) does not limit the general powers of the Board.

*Climate standards***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.

19C Climate standards

- (1) Climate standards may—
 - (a) have general or specific application:
 - (b) differ according to differences in time or circumstance.
- (2) A climate standard may be expressed to apply to all reporting entities or groups or to specified classes of reporting entities or groups.
- (3) A climate standard may specify the accounting periods or interim accounting periods in relation to which the standard applies.

41 Section 27 amended (When standards and authoritative notices take effect)

In section 27(2)(a), replace “accounting,” with “climate-related,”.

42 Section 44 amended (Purpose)

Repeal section 44(b).

43 New subpart 6 heading in Part 2 inserted

In Part 2, after section 47, insert:

Subpart 6—Monetary amounts adjusted for inflation

44 Section 48 amended (Minister must regularly review amounts to take into account inflation)

- (1) In section 48(1)(a), replace “and section 64(2) of the Friendly Societies and Credit Unions Act 1982” with “section 64(2) of the Friendly Societies and Credit Unions Act 1982, and sections 461Q and 461S of the Financial Markets Conduct Act 2013”.
- (2) In section 48(3), replace “8” with “6”.

45 Section 49 amended (Order may amend amounts)

After section 49(h), insert:

- (i) amending the amounts specified in sections 461Q and 461S of the Financial Markets Conduct Act 2013;
- (j) amending the amounts in the example in section 461S of the Financial Markets Conduct Act 2013.

46 Section 51 amended (Levies)

After section 51(3)(f), insert:

- (fa) climate reporting entities; and

47 Schedule amended

- (1) In the Schedule, replace the cross-heading above clause 1 with:

Part 1
Provisions relating to Financial Reporting Amendment Act 2014

- (2) In the Schedule,—
 - (a) insert the Part set out in Schedule 3 of this Act as the last Part; and
 - (b) make all necessary consequential amendments.

Part 4 Amendments to other Acts

Subpart 1—Public Audit Act 2001

48 Principal Act

This subpart amends the Public Audit Act 2001.

49 Section 4 amended (Interpretation)

(1) In section 4, insert in their appropriate alphabetical order:

appointed CRD assurance practitioner means a person appointed under section 34A to carry out 1 or more assurance engagements under section 15B

climate reporting entity has the same meaning as in section 461O of the Financial Markets Conduct Act 2013

(2) In section 4, definition of **Auditor-General**, after “appointed auditor”, insert “or appointed CRD assurance practitioner”.

50 New section 15B inserted (CRD assurance practitioner for public entities)

After section 15A, insert:

15B CRD assurance practitioner for public entities

(1) The Auditor-General is, and must from time to time act as, the CRD assurance practitioner for an assurance engagement required for the purposes of Part 7A of the Financial Markets Conduct Act 2013 by a climate reporting entity that is a public entity.

(2) In carrying out an assurance engagement under subsection (1), the Auditor-General must (at a minimum) comply with the auditing and assurance standards that apply to the assurance engagement.

51 New section 34A inserted (Appointment of CRD assurance practitioners)

After section 34, insert:

34A Appointment of CRD assurance practitioners

(1) The Auditor-General may from time to time appoint any of the following to act as a CRD assurance practitioner and to carry out, under section 15B, 1 or more assurance engagements required for the purposes of Part 7A of the Financial Markets Conduct Act 2013 by a climate reporting entity that is a public entity, on the Auditor-General’s behalf:

(a) an employee of the Auditor-General:

(b) a person who, under section 461ZH(2) of the Financial Markets Conduct Act 2013, may carry out the assurance engagement.

- (2) An appointment must be in writing and may be made subject to any restrictions and conditions that the Auditor-General thinks fit.
- (3) The Auditor-General may authorise an appointed CRD assurance practitioner to exercise such of the powers listed in section 34 in relation to the public entity concerned as the Auditor-General specifies in the appointment.

52 Section 35 amended (Delegation of powers)

After section 35(2)(a), insert:

- (aa) the power of appointment of CRD assurance practitioners under section 34A; or

53 Section 41 amended (Protection from liability)

In section 41(1)(c), replace “or not” with “or an appointed CRD assurance practitioner or neither”.

54 Section 42 amended (Audit fees)

- (1) In section 42(1), after “15,”, insert “15B,”.
- (2) In section 42(3), after “auditor”, insert “or an appointed CRD assurance practitioner”.
- (3) Replace section 42(4) with:
- (4) The public entity must pay any fees to the Auditor-General, or to the appointed auditor or the appointed CRD assurance practitioner, on the completion of the whole or any part of the audit or assurance engagement when requested in writing to do so.

Subpart 2—Related and consequential amendments

55 Related and consequential amendments

- (1) Amend the Act specified in Part 1 of Schedule 4 as set out in that schedule.
- (2) Amend the Acts specified in Part 2 of Schedule 4 as set out in that schedule.

Schedule 1
**New Part 7 inserted into Schedule 4 of Financial Markets Conduct
Act 2013**

s 21(2)

Part 7
**Provisions relating to Part 1 of Financial Sector (Climate-related
Disclosures and Other Matters) Amendment Act 2021**

91 Interpretation in this Part

In this Part, **climate standard** has the same meaning as in section 5(1) of the Financial Reporting Act 2013.

92 Definitions of large listed issuer, large, and large manager may take into account accounting periods that commence before commencement of clause

In sections 461P(1), 461Q, and 461S, a reference to preceding accounting periods may include an accounting period regardless of whether the accounting period commenced before, on, or after the commencement of this clause.

93 Climate-related disclosures for climate reporting entities under section 461O(1)

(1) The following provisions of this Act apply to a climate reporting entity under section 461O(1) in respect of accounting periods of the entity that commence on or after the date on which the External Reporting Board issues the first climate standard that applies to the entity:

- (a) subpart 2 of Part 7A (which relates to CRD records):
- (b) subpart 3 of Part 7A (which relates to preparation of climate statements):
- (c) subpart 5 of Part 7A (which relates to lodgement of climate statements).

(2) The provisions listed in subclause (1) do not apply to a climate reporting entity under section 461O(1) in respect of accounting periods of the entity that commence before the date on which the External Reporting Board issues the first climate standard that applies to the entity.

94 Climate-related disclosures relating to registered schemes

(1) The following provisions of this Act apply to a climate reporting entity under section 461O(2) in respect of accounting periods of a registered scheme that commence on or after the date on which the External Reporting Board issues the first climate standard that applies to the scheme:

- (a) subpart 2 of Part 7A (which relates to CRD records):
- (b) subpart 3 of Part 7A (which relates to preparation of climate statements):

- (c) subpart 5 of Part 7A (which relates to lodgement of climate statements).
- (2) The provisions listed in subclause (1) do not apply to a climate reporting entity under section 461O(2) in respect of accounting periods of a registered scheme that commence before the date on which the External Reporting Board issues the first climate standard that applies to the scheme.

Schedule 2
**New Part 8 inserted into Schedule 4 of Financial Markets Conduct
Act 2013**

s 31(3)

Part 8
**Provisions relating to Part 2 of Financial Sector (Climate-related
Disclosures and Other Matters) Amendment Act 2021**

95 Interpretation in this Part

In this Part,—

commencement date means the commencement date of section 25 of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021

new, in relation to a section of this Act, means the section as replaced or amended by a provision of Part 2 of the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021

Part 7A assurance engagement obligations means—

- (a) new section 461ZH (which relates to assurance engagements required for parts of climate statements relating to greenhouse gas emissions); and
- (b) new section 461ZI (which relates to lodgement); and
- (c) except in clause 96(2), new section 461ZJ (which relates to annual reports).

96 Application of Part 7A assurance engagement obligations to accounting periods

- (1) The Part 7A assurance engagement obligations apply to a climate reporting entity under section 461O(1) in relation to the following accounting periods of the climate reporting entity:
 - (a) an accounting period that commenced before, but ends on or after, the commencement date;
 - (b) accounting periods that commence on or after the commencement date.
- (2) The Part 7A assurance engagement obligations apply to a manager of a registered scheme that is a climate reporting entity in respect of the scheme in relation to the following accounting periods of the scheme:
 - (a) an accounting period that commenced before, but ends on or after, the commencement date;
 - (b) accounting periods that commence on or after the commencement date.

Schedule 3**New Part 2 inserted into Schedule of Financial Reporting Act 2013**

s 47(2)

Part 2**Provisions relating to Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021****4 Interpretation**

In this Part, **2021 Amendment Act** means the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021.

5 Guidance may apply to accounting periods that commence before section 19A commences

Guidance issued by the Board in accordance with section 19A (as inserted by section 40 of the 2021 Amendment Act) may apply in relation to—

- (a) accounting periods that commence before, but end on or after, the commencement of section 19A:
- (b) accounting periods that commence on or after the commencement of section 19A.

6 Climate standards and authoritative notices may apply to accounting periods that commence before clause commences

(1) Climate standards issued by the Board may apply in relation to—

- (a) accounting periods that commence before, but end on or after, the commencement of this clause:
- (b) accounting periods that commence on or after the commencement of this clause.

(2) Authoritative notices issued by the Board for the purposes in section 12(c)(ii) may apply in relation to—

- (a) accounting periods that commence before, but end on or after, the commencement of this clause:
- (b) accounting periods that commence on or after the commencement of this clause.

7 Transitional provisions relating to review of monetary amounts in sections 461Q and 461S of Financial Markets Conduct Act 2013

(1) Subclause (2) applies if section 44(1) of the 2021 Amendment Act (which amends section 48(1)(a) of this Act) comes into force before 1 April 2022.

- (2) The monetary amounts in sections 461Q and 461S of the Financial Markets Conduct Act 2013 do not need to form part of the first review under section 48(2) of this Act.
- (3) Subclause (4) applies—
 - (a) if the monetary amounts in sections 461Q and 461S of the Financial Markets Conduct Act 2013 do not form part of the first review under section 48(2) of this Act:
 - (b) despite the date on which section 45 of the 2021 Amendment Act (which amends section 49 of this Act) comes into force.
- (4) The Minister’s recommendation (if any) under section 48(1)(b), after conducting the first review, must not include a recommendation for the purposes of section 49(i) or (j).

Schedule 4

Related and consequential amendments

s 55

Part 1

Consequential amendment to come into force on day after Royal assent

Climate Change Response Act 2002 (2002 No 40)

In section 4(1), replace the definition of **entity** with:

entity, in relation to a group, means—

- (a) a reporting entity within the meaning of paragraph (a) of the definition of that term in section 5 of the Financial Reporting Act 2013; or
- (b) a subsidiary (within the meaning of section 5 of the Financial Reporting Act 2013) of a reporting entity referred to in paragraph (a)

Part 2

Amendments to come into force by first anniversary of Royal assent

Companies Act 1993 (1993 No 105)

After section 211(1)(c), insert:

- (ca) if the company is required to prepare climate statements or group climate statements under section 461Z or 461ZA of the Financial Markets Conduct Act 2013 for the accounting period, include the matters required by section 461ZJ(2) of that Act; and

Financial Markets Authority Act 2011 (2011 No 5)

In section 4, definition of **financial markets participant**, after paragraph (b)(iv), insert:

- (v) a climate reporting entity (within the meaning of section 461O of the Financial Markets Conduct Act 2013); and

Insurance (Prudential Supervision) Act 2010 (2010 No 111)

In section 238(1)(b), replace “from being—” with “—”.

Replace section 238(1)(b)(i) with:

- (i) from being—
 - (A) an FMC reporting entity (and, consequentially, a climate reporting entity) for the purposes of the Financial Markets Conduct Act 2013 by virtue of section 451(1)(h) of that Act; or

Insurance (Prudential Supervision) Act 2010 (2010 No 111)—*continued*

(B) a climate reporting entity for the purposes of the Financial Markets Conduct Act 2013 by virtue of section 461O(1)(c) of that Act:

In section 238(1)(b)(ii), before “an issuer”, insert “from being”.

Legislative history

12 April 2021	Introduction (Bill 30–1)
15 April 2021	First reading and referral to Economic Development, Science and Innovation Committee
16 August 2021	Reported from Economic Development, Science and Innovation Committee (Bill 30–2)
28 September 2021	Second reading
19 October 2021	Committee of the whole House (Bill 30–3)
21 October 2021	Third reading
27 October 2021	Royal assent

This Act is administered by the Ministry of Business, Innovation, and Employment.