



Guidance Note

NZX ESG Guidance

31 October 2025 ~~1 April 2023~~



Under Rule 9.15.1 of the NZX Listing Rules (**Rules**), NZX Limited (**NZX**) may act by and through NZX Regulation Limited (**NZ RegCo**) in performing any function or discharging any power set out in the Rules. References in this Guidance Note to NZX therefore also include NZ RegCo in relation to any regulatory activity or discretion.

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This guidance note applies to the obligations contained in the Listing Rules (**Rules**) including the NZX Corporate Governance Code (**Code**), relating to ESG. This guidance note is designed as a resource and does not create any additional obligations beyond those set out in the Rules and Code. Issuers should note that this guidance note is not intended to be a definitive statement of the application of the Rules in every situation, and is only a guide to NZX's policy and practice. This guidance note does not limit NZX's discretion under the rules. This guidance note reflects the NZX Listing Rules and law as at 1 April 2023 which is subject to change. NZX takes no responsibility for any error contained in this guidance note. NZX may replace guidance notes at any time and Issuers should ensure that they have the most recent version of this guidance note by checking NZX's website at www.nzx.com.

1. Introduction

The NZX Corporate Governance Code (**Code**)¹ provides recommendations in relation to eight corporate governance principles for issuers² to report against under the NZX Listing Rules (**Rules**). The overarching purpose of Code is to promote good corporate governance, recognising that boards are in place to protect the interests of shareholders and to provide long-term value. It operates on a ‘comply or explain’ basis, which is explained in the introductory section of the Code. The Code’s corporate governance principles cover ethical standards, board composition and performance, board committees, reporting and disclosure, remuneration, risk management, auditors and shareholders rights and relations.

One of the key aims of the Code is to promote issuer disclosure of environmental, social and governance factors (**ESG**). In particular, recommendation 4.4 states:

“An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability and governance factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the board.”

Issuers may include other non-financial information, such as a description of the performance of an issuer’s business against strategic goals.

Terminology

Often, the terms ESG, non-financial reporting and corporate social responsibility are used interchangeably. We have elected to use the term ESG, for the purposes of this guidance note, because it is a commonly used term.

Objectives of this guidance note

This guidance note does not establish any additional or separate NZX ESG disclosure requirement or expectation, above what issuers are already expected to disclose under the Rules, Code or legislation (which take precedence over the content of this guidance note).

This guidance note is for issuers that are considering the disclosure of ESG factors under the NZX Code. It is built on the understanding that most businesses will have some sort of interaction with one or more of the branches of ESG.

This guidance note outlines good ESG practices, and accepted frameworks for issuers to consider adopting when making their ESG disclosures. While not exhaustive, this guidance note aims to help issuers better understand the benefits of ESG reporting and the global reporting regimes available.

The NZX ESG guidance note aims to:

- explain what ESG is;

¹ <https://www.nzx.com/regulation/nzx-rules-guidance/corporate-governance-code>

² Issuers of quoted equity securities are required to report against the Code by Rule 3.8.1. Issuers who solely have Debt Securities quoted or Fund Securities Quoted are not required to report against the Code, refer to Rule 1.3.1, and Rule 1.5.1. Issuers of debt securities should note that they may be subject to the legislative climate-related disclosures regime that is described further in section 7 of this Guidance Note.

- provide issuers context on why it is important (i.e. its relevance under the Code and investor demand);
- provide issuers with resources for accessing more information about how to report on ESG factors, including which global frameworks are available to them; and
- help issuers communicate their strategies for identifying and managing their materially significant ESG opportunities and risks to stakeholders and investors.

This guidance should help issuers identify the most appropriate global framework against which to report, of the most widely recognised and used in New Zealand. The global frameworks identified are not exhaustive, and NZX recognizes that other frameworks not discussed here may also exist, or be developed or evolve over time.

2. What is ESG?

The use of ESG disclosure is becoming more important in relation to investment decisions alongside other financial and strategic information. Issuers can show investors that they are equipped for the long term, and are ready to respond to risks and take advantages of opportunities.

There are three elements that help socially conscious businesses measure their sustainability and the ethical impact of an investment in their company or business. These are:

- Environmental criteria (looks at how a company performs as a steward of the natural environment);
- Social criteria (considers how a company manages its relationships with stakeholders (i.e. employees, impact on the broader community and/or suppliers));
- Governance (includes a company's leadership, executive pay and shareholder rights amongst other matters).

ESG Reporting Factors

A definitive list of ESG issues does not exist. It would not be possible or desirable to produce a list or set of definitions that claim to be definitive because it would soon go out of date. Some branches of ESG are sector specific and a listed issuer should take a holistic view of how their business aligns with them.

FTSE Russell has drawn from global standards and frameworks in the development of its ESG model³. The model involves producing an overall ESG Rating based on the three pillars of Environment, Social and Governance and on themes adapted to reflect their materiality to businesses. The table below provides examples of ESG areas that are incorporated within the FTSE Russell framework, which are provided as a resource to assist issuers in considering areas for disclosure:

³ FTSE Russell, [ESG Ratings](#)

Environmental	Social	Governance
• Biodiversity • Climate change • Pollution and resources • Water security	• Labour Standards • Human rights and community • Health & Safety • Customer Responsibility	• Anti-corruption • Corporate Governance • Risk Management • Tax Transparency

The Principles for Responsible Investment (**PRI**) is a United Nations supported network of investors whose signatories work towards promoting sustainable investment. The PRI cites a more comprehensive list:

Specific Environmental Issues	Specific Social Issues	Governance
• Environmental protection • Air and water pollution • Waste management • Land degradation • Resource depletion • Sustainable procurement • Deforestation • Biodiversity • Ecosystem services	• Human rights • Supply chain management • Conflict regions • Labour standards • Human capital management • Talent attraction and retention • Access to medicines • Safe development of medicines • Government and community relations • Product safety and liability • Product mis-selling	• Executive remuneration • Bribery and corruption • Shareholder rights • Proxy voting • Business ethics • Board composition • Independent directors • Risk management • Whistle-blower schemes • Stakeholder dialogue • Lobbying • Government relations • Disclosure • Capital reorganizations • Accounting treatment • Succession planning • Audit committee structure

3. Why is ESG relevant to my company?

There are many reasons why ESG is relevant to corporate governance. Three of these are identified briefly below:

Global acceptance

All over the world, it is now considered ‘mainstream’ for companies and entities to report on ESG and responsible investment. These trends reflect the need to shift to a low carbon economy, increasing business vulnerability to the effects of climate change and other environmental and social factors, a generational changeover and institutional forces. The major move towards investment in these areas worldwide includes:

- there are now approximately 3,800 signatories to the PRI who now represent \$120tn in assets under management – up from \$22tn in 2010, and \$60tn in 2017⁴.
- research developed by KPMG in partnership with RIAA, shows that the proportion of responsible investment assets to total managed funds grew in Australia from 31 percent in

⁴ Information about the UN PRI signatories is available [here](#).

2019, to 40 percent in 2020, despite there only being a 2 percent increase in all professionally managed funds in Australia over the same period⁵.

- global sustainable investments reaching USD 35 trillion in assets under management in 2020, equating to 36% of all professionally managed assets⁶

The global context of this movement is discussed more in section 4 of this Guidance Note, 'New Zealand's Commitments'.

Investor interest

Investor decision making is key to ESG reporting. Climate change and depletion of resources mean investors, may consider sustainability as an important factor when making investment choices, and that issuers who provide disclosures in this area may benefit from more efficient access to capital. Evidence based disclosure can help investors make conscious investment choices by providing a more holistic view of the effects of ESG factors on an issuer's strategy, including the issuer's ESG related risks and opportunities.

The PwC Global Investor Survey from 2021, which surveyed 325 global investors (the majority of whom were active asset managers) found that investors are now paying more attention to ESG risks and opportunities with 80% saying that ESG was an important factor in their decision-making⁷, and about 50% saying they were willing to divest from companies that did not take sufficient action on ESG.

Informs the over-arching long-term strategic view of business

ESG reporting improves the utility of issuers' existing disclosures by providing investors with better context for the long-term strategy of the issuer. Issuers should consider how ESG fits within the current and future strategy for their business. There is no one-size-fits-all approach for ESG reporting and depending on the nature of its business, some issuers may find certain areas of ESG more relevant than others.

4. New Zealand's Commitments

Sustainable Stock Exchange Initiative and NZX

In 2016 the Sustainable Stock Exchange invited NZX to become a Partner Exchange of the SSE by making a voluntary public commitment to promote ESG disclosure and performance among issuers. The SSE initiative is organised by the UN Conference on Trade and Development (UNCTAD), the UN Global Compact, the UN Environmental Program Finance Initiative (UNEP FI) and the PRI to promote transparency on ESG issues by exchanges.

As a member of the SSE NZX promotes disclosure of relevant ESG matters by issuers. In order to achieve New Zealand's environmental and sustainability goals, the New Zealand Government has established a whole of Government framework that drives climate change policy towards low greenhouse gas economy and climate resilience to support New Zealand's commitments under

⁵ [Responsible Investment Benchmark Report, Australia 2021](#), Responsible Investment Association Australasia.

⁶ [Global Sustainable Investment Review 2020](#), Global Sustainable Investment Alliance.

⁷ [The Economic Realities of ESG](#), PwC UK.

the Paris Agreement⁸. In 2021 the New Zealand Parliament passed legislation that makes climate-related disclosures mandatory for certain organisations, including some issuers (more information about these requirements is included in section 7 of this Guidance Note). The focus on this work indicates that ‘green’ reporting and finance and disclosure is becoming mainstream.

UN Sustainable Development Goals

New Zealand is party to the UN Sustainable Development Goals. In September 2015, the United Nations signed up to 17 Sustainable Development Goals (SDGs) and 169 targets. The Human Rights Commission has specifically noted to NZX that “ESG Reporting is a way that our national exchange, NZX, and listed issuers can contribute to the UN Sustainable Development Goals.”

The 17 goals and 169 targets set out a universal agenda to achieve sustainable development globally, to be achieved by 2030. They bring together the three dimensions of sustainable development: economic, social and environmental. They apply to all countries. Although the goals are not legally binding, countries are expected to report voluntarily on implementation. Best practice corporate responsibility reports link their strategy for managing ESG to the Sustainable Development Goals.

The Paris Agreement

On 12 December 2015 the global agreement on climate change, The Paris Agreement, was adopted by Parties under the United Nations Framework Convention on Climate Change (UNFCCC), including New Zealand. It entered into force in New Zealand on 4 November 2016 and took effect from 2020.

The aim of The Paris Agreement is to keep global temperatures under 2 degrees above pre-industrial levels, and to pursue efforts to limit the temperature increase even further. New Zealand’s commitments under the Paris Agreement include a target of reducing net emissions by 50 per cent below 2005 gross emissions for the period 2021-2030⁹.

Climate Change Response (Zero Carbon) Amendment Act 2019

The Climate Change Response (Zero Carbon) Amendment Act 2019 was passed by an overwhelming multi-partisan majority suggesting that the policy represented by that Act (including New Zealand’s commitments to net zero greenhouse gas emissions by 2050) will be an enduring feature of Aotearoa New Zealand’s climate response.

UN Human Rights and their Principles

In 1948 New Zealand ratified the Universal Declaration on Human Rights. Since then, New Zealand has generally had a good track record in relation to human rights, linking to the ‘social’ branch of ESG. New Zealand has international obligations under a range of UN treaties which it has ratified and specific legislation such as the Human Rights Act 1993 and the Bill of Rights Act 1990. The full scope of New Zealand’s relationship to human rights is beyond the scope of this guidance note. There is an important link between ESG reporting and human rights because this is something issuers already likely comply with and can report on to improve New Zealand’s overall rating for the ‘social’ branch of ESG (or corporate reporting) when it is linked to the UN Human Rights Principles. This may help issuers appeal to international investors who are looking to invest funds in ethical, sustainable businesses with a good record of social responsibility.

⁸ More information about the Government’s climate-change work programme is available [here](#).

⁹ More information about New Zealand’s Nationally Determined Contribution is available [here](#).

5. What are the available global frameworks in New Zealand?

While there is no consensus on reporting standards globally, there are a range of global frameworks available for issuers to report against that are widely cited by investors, some of which are emerging standards¹⁰. No one framework is preferred by NZX, but it may be issuers find a particular framework a better fit for their company, or which to adopt certain aspects of a reporting framework. NZX does not regard the framework as mutually exclusive and an issuer may wish to adopt particular aspects of different frameworks.

While the sheer number of standards, frameworks and data requirements can be overwhelming, it is important to consider your business and what model works best for your company. As a result, NZX has short-listed the global reporting frameworks down to three commonly used in Australia and New Zealand, based on consultation undertaken in developing this guidance.¹¹

Different data is required across the different reporting frameworks. Lack of standardization means it can be difficult to use data to compare issuers. However, globally all listed issuers and the business community at large are working towards consensus on what constitutes relevant information for issuers.

If none of the below frameworks are considered viable by an issuer, the issuer should still consider providing ESG information using guidance and the relevant framework as a guide, or adopt an alternative global framework. ESG reporting *could* be accompanied by an explanation regarding why the issuer has not adopted a global framework and any targets that the issuer has to implement reporting against a recognised global framework over the longer term.

¹⁰ For example: the standards that are being developed by the International Sustainability Standards Board.

¹¹ We note that KPMG have found that GRI is the most popular reporting framework in Australasia, with Integrated Reporting gaining ground. The Global report from KPMG 'The road ahead' is available here and is a useful resource to understand the global context of corporate responsibility better: https://home.kpmg.com/content/dam/kpmg/campaigns/csr/pdf/CSR_Reporting_2017.pdf. A 2017 New Zealand Corporate Responsibility Survey Supplement is also available from KPMG: <https://home.kpmg.com/content/dam/kpmg/nz/pdf/November/02261-Corporate-Sustainability-Report-2017-Digital.pdf>

The Leading Global ESG Frameworks

Global Reporting Initiative (GRI)	Integrated Reporting.	B Corp. Certification
GRI Sustainability Reporting Standards are the most widely used standards for reporting on ESG impacts globally, and have been developed over many years through multi-stakeholder contributions. GRI Standards aim to meet the information of all stakeholders, and modular structure supports both comprehensive reports and selected disclosures. Further information available here.	The Integrated Reporting Framework helps companies to produce a concise, investor focused report that looks at an issuers performance and prospects through the lens of six 'capitals' (financial, manufactured, human, natural, intellectual, social and relationship). This framework can be used in conjunction with other specific ESG frameworks. Further information is available here.	Certified B Corporations are leaders in the global movement for an inclusive, equitable, and regenerative economy. B Lab measures a company's entire social and environmental impact by assessing social / environmental performance, legal commitments and transparency. Further information is available here.

6. What should be reported?

Issuers may wish to consider reporting as follows:

1. Explain the relevance of environmental, social and governance factors to their business models and strategy. These factors should not be 'bolt-on' but an integrated component of business drivers and considerations.
2. Explain how ESG issues may affect their business, e.g. through legislation, reputational damage, employee turnover, licence to operate, legal action or stakeholder relationships, and how these impacts may affect business strategy and financial and operational performance (also known as 'value mapping').
3. Explain how they intend to access the new opportunities and revenue streams generated by environmentally and socially beneficial products and services. In this context they should explain how their investments in innovation and R&D will drive future growth for the business.
4. Explain the material ESG risks faced by their business, how they intend to manage ESG risks, and the risk management framework that they use to identify, monitor and manage those risks.
5. Identify the parts of the business that manufacture or provide goods, products and services delivering environmental solutions and supporting the transition to a low carbon economy; and break down and quantify the associated revenues.
6. Provide data that is accurate, timely, aligned with their fiscal year and business ownership model, and based on consistent global standards to facilitate comparability.
7. Recognise that reporting is just one part of the wider dialogue they have with their investors. ESG reporting, irrespective of the specific format, provides a basis for dialogue with investors and other key stakeholders but is not a replacement for it.

In addition, there are legislative requirements for mandatory climate-related disclosures to be

made by certain issuers, which are discussed in the next section of this Guidance Note.

7. Climate-related Disclosures

In 2021 the [Financial Sector \(Climate-related Disclosures and Other Matters\) Amendment Act 2021](#) (**CRDA**) was enacted, which amends certain provisions of the Financial Markets Conduct Act 2013 (**FMCA**) and the Financial Reporting Act 2013.

This legislation introduces a new climate-related disclosure regime which will apply to climate-reporting entities, including certain listed issuers.

The CRDA provided the New Zealand External Reporting Board (**XRB**) with a mandate to develop a climate related disclosures framework for New Zealand, with the FMA being tasked with enforcing the regime. The regime is enforced by the FMA. This guidance note does not impose any additional requirements beyond those which exist under the CRDA.

Climate-related Disclosures Standards

The XRB has issued the following standards which form the basis for the climate-related disclosures framework:

- Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS1),
- Aotearoa New Zealand Climate Standard 2: Adoption of Climate-related Disclosures (NZ CS 2); and
- Aotearoa New Zealand Climate Standard 3: General Requirements for Climate-related disclosures (NZ CS 3).

In addition to the climate standards, the XRB has indicated that it intends to re-issue supporting guidance to the Aotearoa New Zealand Climate Standards in early 2023.

More information about the standards and the regime, including a series of Frequently Asked Questions is available on the [XRB website](#).

The Financial Stability Board Taskforce on Climate Related Financial Disclosures (**TCFD**) was set up by the G20's Financial Stability Board to provide a framework to improve the ability to assess and price climate-related risk and opportunities. This framework was used by the XRB as a basis from which to develop NZ CS 1.

We now describe the TCFD framework, as it is useful context for issuers to understand the context for the development of the CS standards, and because it represents a framework against which issuers who are not captured by the CRDA (such as those with a market capitalization below \$60 million) may wish to report on a voluntary basis.

The TCFD framework is structured its recommendations around four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management and metrics and targets. These areas are reflected in NZ CS 1 which climate-reporting entities are required to report against.

Figure 2

Core Elements of Recommended Climate-Related Financial Disclosures



Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Who does the Climate-related Disclosures regime apply to?

Climate-reporting entities include 'large listed issuers' as defined by section 461P of the FMCA, being listed issuers of quoted debt or equity securities with a market capitalisation of more than \$60 million¹². In October 2025 the Government announced its intention to narrow the scope of the mandatory legislative reporting requirements, such that listed issuers with a market capitalisation of less than \$1 billion would no longer be subject to the reporting requirements under the CRDA.

In addition, other organisations in New Zealand such as large registered banks, insurers and large managers of registered schemes are also subject to the regime, noting that following the Government's announcement in October 2025 it is intended that managed investment schemes will no longer be subject to the mandatory reporting requirements.

As at the date of this Guidance Note the FMA has confirmed that until the legislative amendments are effected to reflect the Government's proposed changes to the reporting thresholds that it would not take action for affected listed issuers. NZX has issued a class waiver from the Listing Rules to reflect these changes.

Is the Climate-related Disclosures regime voluntary?

Reporting under the regime is mandatory, and will be monitored and regulated by the FMA. Climate-reporting entities need to keep proper climate-related disclosure records and prepare and lodge climate-reporting statements within 4 months of the entity's balance date, in accordance with the requirements of the CRDA.

When did the Climate-related Disclosures regime become effective?

The mandatory regime took effect on 1 January 2023, meaning that entities with a balance date on or after 1 January 2023 are required to disclose according to the XRB's climate reporting standards.

¹² Issuers are encouraged to refer to the definitions contained in the legislation to determine whether or not they are climate reporting entities. In particular foreign exempt issuers and issuers who solely have wholesale debt quoted should consider whether they are excluded from the regime.

8. How to approach reporting on ESG

Choose an appropriate framework

Issuers should define their business and reporting boundaries, taking into consideration the nature of their business, the geographical span of operations, subsidiaries, joint ventures and supply chain, when choosing how to approach ESG reporting. It is important to note that this section of the guidance note does not extend an issuer's reporting obligations beyond those which exist under the Rules, Code or legislation.

NZX encourages issuers to adopt a recognised global reporting framework for ESG reporting, however issuers may choose to adopt an alternative global ESG reporting framework, or part of a global framework or frameworks. We encourage issuers to clearly outline the framework that the issuer has elected to adopt.

Identifying Key Stakeholders

Issuers should consider who their key stakeholders are and how the reporting or gathering of data may affect those stakeholders or require their feedback. Stakeholders can include employees, customers, suppliers, distributors, creditors, lenders, community, unions, shareholders, investors and government.

Identifying materiality for those Stakeholders

There is no one method to correctly identify relevant, or material information. However, it is important that issuers gain an understanding of what is material and bring that information to the attention of investors and other stakeholders¹³. For instance, investors may be interested in whether an issuer can successfully respond to a climate change risk or demonstrate future viability and resilience. An example of this could be an energy company considering investing in wind generation. The company should articulate to its shareholders the investment case, the sources of investment risk and how practices and performance will be measured, looking at both qualitative and quantitative data and the likely business, environmental, social and broader economic outcomes.

The International Accounting Standards Board¹⁴ defines information as 'material' in relation to financial statements, if 'omitting or misstating, or obscuring it could reasonably be expected to influence the decisions that primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'.

ASX in its guidance relating to disclosures made under ASX Corporate Governance Code recommendation 7.4 (which recommends that an issuer disclose whether it has any *material exposure* to environmental or social risks), defines a material exposure as 'a real possibility

¹³ For example: issuers may wish to consider whether their shareholders and investors have voluntarily adopted the [Aotearoa New Zealand Stewardship Code](#).

¹⁴ The International Accounting Standards Board (IASB) is an independent, private-sector body that develops and approves International Financial Reporting Standards (IFRSs). See definition [here](#).

that the risk in question could materially impact the listed entity's ability to create or preserve value for security holders over the short, medium or longer term¹⁵

In its consultation on the development of NZ CS 3, the XRB has proposed a concept of materiality that acknowledges that materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates¹⁶.

- Other guidance about 'materiality' can be found online at the following:
- The International Integrated Reporting Council and International Federation of Accountants released the publication, 'Materiality in Integrated Reporting' which offers guidance. This is available [here](#).
- Materiality is explained in respect of GRI reporting here on the G4 website, [here](#).

Issuers should also be mindful of continuous disclosure obligations, which requires the disclosure of material information. The materiality test is different in this context and issuers should see the NZX Guidance Note Continuous Disclosure for further information.

Develop a strategy

Issuers may develop a strategy to address the identified risks and opportunities for ESG. The strategy should drive reporting, rather than reporting driving strategy.

Identify indicators of ESG themes

Issuers should look at specific practices, outputs, impacts and, where relevant, results in their business, as indicators of how it is performing on its material ESG issues, and whether this is applicable to the whole business or just a specific area. These should be drawn from both qualitative and quantitative data.

The challenge is to identify the most relevant indicators and the ESG global frameworks which are most relevant. There may be a combination; for example, GRI may be used as a specific subset standard within a broader framework such as Integrated Reporting.

A company should take into account the sector in which it operates when determining the best approach to ESG reporting. For instance, a company that has a strong reliance on employees, like a software company, might report on employee attrition in its KPI's. An eco-tourism company, on the other hand, would likely need to include opportunities and risks in relation to sustainability and environmental impact, and how that relates to its financial return.

Provide data

Information for ESG reporting needs to be complete, consistent, reliable, comparable and clear. Data should provide evidence of any assertions made.

The characteristics of Investment Grade Data include:¹⁷

- Accuracy – deploy rigorous data collection systems,

¹⁵ ASX Listing Rules, [Guidance Note 9](#), January 2020.

¹⁶ 'Climate-related Disclosures – Strategy and Metrics and Targets Consultation Document, NZ CS 1' March 2022, available [here](#).

¹⁷ See London Stock Exchange Guidance on ESG Reporting, available [here](#).

- Boundaries – align to the fiscal year and business ownership model,
- Comparability and consistency – use consistent global standards,
- Data provision – provide raw as well as normalised data,
- Timeliness – provide data to coincide with the annual reporting cycle,
- External assurance – consider strengthening the credibility of data by having it assured, and
- Balance – provide an objective view, including both favourable and unfavourable information.

In order to allow comparability between peers, it is preferable to use consistent global standards when reporting if this is possible for the issuer. Issuers should gather data in line with common practices and report in a similar manner to sector peers when possible.

The method that the issuer selects to report should remain consistent year-to-year. If the circumstances of the issuer changes, or any underlying assumption changes in its business, an issuer should explain the change to its business in its annual reporting, explicitly referring to ESG. An issuer may want to communicate sooner if a controversy or incident has taken place. An issuer may consider it more appropriate to present information in a standalone sustainability report.

The issuer may consider making raw data available to allow investors to cross compare issuers should they wish. Issuers can also support data interpretation by providing contextual data (i.e. number of staff and contractors, turnover, countries in which they operate), normalized data (i.e. interpreting process around set targets) and explanations (i.e. narrating the data, particularly where it may have influenced performance either positively or negatively).

Providing meaningful disclosure of the quality of the information presented

An issuer may wish to strengthen credibility of its ESG data through external assurance. This can be conducted through the same process as financial reporting using qualified auditors. The manner in which external assurance was sought should be described.

The NZX Code commentary to recommendation 4.4 also notes that to the extent that an external auditor has not reviewed or audited its non-financial reporting, that an issuer is encouraged to disclose the process by which the issuer has ensured that its non-financial reporting disclosures are materially accurate and provide an appropriate level of information for investors.

In addition, issuers should try and present favourable and unfavourable information clearly and in full. Efforts to obscure information may create mistrust, and confusing or misleading disclosure may result in allegations of ‘greenwashing’. Commentary may be provided to guide more difficult subjects.

9. Reporting formats

How should the report be presented?

An issuer’s non-financial reporting should be easy to find, understand and access. Reporting of environmental, social sustainability and governance reporting (ESG reporting) should be presented either as part of the issuer’s corporate governance reporting or as a stand-alone report. ESG reporting may be made available on an issuer’s website, which may be as an

external link which is easy to locate on the issuer's website. An issuer's annual report should refer to where an issuer's ESG reporting is available on its website, in instances where the ESG reporting is not contained in an issuer's annual report.

It is important that an issuer's annual report identifies ESG information, to ensure that it is easily identifiable for an issuer's investor and other stakeholders.

10. Communication with shareholders

Investors want to better understand how a company is positioned to deliver long term sustainable value. Shareholders increasingly wish to understand why an issuer has made certain decisions in respect of ESG risks and opportunities and how decisions have been made. Issuers should use corporate reporting as a tool to communicate long term strategy, material issues and the future social, environmental and economic outcomes being pursued through their current activities. More information about shareholder rights and relations can be found in Principle 8 of the NZX Code.

Timeframes

An appropriate time to provide ESG data is at the same time as providing your corporate governance reporting under the NZX Code as part of an annual report, although listed issuers may also wish to provide more regular disclosure on their websites. It is important that the annual report either includes an issuer's ESG report, or provides a link to where it provides more fulsome ESG information, as the annual report is provided on a routine basis at a well signalled time. This allows investors to know when they can expect to receive updated information and for consistency with other reporting criteria.

Further Resources

More background about ESG can be found at the following:

- [NZX.com](#), including the [Practice Note relating to Bond Designations](#).
- [XRB – Climate-related Disclosures](#) and Aotearoa New Zealand Climate Standards 1, 2 and 3.
- FMA:
 - [Role in an integrated financial system](#)
 - [Disclosure framework for integrated financial products](#)
 - [Green bonds – same class exclusion](#)
- [B Corp Certification](#) – The B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials. Certified B Corporations are leaders in the global movement for an inclusive, equitable, and regenerative economy.
- [International Sustainability Standards Board](#) – The International Sustainability Standards Board (ISSB) has been tasked with delivering a comprehensive global baseline of

sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions.

- [Sustainable Stock Exchanges Initiative](#) - The Sustainable Stock Exchanges (SSE) initiative is a peer-to-peer learning platform for exploring how exchanges (in collaboration with investors, regulators, and companies) can promote responsible investment for sustainable development.
- [The Sustainable Business Council](#) - The Sustainable Business Council (SBC) is the New Zealand member of the World Business Council for Sustainable Development that advocates a better way of doing business, one which creates a sustainable future.
- [United Nations Principles of Responsible Investment](#) – The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.
- [UN Global Compact Guide To Sustainability](#) - Lays out five defining features of corporate sustainability, which the Global Compact asks businesses to strive towards – looking at why each element is essential, how business can move forward and what the Global Compact is doing to help.
- [SDGs](#) - The United Nations Sustainable Development Goals are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.
- [GRI Standards](#) - The Global Reporting Initiative's GRI Standards are the first global standards for sustainability reporting. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts (<https://www.globalreporting.org/standards>).
- [GRESB Benchmark](#) - GRESB is a mission-driven and industry-led organization that provides actionable and transparent environmental, social and governance (ESG) data to financial markets.
- [WFE](#) - The World Federation of Exchanges, formerly the Federation Internationale des Bourses de Valeurs, or International Federation of Stock Exchanges, is the trade association of 63 publicly regulated stock, futures, and options exchanges (www.world-exchanges.org).
- [Corporate Eco Forum](#) – Corporate Eco Forum is an invitation-only membership organization for large companies that demonstrate a serious commitment to sustainability as a business strategy issue.
- [World Environment Centre](#) – The World Environment Centre is an independent, global, non-profit, non-advocacy organization that advances sustainable development through the business practices of member companies and in partnership with governments, multi-lateral organizations, non-governmental organizations, universities and other stakeholders.