

# Submission

to the

Financial Markets Authority – Te  
Mana Tātai Hokohoko

on the

Consultation: *Proposed guidance  
for ethical investing disclosure*

7 November 2025



## About NZBA

1. The New Zealand Banking Association – Te Rangapū Pēke (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.
2. The following seventeen registered banks in New Zealand are members of NZBA and support this submission:
  - ANZ Bank New Zealand Limited
  - ASB Bank Limited
  - Bank of China (NZ) Limited
  - Bank of New Zealand
  - China Construction Bank (New Zealand) Limited
  - Citibank N.A.
  - The Co-operative Bank Limited
  - Heartland Bank Limited
  - The Hongkong and Shanghai Banking Corporation Limited
  - Industrial and Commercial Bank of China (New Zealand) Limited
  - JPMorgan Chase Bank N.A.
  - KB Kookmin Bank Auckland Branch
  - Kiwibank Limited
  - Rabobank New Zealand Limited
  - SBS Bank
  - TSB Bank Limited
  - Westpac New Zealand Limited

## Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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## Introduction

4. NZBA welcomes the opportunity to provide feedback to the Financial Markets Authority – Te Mana Tātai Hokohoko (**FMA**) on the proposed Guidance for Ethical Investing Disclosure (**Proposed Guidance**).
5. NZBA commends the FMA's objectives to clarify expectations around ethical investing disclosure and fair dealing obligations under the Financial Markets Conduct Act 2013 (**Act**). We support the FMA's objective to improve clarity and confidence in ethical investing markets. NZBA recognises the importance of market standards to support investor confidence that ethical values are incorporated into industry practice, and we believe the FMA's guidance in this space enables a meaningful uplift to the practical understanding of good practice for issuers of financial products that incorporate ethical characteristics.
6. Our submission offers overarching comments and targeted suggestions to improve clarity and scope to ensure alignment of the Proposed Guidance with existing regulatory frameworks and forthcoming changes, including in relation to climate-related disclosures (**CRD**) and proposed class exemption for certain green, social, sustainability and sustainability-linked (**GSSS**) bonds (**Proposed GSSS Bond Class Exemption**).
7. In this regard, we have identified specific areas where we are concerned that the Guidance does not fully align with broader policy or regulatory intentions, and have provided specific recommendations to achieve alignment. As set out in more detail below, our key submissions include:
  - 7.1. The scope of the Proposed Guidance should be clarified and would benefit from a clearer distinction between fund and bond-related disclosures, as they tend to have different considerations (paragraphs 10 to 14).
  - 7.2. A clearer boundary between the CRD regime and ethical investing disclosure should be reflected in the Proposed Guidance to reduce confusion and preserve the integrity of both regimes (paragraphs 15.1 to 15.2).
  - 7.3. A targeted safe harbour calibrated to recognised market standards or practice would be beneficial to support consistent use of ethical labels and reduce differing interpretations or practices (paragraphs 13, 15.6 to 15.7).
  - 7.4. Disclosure should be calibrated according to differences between retail and wholesale audiences to support clear, concise and effective disclosure (paragraphs 16 to 19).
8. We would be happy to continue to engage with the FMA as this work progresses.



## Overarching comments

9. We provide the following overarching comments, in addition to our specific submissions below:
  - 9.1. NZBA considers that the Proposed Guidance represents a clear improvement on the 2020 Disclosure Framework for Integrated Financial Products, which has been difficult to apply in practice. By contrast, the updated Proposed Guidance is presented in a more user-friendly way and appears to align more closely with the FMA's broader fair dealing and financial product advertising guidance. The inclusion of practical examples of both good practice and potentially misleading practice is particularly helpful.
  - 9.2. In our experience, investor decision-usefulness is maximised when disclosure frameworks are calibrated to product type, avoid duplication with adjacent regimes, and rely on plainly articulated links to recognised market standards. Against that backdrop, our overarching comments below are intended to refine scope, reduce uncertainty, and reinforce the FMA's principles in practice.

## Scope of Proposed Guidance should be clarified

10. The Proposed Guidance would benefit from a clearer distinction between fund and bond-related disclosures, as they tend to have different considerations.
11. Much of the Proposed Guidance is focused on expectations around ethical investing disclosure for managed funds, whereas bond disclosure is referred to only in a few places throughout the document. While it is clear that the Proposed Guidance is intended to apply to bond disclosure, there is a risk that the fund-centric focus and the absence of clear statements regarding the different considerations that apply to bond disclosures may result in confusion or less certainty for bond issuers with regard to their disclosure obligations.
12. We submit that a separate section addressing GSSS bond disclosure should be included to expressly address and/or acknowledge that, for example:
  - 12.1. compliance with industry standards or taxonomies (**GSSS Bond Market Standards**), such as the ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Principles and Sustainability-Linked Bond Principles, and the CBI Climate Bond Standards, should generally be sufficient to allow use of relevant bond labels (such as 'green bonds' or 'social bonds'), as discussed below. Where incremental requirements are intended to apply beyond these standards, they should be clearly signposted and justified; and



- 12.2. certain of the more generic, or fund-specific guidance provided do not apply in the same way to bonds under relevant industry standards. For example, GSSS 'use of proceeds' bonds typically earmark proceeds to eligible projects or assets (in accordance with GSSS Bond Market Standards), but do not seek to directly track proceeds in the same way as a fund.
13. Importantly, the Proposed Guidance should not cut across the Proposed GSSS Bond Class Exemption. In particular, we expect the Proposed GSSS Bond Class Exemption to include certain conditions that must be satisfied for the exemption to apply. Those conditions need to be specific and able to be clearly, objectively satisfied (in order to provide issuers and their directors with confidence that the exemption applies, and the issuer is therefore not required to prepare a product disclosure statement with attendant liability). We recommend that it be made clear, although the Proposed Guidance is relevant to bond disclosure, it should not be read as supplementing or affecting the interpretation of any conditions to relevant class exemptions (or any existing individual exemptions for specific issuers).
14. We also suggest that it would be helpful to clarify whether, particularly in the context of GSSS Bonds, the Proposed Guidance is intended to apply:
- 14.1. only to new sustainable finance frameworks or GSSS Bond issuances; or
- 14.2. also to existing frameworks and programmes. If it is intended to apply to such existing documents, we would recommend including guidance that issuers would be expected to review and potentially update their sustainable finance frameworks over a transition period, or so that issuers of existing GSSS Bonds can be satisfied that they are not expected to immediately update existing frameworks to address all specific recommendations in the Proposed Guidance.
15. We also submit the following clarifications to the scope of the Proposed Guidance:

#### **Climate-related disclosures**

- 15.1. The paragraphs on CRD on page 6 of the Proposed Guidance may create confusion amongst climate reporting entities (**CREs**) as to how or when the Proposed Guidance is to apply to CRD. For example, the statement that:

*"This guidance may be of some help to CREs that want to avoid greenwashing in their climate disclosures",*

may be unhelpful when read together with the sentence:

*"CREs should refer to the CRD page on the FMA's website for more specific information on preparing their climate statements".*



- 15.2. Given the prescriptive nature of CRD standards and the FMA's existing guidance on CRD, we consider that a clearer boundary between the CRD regime and ethical investing disclosure will reduce confusion for CREs and preserve the integrity of both regimes. For that reason, we submit that those paragraphs should be excluded entirely, or, at a minimum, amended to clarify that CRD is subject to its own disclosure regime, and that the Proposed Guidance is not intended to supplement, modify, or otherwise cut across that prescribed disclosure regime.

### **Financial advice**

- 15.3. The section on financial advice on page 28 of the Proposed Guidance, as it relates to financial advice and not to ethical investing disclosures, appears out of scope for a disclosure-focused guidance. This out-of-scope aspect is acknowledged in the Proposed Guidance, which states:

*"Ultimately the general duties of financial advisers apply when giving advice about options for ethical investment".*

- 15.4. We suggest this section be deleted, or, if considered necessary to provide specific guidance on financial advice about ethical investing, relocated in a separate guidance for financial advice providers and financial advisers. Separating issuer disclosure guidance from adviser conduct guidance will improve usability for both audiences and minimise the risk of issuers inferring adviser-specific expectations into product disclosure, or vice versa.
- 15.5. If retained, it should be clearly signposted as general background that does not introduce additional disclosure obligations for issuers.

### **Use of ethical labels**

- 15.6. On page 19 of the Proposed Guidance, there is a reference to using ethical labels only where the main purpose of the investment is to create ethical outcomes.
- 15.7. As discussed above, it should be clear that issuers may use terms such as 'green bond' where the product satisfies or is compliant with recognised standards such as GBP (rather than requiring issuers to apply an additional test before using such a label). This would enhance certainty and reduce the risk of differing interpretations or practices among issuers.

## **Disclosure calibrated to retail or wholesale audience**

16. Disclosure that is calibrated to the relevant audience is a key component of the "overall impression".



17. It is apparent that the Proposed Guidance, while applying to both retail and wholesale issuers of financial products, has been drafted largely with a retail audience in mind. For clarity, the Proposed Guidance should expressly acknowledge this focus and further highlight the expectation that, when making a disclosure or advertising for products or services, offerors consider what may (or may not) be or be likely to confuse or mislead from the circumstances or perspective of the target audience.
18. For example, wholesale offers of bonds are typically targeted at investment businesses and large, sophisticated investors, where terms sheets follow a relatively set, short-form approach in line with global standards. Requiring significantly longer GSSS bond disclosure in such wholesale-focused terms sheets would be out of line with such global standards and may itself cause confusion with investors. Acknowledging differences between retail and wholesale audiences, and calibrating disclosure according to that audience, will support clear, concise and effective disclosure.
19. In this regard, we note the FMA's priority for 2025/26 in tackling misleading disclosure in wholesale offers of financial products, as detailed in the [Financial Conduct Report](#) (June 2025), and the importance of clarity in the interpretation and application of the law. We suggest that this regulatory priority would be better supported by clearer guidance on ethical investment disclosure requirements in wholesale and retail contexts, taking into account the differences noted above.

## Further technical suggestions

20. In addition to the overarching and key submissions above, we note the following further technical suggestions to the Proposed Guidance:
  - 20.1. As a general comment, the bulleted disclosure requirements in the Proposed Guidance are set out in a variety of ways that could create confusion as to whether the nature of the expected disclosure is mandatory, optional or recommended. Examples of such statements include that issuers "may also report on x", "should consider x", "can include describing x" and that "components that should be disclosed include x"). Guidance on what the FMA means when using such terms such as "may", "should" and "can", or otherwise using consistent language would be helpful.
  - 20.2. **Page 6 (misleading over time):** We suggest that the statement that existing disclosure "*could become misleading over time*" is not helpful.
    - 20.2.1. The focus should be on encouraging compliance with current market standards, rather than creating concern about risk with existing disclosure. We also note that issuers will be broadly aware of the need to ensure current advertising and communications are accurate and up to date. The FMA's existing [Guidance note: Advertising offers of](#)



[financial products under the FMC Act](#) (October 2021) addresses these general risks.

- 20.2.2. In practice, new versions of the GBP are released from time to time. Unless changes are material, issuers would not usually update existing sustainable finance frameworks (and related bond documentation) immediately; rather, they would address updates in the next regular cycle of verification review and certification review.
- 20.3. **Page 12 (derivatives):** We suggest that the comments on use of derivatives here over-emphasise potential concerns with such products, and may therefore cause unnecessary confusion. Generally, funds will have a range of derivatives to manage risk, and they should be permitted to hedge such risks as they consider necessary without an implication that they should also consider additional impacts of such hedging on 'greenness' (providing they are hedging within the bounds of their SIPOs). We recommend clarifying that derivatives used for bona fide risk management within the parameters of a fund's SIPO do not generally undermine an ethical strategy, while encouraging issuers to disclose their approach where derivatives may create indirect exposure to excluded activities.
- 20.4. **Page 16 (risks):** In the section under "Risks", the Proposed Guidance notes that disclosure may be required for specific material risks related to an ethical investment strategy, and a number of potential risks are set out in the nature of questions. Issuers will need to balance the risk of over-disclosure of potential ethical investing risks when compared with the disclosure of other types of risk. It would be useful if the Proposed Guidance could include a statement or recommended approach that affirms the current approach of bond issuers to the disclosure of such risks as sufficient so as not to add further unnecessary disclosure requirements. This could potentially be achieved by way of some further examples of good practice relating to the disclosure of ethical investing risks.
- 20.5. **Pages 16 and 17 (Risks, Breach Consequences and Change in Circumstances):** In each of these sections, reference is made to disclosure around 'whether the price at which the product can be sold will be affected'. While this point is clear and easier to disclose for some products (i.e. Sustainability-Linked Bonds which incorporate a clear economic adjustment), for other products (for example, Green Bonds that are being declassified) it's more challenging, because of a lack of clarity as to the likelihood of the sale price of a product being adversely affected, and if so, to what degree. This in turn results in a risk of over-disclosing.



- 20.6. We therefore suggest that it might be useful to include an acknowledgement of this point in order to assist issuers to understand expectations regarding the depth of disclosure.
- 20.7. Page 21 (**Where should the information be located**): We suggest that the reference to “sustainability framework” in the first paragraph under the heading “Where should the information be located” should be changed to “sustainable finance framework”, to avoid the potential for confusion that “sustainability framework” might relate to a broader corporate sustainability document.
- 20.8. We also suggest adding reference in this paragraph to investor presentations where applicable. For example, investor presentations on sustainability linked bonds would also likely include key disclosure on methodology, risks to achieving targets etc.
- 20.9. **Page 23 (disclosures in advertisements with limited space)**: The Proposed Guidance notes that statements made in relation to advertising on platforms with limited space are potentially confusing for issuers. It may be helpful to cross-reference the expectations already set out in the FMA’s existing [‘Guidance note: Advertising offers of financial products under the FMC Act’](#) (October 2021), which states:

*“This guidance also applies to advertising on platforms where the format of content is limited or restricted. Some platforms, such as social media and their associated mobile applications, often impose restrictions on the amount or type of content that can be displayed. Normal practice is to include a hyperlink in the advertising and put further information about the offer on the landing page of the issuer’s website.”*

- 20.10. **Page 25 (reliance on third-party data)**: It is stated that:

*“Where a responsible investment strategy relies on third-party data, disclosure of the data provider(s) is good practice as it can help investor decision-making. While detailed information about the technical screening criteria may not always be helpful to a retail investor, an issuer can direct investors to where they can find out more about the methodology being applied, if investors wish to explore this further.”*

We suggest that the above section of the Proposed Guidance may be confusing for issuers who rely on multiple data sources for their research. It could be made clearer that, as an alternative to disclosing every data provider, the issuer could instead direct investors to their statement of investment policy and objectives (**SIPO**) or other material information (**OMI**) document to find out more about the



responsible investment strategy applied, including positive and negative screening.

- 20.11. **Page 26 (third-party reviews and assurances):** The Proposed Guidance contains extensive disclosure expectations in relation to third-party reviews and assurances, and includes a statement that:

*“Depending on the nature of the review, the issuer may consider which of the above detail is material and should be disclosed in its PDS (with further detail linked to at the third party’s website), or in its responsible investment strategy or SIPO.”*

We suggest that this statement should cross-reference the statement on page 22 that acknowledges product disclosure statement (**PDS**) word limits, and that a PDS may not always contain all the details relevant to the issuer’s ethical investing approach and related risks.

The statement on page 26, *“Disclosure should be guided by what is required to clearly communicate the issuer’s ethical investment practices to investors”*, should be the defining guidance. Given that issuers may change their third-party verifiers from time to time, the identity of any particular third-party reviewer should not be required to be disclosed if the issuer does not also identify all other third parties involved in providing assurance engagements.

We also submit that the expectation that issuers should disclose amounts to be paid for third-party assurances should be removed from page 26 of the Proposed Guidance. This information is highly unlikely to be material to investors.