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Climate, sustainability & ESG

Top picks for 2026



The turbulent world outlook which characterised 2025 shows every sign of persisting through 2026, creating continued uncertainty for clients managing increasingly pressing environmental, social and governance (ESG) risks.

How businesses prioritise ESG risks is also changing in light of global crises. Global risk [rankings](#) indicate that concerns about imminent instability from threats such as geoeconomic confrontation and potential armed conflict may be displacing environmental concerns as the top short-term risks in the minds of leaders worldwide.

New Zealand companies and directors are navigating an increasingly fragmented sustainability picture, with divergence amongst key trading partners on approaches to ESG regulation, while the 7 November general election will test the electorate's response to the Government's approach to ESG. Key domestic ESG policy issues for 2026 will be energy security, a narrowing of the climate related disclosures (CRD) regime, the role of the emissions trading scheme (ETS) and international commitments in our climate mitigation strategy, early moves toward a systemic approach to climate adaptation, and the late introduction of modern slavery legislation.

Given this complex and changing picture, we look ahead and distil the top trends for climate, sustainability and ESG that will matter most for New Zealand businesses and boards in 2026.



Key takeaways

01 **A turbulent world with ESG in the crosshairs**

Globally, geopolitical tensions are taking centre stage, with rules-based diplomacy giving way to power politics and ESG subject to political backlash in a range of countries. That notwithstanding, evidence indicates ongoing 'behind the scenes' corporate commitment to climate and ESG.

02 **Fragmentation in climate reporting**

Climate and sustainability reporting requirements continue to evolve internationally. Fragmented approaches across jurisdictions – and rollbacks at home – continue to present a divergent regulatory picture for Kiwi companies to navigate.

03 **Election year in NZ**

A range of initiatives connected to ESG are expected to be progressed ahead of New Zealand's 7 November general election, including adaptation legislation, reform of the ETS, amendments to the CRD regime, the broadly criticised "woke" banking bill and modern slavery legislation. How much progress can be made before the election campaign begins in earnest – and how it will be received by voters – remains to be seen.

04 **Greenwashing still in frame**

Greenwashing remains in focus for regulators and third-party litigants, in New Zealand and abroad. Managing risk requires careful substantiation, good oversight of public-facing claims and plain English communication.

05 **Energy transition continues in NZ and abroad**

The global energy transition continues its forward march, with two thirds of 2025 energy investment directed toward cleantech. Global renewable investment trends tend to follow domestic regulatory measures with [major changes impacting investment in both China and the US](#). In New Zealand, energy policy will focus on security and affordability due to ongoing gas shortages and dry-year risks. Investment decisions and legislation related to LNG, renewables and offshore wind will come to a head this year and will shape our domestic energy sector for generations to come.

06 **Carbon and nature markets move toward integrity and opportunity**

Proposed changes to New Zealand's ETS settings, international carbon credit trading progress and local carbon removals create potential opportunity for New Zealand, but the lack of a well-developed domestic approach to voluntary market activity may hamper achievement. The Government's stance on voluntary nature credits is expected to evolve, with substantive updates anticipated after March 2026, drawing on lessons from current pilot projects.

07 **Renewed momentum for sustainable finance**

The New Zealand green and sustainable bond market showed renewed signs of life last year, following many years of slow issuance. Continued regulatory developments are expected in 2026.



1. A turbulent global picture, with ESG in the crosshairs

Geoeconomic confrontation and State-based armed conflict have taken out the top two places in the latest [World Economic Forum's Global Risks Report 2026](#) – reflecting the evolving international dynamic, with the US intervention in Venezuela, transatlantic exchanges on the sovereignty of Greenland and US-Iran tension in the early days of 2026.

The volatility playing out on the world stage is accompanied by distraction (at best), and in some cases pull back, from environmental issues such as climate change and the breakdown of critical ecosystems. We are seeing ESG issues being deprioritised as short-term risks, though they continue to top the long-term risk rankings.

The 'ESG backlash' has proved a transnational phenomenon. Further to the ructions seen in the United States over the past year, a number of countries, including the EU, UK and New Zealand, are seeing push back against climate policies and 'net zero' goals as politicians and the voting populace prioritise core issues such as economic recovery, cost of living, education and healthcare.

A reflection of this shift, approaches to climate and sustainability disclosures are in a state of flux and fragmentation worldwide; see section 2.

“There remains clear evidence of ongoing corporate commitment to responsible business practices, especially among entities with international operations or obligations.”

Kate Wilson Butler, Director – Climate, Sustainability & ESG

For example, a June 2025 Harvard University [study](#) found that of the 25 largest companies by market capitalisation across the US and Europe, the majority were either maintaining, reaffirming or actively accelerating their ESG strategy. European companies were more ambitious than their US counterparts, and globally, private companies were more assertive in the ESG space than publicly held companies.

2. Climate and sustainability disclosures

A fragmented global picture, domestic changes

The changing picture on climate and sustainability disclosures provides somewhat of a microcosm of global political dynamics.

The United States has seen pullback at the Federal level, while progress is on hold in Canada and in Europe, efforts through the 'Omnibus Package' to streamline regulation and maintain international competitiveness have translated into a reduced ambit and delayed reporting deadlines for the EU's Corporate Sustainability Reporting Directive (CSRD), and changes to other elements of the Green Deal.

At the other end of the spectrum, Asia Pacific economies are demonstrating a greater uptake of sustainability disclosure requirements aligned with the standards issued by the International Sustainability Standards Board (ISSB). Perhaps most notable is China, with Beijing, Shanghai and Shenzhen stock exchanges already mandating climate disclosures, and a national-level climate disclosure standard introduced in December 2025, aligned to ISSB.

Closer to home, amendments to the CRD regime are expected to be in force by the middle of the year (see section 3), halving the pool of entities required to report in New Zealand. However, so long as credible sustainability credentials and disclosures enable enhanced access to global capital and supply chains,¹ we expect many companies will continue reporting in some form to secure market advantage, meet bank/investor expectations and mitigate risk.

Nature disclosures are also progressing, although reporting practice remains lumpy. Initiatives include the ISSB's recent move to develop a Taskforce on Nature-related Financial Disclosures (TNFD) aligned international reporting standard and the growth of nature linked finance specifically in developing countries. The WEF [notes](#) that nature loss continues to rank low more generally amongst political and business leaders in the global crises hierarchy but that the nature finance front is "developing rapidly" as a strategic investment frontier.

Within New Zealand, notwithstanding the economy's dependence on primary industries, nature related reporting remains limited. Only 19 organisations in KPMG's 2025 Sustainability Reporting [survey](#) identified biodiversity loss as a material risk, and board level sustainability governance is still immature relative to New Zealand's key trading partners. Whether the domestic impact of major climate-related damage events faced across New Zealand in recent time will accelerate these issues in the political consciousness and around boardroom tables will be closely watched.

1. 2025: nearly 70% of NZ exports by value going to countries with mandatory CRD in place or proposed: Chapman Tripp 'Competitive Advantage' Report, 2024, with Stats NZ data updated to 2025.

3. The Government's climate and ESG approach goes to the polls

In New Zealand, the Government has a number of ESG-related initiatives it intends to progress ahead of the general election. Key developments to watch include:

- climate adaptation legislation,
- amendments to the CRD regime,
- legislation to operationalise amendments to the ETS announced late 2025,
- the outcome of the “woke” banking Bill, and
- most recently, a modern slavery Bill to be introduced in February 2026 with bi-partisan support.

Adaptation legislation

The Government has indicated it will legislate to give effect to the [National Adaptation Framework](#), published in October 2025. With the impact of severe weather events front and centre following the tragic events of early 2026, this is expected to include early indications of cost allocation in the wake of such events, a significant development for asset owners, lenders, insurers, and local authorities in climate-affected areas. A Bill was [expected](#) in the first half of this year, but the weather events faced in Northland, Bay of Plenty and Tairāwhiti may impact this timeframe.

CRD regime changes

Also [underway](#) is a significant narrowing of the scope of the CRD regime, including raising the mandatory reporting threshold from NZD60m to NZD1b market capitalisation, removing 22 managed investment scheme managers entirely, and softening director liability settings – reducing the number of listed issuers from approximately 100 to 34.

Many being exited are considering whether voluntary climate reporting remains appropriate to meet investor expectations, supply chain requirements, and export market access. The Financial Markets Authority (FMA) has [reminded](#) entities that fair dealing provisions continue to apply to any voluntary disclosures.

The proposed amendments will be progressed through the Financial Markets Conduct Amendment [Bill](#), reported back by the Finance and Expenditure Select Committee on 30 January 2026 and expected to [take effect](#) by mid-2026. See Chapman Tripp's commentary of the proposed CRD changes [here](#).

ETS reform

The Climate Change (Efficiency and Effectiveness) Response Amendment Bill is intended to be introduced this year, amending the Climate Change Response Act 2002 to give effect to a range of amendments centred on the ETS and carbon markets. The Bill is expected to clarify or remove unclear statutory provisions, to increase the efficiency and effectiveness of climate policy and changes to the industrial allocation scheme, to recognise and reward carbon removals and improve the effectiveness of the ETS. The changes are likely to have material implications for climate change policy, participants in the Emissions Trading Scheme and those that have an interest in the voluntary carbon market in New Zealand. See our earlier reporting on the policy announcement [here](#).

Woke banking Bill

The “woke” banking [Bill](#) proposes to prohibit financial institutions from refusing or withdrawing services based on ESG considerations, climate-related reporting standards, or the industry in which a customer operates – while preserving the ability to act for “valid and verifiable commercial reasons”. The Bill's ultimate fate is uncertain, given concerns about its practical workability – particularly the difficulty of distinguishing between “commercial” and “ESG” reasons where climate change is increasingly recognised as a material financial risk. See Chapman Tripp's article on the Bill [here](#).

Modern slavery Bill

Most recently, a major development in modern slavery regulation in New Zealand has seen the Modern Slavery and Worker Exploitation Bill ‘skip the biscuit tin’ with support from both major parties, to be introduced to Parliament in February. If passed without amendments, the Bill would require businesses (publicly listed and private) with annual revenue exceeding \$100 million to publish mandatory modern slavery reporting.

How much of the above can be progressed before campaign mode begins in earnest remains to be seen. The election itself will provide something of a litmus test as to how the Government's policies – light touch on ESG and market-led on climate – have been viewed by the voting public.



4. Greenwashing still in frame

Cases on the rise and AI posing both risk and opportunity

Greenwashing litigation [continues](#) to evolve internationally, across a range of [new fronts](#) and, perhaps in reaction to regulatory pull back, third party scrutiny is intensifying in some jurisdictions with a growing [volume](#) of global climate-related cases.

Claims that companies are “on track” for net zero emissions targets (or similar) have been subject to challenge where not backed up by credible transition plans or not incorporating all value chain emissions (see [here](#)/[here](#)). In New Zealand, several greenwashing complaints brought against large entities by activist groups were settled out of court in late 2025 (see [Zespri/Z Energy](#)). Notable international legal decisions, such as the Dutch court’s [ruling](#) against KLM for misleading carbon offset claims and the French court’s [decision](#) that parts of TotalEnergies sustainability and transition statements were [misleading](#), are informing expectations for corporate accountability. Beyond regulators and activists, consumers, employees and other key stakeholders are taking greater notice, with credibility the new currency.

This growing public awareness of, and sensitivity to, greenwashing underscores the importance of scrutinising environmental marketing claims prior to publication to ensure they are buttressed by achievable goals connected to strategy, resource allocation and transparent reporting.

Nicola Swan, Partner

This is the new basic hygiene for corporate ESG strategy.

The role of AI in ESG needs also to be considered as AI’s computational intensity raises environmental and social questions around energy, emissions, water use, data privacy and workforce impact. Yet AI also enables step change improvements in efficiency, measurement and optimisation, and [can](#) materially reduce emissions when deployed responsibly.

As with all greenwashing-type risk, ensuring claims are accurate and can be substantiated, that there is a solid oversight and governance process for public statements, and ensuring that communications are clear and plain English can be helpful guards against litigation risk.



5. The energy transition

Global progress, local anxiety as supply and affordability challenges loom

Internationally, the energy transition remains underway with an estimated US\$2.2 trillion flowing into clean energy technologies in 2025, representing two-thirds of the total global investment in energy. Renewable generation [is now](#) cost competitive – if not cheaper – than traditional sources, creating a substantial global investment opportunity.

There are indications, however, that domestic policy remains almost as, or potentially more, significant than major geoeconomic tensions as fossil fuel resource competition intensifies.

Indeed there is some evidence of a (potentially temporary) slowdown in solar growth), partly in the [case of China](#) as a result of policy changes that pullback from guaranteed pricing arrangements. However the increasing geoeconomic tensions will continue to underscore the ongoing strategic importance of energy supply independence.

In New Zealand, recent gas shortages and price spikes have prompted efforts to reinforce security of supply, including the Huntly strategic coal reserve and Government approval to proceed with an LNG import terminal. Equally, the focus remains on incentivising many entities to reduce gas dependency.

The two bills expected to be passed before the 7 November election this year to replace the Resource Management Act (RMA) include among their [stated aims](#) the promotion of renewable energy projects. Beyond RMA reforms and an LNG import terminal, the 2025 Energy Package commits the Government to enhance the Electricity Authority's powers to “give it real teeth”, and strengthen Transpower's role as system operator in monitoring and managing security of supply.

Key recommendations from the Frontier Economics report – commissioned by the Government to review the electricity market – were not taken up, including the creation of a new Crown entity to invest in and manage thermal fuel and firming capacity. For further commentary from Chapman Tripp on the Energy Package, see [here](#).

6. Carbon and nature markets

Tentative moves toward integrity, interoperability and opportunity

Carbon markets are reorganising around high integrity credits but remain complex ground to traverse. The International Carbon Reduction and Offset Alliance (ICROA) will [wind down](#) by late 2026 as newer oversight bodies, The Integrity Council for the Voluntary Carbon Market (ICVCM), the Voluntary Carbon Markets Integrity Initiative (VCMI) and data standards [take](#) centre stage.

Technical work on international carbon market cooperation under Article 6 of the Paris Agreement is advancing, and a new coalition on compliance carbon markets – joined by New Zealand – aims to [improve](#) cooperation and comparability. Survey [evidence](#) points to cautious optimism, with participants seeking clarity, capacity and coordination to unlock scale. However, there are no domestic moves afoot to formally open the ETS up to international cooperation – and the sliding price of NZUs (currently trading at ~\$34/tonne CO2e, compared to ~\$60/tonne in early 2025³⁵) – puts our ETS well out of step with other compliance markets like the EU.

While voluntary carbon markets have seen international expansion, New Zealand’s domestic voluntary market has historically been small and reliant on exotic forestry. However, strong public and private support for a biodiversity credit market has elicited government [backing](#). Tangible signs of a reset are new forestry partnerships targeting high integrity supply to meet corporate demand, and policy moves suggesting the government is looking at methods to recognise a greater range of removal activities via a more streamlined process.

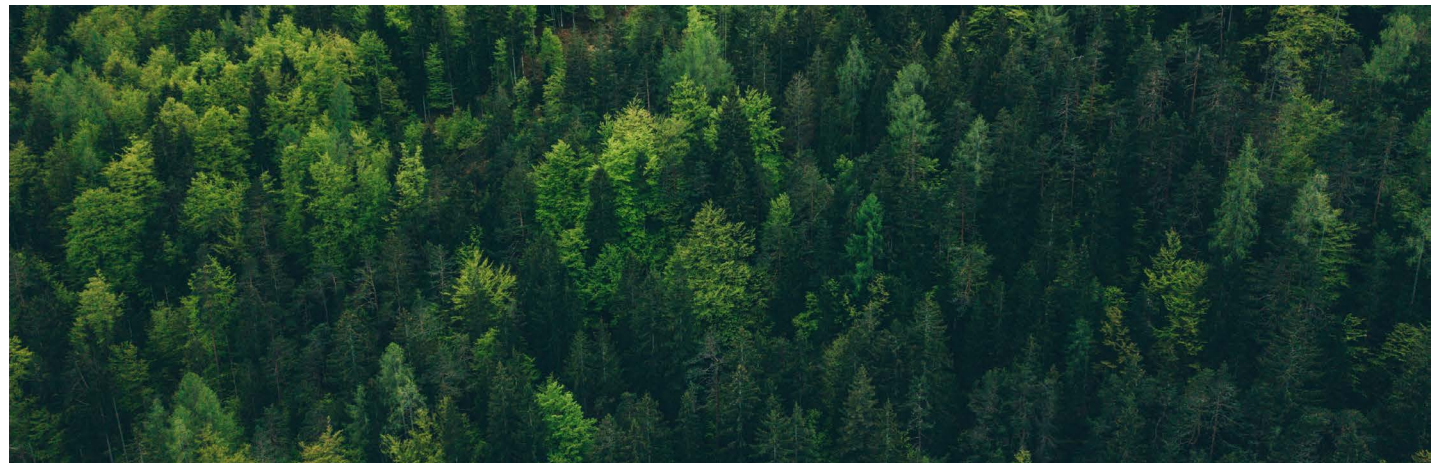
We are already seeing increased interest and investment in generating local supplies of credible voluntary market units, particular as corporates increasingly question the merits of utilising NZU cancellation to meet climate targets and prefer supporting credible domestic emissions reduction efforts rather than sending capital offshore.

Alana Lampitt, Partner

Meanwhile, work is well advanced on updating the government approach to voluntary carbon and nature markets, with proposed updates to the 2022 [Interim Voluntary Climate Change Mitigation Guidance](#), including new principles for voluntary markets that align with global best practice, and potential government recognition of voluntary schemes.

Amidst opportunity, there are warnings that over reliance on credits and unsubstantiated offsetting claims can undermine decarbonisation efforts. Even certified claims backed by “high-quality” offsets can be subject to third party claims regarding their actual effectiveness, as demonstrated by the [case](#) brought by Australian NGO Parents for Climate against EnergyAustralia (settled out of court).

The Government’s approach to voluntary nature credits is also [evolving](#), with substantive detail expected after the March 2026 Cabinet [report](#). Most of the pilot projects announced by the Government mid-2025 are still live, but the extent to which Government is called on, and is willing, to provide policy support for such projects is likely to become clearer this year. A lot is expected to depend on whether the pilot projects can demonstrate sufficient demand for nature credits to support action to capture investment opportunities.



7. Financing the transition

Renewed momentum for sustainable finance

In 2025 the New Zealand green and sustainable bond market showed renewed signs of new life, following multiple years of slow issuance.

The Community Housing Funding Agency issued New Zealand's first social bonds under ICMA social bond principles in October, expanding from the green and sustainability 'use of proceeds' bonds in the market. Earlier in the year Auckland Council launched the first sustainability-linked bonds in the domestic market in three years, and Contact Energy rounded out 2025 with an issuance of green Eurobonds, the first New Zealand issuer to offer sustainable bonds into the European markets in six years.

Each of the examples above was restricted to wholesale investors only. Such wholesale issuances have considerably lower regulatory friction for issuance, which has long been seen as a barrier to entry.

We expect regulatory pathways to become clearer in 2026, bringing increased involvement by New Zealand's retail and listed markets. The FMA's class exemption for green and other sustainable bonds (allowing existing issuers of quoted 'vanilla' bonds to shift to a sustainable bond format under a terms sheet) is expected to finally come into effect this year. The regulator has also issued draft ethical investing guidance, providing further certainty on expectations for offer disclosure (see Chapman Tripp's earlier update [here](#)).

More broadly, New Zealand's sustainable finance taxonomy developed by the New Zealand Centre for Sustainable Finance is progressing. Final criteria are expected towards the end of 2026, initially covering Agriculture and Forestry, Energy, and Construction and Buildings. This should allow more unified and consistent approaches to sustainable bond issuance and reporting, following in the footsteps of the EU Green Bond Standard which was brought into force in Europe at the end of 2024.



Our team

Chapman Tripp's leading climate change and ESG practice includes climate change experts in a range of practice areas including litigation, finance, corporate disclosures, regulatory compliance and reform. More information about our work in this area is available [here](#).

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