

New Zealand External Reporting Board

By email to: sustainability@xrb.govt.nz

Date: 05 June 2025

Dear Sir or Madam

Re: Railpen’s response to the New Zealand External Reporting Board’s consultation document on the international alignment of climate reporting

Railpen is the trading name of Railway Pension Investments Limited, authorised and regulated by the Financial Conduct Authority (FCA), acting as the investment manager for the railways pension schemes and responsible for the management of c. £35 billion of assets on behalf of over 350,000 members. We invest, on behalf of our members, in companies across economic sectors and geographical regions, including New Zealand. As investors, we need access to transparent, comparable and science-based reporting to manage climate-related risks and opportunities and assess the alignment potential of our holdings.

As one of the largest UK pension funds, and one of the few remaining occupational pension schemes with open, immature, Defined Benefit (DB) sections, we recognise the impact of corporate sustainability on our long-term investments. We have been, and remain, enthusiastic champions for improvements to the quality and completeness of corporate sustainability disclosure, as reflected in our levels of policy engagement and company stewardship focussed on this topic¹.

Railpen, and our ultimate client the railways pension schemes, have an inherently long-term investment horizon. We strongly believe that our members’ financial best interests are connected to the ways in which companies attend to long-term sustainability risks and opportunities. It is vital therefore that, as investors in companies, we can avail ourselves of timely, reliable, comparable, and decision-useful information on the ways in which corporates manage sustainability-related business risks. At a more general level, capital market participants require access to information that facilitates price discovery and efficient capital allocation. As a result, we continue to offer our strong support to the global adoption of ISSB IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

We support the XRB’s recognition that the international context has evolved since the introduction of the NZ Climate Standards. The growing adoption of ISSB Standards globally, including in Australia, underscores the need for New Zealand to remain aligned with international developments. The ISSB’s mission to establish a global baseline for sustainability-related financial disclosures is crucial for meeting investor needs and ensuring

¹ You can find out more about our approach to disclosure on climate and other environmental, social and governance topics at [Railpen - Responsible Investing](#).

comparability across markets. We welcome the XRB's commitment to international alignment, particularly as it considers the balance between cost and the usefulness of information. Aligning with ISSB Standards not only facilitates access to international capital but also reduces regulatory burdens for entities operating across jurisdictions. The ISSB's industry-specific requirements are a practical response to investor demand and help preparers focus on sector-relevant risks and opportunities. This alignment directly supports the XRB's objectives and enhances the utility of NZ Climate Standards.

We believe the XRB's timing in seeking feedback on international alignment is both appropriate and necessary. As more jurisdictions adopt ISSB Standards, the case for New Zealand to align becomes stronger. Delaying alignment prolongs the complexity and cost for companies navigating multiple frameworks and postpones the benefits of a unified global baseline. Full adoption of ISSB Standards—or national standards that are functionally aligned—offers the most direct path to streamlined reporting and enhanced comparability for international investors. Moreover, the evolving ecosystem of tools, services, and educational resources supporting ISSB implementation means that alignment would grant New Zealand stakeholders access to a broader, more cost-effective support network.

We agree with the consultation's view that international alignment must be balanced with local relevance. The ISSB Standards are designed to be adaptable across jurisdictions, allowing for contextual relevance while maintaining global comparability. This flexibility ensures that local climate goals and regulatory requirements can be addressed through supplementary disclosures without undermining the integrity of the global baseline. Such an approach supports the objectives of New Zealand's Financial Reporting Act and ensures that disclosures remain both decision-useful and cost-effective. We support the use of ISSB Standards as a foundation, with jurisdiction-specific additions where necessary, to meet local needs while preserving international consistency.

We strongly support the concept of mutual recognition as outlined in the consultation. As sustainability reporting requirements proliferate globally, mutual recognition offers a pragmatic solution to reduce cross-border reporting burdens. Jurisdictions that adopt ISSB Standards provide their entities with a 'global passport'—a streamlined path to compliance in other aligned jurisdictions. Even where full alignment is not possible, mutual recognition allows companies to use ISSB-compliant reports to meet obligations elsewhere, avoiding the inefficiencies of duplicative reporting. This approach enhances comparability for investors and reduces complexity for preparers, making it a critical component of a globally coherent reporting landscape.

We hope that this response has been of interest. We would be happy to discuss further any of the points raised above.

Yours sincerely

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Railpen

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