

9 June 2025

External Reporting Board
Level 6/154 Featherston St
Central Wellington
6011 New Zealand

Dear Sir or Madam,

We appreciate the opportunity to comment on your open consultation regarding the international alignment on climate reporting.

Capital Group (CG) is a global investment management firm founded in 1931 and headquartered in the US, with regulated subsidiaries in the major global financial centers. CG ranks among the world's oldest and largest investment management organizations, with over \$2.8 trillion¹ in long-term equity and fixed-income assets under management globally for institutions and individuals. We manage savings for tens of millions of individual investors, supporting their retirement and other financial needs.

Our mission is to improve people's lives through successful investing. Through our investment management subsidiaries, we actively manage assets in various collective investment vehicles and institutional client separate accounts globally. Our organization combines asset management expertise with fundamental research and long-term orientation; the latter is achieved via broad access to management and systematic engagement with corporate and sovereign security issuers around the world.

CG believes ESG issues can encompass material investment risks and opportunities. We therefore value clear, consistent and comparable data on them, which helps us exercise our fiduciary duty to clients. In addition, we are experiencing greater regulator and client demand for reporting on ESG issues at a portfolio level. The quality of these reports is highly dependent on having globally consistent standards on company disclosure.

Given this context, we welcome External Reporting Board's consideration of the ISSB's sustainability standards as a required disclosure framework for preparers in your market. We believe that doing so has the potential to position preparers in the New Zealand market as leaders in how they communicate with global investors on material topics, and as such, to enhance their access to global capital markets.

As members of the ISSB's Investor Advisory Group, we are encouraged by the potential of the ISSB standards to serve as a global baseline. As such, we are sharing the below views in open consultations related to the ISSB around the world, as different markets consider their appropriateness in local context.

We encourage you to fully adopt all published ISSB standards (currently S1 and S2). Below, we briefly share four reasons why we feel this would be valuable for both companies and investors.

1. **The "global baseline" reduces the reporting burden on companies.** We hear often from portfolio companies that the variety of different standards, frameworks and expectations on ESG issues can be confusing to navigate and resource-intensive to comply with. Most global investors have now coalesced around the ISSB as the preferred standard (as evidenced by the members of the [ISSB's Investor Advisory Group](#)). If ISSB standards are fully adopted across markets, companies operating across different geographies will be able to streamline disclosure to what matters most to investors.
2. **Investors require material sustainability-related information in order to make investment decisions that are in the best interest of clients.** As global, fundamental investors, our bottoms-up research process requires a deep understanding of the risks and opportunities facing portfolio companies. On a wide range of issues – from how companies manage their labor force, to how they are

¹ As of 3/31/2025

adapting to and participating in the energy transition, to how they remain resilient to the evolving data landscape posed by artificial intelligence – disclosure on sustainability topics enhances our understanding of a company and how they are positioned to generate long-term sustainable results. We think companies themselves are in the best position to disclose on these issues, rather than investment managers having to assess these issues solely from inferred estimates or alternative data from third parties.

3. **ISSB Standards have been designed to meet the needs of global investors.** We appreciate the thoughtful design of ISSB standards, and the process by which they have been created. In particular, we value that they are:
 - i. *Industry specific*, aligned with our view that the risks and opportunities facing companies vary widely by industry.
 - ii. *Market informed*, based on more than a decade of input by financial market participants into the Taskforce on Climate-related Financial Disclosure (TCFD) and the Sustainability Accounting Standards Board (SASB). This approach has built confidence that the final ISSB standards are indeed designed to meet the needs of investors and
 - iii. *Flexible*. As a global investor, we manage money on behalf of clients in geographies with different definitions of materiality. We appreciate that the global baseline allows us to meet client needs by providing a starting point relevant in all geographies, which can then be augmented as needed.
4. **The “global baseline” enables comparability for investors.** Capital Group invests in thousands of companies across dozens of markets. Consistent disclosure enables us as investors to better understand how companies are managing risks, adapting business models, and taking advantage of opportunities relative to global peers.

As markets around the world proceed with consulting on and adopting the ISSB standards, we encourage jurisdictions to **adhere to a consistent global baseline**, and to **act in a timely manner**. This can bring benefits both for clients of global investors like CG who would benefit from much richer, comparable and consistent information, as well as companies around the globe on communicating how they manage material risks and opportunities.

In the absence of such consistency, the risk of regulatory fragmentation would exacerbate the reporting burden on companies and the comparability challenges that exist in the market today. We note with concern where markets are considering adopting only some pieces of the ISSB standards (for example, only S2 on climate), given our view that investors require information on *all* material sustainability risks and opportunities facing portfolio companies.

We therefore encourage full adoption of ISSB standards as a baseline requirement for preparers in your market. If adaptation is appropriate in your context, we encourage deviations in the form of *reliefs* (e.g. on timing of first disclosure or size of company covered), or layers on top of the global baseline (e.g. additional disclosure on impacts on society), rather than an approach that carves out certain elements of ISSB standards.

Thank you for your work, and for considering our perspective. We would be open to discuss any of these points in further detail. Please feel free to contact Ieva Narang, our Head of Government and Regulatory Affairs APAC at

Jessica Ground, Global Head of ESG

Seema Suchak, Head of ESG Sector Research

Ieva Narang, Head of Government and Regulatory Affairs APAC