

June 10th, 2025

Chair Michele Embling
New Zealand External Reporting Board
Level 6/154 Featherston Street
Central Wellington 6011
New Zealand

Re: New Zealand External Reporting Board (XRB) Consultation – International Alignment of Climate Reporting

Dear Ms. Embling,

Boston Trust Walden Company is an independent, employee-owned investment management firm with approximately \$16.7 billion in assets under management.¹ We seek to invest in enterprises with strong financial underpinnings, sustainable business models, prudent management practices, and a governance structure that supports these objectives. Consideration of all relevant factors is part of our fiduciary duty to ensure client assets are invested in a set of securities well situated to produce attractive risk-adjusted returns over full market cycles.

Since 2017, Boston Trust Walden has served as a member of the Sustainable Accounting Standards Board (SASB) Investor Advisory Group, now the ISSB Investor Advisory Group, to support the development of a globally recognized framework for consistent, comparable, and reliable disclosure of financially material, decision-useful sustainability-related information. We support jurisdictional efforts to adopt disclosure requirements aligned with the IFRS Sustainability Disclosure Standards (IFRS S1 & S2) and welcome the opportunity to comment on the ongoing consultation.

With respect to the ongoing consultation, Boston Trust Walden applauds the XRB for emphasizing the principle of international alignment in its post-implementation review of the Aotearoa New Zealand Climate Standards (NZ Climate Standards) and offers the following points for consideration:

- **Prioritizing alignment of the NZ Climate Standards with IFRS S1 & S2 fulfils the promise of a global baseline for material sustainability disclosures and reduces the reporting burden for issuers with cross-jurisdictional reporting requirements.** The XRB rightly recognizes that the international sustainability disclosure landscape has evolved significantly since the NZ Climate Standards were developed in December 2022. Since then, the ISSB issued IFRS S1 & S2 to respond to market feedback demanding a global baseline of sustainability-related financial disclosures to reduce jurisdictional fragmentation that can add costs and complexity to corporate reporting efforts. While we recognize that the XRB has observed a high degree of alignment between the core content, concepts, and general requirements of the NZ Climate Standards and IFRS S1 & S2, the key differences noted in the XRB's 2023 Comparison Document represent material gaps that may hinder the XRB's goal to enable greater access to international capital and reduce unnecessary regulatory burdens for entities operating in multiple jurisdictions.

To date, over 35 jurisdictions representing nearly 60% of global GDP require or are planning to require IFRS S1 & S2 application in their legal or regulatory frameworks. Given the existing

¹ AUM as of March 31, 2025, includes AUM of wholly-owned subsidiary Boston Trust Walden Inc.

degree of alignment between the NZ Climate Standards and IFRS S1 & S2, we do not believe that revoking the NZ Climate Standards in their entirety is necessary. We encourage the XRB to adapt the NZ Climate Standards to meaningfully address misalignments with IFRS S1 & S2 to support the global harmonization of climate disclosure frameworks and better realize the associated benefits and cost efficiencies presented to both corporations and investors alike.

- **Increasing alignment between the NZ Climate Standards and IFRS S1 & S2 does not preclude the XRB from promoting additional jurisdiction-specific requirements.** We recognize that one of the key principles in the XRB's decision making is to ensure climate reporting in New Zealand is both internationally aligned and locally relevant. We view full alignment with IFRS S1 & S2 as consistent with these aims, promoting international alignment through use of the global baseline while allowing for the provision of any additional information the XRB deems necessary to fulfill the aims of section 19B of the Financial Reporting Act of 2013. IFRS S1 expressly allows for additional jurisdiction-specific disclosure requirements provided they are not presented in a manner that obscures material information prompted by IFRS S1 & S2.
- **IFRS S1 & S2 are designed to meet the needs of investors.** Informed by a thoughtful comment period with substantial market participation, the IFRS Sustainability Disclosure Standards uniquely support the information needs of investors by taking an industry-based approach, focusing on potentially material sustainability risks and opportunities, leveraging existing voluntary disclosure frameworks embraced by the global market, and prioritizing connectivity of sustainability disclosures to an entity's financial statements.
 - An **industry-based approach** is important as it rightly reflects the fact that sustainability-related risks and opportunities vary between and within sectors. For example, the sustainability-related risks and opportunities for the financial sector are generally distinct from those within the consumer staples or healthcare sectors. In addition, an industry-based approach to sustainability-related financial information is consistent with the approach taken by investment professionals when analyzing the quality and business model strength of issuers by evaluating companies relative to sector peers, often utilizing distinct financial markets and metrics.
 - IFRS S1 & S2 ensure that disclosures address **material aspects of a company's business** by instructing reporters to consider the industry-based SASB Standards when identifying sustainability-related risks and opportunities. The SASB Standards are unique in that they were designed to focus on potentially material sustainability risks and opportunities, thereby addressing the need for ESG disclosures tailored to investors and other providers of financial capital. We note that the XRB's 2023 Comparison Document states that the NZ Climate Standard does not require corporations to refer to guidance derived from SASB Standards – a critical gap that hinders the global comparability of climate-related disclosures.
 - IFRS S1 & S2 are reliant on **globally recognized frameworks and concepts**, such as the TCFD and SASB Standards, in guiding the format and content of disclosures. As a result, the IFRS Standards lessen the adoption burden for thousands of global issuers who have already aligned disclosures with the TCFD and SASB Standards, while also providing disclosures in a manner that investors have become accustomed to integrating into their investment decision making processes.
 - IFRS S1 & S2 require issuers to demonstrate the **connectivity** between sustainability risk and opportunity management and long-term value creation, further aiding investors in the integration of such information in the investment decision making process. Explaining connections between sustainability-related risks and opportunities and enterprise value creation should also benefit issuers by enhancing management's

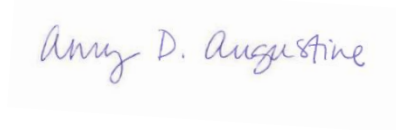
analysis, decision-making, resource allocation, strategy, and response to external factors such as regulation and consumer trends.

As a growing number of markets actively consider the adoption of sustainability disclosure standards based on IFRS S1 & S2, we are greatly encouraged by the prospects of the IFRS Sustainability Disclosure Standards to improve the consistency, comparability, reliability, and decision-usefulness of sustainability-related risks and opportunities disclosure globally. These aims will only be fulfilled if individual jurisdictions adopt the requirements of the IFRS Standards in full, prioritizing any use of temporary reliefs over the omission of certain disclosure requirements.

To reiterate, given the existing degree of alignment between the NZ Climate Standards and IFRS S1 & S2, we encourage the XRB to focus its efforts on adapting the NZ Climate Standards to meaningfully address misalignments with IFRS S1 & S2. Doing so builds upon the accomplishments of the NZ Climate Standards while supporting the global harmonization of climate disclosure frameworks and better realizing the associated benefits and cost efficiencies presented to both corporations and investors alike.

We appreciate the XRB's consideration of our feedback and are available to discuss further, if helpful. We can be reached at

Sincerely,

A handwritten signature in blue ink that reads "Amy D. Augustine". The signature is written in a cursive style.

Amy D. Augustine
Director of ESG Investing

A handwritten signature in black ink that reads "Jared Fernandez". The signature is written in a cursive style.

Jared Fernandez
Senior ESG Analyst & Manager, Proxy Voting