



13 June 2025

External Reporting Board (XRB)
Via Email sustainability@xrb.govt.nz

To the External Reporting Board

Response to the XRB's consultation on the International Alignment of Climate Reporting

Context

Northwest Healthcare Properties Management Limited (the **Manager**), being the manager of Vital Healthcare Property Trust (**Vital**), is a climate reporting entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. In October, the Manager submitted its first Climate Related Disclosure for the financial year ending 30 June 2024.

The Manager is a subsidiary of a publicly listed healthcare property group, Northwest Healthcare Properties REIT (**Northwest**), based in Toronto, Canada, with global assets of approximately NZ\$11.2 billion under management and ~290 staff across eight countries.

Northwest is an experienced manager, owner, developer and investor of healthcare property in Australasia with approximately A\$5.6 billion of healthcare assets, an approximate A\$2.9 billion development pipeline and ~ 58 staff across offices in Auckland, Melbourne and Sydney.

A diagram illustrating how Vital fits into the global Northwest group is provided as an appendix.

1. Which standards, overseas jurisdictions or other specific elements of international alignment are the most important for you (as a CRE or a primary user of climate statements), and why?

Given the global nature of our operations, aligning with key international standards is particularly important. The IFRS S1 and S2 standards issued by the ISSB are fast becoming the global benchmark for sustainability and climate reporting. These standards are being adopted in Australia, Canada, the UK and the EU. Aligning with these standards helps us ensure consistency across our group disclosures and simplifies internal reporting, especially considering that New Zealand's climate standards were finalised ahead of IFRS S1 and S2.

We are also directly impacted by Australia's approach through the AASB S1 and S2 standards, as we fall under Group 3 of the Australian regime. This will apply to our managed funds in the region, including Vital and our joint ventures, so consistency here is essential.

As a Canadian-listed REIT, we are also keeping a close eye on developments in Canada. Expectations are growing around climate-related disclosures, particularly from regulators like the Canadian Securities Administrators (CSA). Whilst Canada has temporarily paused mandatory disclosure rules, we expect that once finalised, these will align with the ISSB standards and will likely capture our operations there.

Beyond the technical alignment, we want to highlight the very real cost burden (both in terms of dollars and internal resources) of needing to prepare and report against multiple, non-aligned regimes. This would include duplicative assurance costs, parallel systems development, additional staff training plus the administrative effort required to merge different frameworks. These costs are not about driving real climate action, they are tied to managing how that action gets reported. When reporting requirements are different, it can create inefficiencies and divert resources away from what matters most: enabling investment in the

transition to a low-emissions, climate-resilient future. The more capital we can direct toward that goal, the better.

In practical terms, for global organisations, inconsistent standards across jurisdictions make it more difficult to clearly assess and compare climate-related priorities and opportunities, leading to inefficiencies in how capital is allocated to support meaningful climate action. When different reporting regimes apply different definitions, metrics or disclosure expectations, it makes it harder to consistently evaluate where and how capital should be deployed to achieve the greatest climate impact and return on investment.

2. Is now the right time for New Zealand to amend or replace NZ CS to achieve closer international alignment with any other standards, and why?

Yes, this is a timely opportunity. With the global shift towards ISSB-aligned frameworks, particularly IFRS S1 and S2, it is important that New Zealand keeps pace. Stronger alignment would support comparability, reduce complexity for businesses operating across multiple jurisdictions and ensure that New Zealand-based entities remain aligned with global investor expectations and reporting norms.

3. If closer international alignment is desirable, what process to achieve this degree of alignment is most desirable (e.g., greater alignment of NZ CS or revoking NZ CS)? Why?

We support a phased revision of the existing climate standards to bring them into closer alignment with IFRS S1 and S2. This would provide continuity for reporting entities while allowing for the integration of global standards over time. A full revocation and replacement of the standards could create unnecessary disruption, however progress on alignment should start as soon as possible. An exemption for disclosure across dual jurisdictions or mutual recognition should be considered until confirmation on alignment is in play.

An alternative option could involve allowing CREs to elect to adopt IFRS S1 and S2, with a staged phase-out of the existing New Zealand climate standards to support a smooth transition.

4. What information can you provide that this closer international alignment would better achieve the stated purpose of climate reporting as per section 19B of the Financial Reporting Act 2013?

Aligning New Zealand's climate standards with global benchmarks would significantly enhance the usefulness of climate disclosures, which is a key goal of section 19B. For investors and other stakeholders, international alignment makes it easier to compare disclosures across different countries and sectors.

Capital markets operate globally, both in literal terms (through cross-border flows of capital) and in practical terms (by shaping local expectations through the import of global performance measures, investment themes and market norms). As capital increasingly seeks climate-resilient and emissions-conscious investments, clarity and comparability in climate reporting become essential enablers of capital access. Misalignment between jurisdictions can create barriers to investment or complicate financing decisions, particularly for global entities that need to demonstrate performance on consistent terms across multiple markets.

Improved transparency and consistency between reporting entities globally allows stakeholders to benchmark and contrast climate-related plans, aspirations and performance across different organisations. This comparability is critical to enabling informed decision-making and ensuring that capital is directed toward those entities that are genuinely making progress on climate resilience and decarbonisation.

It is the stakeholders (investors, lenders, insurers, and regulators) who are equally the key participants in driving real change. Their decisions and expectations hold management and boards accountable for delivering on climate commitments and also incentivise reporting entities to be ambitious, proactive and bold in shaping their transition strategies. Without consistent and credible disclosures, this accountability and incentivisation is weakened. Closer international alignment supports a reporting environment where meaningful comparisons can be made, capital flows (at the right cost) to the right places and real progress on climate action is accelerated.

5. Are there any climate-related disclosure requirements that you comply with that are not standards set by other jurisdictions (for example, via supplier agreements)? How important are those disclosures to you? Should the XRB take those requirements into consideration and how?

Yes, we do report against a number of voluntary but commercially important frameworks. One example is GRESB (the Global Real Estate Sustainability Benchmark) which is widely used by investors to assess ESG performance in the real estate sector. GRESB includes detailed climate-related information aligned with both TCFD and ISSB principles. We also pursue green building certifications like Green Star, which include climate performance measures even though they're not formally embedded in national or international accounting standards.

6. Is mutual recognition important to you and, if so, how would it impact any of your above answers?

Yes, mutual recognition is very important for us as outlined in the consultation. As a global organisation operating across New Zealand, Australia, Canada and the EU, mutual recognition of climate disclosures would significantly reduce the duplication of effort. It would allow us to centralise reporting systems, improve efficiency and data integrity, lower compliance costs and offer more consistent and reliable disclosures to our investors. It would also support better coordination in terms of reporting timelines and internal resourcing, which is particularly helpful when managing multiple funds and corporate structures across jurisdictions.

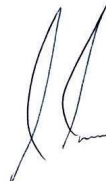
We encourage the XRB and the FMA to maintain active engagement with regulators in other jurisdictions, particularly Australia and Canada, to stay aligned with developments in global sustainability reporting. Continued collaboration and clear implementation guidance, along with reasonable transition timelines, will be essential for supporting the shift to ISSB-aligned standards in New Zealand.

Thank you for the opportunity to provide the above submission. We would be happy to be involved in further discussions.

Kind regards,



Liz Ingram
Sustainability Manager, ANZ Region



Richard Roos
Co-Head, ANZ Region

Appendix 1 (as at 30 June 2024)

