13 June 2025

By email: sustainability@xrb.govt.nz

REQUEST FOR INFORMATION – THE INTERNATIONAL ALIGNMENT OF CLIMATE REPORTING

Mercury NZ Limited welcomes the opportunity to provide feedback on the XRB's Request for Information regarding international alignment of climate reporting.

Mercury supports closer alignment of the Aotearoa New Zealand Climate Standards (NZ CS) with the International Sustainability Standards Board (ISSB) standards (IFRS S2) and the relevant Australian Accounting Standards Board standards (AASB S2). Mercury is foreign-exempt listed on the ASX and, like many Climate-Reporting Entities, has an interest in attracting and retaining international investment to enable us to continue to play our role in New Zealand's Net Zero ambitions.

In our view, alignment with ISSB standards will support consistency and comparability of climate-related disclosures globally. We currently use ISSB sector-specific guidance to identify relevant metrics for the management of climate-related risks and opportunities and report on these in our Climate Statement. Alignment with ISSB standards will support the purpose of climate reporting by providing comparable information for investors and other stakeholders to review and assess the merits of how entities are considering climate-related risks and opportunities. This will provide a familiar reporting environment for international investors to consider.

Additionally, alignment with Australian standards will reduce duplicate effort for trans-Tasman businesses. We note and appreciate the work the XRB has done to publish the interoperability tool explaining the differences and similarities for each NZ CS and AASB S2 requirement. As an alternative option to reduce the burden on entities required to report across multiple jurisdictions, we support the exploration of mutual recognition options. We think mutual recognition would be an elegant solution for trans-Tasman and other cross-jurisdictional reporting. Its effectiveness is already evidenced through mutual recognition arrangements in the context of financial reporting and financial product disclosure.

Mercury encourages the XRB to consider incremental amendments to align the NZ CS, rather than full replacement. This would allow for smoother adoption of updated requirements by Climate Reporting Entities while leveraging existing capability within reporting entities. The additional costs that would be incurred to understand and report against a completely new standard would be significant on top of costs and resourcing already committed in the first year of mandatory reporting under the NZ CS. Incremental amendments should be made as soon as possible, to take advantage of systems and processes that are still in their developmental stage.

Thank you for the opportunity to provide feedback. We look forward to ongoing engagement as the climate reporting framework evolves.

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