



June 13, 2025

New Zealand External Reporting Board – Te Kāwai Ārahi Pūrongo Mōwaho (XRB)
Level 6 / 154 Featherston St
Central Wellington 6011
New Zealand
via email at sustainability@xrb.govt.nz

RE: Request for Information Regarding the International Alignment of Climate Reporting

Dear External Reporting Board:

The Los Angeles County Employees Retirement Association (LACERA) appreciates the opportunity to submit comments in response to the XRB's request for market input regarding international alignment of corporate reporting guidance related to climate-related financial risks and opportunities.¹ We welcome the solicitation of investor feedback and believe the consultation is timely in light of recent market developments subsequent to the Aotearoa New Zealand Climate Standards (NZ CS) being issued in 2022, as noted in the consultation document.

We note—and support—that the NZ CS were formulated, in part, in alignment with the Taskforce on Climate-related Financial Disclosures (TCFD). The subsequent consolidation of the TCFD into the International Financial Reporting Foundation's (IFRS) International Sustainability Standards Board (ISSB) global reporting framework in 2023, including ISSB Reporting Guidance "S1" and "S2" related to sustainability and climate factors, provide an opportunity—in our view—for standard setters, capital providers, and reporting entities across reporting jurisdictions to facilitate a cohesive, investment-useful global framework for corporate reporting that is conducive to capital formation and durable financial growth for companies and investors alike. As the XRB contemplates prospective revisions to the NZ CS, we therefore focus our comments in response to the consultation's request for input on the following specific questions:

- Which standards or frameworks are most important to us as users of corporate disclosures and why (Question 1), and
- Whether "mutual recognition"—or interoperability—among reporting frameworks across regulatory jurisdictions is important (Question 6).

About LACERA

LACERA is the largest defined benefit county pension system in the United States, with approximately \$90 billion in plan assets, as of May 31, 2025, including equity holdings in over 6,000 publicly-listed companies in more than 60 global financial markets. Over a quarter of assets are domiciled in countries outside the US—including New Zealand—and many portfolio companies rely on global supply chains that operate across regulatory jurisdictions that may have disparate reporting requirements. LACERA's mission is "to produce, protect, and provide the promised benefits" for over 190,000 beneficiaries who serve the most populous county in the United States.

¹ New Zealand External Reporting Board. "The International Alignment of Climate Reporting, Consultation Document." April 2025. Available at: xrb.govt.nz/dmsdocument/5415/

LACERA encourages sound corporate governance practices at portfolio companies and prudent financial market policies and regulations that are conducive to durable financial value to enhance our ability to fulfill our mission. A critical foundation of good investment decision-making is good information. LACERA considers that financial markets work most efficiently when investors have timely, reliable and comparable information about material aspects of a firm's performance, including how they manage sustainability risks that may affect durable cash flow.^{2,3} We recognize that climate change and the global energy transition present financial risks and opportunities for both individual portfolio companies as well as to the broader economy in which we invest as globally diversified investors with a long-term investment horizon. Transparency of a firm's key financial and operating performance is critical for investors to assess a firm's financial viability and prospects for creating and sustaining financial value. We consider it integral to our fiduciary duty to identify, diversify, and mitigate known investment risks in our portfolio. And to the extent that a risk is not expected to be rewarded over the long-term or mitigated through diversification, LACERA endeavors to minimize it. Adequate information to identify and assess risks is therefore of paramount importance to fulfill our fiduciary duty and is at its most useful when comparable across our total portfolio.

We believe the ISSB has made an important contribution in developing a global framework to facilitate **timely, reliable, and comparable information about material aspects of a firm's** performance. We encourage all global policy-setters to facilitate reporting consistent with the ISSB reporting standards to enable comparable, cost-effective, and timely reporting for investors and companies that are operating across global frontiers.

The ISSB framework provides several distinct benefits:

1. **Materiality:** For information to be investment-useful, it is critical that corporate reporting be founded on the principle of financial materiality and therefore, industry-specific. We recognize that climate change may have different financial affects on companies depending on its specific business strategy, geographic exposures, and industry. Factors relevant to real estate are not the same as factors relevant to banks and financial services sectors. We support the ISSB's approach as a consistent standard for mapping materiality between risk factors and issuer sectors.
2. **Comparability:** By emphasizing alignment and interoperability with the ISSB standards, XRB can enhance global comparability. Mismatches among global reporting standards risk undermining comparability and adding costs to companies in our portfolio.
3. **Timeliness and Cost-Effectiveness:** Interoperability with the ISSB standards also enables reporters – both mandatory and voluntary – to anticipate and resource reporting across markets in a manner that facilitates timely disclosures. Timeliness is critical for investors to assess performance trendlines and price risks to inform market efficiency and—when appropriate—constructive dialogue with companies. Interoperability among

² LACERA. Investment Policy Statement. June 12, 2024. Available at:

<http://www.lacera.com/sites/default/files/assets/documents>

https://www.lacera.com/BoardResourcesWebSite/BoardOrientationPDF/policies/invest_policy_stmt.pdf.

³ LACERA. Corporate Governance and Stewardship Principles. May 2023. Available at:

<http://www.lacera.com/sites/default/files/assets/documents/board/Governing%20Documents?BOI%20Policies/CorpGovPrinciples.pdf>.

reporting frameworks across jurisdictions (or “mutual recognition”), such as the Australian AASB S2,⁴ facilitates resource efficiency for issuers and investors who operate in multiple jurisdictions, and eases implementation of any prospective amendments to the NZ CS.

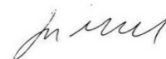
For the above reasons, adoption of the ISSB S2 standard, or at least significant interoperability, is wholly in line with the NZ CS’s objective of, “providing a consistent framework for entities to consider climate related risks and climate related opportunities.”⁵ Areas where the NZ CS do not appear to be currently wholly aligned with the ISSB S2, as identified by the XRB’s gap analysis,⁶ include the disclosure of climate resilience assessments, disclosure of financed emissions for certain activities (such as banking and lending), and the disclosure of processes through which issuers may identify climate related opportunities. We believe these factors give critical insight into the management and scope of climate related risks, consistent with the objective of NZ CS.

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We reiterate our appreciation of XRB’s solicitation of market input—particularly from investors—as you consider prospective future evolution of climate-related reporting guidance for companies. We encourage continued efforts to align local market reporting guidance with established international frameworks like the IFRS ISSB S2 standard to provide a consistent, market-useful framework through which to base disclosure standards for New Zealand issuers in line with the 2013 Financial Reporting Act. We believe such guidance to be conducive to efforts to facilitate stable market growth in a cost-efficient manner and in line with the aspirations expressed in NZ CS 1, “to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate resilient future.”

Please contact the undersigned at jgrabel@lacera.com if you would like to further discuss.

Sincerely,



Jonathan Grabel
Chief Investment Office

⁴ Australian Accounting Standards Board, “Australian Sustainability Reporting Standard”, January 2023, Available at: <https://standards.aasb.gov.au/aasb-s2-sep-2024>

⁵ XRB “NZ Climate Standards”, January 2023, Available at: <https://standards.xrb.govt.nz/standards-navigator/nz-cs-1/#1>

⁶ As noted in the XRB’s comparison document, Available at: <https://www.xrb.govt.nz/dmsdocument/5006/>