Response

Are you responding on behalf of an organisation, or as an individual? Organisation	
The full name of the organisation you are responding on behalf of (f relevant) IAG New Zealand Ltd	
Will you be a climate-reporting entity after the definition is changed through the Financial Markets Amendment Bill? Yes	
Which of the following best describes your organisation? Licensed insurer	
Responding to this survey as: a preparer of climate-related disclosures	
9.	Do you agree with the proposed amendments to NZ CS 1 to permit exclusion of some financial activities? Partially
10.	Why or why not? The proposed amendments support greater alignment of climate-related disclosures between NZ requirements and other jurisdictions reporting under AASB S2 or IFRS S2 requirements. We have responded "Partially" as we have proposed amendments to draft paragraph B9 (see response to Q14, while supporting the broad intent of the changes.
11.	Do you agree that the proposed list of permitted exclusions (derivatives; insurance and reinsurance underwriting activities; capital market issuance activities) appropriately captures investment-related emissions that are not 'financed emissions'? Partially
12.	If not, what should be added or removed, and why? [see Exposure draft – Appendix B, paragraphs B6 and B9] IAG New Zealand is in partial agreement with the proposed list of permitted exclusions, as drafted in the Exposure Draft (ED), for reasons outlined below. Firstly, IAG New Zealand is supportive of the proposed list of permitted exclusions under paragraph B9 of the ED. However, with respect to the exclusion of B9(b) (emissions attributable to insurance and reinsurance underwriting activities), we consider that this exclusion requires accompanying clarification to ensure that this exclusion is not interpreted too broadly and potentially overlapping other Scope 3 emissions categories, which may see those other emissions disclosures withheld. This potential issue arises with emissions associated with underwriting activities because of the very broad methodology that may be applied to this category, including for example the methodology developed by the Partnership for Carbon Accounting Financials (PCAF). The PCAF (Part C) methodology first applies a whole of economic activity view to the emissions of an asset being insured and then derives from this the share of the overall activity attributable to an insurer (eg, by dividing the cost of the underwritten premium of a vehicle by the total cost of ownership of

	the vehicle in a period). However, this broad approach also could be seen to extend to those elements in an insurers' value chain outside of Scope 3 Category 15, including activities within the insurance claims supply chain. There is currently discussion happening amongst Australian insurers and assurance partners around potentially extending the scope of the IAE exclusion to include claims supply chain. Their views on this appear to be based on an interpretation of AASB standards and guidance, as well as proposed changes to the GHG Protocol (in particular a new category 16). Their view appears to be that claims payments (including payments to suppliers) are not currently captured under the 15 existing GHG protocol categories. IAG New Zealand's view is that the claims supply chain is an essential part of our value chain and a material source of our emissions. It also directly reflects the impact of climate change on our business, as we expect supply chain emissions to be higher in years when there are significant weather events. Insurers play an important role in working with suppliers to lower emissions as part of the claims process, and IAG New Zealand has several initiatives underway in this space. Although sourcing emissions data from suppliers may present some challenges, a spend based approach to reporting these emissions (which IAG New Zealand classifies under Scope 3, Category 1, Purchased Goods and Services), is well accepted and IAG already has calculated estimates available and covered by limited assurance services. For some general insurers in particular this extended exclusion may lead to a perverse outcome in terms of value chain. For IAG New Zealand for example, we have created our own 'Hubs Services' businesses that offer vehicle and motor repair services. Although not captured by the CRD regime, we report internally and as part of the IAG Group on our Hubs Services' emissions across Scopes 1-3. If claims supply chain was excluded from disclosure requirements, we would be reporting some but not all of our claims value chain emissions. Our proposal is that the proposed exemption under paragraph B9 be clarified to only apply to those emissions sources not already directly covered by other Scope 3 categories, including claims supply chain emissions.
13.	Is the proposed 'may exclude' drafting clear and operable for your entity given the measurement standard you use (e.g., GHG Protocol Scope 3 Standard, ISO 14064-1, PCAF Standards)? [see Exposure draft – Appendix B, paragraph B9] No
14.	If not, what specific wording changes would improve it? IAG New Zealand is satisfied with the terminology 'may exclude'. However, we propose additional wording in Q14 to assist with providing further clarity. Our proposal is to clarify that the exclusion may apply regardless of materiality. As an example, the opening to the proposed paragraph B9 could be redrafted to state that "An entity may exclude the following financial activities from its disclosure of scope 3 GHG emissions regardless of materiality: …" The inclusion of this wording could serve to provide more clarity on how the exclusion applies and avoid potential alternative interpretations by disclosure preparers and auditors.
15.	The ISSB added additional disclosures (IFRS S2 paragraphs 29B–29C) when an entity applies the IFRS S2 paragraph 29A relief. Do you agree that we should not add these additional disclosures into NZ CS 1, given NZ CS 1 already requires disclosure of exclusions under paragraph 24(d)? Yes
16.	If not, what additional disclosure(s) would you consider useful for primary users (and why)?
17.	Do you agree with the proposed inclusion of content from our existing staff guidance *Excluding GHG emissions sources — Considerations for preparers*, as authoritative (mandatory) application material within NZ CS 1? [see Exposure Draft – Appendix B, paragraphs B1 to B8]

	Yes
18.	If not, why not, and what would you suggest should be included or deleted?
19.	Do you agree with the proposed mandatory date of 1 January 2027, with early adoption permitted? Yes
20.	If not, what date would you suggest and why?
21.	Do you agree with our assessment of the benefits and costs of the proposed amendments to NZ CS 1 including the impacts on primary users and climate reporting entities? Yes
22.	Why or why not? In your response, please include any examples that illustrate the practical effects, such as costs or impacts on the usefulness or comparability of the proposed amendments.
23.	Do you have any other feedback on the ED proposals? We appreciate XRB taking this step to align with other recognised global climate-reporting standards.