

Proposed 2025 Amendments to Climate and Assurance Standards

Survey response 103

Company Name

Vero Insurance New Zealand Limited

Should AP 4, AP 5, AP 7 and AP 8, which relate to the disclosure and assurance of scope 3 GHG emissions, be extended?

Yes - By two years (the XRB's proposal)

Please give a reason for your answer

Vero supports the XRB proposal to extend the adoption provisions related to reporting and assurance of Scope 3 emissions by two years. This timeframe allows climate-reporting entities to review the first year of Australian AASB S2 disclosures of Scope 3 emissions and may allow those with Australian parents to leverage Australian calculation methods for Scope 3 emissions when these are incorporated. Given the uncertainty of Cat 15 IAE emissions reporting in Australia (excluded from IFRS S2), this extension provides XRB with ample time to decide if a similar approach is needed in New Zealand.

Should AP 2, which relates to anticipated financial impacts, be extended?

Yes - By two years (the XRB's proposal)

Please give a reason for your answer

Two years is a reasonable timeframe, allowing climate-reporting entities to review the first year of Australian AASB S2 disclosures of anticipated financial impacts (FY27). This period also gives insurers with Australian parent companies time to align their calculation methods.

Any other comments

Scope 3 emissions: Insurance-associated emissions are an area of complexity and uncertainty. Data quality, boundary definitions, and methodologies are still developing making reliable measurement and assurance challenging. Significant investment in systems and processes may not deliver reliable or comparable outputs. Current NZ standards (NZ CS) require disclosure of Scope 3, category 15 insurance associated emissions (IAE) but IFRS S2 may not – meaning NZ may be out of step with international requirements. This creates challenges for insurers with Australian or global parents, where reporting obligations may not align. We agree there is a high cost and resource burden, including data collection and system upgrades, where the work to quantify some categories of emissions (IAE) may not provide useful information, or may be of limited value, for primary users or the entity itself. This is due to a current lack of established methodologies, and data availability issues. A focus on calculating Scope 3 IAE will require significant investments and costs that is likely to divert resources from actual emissions reduction or adaptation efforts. Allowing more time will provide greater clarity on inclusions and boundaries for Scope 3 GHG emissions, along with specific climate-related disclosure obligations in other jurisdictions. New Zealand climate-reporting entities will still be able to disclose Scope 3 emissions on a voluntary basis. Anticipated Financial Impacts: Calculating the anticipated financial impact of climate-related risks and opportunities decades in advance involves multiple assumptions and very high levels of uncertainty. The lack of consistent methodologies means the resulting quantitative information may be unreliable and of limited use to primary users. A two-year extension to AP 2 is appropriate to allow guidance materials to become

embedded and for more clarity on international requirements to emerge. It would also give climate reporting entities with Australian parents the necessary time to align calculation methodologies and for industry best practice to emerge. In the meantime, qualitative disclosure of anticipated financial impacts remains appropriate. In summary, the proposed extensions of the adoption provisions provide critical time to build capability, improve data, and await clearer international guidance—particularly on insurance-associated emissions and quantifying financial impacts