



FY24 Climate-related disclosures

1 July 2023 to 30 June 2024

OUR CLIMATE-RELATED DISCLOSURES

Measuring our impact and looking to the future.

vero



SUNCORP

PART OF SUNCORP
NEW ZEALAND

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Welcome to our climate-related disclosures

We know that adapting to our changing climate is one of the most important issues currently facing Aotearoa New Zealand and the rest of the world. We want to play our part to support New Zealand's climate transition. We also want our growth and success to be sustainable and benefit our customers, partners and communities.

Vero is a responsible insurer, and we are working hard to deliver on our climate change commitments. We are part of Suncorp Group and share a common purpose: building futures and protecting what matters.

This purpose means we need to understand and respond to the risks and opportunities climate change presents to our business and customers. To move to a low-carbon and climate-resilient future we also need to take steps to lessen our own carbon footprint.

Our business builds on the sustainability work and programmes underway across Suncorp Group. These include managing climate-related risk, measuring and reducing greenhouse gas (GHG) emissions, and initiatives to support resilient communities.

These disclosures are an important step in considering the impacts of climate change on our business and communicating them to our stakeholders. Thank you for taking the time to read them and for following our work in this important area.



Jimmy Higgins

CEO, Suncorp New Zealand

Why we have produced this report

As a large, licensed insurer, Vero Insurance New Zealand Limited (Vero) is a 'climate reporting entity' under the Financial Markets Conduct Act 2013. This means we must prepare annual climate statements from the 2024 financial year (FY24).

Developing this report provides an opportunity to communicate what we are doing to understand and act on the risks and opportunities associated with climate change, the progress we are making and what we still need to do.

This report covers the period 1 July 2023 to 30 June 2024.

Important information

This report contains forward-looking statements about Vero's strategy, business operations and targets. Forward-looking statements may be identified with words such as 'anticipate', 'commit', 'continue', 'expect', 'may', 'plan', 'potential', 'project', 'should', 'target', 'will' and other similar terms and phrases.

Vero has sought to provide accurate information in respect of the year ended 30 June 2024 as at the date of publication but would caution against reliance being placed on representations that are necessarily subject to significant risks, uncertainties or assumptions. Climate change is an evolving challenge, with high levels of uncertainty and significant data challenges, particularly over long-term horizons. Descriptions of the current and anticipated impacts of climate change on Vero necessarily involve estimates and uncertain projections. Risks and opportunities described in this report, and Vero's strategies to achieve its targets, may not eventuate or may be more or less significant than anticipated.

The standards and methodologies around estimating and calculating greenhouse gas emissions remain under development with different stages of adoption across the financial services industry. There are also several complexities, limitations and assumptions involved in the future modelling and projections of climate states and pathways. National and international standards and frameworks, practices and requirements are subject to different interpretations at a given point in time, including Vero's own understanding and circumstances when setting its climate-related ambitions and targets.

Any forward-looking statements should not be considered a guarantee of future climate-related outcomes but rather reflect our understanding, as of the date of this report's publication, within the limitations, uncertainties and assumptions of current climate models and scenarios. Actual results, performance and outcomes may differ materially from those expected or targeted in any forward-looking statements and rely on factors which are, in many cases, beyond Vero's control. Vero expects that some forward-looking statements made in this document may be amended and updated in future documents as the quality and completeness of its data and methodologies continue to evolve and improve.

Vero maintains that reliance should not be placed on any forward-looking statements. The forward-looking information and opinions in this report do not offer an invitation or solicitation or recommendation to buy, sell or issue securities or other financial products in relation to Suncorp Group or its subsidiaries. Vero gives no representation, guarantee, warranty or assurance about the future business performance of Vero, or that the outcomes expressed or implied in any forward-looking statement made in this document will occur. Vero does not accept any liability whatsoever for any loss arising directly or indirectly from any use of the information contained in this climate statement.

Statement of compliance

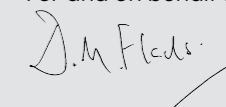
Vero is a climate-reporting entity under the Financial Markets Conduct Act 2013. The Directors are pleased to present this climate statement for the period 1 July 2023 to 30 June 2024. The climate-related disclosures in this climate statement are made in accordance with the Aotearoa New Zealand Climate Standards (NZ CS 1, 2 and 3) issued by the External Reporting Board (XRB).

In preparing this report, Vero has elected to use these adoption provisions in NZ CS 2:

- Adoption provisions 1 and 2, which exempt Vero from disclosing current and anticipated climate-related financial impacts.
- Adoption provision 3, which exempts Vero from disclosing the transition plan aspects to its strategy, and the extent to which transition planning is linked to capital deployment and funding decision making processes.
- Adoption provision 4 and 5, which exempts Vero from disclosing Scope 3 emissions and comparatives for Scope 3 emissions. We have disclosed selected Scope 3 emissions only for the 2024 financial year. Details are provided in Table 11. GHG emission source exclusions.
- Adoption provisions 6 and 7, which exempt Vero from disclosing two years of comparative information for metrics and an analysis of trends evident from this comparison.

We are working towards developing our internal processes and improving the quality of our data. In the future, this will make it easier for us to measure and track our performance across the climate metrics above.

For and on behalf of the Board,



David Flacks, Board Chair
22 October 2024



Kate Armstrong, Director
22 October 2024

Who we are

We are a New Zealand-based insurance company that is part of Suncorp New Zealand.

Vero is a general and specialist insurer working with a large network of insurance brokers and advisers and we partner with some of New Zealand's leading financial institutions. Vero Insurance New Zealand Limited (Vero) owns 100% of Vero Liability Insurance Limited, a licensed insurer that specialises in liability insurance¹. We also have a 68% share in AA Insurance Limited (a joint venture between Vero and the New Zealand Automobile Association). AA Insurance is also a climate reporting entity and is publishing its own climate statement.

Suncorp New Zealand (SNZ) refers to a group of related or associated companies in NZ consisting of Vero Insurance New Zealand Limited, Vero Liability Insurance Limited, Asteron Life Limited, Suncorp New Zealand Employees Limited, Suncorp New Zealand Services Limited, and AA Insurance Limited, all of which are connected to Suncorp Group Limited, an Australian company listed on the ASX.

As part of Suncorp Group, we are fortunate to benefit from the sustainability skills, knowledge and tools of a much larger organisation. At the same time, we are taking a local, tailored approach to identifying, assessing and managing our climate-related risks and opportunities.

Our business model

Vero is an intermediated general insurer providing general insurance policies (including personal, rural and business) to customers through a range of intermediaries and arrangements governed by distribution contract agreements.

Vero's subsidiary Vero Liability Insurance Limited is a specialist liability insurance company, underwriting liability insurance products (such as Directors & Officers Liability, Professional Indemnity and Public & Product Liability). Vero Liability operates exclusively in the intermediated (through brokers) sector of the liability insurance market.

For risk and capital management purposes Vero, and Vero Liability reinsures a portion of its insurance risk.

Our strategy is aligned with SNZ strategy to create a sustainably growing, simpler and modernised New Zealand general insurer with connected customer experiences.

¹ Vero Liability Insurance Limited is not a Climate Reporting Entity under the FMC Act.



Our governance

The Vero Board is the governance body responsible for oversight of climate-related risks and opportunities. It is ultimately responsible for the sound and prudent management of Vero. It sets and approves the strategic direction of Vero and approves its purpose, as well as approving and overseeing its risk management framework and risk appetite.

The Vero Board Audit and Risk Committee (BARC) is a permanent standing committee of the Board and is attended by the full Board. Its duties include the oversight of the assessment and management of climate-related risks.

We continue to evolve and improve our governance, management structure and processes for managing climate-related risks and opportunities. Table 1 shows how we have built climate into our governance structure in FY24.

Climate-related risks and opportunities are monitored and reviewed by management through the management committees, and business-level responsibilities described in Table 1. During FY24, the climate-related risks and opportunities identified as part of our Climate Change Scenario Analysis process, were submitted by the sustainability team to the General Insurance Risk Committee, who reviewed and endorsed the findings, before it was later submitted to the Asset and Liability Committee (ALCO) where it was approved.

During FY24, climate and sustainability were standing agenda items at our Board Audit and Risk Committee meetings, whereby management provided the Board with reports and updates on our climate change work. This has included reviewing the outcomes of our Climate Change Scenario Analysis process, the climate-related risks and opportunities we have identified as part of that process, and also monitoring progress against our 2030 net-zero emissions target for Scope 1 and 2 emissions.

The governance of our parent company, Suncorp Group, also addresses climate-related risks and opportunities. Learn more in [Suncorp Group's FY24 Climate-related Disclosure](#).



Board skills, experience and climate knowledge

Our Board Directors have varied and complementary skills. All members are experienced in operating in a rapidly changing regulatory environment and managing risks and opportunities during uncertainty.

Our Board has completed a skills matrix that rates Directors' skills and experience in environmental, social and governance (ESG), sustainability and risk management. The Board and Board Audit and Risk Committee (BARC) receive regular reports about our climate change plans and strategies.

During FY23 and FY24 our Board has been briefed on how we are developing our climate-related disclosures. Directors have taken part in education sessions on climate transition planning, insurance pricing and flood modelling, and received legal updates on climate-related disclosure obligations. The Board and SLT have access to climate and risk expertise from within the broader Suncorp New Zealand business. This includes an in-house sustainability team, risk specialists and specialists in modelling extreme weather. We have also drawn on external expertise in the preparations of our climate-related disclosures.

The additional expertise provided and how this was used, is explained in the relevant sections of this report.



Remunerating our management teams

The variable pay component of management remuneration (short term incentive) is based on performance against a balanced scorecard with both financial and non-financial measures. We have updated our senior leadership team position descriptions to include climate-related responsibilities as applicable to each role.



Governance – our progress

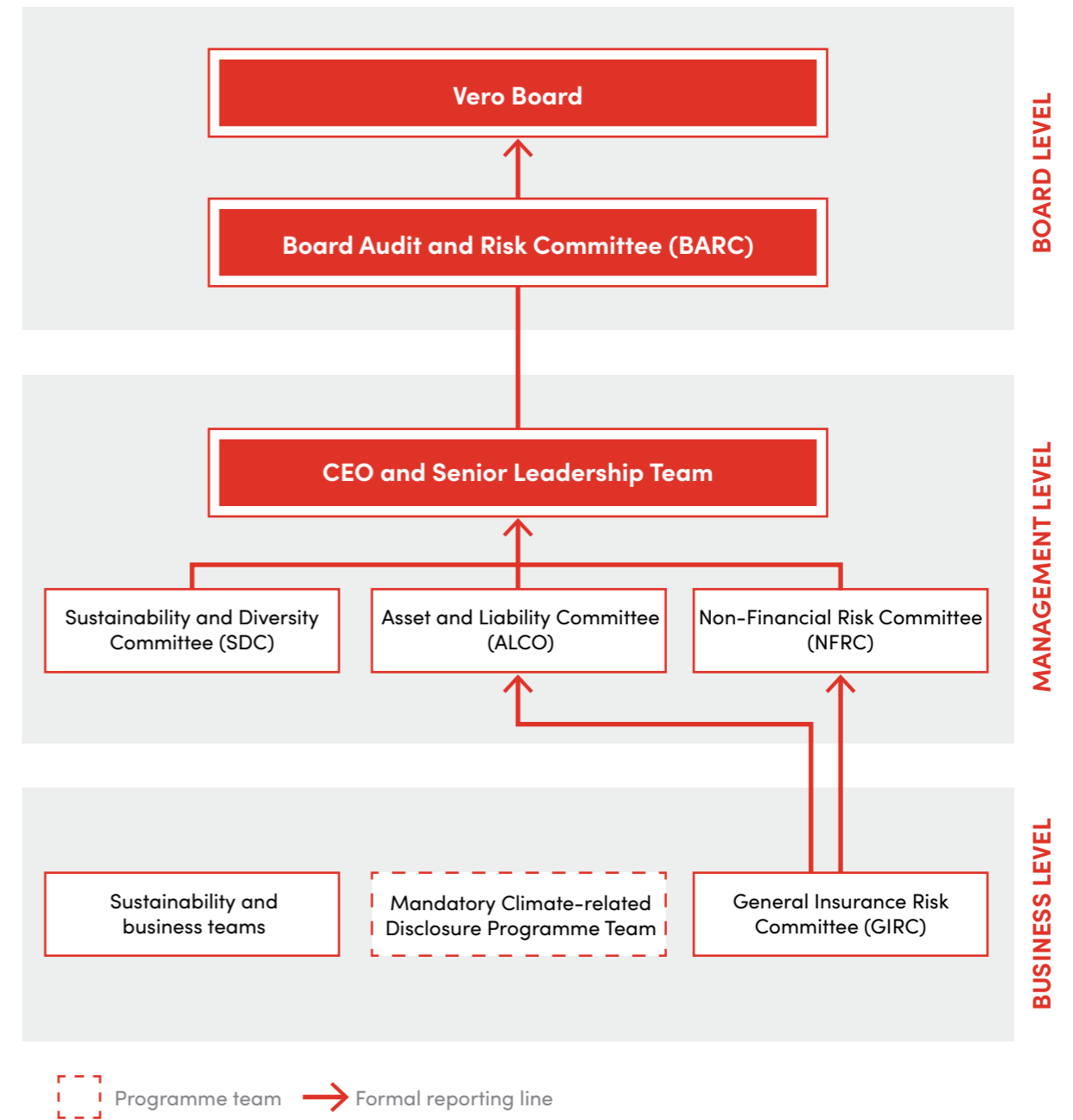
We are continuing to improve the way we manage climate-related risks and opportunities, including more regular monitoring and reporting. During FY24 we:

- developed a Climate Governance and Reporting Framework that draws together the existing and new ways we oversee and manage our climate-related risks and opportunities
- built responsibilities for overseeing and managing climate-related risk into the charters of our BARC and management committees
- launched the Suncorp Climate School. This integrated online learning platform enables our people to build their climate literacy and understand the impacts of a changing climate on the business and the role we can play in managing climate-related risk.

Table 1. Our Board, leadership teams and other relevant roles and responsibilities

| Vero Board | |
|---|---|
| <p>Oversees climate-related risks and opportunities.</p> <p>Approves policies, risk appetite (including statements on climate-related risk), strategy and external climate disclosures</p> <p>Delegates oversight of specific climate-related risks, and monitoring of climate-related metrics and targets to the Board Audit and Risk Committee (BARC)</p> | <p>Typically meets every two months with at least four meetings a year</p> |
| Board Audit and Risk Committee (BARC) | |
| <p>Oversees processes for climate disclosures and development of our Climate Transition Plan</p> <p>Reviews reports from management about climate-related risks to oversee how these risks are assessed and managed</p> <p>Reports to the Board</p> | <p>Typically meets every two months with at least four meetings a year.</p> <p>Is attended by the full Board (which includes the CEO), CFO, CRO, Head of Legal and other management representatives as required.</p> |
| CEO and Senior Leadership Team (SLT) | |
| <p>Manage climate-related strategy, business planning, risks and opportunities, and performance against climate-related targets</p> <p>During FY24 members of the SLT formed a Steering Committee to oversee how we develop our climate-related disclosures and processes</p> <p>Specific climate-related accountabilities are shown below</p> | <p>Meets monthly or as required</p> |
| <i>Climate-related areas the SLT oversees</i> | |
| <p>Chief Financial Officer</p> <ul style="list-style-type: none"> Investments Capital Reinsurance Procurement First-line risk advisory Executive Sponsor for climate disclosures | <p>Chief Risk Officer</p> <ul style="list-style-type: none"> Risk frameworks, governance and oversight |
| <p>EGM People and Culture</p> <ul style="list-style-type: none"> Property and facilities Performance and remuneration | <p>Chief Customer Officer</p> <ul style="list-style-type: none"> Communication Managing sustainability |
| <p>EGM Strategy and Transformation</p> <ul style="list-style-type: none"> Integrating climate and sustainability risk and opportunities into business plan and strategy | |
| Management committees | |
| <p>Sustainability and Diversity Committee (SDC)</p> <ul style="list-style-type: none"> Updates management and employee representatives on our sustainability and climate work Receives updates from the Suncorp Group SDC Typically meets quarterly | <p>Asset and Liability Committee (ALCO)</p> <ul style="list-style-type: none"> Oversight of climate-related financial risks Oversees climate change scenario analysis Typically meets every two months with at least four meetings a year |
| | <p>Non-Financial Risk Committee (NFRC)</p> <ul style="list-style-type: none"> Oversight of non-financial climate-related risks Typically meets every two months with at least four meetings a year |
| Business-level responsibilities | |
| <p>Sustainability and business teams</p> <ul style="list-style-type: none"> Manages first-line climate-related risks Reports to management committees and SLT | <p>Mandatory Climate-related Disclosure Programme Team</p> <ul style="list-style-type: none"> Manages and develops climate-related disclosures |
| | <p>General Insurance Risk Committee (GIRC)</p> <ul style="list-style-type: none"> Oversight of insurance risks from our activities Typically meets monthly with at least eight meetings a year |

Climate Governance Structure



Our climate strategy

As an insurer, climate change could affect our business in many ways in the coming decades, creating risks and opportunities. As climate change intensifies, weather-related events will continue to impact our customers and the number and size of insurance claims. There are also likely to be changes in our economy and regulatory environment as New Zealand and the world moves to a low-carbon economy.

Understanding the risks, opportunities and potential impacts of climate change is essential to remaining a resilient, sustainable business in the long-term.

When setting the strategy, our Board considers climate-related risks and opportunities, and also approves and monitors our metrics and targets. During FY24 our BARC and Board was involved in reviewing the following:

- Reviewing the outcomes of our climate change scenario analysis, including the identified climate-related risks and opportunities
- Reviewing elements of our draft Climate Transition Plan and targets being developed together with Suncorp Group, which will be released in FY25
- Reviewing and approving our FY25-27 three-year plan, which includes climate change priorities (climate advocacy, transition, and disclosures)
- Reviewing and approving the climate-related metrics for inclusion in our FY24 climate-related disclosures and reviewed our emissions inventory
- Reviewing our Scope 1 and 2 emissions targets.

How we are responding to the current impacts of climate change

Weather has always affected our customers and business. Climate change can impact us in both physical and transitional ways.



What are physical impacts?

Physical impacts are the physical impacts of climate change which can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for companies, such as direct damage to assets and indirect impacts from supply chain disruption.

Table 2. The main physical impacts we are currently experiencing and how these are being managed

| Physical impacts | | |
|---|---|---|
| Impact | How it affects our business | What are we doing |
| Claims volumes and customer experience | Major weather events in FY23 such as Cyclone Gabrielle significantly increased the volume of insurance claims, placing pressure on our claims teams. Work to resolve these claims extended into FY24. | In our initial response to the events, we scaled up our claims teams with support from Suncorp Group Australia (over 100 staff). Our focus has now shifted to transforming our operations through simplifying processes, automating and partnering where appropriate. |
| Increasing costs of reinsurance | Global reinsurers consider New Zealand to have an increased risk of weather-related events. This has contributed to increased reinsurance costs, which is a global trend. | We are working to ensure reinsurers can be confident in Vero through investing in new flood modelling and tools to improve our ability to price flood risk. |
| Insurance affordability | Higher frequency and severity of claims and reinsurance costs cause customer premiums to rise. This puts financial pressure on customers, particularly those struggling with the cost of living. Customers may cancel their policies, or underinsure their assets, leaving them more at risk. | Vero focuses on identifying and supporting customers challenged by rising insurance costs, supporting brokers and partners to discuss price and affordability, improving customer communications, and reporting and analytics to manage customer retention. |



What are transitional impacts?

Transitional impacts arise from the risk that Vero fails to adapt to changes arising from the economic transition to a lower carbon economy, including missing business opportunities from the economic shift, stranded assets and reputation damage.

Table 3. The main transitional impacts we are currently experiencing and how these are being managed

| Transitional impacts | | |
|---|--|--|
| Impact | What's happening | What are we doing |
| Changing data requirements | Understanding climate-related risks and opportunities requires high-quality data. We have not yet collected complete customer data to assess climate-related risk and need to adapt and improve our data management. | At a Suncorp Group level, we are developing our internal capability and systems to measure GHG emissions, including Scope 3 emissions. In New Zealand, we have a data quality improvement plan. |
| Decarbonising the economy | We need to find ways to reduce our emissions footprint as we support the global decarbonisation effort. | In 2023 we shifted to Ecotricity ¹ , a certified climate-positive electricity provider. We have a standard to reduce how we invest in and underwrite the fossil fuel sector over time. Refer to the metrics and targets section for more detail. Together with Suncorp Group we are developing a Climate Transition Plan, which will be released in FY25. |
| Climate adaptation and managed retreat | The government is considering policy to adapt to climate change including through managed retreat. These changes could affect how we assess risk for different locations and whether we can provide insurance over higher-risk locations and situations. | We are advocating for our customers on these developments, including in collaboration with the Insurance Council of NZ. Our CEO is a member of the Government's Independent Reference Group on Climate Adaptation. |
| Increased climate regulation | More regulation, including climate disclosures, requires specialist resources. | We have invested in resource to develop our first climate-related disclosures and we are working more closely with the sustainability teams at Suncorp Group to pool our resources and knowledge. |

¹ Ecotricity can not guarantee that customers only receive the renewable energy it purchases (because all electricity is supplied through the National Grid). However, it measures how much energy its customers are using and how much energy it needs to purchase from renewable sources on an annualised basis, so the net effect is that purchases by Ecotricity's customers are equivalent to Ecotricity's purchased renewable electricity.

Using scenario analysis

Our climate change scenario analysis (CCSA)

In FY24 we undertook climate change scenario analysis to explore the potential impacts affecting Vero from a range of plausible futures. This work helps us to identify our climate-related risks and opportunities, and also the areas we need to focus on to be a resilient business. In previous years we had conducted CCSA jointly with Suncorp Group.

In FY24 we undertook a CCSA exercise purely focused on New Zealand, together with AA Insurance Limited and Vero Liability Insurance Limited. Our CCSA is a standalone process, however the outputs of the CCSA, including the risks and opportunities identified serve as an input to our annual business planning processes.

Our CCSA process

The process we followed in FY24 was based on the Taskforce on Climate-related Financial Disclosures (TCFD) six-step process for applying scenario analysis, as follows:

1. Ensure governance is in place

We have internal management committees with specific responsibilities for oversight of insurance risk, and climate change scenario analysis. Our BARC also reviews the CCSA outcomes on behalf of the Board.

2. Assess the materiality of climate-related risks

Due to the outputs of previous CCSA processes, we had an initial perspective on what the most material physical and transitional risks to our organisation might be.

3. Identify and define the range of scenarios

The climate scenarios and narratives we referred to in our analysis were based on the ICNZ Shared Climate Scenarios Initiative (June 2022).

4. Evaluate business impacts¹

We used internal and external expertise to evaluate the potential effects on our business, both from a physical risk perspective and in relation to transitional risks and opportunities.

5. Identify potential responses

We used the CCSA exercise to build on our understanding of how we respond to current climate impacts and identified a range of responses to the anticipated risks and opportunities.

6. Document and disclose



As part of our CCSA process we have ensured that we have documented our process, including reports provided by our external supplier, Aon. The key findings of our CCSA process have been documented and shared with internal stakeholders via our committee structure, and to external stakeholders through this climate-related disclosure report.

¹ Aon was engaged to assist with the CCSA process, including analysis of physical and transition risks.

When identifying our climate-related risks and opportunities we focused primarily on three aspects of our insurance value chain which we anticipate will be most affected by climate change.

These value chain areas are underwriting, products and services, and investments. While we focused on these three areas, we did not exclude any parts of our value chain specifically from our analysis.

Table 4. What our FY24 scenario analysis covers

| ANALYSIS | | |
|----------------------------|--|---|
| Risk |  Physical risk |  Transitional risk |
| Portfolios included | <ul style="list-style-type: none"> → Commercial insurance → Home insurance → Motor insurance | <ul style="list-style-type: none"> → Commercial insurance → Home and contents → Motor insurance → Investments |
| Scenario | <ul style="list-style-type: none"> → Orderly scenario, 1.5°C (RCP 2.6)* → Disorderly scenario, 2°C (RCP 4.5) → Hot house world scenario, 3+°C (RCP 6.0, and 8.5) | <ul style="list-style-type: none"> → Orderly scenario, 1.5°C (RCP 2.6) → Disorderly scenario, 2°C (RCP 4.5) → Hot house world scenario, 3+°C (RCP 6.0) |
| Timeframes | <ul style="list-style-type: none"> • 2025 – short (aligned with business planning, funding, and operational risk timeframes) • 2030s (2020-2040) – medium (aligned with timeframes for net-zero targets, and strategic risks) • 2050s (2040-2060) – long (aligned with NZ Government stated ambition to be net-zero by 2050) • 2090s (2080-2100) – very long (provides longer term perspective of physical risk changes) | <ul style="list-style-type: none"> • 2025 – short (aligned with business planning, funding, and operational risk timeframes) • 2030 (2026-2035) – medium (aligned with timeframes for net-zero targets, and strategic risks) • 2050 (2036-2050) – long (aligned with NZ Government stated ambition to be net-zero by 2050) |
| Scope of assessment | <ul style="list-style-type: none"> → Flood (surface, coastal and riverine) → Storm wind (storms and ex-tropical cyclones) | <ul style="list-style-type: none"> → Product and underwriting portfolio transition risks and opportunities → Investment portfolio |
| Metrics considered | <ul style="list-style-type: none"> → Average Annual Loss (AAL) | <ul style="list-style-type: none"> → Our approach in FY24 has been qualitative |

* RCP = Representative Concentration Pathway – which represents different concentrations of greenhouse gases in the atmosphere.

Scenario Descriptions

Source: ICNZ Shared Climate Scenarios Initiative (June 2022)

Orderly scenario: net-zero 2050



Government has long acknowledged that the cascading and compounding impacts of climate change require collaborative, cross-sectoral responses at both local and national levels.

Early and substantial investment was made by central government, local councils, banks, and General Insurers in data-development and data-sharing platforms to inform adaptation decisions. Government quickly embraced the positive role(s) that insurance can play in society's adaptation to climate change and supported the availability and affordability of insurance by effectively controlling and avoiding risks. Disproportionate interventions in the insurance market, which could have resulted in unintended, adverse consequences, were avoided.

Building codes and standards were rapidly updated to prioritise resilience as a principle –both in terms of what and where we built. Councils were empowered to take immediate action and limit risks to the built environment posed by sea-level rise, rising water tables, and increased coastal and compound flooding.

Flood insurance remains readily available and affordable for the vast majority of New Zealanders due to early and extensive investment in flood protection and adaptation responses. These responses have favoured catchment-scale nature-based solutions.

Areas at highest, intolerable levels of risk from sea level rise were rapidly identified and flexible adaptation solutions (based on a Dynamic Adaptive Policy Pathway approach) were designed with broad stakeholder involvement.

Key outcomes

- Managed retreat is a specific and well understood requirement, as is climate's impact on the insurance sector.
- New Zealand's general insurance (GI) sector is a global testbed for new, climate-smart insurance products and propositions.
- New Zealand's GI sector is acknowledged and appreciated by stakeholders for having played a leadership role in decarbonising our economy while ensuring inclusive, equitable insurance options for all.
- The transparent sharing of climate-related data has helped de-risk New Zealand's communities and financial sector.
- New Zealand's GI sector is resilient to the risks that climate change poses to its portfolios and is highly valued by global re-insurers.

Disorderly scenario: delayed transition



Struggling to manage successive waves of COVID-19 re-infection, spiking food and fuel costs, inflation, and economic recession, the Government of New Zealand proved unable to deliver a coordinated response to the climate crisis in the 2020s, despite cross party platitudes. Neither councils, communities, iwi, or businesses could fill the vacuum of central government leadership.

Preoccupied with its own challenges, New Zealand's General Insurance sector had a similarly delayed response to climate change, neither using the power of its portfolios to accelerate decarbonisation or drive adaptation, until the early 2030s when its relationships with re-insurers and its social license to operate were pushed to breaking.

Increasingly frantic public and business communities sent a clear message with the 2029 general election, after which building codes and standards were updated to prioritise resilience; and councils were finally empowered to take action and limit risks to the built environment. However, changes were rushed with uncoordinated and inconsistent roll-out which slowed change on the ground.

Delayed flood protection and adaptation responses have resulted in more expensive flood insurance, which is now out of reach for some of New Zealand's most vulnerable communities without government support. Some communities at highest risk of sea level rise are embroiled in class actions against central and local government, as well as insurers, who the public sees as having failed in their duty of care.

Key outcomes

- After a slow start and significant public backlash, insurance is managing the retreat from sea level rise alone, with sporadic Government support.
- New Zealand's GI sector trails many of its OECD peers in climate-smart insurance products and propositions. Larger GI providers that can tap into international experience are better positioned in this future.
- The delayed sharing of climate-related data has resulted in greater risks to communities, councils, and the financial sector.
- Customer churn is high and tied closely to perceptions of whether a GI is helping or hindering a now desperate response to the climate crisis.

Hot house world: current policies



New Zealand's economy, like that of most other countries, continues to be buoyed by the availability of cheap fossil fuels. Government has made the Big Bet that society can grow and innovate its way out of the climate crisis – so, it's full speed ahead!

The scale of Aotearoa's adaptation challenge exceeds the capacity of local councils, iwi, hapū, banks and General Insurers to play leading roles. Instead, they are all reliant on central government mounting progressively sophisticated, comprehensive, and well-resourced National Adaptation Plans and programmes.

Central government, local councils, General Insurers, and banks aligned their appetites for risk so that they could look at the same data, draw the same conclusions, and communicate the same messages to customers and communities.

This alignment made it possible to rapidly identify areas at highest, intolerable levels of risk from sea level rise and implement flexible adaptation solutions with broad stakeholder involvement.

Building codes and standards were quickly updated to prioritise resilience as a principle. Councils were empowered to take immediate action and limit risks to the built environment posed by sea-level rise, rising water tables, and increased coastal and compound flooding. Flood insurance remains readily available, but it is only affordable as a result of substantial government subsidies.

General Insurers rely on sophisticated data and technology to tell them when to get out of insuring some communities, rather than how long they can stay in. GI directors, leadership teams, and their commercial partners are openly expressing concern about how long this brittle state of affairs can last.

Key outcomes

- Underwriters are able to identify and price climate-related risks. However, this places insurance beyond the reach of New Zealand's most vulnerable households.
- General Insurers are heavily reliant on government to radically reduce people's exposure and sensitivity to the physical impacts of climate change.
- In this high-impact future, General Insurers' traditional business models and relationships are under profound stress and risk of rupture.

Future impact of climate change on our business

The CCSA process helps us to improve our understanding of the climate-related risks and opportunities we may face in the future.

Our anticipated physical risks and opportunities and their impacts



Physical risk

We use models to measure the expected physical damage to our portfolios from extreme weather events. Climate projections are complex and uncertain, and do not account for future changes in the built environment. Despite these limitations, physical risk modelling helps us understand potential financial losses from these events.

We measure projected losses from extreme weather events as 'average annual loss' (AAL). AAL is the financial loss we expect in a year for an insured risk or portfolio due to damage from extreme weather events.

In the table opposite, the representative concentration pathway (RCP) scenarios reflect how concentrated emissions may be in future years, based on expected human activity, and how this could potentially impact Vero as a result of more intense flooding and storms.

Table 5. Percentage changes in average annual losses under different climate scenarios

| RCP Scenario | Time horizon | AAL change for Vero consolidated (%) <i>(Includes AA Insurance¹)</i> | AAL change for Vero Insurance only (%) |
|--------------|--------------|--|--|
| 2.6 | 2030s | 7% | 7% |
| | 2050s | 15% | 15% |
| | 2090s | 20% | 19% |
| 4.5 | 2030s | 8% | 8% |
| | 2050s | 20% | 19% |
| | 2090s | 32% | 31% |
| 6.0 | 2030s | 8% | 7% |
| | 2050s | 20% | 20% |
| | 2090s | 40% | 39% |
| 8.5 | 2030s | 9% | 8% |
| | 2050s | 26% | 26% |
| | 2090s | 57% | 56% |

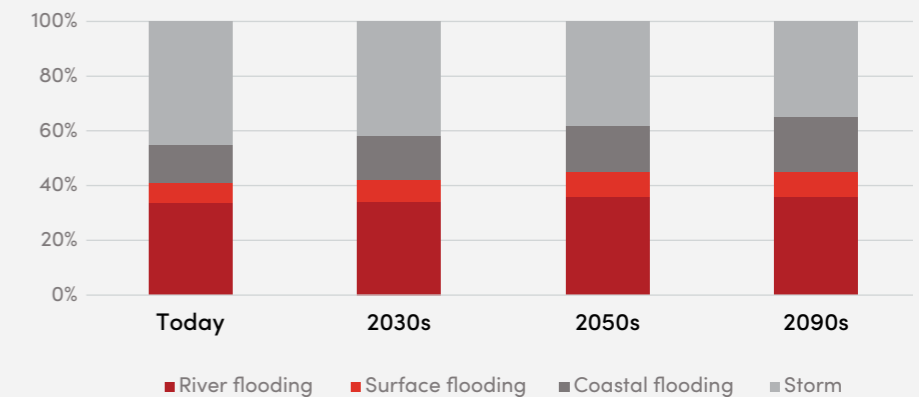
¹ We have provided a consolidated view of physical risk impacts to meet NZ CS 3 paragraph 22, which requires that: When considering its exposure to climate-related risks and opportunities, an entity must consider the exposure of its value chain as well. For more detail on AA Insurance Limited, please refer to the AA Insurance Climate Statement.

Weather-related damage

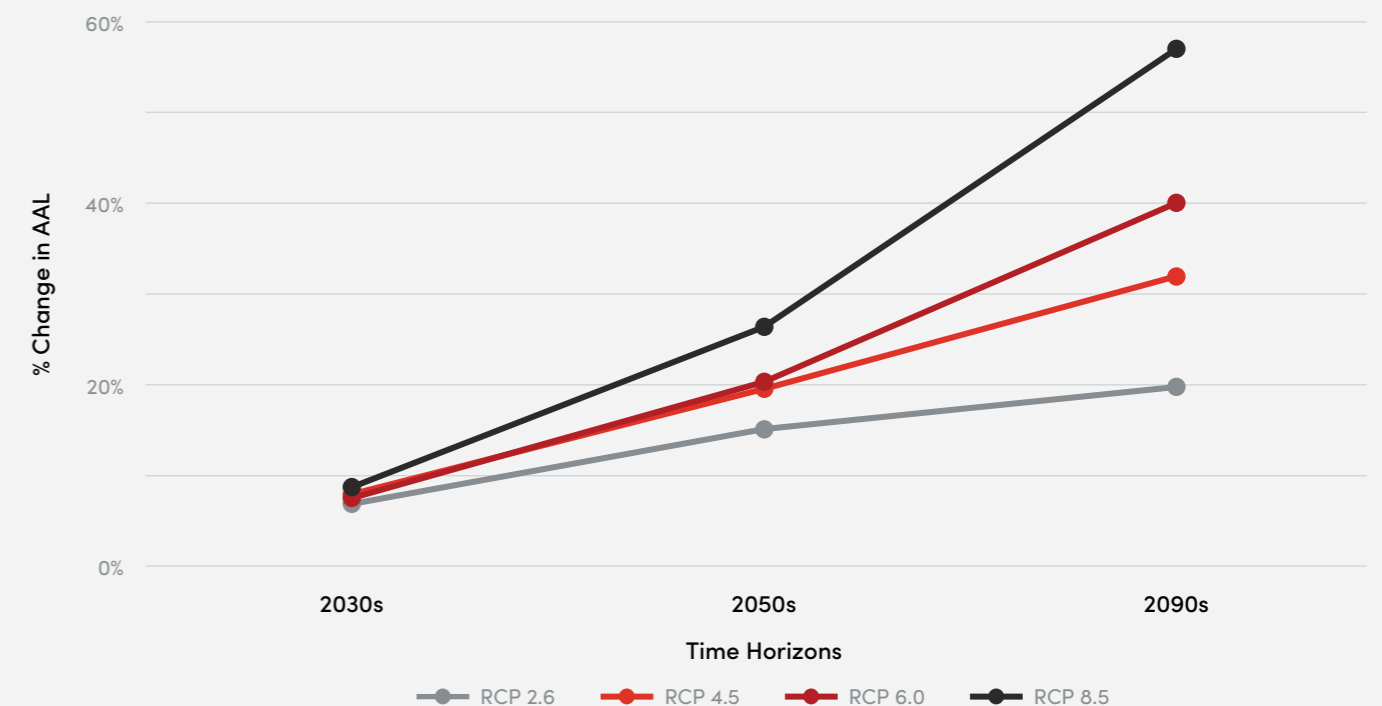
Storm damage currently accounts for 45% of the losses from weather-related perils. Our FY24 physical risk analysis focused on flooding and wind damage from storms, due to the effect climate change may have on these events in the future.

Over time we expect to see flooding (river, surface and coastal) contributing to a larger share in total losses. These changes are due to more intense rainfall. For extreme rainfall, we expect significant increases in the intensity of short-duration rainfall in storms (a 10-15% increase per degree of further warming). This projected increase is particularly relevant to future surface water and river flooding. Rising sea levels and vertical movements in land will also affect coastal flooding.

Projected loss contribution of each weather peril (RCP 4.5)



Change in AAL for Vero Consolidated – All Weather Perils






Data in this graph is for Vero consolidated, which includes AA Insurance Limited.





Our anticipated transitional risks and opportunities, and their impacts

As part of our CCSA process, we also considered our climate-related transitional risks and opportunities. These are described in Tables 6 and 7. We will continue to learn more about physical and transition risks and opportunities with future CCSA processes.

Our anticipated risks

Table 6. The main transitional impacts we are currently experiencing and how these are being managed

| Risk | Description | How are we responding | Timeframe |
|--|---|---|--|
| Government intervention within insurance industry Policy and Legal | <p>Risk: Government changes or introduces policies and regulations that affect our operations and operating model, such as mandating managed retreat and/or introducing new regulations, taxes and levies. Similarly, government responses to climate change may be slow or ineffective, increasing the risk to customers.</p> <p>Impact: The business may need to manage increased operational disruptions and costs to comply with policies and regulations. This could make it harder to innovate and lead to more costs. Insurance could become less available and less affordable for customers. Ineffective government interventions could increase claims costs and lower asset values in the medium term.</p> | <ul style="list-style-type: none"> → Contributing to developing government policy on climate adaptation and resilience via ICNZ. → Advocating for our customers with central and local government. → Participating in the Cyclone Recovery Task Force. |  Short-medium |
| Reduced demand for insurance Market | <p>Risk: Demand for insurance products falls due to a widening gap between what can be insured and what customers can afford. This could make insurance more expensive and complex and less comprehensive. Customers lose trust in insurance and self-insure.</p> <p>Impact: Reduced premium revenue.</p> | <ul style="list-style-type: none"> → Supporting customers challenged by rising insurance costs and helping brokers and partners talk about price and opportunities to make insurance more affordable. → Improving customer communications, reporting and analytics to respond proactively to trends in customer retention. → Investing in our core insurance capabilities (pricing, underwriting, flood models and new underwriting practice) to better understand pricing and risk. → Working with brokers, partners and customers to develop products, features and benefits to help customers to better manage premiums. |  Medium-long |
| Insurance market changes Market | <p>Risk: Increased claims lead to unprofitable portfolios and cause insurers to refocus / exit some markets. More weather events drive competitors to stop taking higher risk customers, resulting in an increased portfolio risk if those customers do not move on from Vero.</p> <p>Impact: Reduced competition and customer choice. Insurance retreat.</p> | <ul style="list-style-type: none"> → Supporting customers challenged by rising insurance costs, and brokers and partners to talk about price and affordability. → Improving customer communications and reporting and analytics to proactively respond to customer retention trends. → Investing in our core insurance capabilities (pricing, underwriting, flood models and new underwriting practice) to ensure Vero has a better understanding of pricing and risk. → Working with brokers, partners and customers to develop products, features and benefits to enable customers to better manage premium. |  Medium-long |

| Risk | Description | How are we responding | Timeframe |
|--|--|---|---|
| Shifting mobility trends (AA Insurance and Vero motor portfolio) Market | <p>Risk: Higher uptake of electric or hybrid vehicles (which carry a different insurance risk profile).</p> <p>Impact: Increased claims costs and therefore increased costs to our customers.</p> | <ul style="list-style-type: none"> → Reduce the carbon intensity of the motor portfolio. → Monitoring the makeup of our portfolios and reviewing products. → Monitoring government policy and market changes that may affect our portfolio (e.g. EV subsidies). |  Short-medium  Medium-long |
| Increasing reinsurance costs Market | <p>Risk: Changing reinsurer preferences make reinsurance less available and reduce access to capital.</p> <p>Impact: Increased reinsurance costs, and/or less cover, and therefore increased costs to our customers.</p> | <ul style="list-style-type: none"> → Improving reinsurer confidence: new flood modelling/tools to manage aggregates, set embargoes and retain customers. → Implementing flood modelling across the portfolio and investing in tools for aggregate management, embargo setting, and monitoring customer retention. → Improving natural hazard modelling (flood, coastal inundation, storm and other perils) to better segment natural hazard risks. |  Medium-long |
| Investment risk Market | <p>Risk: Increased risk in investment categories not consistent with a low-carbon economy.</p> <p>Impact: Reduced investment returns and risk of investing in stranded assets.</p> | <ul style="list-style-type: none"> → Vero operates within the scope of the Suncorp Group Responsible Investment Policy and Sensitive Sector Standard which details our approach to specific ESG risks, including reducing our investment exposure to the fossil fuel sector.² |  Medium |



Note: timeframes referred to in above table are the same as those used in the CCSA process described in table 4.

¹ We have provided a consolidated view of material transition risk impacts to meet NZ CS 3 paragraph 22, which requires that: When considering its exposure to climate-related risks and opportunities, an entity must consider the exposure of its value chain as well. For more detail on AA Insurance Limited, please refer to the AA Insurance Climate Statement. We have not included a consolidated view in our GHG emissions inventory due to AA Insurance not being under operational control of Vero.

² Suncorp Corporate Services manages Vero's investments and has appointed Nikko Asset Management New Zealand Limited (Nikko AM NZ) as a sub-manager. All [100%] of those investments are subject to mandates which allow Vero Insurance to direct how those funds are invested by Nikko AM NZ. The mandates under which those assets are held are established in line with the Suncorp Group Responsible Investment Policy, which can be accessed [here](#).

Our anticipated opportunities

Table 7. Our anticipated climate-related opportunities

| Opportunity | Description | How are we responding | Timeframe |
|---|--|---|---|
| Working with our partners and communities Transition – market | Opportunity: To work closely with communities through established programme providers and our partners to make them more aware of climate change and how they can reduce risk and become more resilient to extreme weather events. Impact: Improved reputation, decreased claims costs and volumes, helping our customers become more climate resilient | → We are developing our advocacy plans related to climate adaptation. |  Medium |
| Systems and data improvement Technology | Opportunity: Improved systems and data management mean we can better price risk and measure and monitor, understand and report on other transition metrics (including reductions of emissions). Impact: Improved reputation, decreased claims costs, improving our ability to track and meet transition targets. | → We are working to improve the quality of our data so that we can better understand our impact on the climate and our transition risks. → As part of Suncorp Group, we are developing our internal GHG reporting capability to improve measuring and reporting of emissions. → Continuing to de-risk end-of-life platforms and upgrading technologies to enable cloud-based capabilities. → Exploring new sources of tools and data to improve our forecasting, pricing and underwriting. |  Short-medium |



Climate strategy – our progress

Planning for the transition

As part of our business strategy and planning, we consider the climate-related risks and opportunities. Climate change initiatives are prioritised and funded as part of our Annual Business Review process, whereby risks and opportunities identified in our CCSA process served as an input into setting business priorities for the next 1-3 years.

- During FY24 funding was allocated to the following climate-related activities:
 - A work programme to develop our climate-related disclosures
 - Engaging external consultants (Aon) to assist with our CCSA work
 - Engaging an assurance provider to undertake limited assurance over our emissions inventory and methods
 - Funding for external advisory and legal reviews of our draft climate-related disclosures
 - Engaging an external consultant (Oxygen Consulting) to assist with the preparation of our FY24 emissions inventory
- We continued to develop our Climate Transition Plan with our parent company Suncorp Group. Alongside our Scope 1 and 2 net-zero targets, we are developing our understanding of our Scope 3 supply chain emissions. We also recognise the extent to which our Scope 3 emissions associated with our investments and insurance underwriting portfolios are influenced by the decarbonisation of the broader economy we operate in. We will release a Climate Transition Plan in FY25.
- We also continue to expand our knowledge about flood risk, so we can provide sustainable premiums for our customers. To support this, we have invested in a new, more sophisticated flood model to enable us to assess and price flood risk more accurately.

Working together and advocating

We are advocating for issues that are important to our customers and community.

In FY24 this work included:

- making independent submissions and contributing to industry submissions on policy development for climate change, including managed retreat and climate adaptation.
- participating in the ICNZ Climate Standing Committee.
- being a signatory to the Climate Leaders Coalition.
- Suncorp New Zealand's CEO Jimmy Higgins participated in ICNZ's subcommittee for the Cyclone Gabrielle Recovery Taskforce and is part of the Government's Independent Reference Group on Climate Adaptation.



Managing our climate change risks and opportunities

How we manage our risks

Vero has an established risk management model that is core to how we operate as an insurer. All employees, at every level of our company, share responsibility for managing risk effectively. Through the year we have continued to improve our processes to identify, assess and manage climate-related risks and opportunities, and build them into our existing ways of managing risk.

Climate-related risk is an emerging specialist area. As a risk area it has wide-ranging causes and effects and is closely linked with other risks that we face as a business. We are using existing tools and techniques, as well as testing and developing new approaches to governance and risk management.

Relevant processes and programmes include:

1. Our Risk Appetite Statement (RAS)

The RAS describes the risk appetite our company is willing to accept to pursue its strategic objectives. This includes climate-related risk. Our Board approves the RAS and monitors it regularly.

In the RAS, our Board recognised the risks of climate change. The RAS sets the Board's expectation that we consider physical and transition risks in our strategic and operational activities, supported by robust scenario analysis. During FY24, our Board approved an update to the RAS to differentiate between the different types of climate risk (physical, transitional and liability).

2. Risk Management Programme (RMP)

Our RMP summarises how we identify and manage our risks and how we record, report and escalate these risks within our organisation. The RMP aligns with the Suncorp Enterprise Risk Management Framework (ERMF). It is supported by more specific Standards and Policies including our Risk, Obligation and Control Self-Assessment (ROCSA) Standard, which helps us identify and assess risks in a structured way and summarise how these risks are managed or controlled. Risk owners use 'IRIIS', our Enterprise risk management system, to record the outcomes of these assessments. Data from IRIIS informs risk reporting across the business and to the Vero BARC.

3. Our Climate Governance and Reporting Framework

During FY24 we developed a new framework to summarise our collective approach to managing climate-related risks and opportunities. The framework sets out the main decision-making paths and business practices we use to make thinking about climate-related issues part of 'how we do business'.

We will continue to embed and refine the processes set out in this document.

4. Our three lines of defence

Everyone in our business helps manage risk, and leaders have specific responsibilities for understanding and applying the ERMF as it relates to their area of responsibility. This is brought to life through a 'Three Lines of Defence Operating Model'.



All our people are responsible for identifying, assessing and managing the risk and control environment and work to comply with company frameworks, policies and risk appetite.



Our second line risk team reports to the Chief Risk Officer, and is accountable for oversight, advice, and reporting on risk and compliance matters.



Internal Audit provides assurance, in accordance with the Internal Audit Plan, to the Board Audit and Risk Committee on the quality and effectiveness of the Vero risk management framework.

5. Our categories of risk

Our RMP and supporting governance documents for risk and compliance define and categorise risk to help us identify and understand the risks our business faces. These definitions and categories also help us understand the factors that cause risks and work to mitigate them.

During FY24 we have introduced three new categories of climate-related risk into our risk library and IRIIS, our risk management tool. These changes enabled risk owners to complete high level summary climate-related risk assessments using similar processes and tools to those they would use when assessing their other risks, supplemented by the insight gained via the CCSA process. This enabled these summary views to be integrated into Chief Risk Office reporting to management and Board risk committees. This work will continue into FY25 including updates to the controls we have in place to support the ongoing mitigation of these risks.

These new, climate-related risks are:



Physical risk

Risk of physical climate changes including continued increase in frequency and/or severity of extreme weather events impacting Vero's insurance underwriting and reinsurance risks.



Transition risk

Risk that Vero fails to adapt to changes arising from the economic transition to a net-zero carbon economy, including missing business opportunities from economic shifts, stranded assets and reputational damage.



Liability risk

Risk of litigation or regulator action where Vero does not adequately respond to climate change, including overstating our progress on our climate change commitments or 'greenwashing'.

We have built these definitions into our existing framework set out in Table 8. We monitor and formally review these risks at least annually, and more frequently if internal changes or external events require.

Table 8. How we classify our climate risks

Key: Short to medium term Medium to long term

| TYPE OF RISK: | Operational | Insurance | Strategic execution |
|---|--|---|--|
| Description | Risks of loss resulting from inadequate or failed internal processes and systems, errors by people or external events | Risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose an insurer to financial loss and the consequent inability to meet its liabilities | Risk of not achieving our strategic business objectives or executing our business strategy |
| Timeframe | twelve months | twelve months | three years |
| Climate-related risks | Climate change liability risk | Climate change physical risk | Climate change transition risk |
| How we identify, assess and manage risks | Vero identifies, assesses, and manages climate-related risks in a similar way to its other risks. There are governance, reporting, and strategic pathways that enable existing and emerging risks to be captured, considered and prioritised. There are also risk assessment tools and processes that are used to bring structure to the discussion. In the climate-related risk case, CCSA outcomes are used as a key input, and Vero captures and reports summary information on Transition, Physical, and Liability Risks in IRIIS, its Risk Management tool. | | |

Improving how we manage climate-related risks and opportunities

We recognise climate change as a strategic risk that could negatively affect our business objectives, reputation and performance. We are adapting our existing processes, tools and policies to manage climate-related risk, and evolving how we govern climate-related risks and opportunities. Examples of our work to better manage climate-related risks include:

- identifying climate-related risks and opportunities in a workshop using external consultants (PwC) skilled in identifying climate change risk (FY22)
- developing our CCSA approach with an expanded scope for FY24
- developing new climate-related risk definitions and building these into our risk framework
- contributing to developing a Suncorp Group-wide Climate Transition Plan.

Our focus for FY25

- Doing more to further embed climate change risks and opportunities within the company's management, governance structure and business planning processes.
- Learning more about our climate-related physical and transition risks and opportunities through CCSA.
- Considering and acting on the Reserve Bank of New Zealand Guidance on Managing Climate-related risk released in March 2024.
- Publishing our Climate Transition Plan.

Reducing our carbon footprint

Measuring our progress

We must measure and reduce our impact on the climate. Important, too, is understanding how climate change could impact our business.

Since FY18 emissions have been measured for all of Suncorp New Zealand combined, which includes the Vero and Asteron Life businesses. FY24 is the first year we have developed an emissions inventory specific to Vero.



We follow an operational control approach, which means that we report on emissions from operations over which we have operational control. The legal entities over which Vero exerts operational control are Vero Insurance New Zealand Limited and Vero Liability Insurance Limited¹. AA Insurance develops and approves its own operating policies, manages its own emissions and emissions reporting, and sets its own decarbonisation strategy and goals. This is why our FY24 emissions reporting does not include our equity share in AA Insurance. Our approach for reporting our emissions differs to our approach to financial consolidation in our financial statements. We follow an operational control approach, because we believe it provides the users of this report with a more representative view of our emissions profile, compared to the financial control or equity share consolidation approaches. The operational control approach is also consistent with that used by our parent company Suncorp Group and AA Insurance. The AA Insurance climate-related disclosures provides further detail on AA Insurance's emissions.

¹ We have assessed that Vero does have operational control over Vero Liability Insurance Limited (VLIL) on the basis that Vero and VLIL share some operating policies.




Whilst Vero does not have sole operational control over Suncorp New Zealand Services Limited and Suncorp New Zealand Employees Limited, it does exert control over the resources and assets within these entities that support Vero operations and activities.

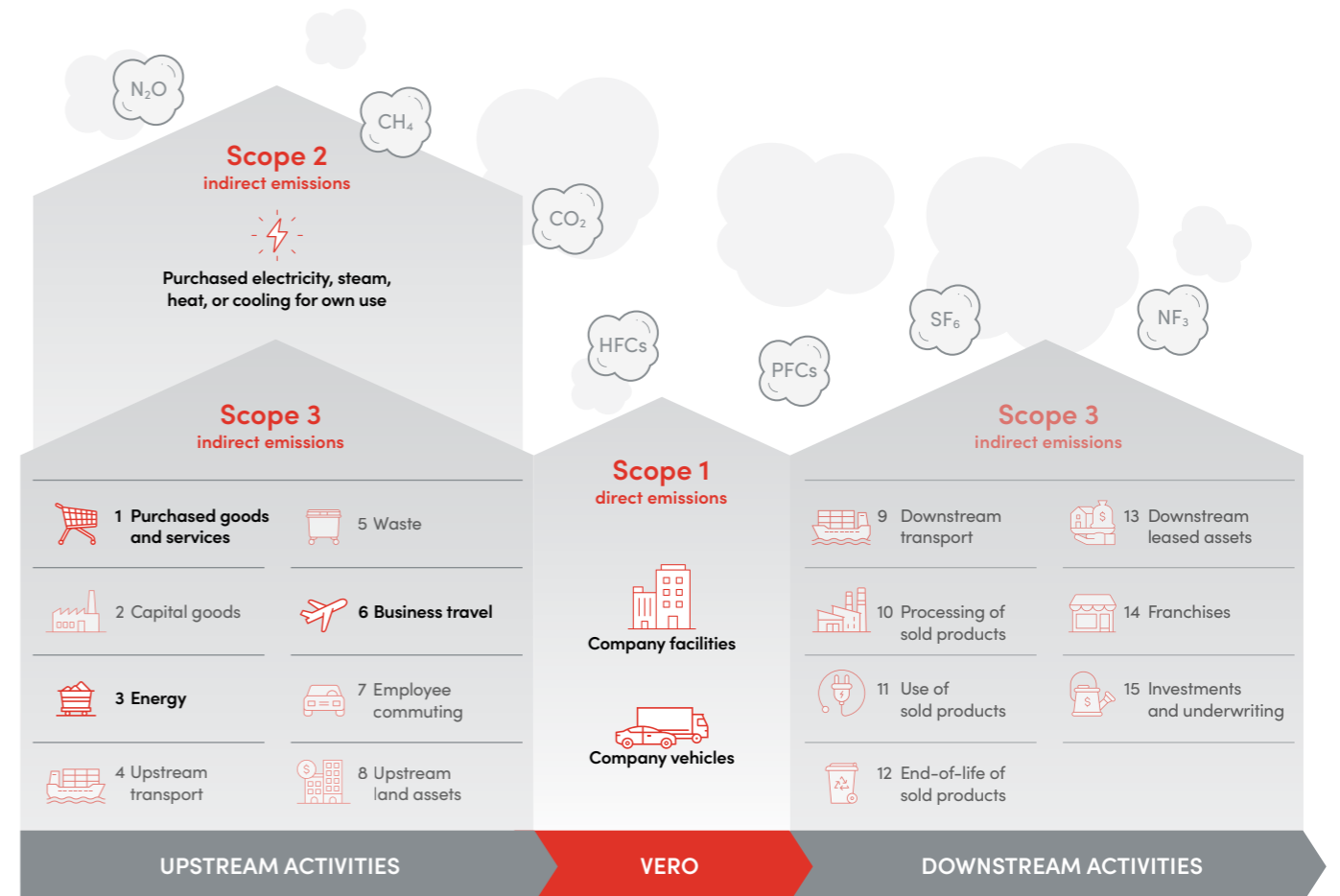
Emissions we measure

We measure our Scope 1 and 2 Emissions:

-  **Scope 1 direct emissions** – company vehicles
-  **Scope 2 indirect emissions** – purchased electricity

We also currently measure three Scope 3 categories:

- Scope 3 indirect emissions**
-  **Category 1** – purchased goods and services (paper)
-  **Category 3** – energy (losses from fuel well to tank and electricity lost during transmission)
-  **Category 6** – business travel (flights, taxis)



Our targets to reduce emissions

Scope 1 and 2 target

In FY22 we communicated our commitment to Suncorp Group's 2030 net-zero target for Scope 1 and 2 Emissions compared to a FY20 base year¹. Vero will contribute to Suncorp Group achieving this target by:

- reducing our Scope 1 emissions by continuing to add hybrid and electric vehicles into our corporate vehicle fleet.
- reducing our Scope 2 emissions by sourcing 100% of our electricity from renewable sources by 2025.

This can be achieved by reducing absolute Scope 1 and 2 (market based) emissions by at least 90%. The residual emissions will be offset using high-quality carbon removal credits. This target aligns to the methodology set out in the Science-Based Target initiative (SBTi) Corporate Net-Zero Standard, which supports the goals of Australia and New Zealand's Paris Agreement to limit global warming to 1.5°C above pre-industrial levels. Vero is also aiming to purchase 100% renewable energy by 2025 in line with its Suncorp's RE100 commitment, guided by the RE100 Technical Guidance.

The target is an absolute emissions target: The amount of decrease in emissions, is measured in tonnes of CO₂ equivalent (CO₂-e).

Climate transition planning in FY24

Alongside our Scope 1 and 2 net-zero commitment, we recognise the indirect nature of Scope 3 emissions across our supply chain and investment and underwriting portfolios is influenced by the decarbonisation of the broader economy in which we operate.

We are working with Suncorp Group, taking steps to measure and advocate for emissions reduction by developing Suncorp Group's first Climate Transition Plan.

¹ The base year from which progress is measured is FY20 (1 Jul 2019 – 30 Jun 2020). This aligns with the base year established by Vero's parent company, Suncorp Group. Base year data may need to be revised when material changes occur and have an impact on calculated emissions. When the changes are estimated to represent more than 5% of Scope 1, 2 or 3 emissions, or when there are significant changes to the organisational or reporting boundaries or calculation methodology, Vero's approach is to recalculate base year data with explanation. No recalculations were required in FY24.

Reducing our underwriting and investments exposure to fossil fuels

Vero continues to apply its Sensitive Sector Standard - Fossil Fuels (the Standard²) exclusions to limit exposure to thermal coal extraction and generation, and oil & gas exploration and production. To support the transition to a decarbonised economy, the Standard includes an exemption enabling underwriting and investing in companies whose business is consistent with the transition to a net-zero carbon emissions economy by 2050. A framework to govern our selective support of some companies participating in the transition to net-zero will accompany the Suncorp Group's Climate Transition Plan due to be released in FY25.

See the table below for our progress in reducing our exposure to thermal coal extraction and generation, and oil and gas exploration and production.

| Commitment | FY24 progress |
|--|---------------|
| Phase out direct investment or underwriting of thermal coal extraction and electricity generation by 2025 ^{3,4} | ✔ On track |
| Phase out underwriting of oil and gas by 2025 | ✔ On track |
| Phase out investment exposure to oil and gas exploration and production (phase out top 25% of emitters) by 2025 ⁵ | ✔ On track |

² This Standard does not apply to mining services companies, such as companies who supply catering services to oil and gas operators, or engineering, consultancy and construction companies who are not directly involved in exploration, extraction, or production.

The Standard does not apply to personal and small-to-medium businesses (including non-fleet motor insurance and business packages products) and statutory or compulsory insurance.














³ This includes mining companies principally involved in (defined as revenue of more than 10%) thermal coal extraction and/or thermal coal electricity generation.

⁴ Further information on our methodology to reducing our underwriting and investments exposure to fossil fuels can be found in the Reporting Supplement within the [Suncorp Group Sustainability Data Pack here](#).

⁵ Top percent is limited to the data available through third party data providers and determined by measuring the intensity metric of tonne of CO₂ equivalent per million of USD revenue for Scope 1 & 2 emissions, and absolute metric of tonnes of CO₂ equivalent for Scope 1 & 2 emissions.

Our emissions footprint

Table 9. FY24 Emissions inventory for Vero

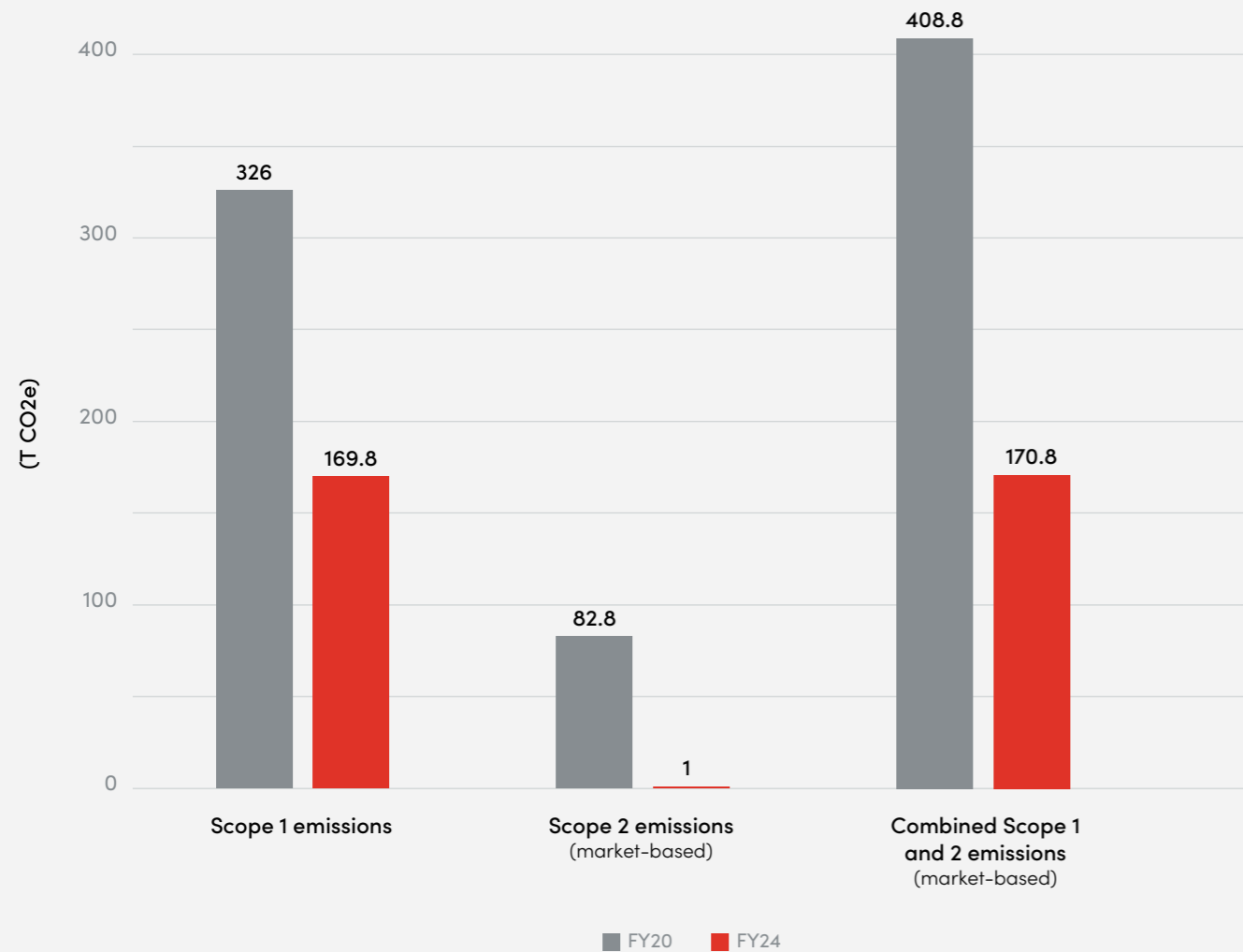
| CO ₂ e EMISSIONS – VERO | | FY24 ¹ |
|--|--|--------------------------|
| Source | | (t CO ₂ e) |
| Scope 1 | | |
|  Stationary energy – natural gas | | 0.4 |
|  Fleet fuel – diesel | | 2.2 |
|  Fleet fuel – petrol | | 167.2 |
| Scope 2 | | |
|  Electricity (location based) | | 51.3 |
|  Electricity (market based) | | 1.0 |
| Subtotal Scope 1 and 2 (location) (t CO ₂ e) | | 221.1 |
| Subtotal Scope 1 and 2 (market) (t CO ₂ e) | | 170.8 |
| Scope 3 | | |
|  Category 1: Office and printed paper | | 62.6 |
|  Category 3: Well to tank – diesel | | 0.6 |
|  Category 3: Well to tank – petrol | | 41.5 |
|  Category 3: Transmission and distribution line losses (location based) | | 3.75 |
|  Category 3: Transmission and distribution line losses (market based) | | 1.45 |
|  Category 6: Air travel – domestic | | 242.2 |
|  Category 6: Air travel – international | | 209.5 |
|  Category 6: Taxis | | 3.9 |
| Subtotal Scope 3 (t CO ₂ e) | | 564.0 |
| Total Gross Scope 1,2 and 3 (location) (t CO₂e) | | 785.0 |
| Total Gross Scope 1,2 and 3 (market) (t CO₂e) | | 732.5 |
| Emissions intensity (market) (t CO ₂ e/FTE) ² | | 0.8 |
| Vendor cancelled emissions | | t CO₂e |
| Certified renewable energy | | 50.3 |
| Carbon neutral paper | | 16.0 |

¹ A proportion of our FY24 emissions inventory is estimated. The rationale and a description of how this is calculated is described in Appendix 3.

² Table 9. Emissions Inventory has been subject to KPMG limited assurance with the exception of the Emissions Intensity metric.

Progress against our Scope 1 and 2 target

We have made good progress reducing our Scope 1 and 2 emissions and are on track to meet our contribution to the Suncorp Group 2030 target. Compared to base year (FY20), Vero has achieved a 58% reduction in Scope 1 and Scope 2 (market-based) emissions.



Other climate-related metrics

Table 10. Other climate-related metrics and how we use them

| Metric category | FY24 approach |
|--|---|
| Emissions intensity | We measure emission intensity as t CO ₂ -e (tonnes of carbon dioxide equivalent) per full time equivalent (FTE) employee. |
| Transition risks; amount or percentage of assets or business activities vulnerable to transition risks | <p>We do not currently have processes in place to measure the percentage of assets or business activities vulnerable to transition risk. This will be reviewed again in FY25.</p> <p>However, as part of our CCSA work, we engaged an external consultant (Aon) to undertake a qualitative assessment of transition risk in our investment portfolios. The outcome of this qualitative analysis was that due to the low-level of equity exposure in the portfolio, the level of climate-related transition risk appears negligible.</p> <p>From an investment and underwriting perspective, we also have commitments to limit our exposure to thermal coal extraction and generation, and oil and gas exploration and production. These are described in this report under the heading 'Reducing our underwriting and investment exposure to fossil fuels'.</p> |
| Physical risks; amount or percentage of assets or business activities vulnerable to physical risks | We measure our exposure to natural hazard risk as Average Annual Loss (AAL), the financial loss we expect in a year for an insured risk or portfolio due to damage from extreme weather events. This is described in more detail in the Strategy sections of this report. |
| Climate-related opportunities; amount or percentage of assets, or business activities aligned with climate-related opportunities | <p>We do not currently have processes in place to measure the percentage of assets or business activities aligned to climate-related opportunities. This will be reviewed again in FY25.</p> <p>However, during FY24 12 of our 14 office locations sourced their electricity from Ecotricity, a certified climate-positive electricity provider. Using renewable energy for our electricity helps us meet our net-zero 2030 commitment for Scope 2 emissions.</p> |
| Capital deployment: amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities | Across Suncorp New Zealand funding of \$637,233 was allocated to climate change initiatives in FY24. This amount was shared equally between Vero and Asteron Life. |
| Internal emissions price | Vero does not use an internal emissions price. |
| Remuneration: management remuneration linked to climate-related risks and opportunities | Management remuneration is not currently linked to climate-related risks and opportunities. The variable pay component of management remuneration (short term incentive) is based on performance against a balanced scorecard with both financial and non-financial measures. |
| Industry-based metrics | We have not used any industry-based metrics to measure and manage climate-related risks and opportunities. |
| Other key performance indicators used to measure and manage climate-related risks and opportunities | We do not currently use other key performance indicators to measure and manage climate-related risks and opportunities. This will be reviewed again in FY25. |

The standards we follow

Vero prepares its emission data using Suncorp Group’s master emission database, which Cushman & Wakefield (C&W) Australia manages. C&W prepared this data in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2015 revised edition) (the GHG Protocol), The Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard, and GHG Protocol Corporate Value Chain Scope 3 Accounting and Reporting Standard.

Our emission factors

The following emissions sources used emissions factors sourced from Te ine tukunga: He tohutohu pakihi – Measuring emissions: A guide for organisations: 2024 detailed guide, published by the Ministry for the Environment (MFE). These are based on the 100-year Global Warming Potential (GWP values) (GWP100) for the IPCC’s Fifth Assessment Report (AR5):

- Scope 1: Fleet fuel petrol, Fleet fuel diesel, Natural Gas
- Scope 2: Purchased electricity (location based)
- Scope 3: Electricity transmission line losses (location based).

The following emissions sources used alternative emissions factors:

- Scope 2: Electricity (Market based), which uses Bravetrace residual supply factor (2023/24), as no market-based electricity emissions factor is provided in the MFE guidance, only a grid/location-based factor which is used to calculate location-based electricity emissions. The GWP values are not available for this emissions factor.
- Scope 3: Electricity (Market based), which uses the supplier’s (Ecotricity) own certified electricity transmissions line loss factor for Ecotricity data and

MFE’s Electricity transmission line losses factor for non-Ecotricity data, as no residual line loss supply factor exists under Bravetrace.

- Scope 3: Air Travel, which uses UK Government conversion factors for company reporting of greenhouse gas emissions 2023 (full set for advanced users), including radiative forcing. The MFE guidance draws directly on these emissions factors, but present the 2022 UK air travel factors, whereas the UK 2023 factors are more applicable to Vero’s FY24 reporting period. The GWPs used in the calculation of the UK Government 2023 CO₂e factors are based on the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) over a 100-year period.
- Scope 3: Well to Tank fuel, which uses the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (registered 7 October 2023) as no NZ factor exists. The GWP for this factor aligns with the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC) over a 100 year period.
- Scope 3: Office and printed paper, which uses the Environmental Protection Authority (EPA) Greenhouse Gas Emission Factors for Office Copy Paper (reviewed in 2023), as no NZ factor exists. This emissions factor uses Global Warming Potential (GWP) values consistent with the 100-year time horizon used in the Kyoto Protocol.

Improving how we report our emissions

The methodologies and assumptions used to calculate or estimate emissions, and the limitations of those methods, is described in more detail in a table in Appendix Three.

We have taken early steps in our net-zero journey and in setting targets across Scope 1 and 2 emission categories. Challenges to account for emissions and set broader Scope 3 targets, such as the limited availability of data and methodologies, remain for all industry participants.

Measuring and disclosing insurance-associated emissions are less developed than other sources such as investments and business operations. One of the major challenges in calculating emissions associated with insurance is collecting and managing emissions data.

Availability, completeness, reliability, and timeliness are challenges when collecting Scope 3 data and these challenges are acute for the emissions associated with the underwriting portfolios. We will continue to work on improving our data quality and to develop our capability to report on Scope 3 emissions in FY25.

Our assurance

FY24 GHG emissions data relating to Scope 1, 2 and 3 has been the subject of a limited assurance engagement with KPMG New Zealand. More information on the scope can be found in the limited assurance report provided by KPMG New Zealand which is provided in Appendix Four.

Exclusions

No facilities or operations were excluded from our GHG inventory, however excluded emissions sources and their justification for exclusion can be found in Table 11.

Table 11. GHG emission source exclusions

| Source | Justification for exclusion |
|---|--|
| Scope 1 | |
| Fugitive emissions – Refrigerants from HVAC | Emissions are considered de minimus (5% materiality threshold) and this will be reviewed again in FY25 |
| Scope 3 | |
| Category 1: Water use | Inadequate source data and emissions are considered de minimus (5% materiality threshold) |
| Category 1, 4: Suppliers | Methodology for measurement in development. To be included in FY25 Climate Disclosure, when S3 value chain emissions reporting is required |
| Category 5: Waste to landfill | Inadequate source data and no reasonable method for estimation |
| Category 5: Recycling | Inadequate source data and no reasonable method for estimation |
| Category 5: Organics / biodegradable waste | Inadequate source data and no reasonable method for estimation |
| Category 5: Wastewater | Inadequate source data and emissions are considered de minimus (5% materiality threshold) |
| Category 7: Employee commuting | Not measured and no reasonable method for estimation. To be reviewed in future |
| Category 15: Investments and underwriting | Methodology for measurement in development. To be included in FY25 Climate Disclosure, when S3 value chain emissions reporting is required |

Appendix One | Disclosure cross-referencing Index

Aotearoa New Zealand Climate Standards One (NZ CS 1)

Our disclosure aligns to the Aotearoa New Zealand Climate Standards to ensure our statements and goals are transparent, reliable and meaningful to primary users.

| Disclosure Pillar | NZ CS 1 Disclosure requirement | Page navigation |
|--|--|----------------------|
| Governance | | |
| To enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities. | → The identity of the governance body responsible for oversight of climate-related risks and opportunities. | Page 8 |
| | → A description of the governance body's oversight of climate-related risks and opportunities. | Pages 8, 9 |
| | → A description of management's role in assessing and managing climate-related risks and opportunities. | Pages 8, 9 |
| Strategy | | |
| To enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future. | → A description of its current climate-related impacts. | Pages 14, 15 |
| | → A description of the scenario analysis it has undertaken. | Pages 16-19 |
| | → A description of the climate-related risks and opportunities it has identified over the short, medium, and long term. | Pages 20-24 |
| | → A description of the anticipated impacts of climate-related risks and opportunities. | Pages 20-24 |
| | → A description of how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state. | Pages 6, 25 |
| Risk Management | | |
| To enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes. | → A description of its processes for identifying, assessing and managing climate-related risks. | Pages 26-29 |
| | → A description of how its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management processes. | Pages 28, 29 |
| Metrics and Targets | | |
| To enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry. | → The metrics that are relevant to all entities regardless of industry and business model. | Pages 31, 33, 35, 36 |
| | → Industry-based metrics relevant to its industry or business model used to measure and manage climate-related risks and opportunities. | Page 35 |
| | → Any other key performance indicators used to measure and manage climate-related risks and opportunities. | Page 35 |
| | → The targets used to manage climate-related risks and opportunities, and performance against those targets. | Pages 32, 34 |



Appendix Two | Glossary of Terms

Table 12. GHG emission source exclusions

| Terminology | Description |
|--|---|
| Average Annual Loss (AAL) | The financial loss we expect in a year for an insured risk or portfolio due to damage from extreme weather events. |
| Baseline | The set point or starting year we use to measure our emissions reduction performance over time. The baseline year forms the starting point from which we need to reduce our emissions by at least 90% over a specific period to reach a state of net-zero. |
| Carbon neutral | Carbon neutral means the equivalent amount of GHG emissions released within a specified period is offset by a combination of emissions reduction activities, avoided emissions ie, renewable energy and carbon offset purchases. |
| Carbon offsets | An offset generally represents 1 tonne of CO ₂ equivalent, which can be purchased by a company to compensate for their emissions. |
| Climate change | A change in the state of the climate that can be identified (e.g. by statistical tests) by changes in the mean and/or variability of its properties, and that persists for an extended period, typically decades or longer. |
| CO₂-e | Carbon dioxide equivalent (CO ₂ -e) is a measurement used to compare emissions from various greenhouse gases based on their global warming potential. Other gas amounts are converted into the equivalent amount of carbon dioxide to provide a single emissions metric. Conversion factors vary based on the underlying assumptions. |
| Decarbonise / decarbonisation / decarbonising | The process of significantly reducing or eliminating the emission of carbon dioxide and other greenhouse gas emissions into the atmosphere. |
| Emissions intensity | The amount of GHG emissions emitted per unit of measure (e.g. GDP, amount of investment, or number of employees). |
| Emissions factor | A figure provided by a credible third party that provides an estimated amount of CO ₂ emitted for a specific activity, e.g. emissions per barrel of oil combusted. These can be multiplied with production figures to estimate emissions. |
| ESG | ESG, which stands for Environmental, Social, and Governance, is a set of standards that helps stakeholders understand how we are managing risk and opportunities related environmental, social, and governance criteria. |
| Greenhouse gas (GHG) | Greenhouse gases are both natural and man-made. They act to trap heat within the earth's atmosphere ('greenhouse effect'), maintaining conditions for life on earth. An increase in the concentration of GHGs leads to an enhancement of the greenhouse effect changing the nature of the climate and life on earth. GHGs include water vapour (H ₂ O), carbon dioxide (CO ₂), nitrous oxide (N ₂ O), methane (CH ₄) and ozone (O ₃). |
| Greenhouse Gas Protocol | Greenhouse Gas Protocol provides standards, guidance, tools and training for business and government to measure and manage climate-warming emissions. |

| Terminology | Description |
|---|--|
| Indirect emissions | Emissions that are a consequence of the activities of the reporting entity but occur at sources owned or controlled by another entity. |
| Insurance-associated emissions | GHG emissions associated with specific insurance and reinsurance policies. |
| IPCC | Intergovernmental Panel on Climate Change |
| Net-zero | Net-zero means direct and indirect GHG emissions are reduced by at least 90% over a specified period from a set baseline year through emission reduction activities and avoided emissions with only the remaining 10% of residual emissions offset by high quality carbon removal offsets. |
| Paris Agreement | The Paris Agreement is a legally binding international treaty on climate change, which sets long-term goals to limit global warming to well below 2° Celsius, preferably to 1.5 degrees compared to pre-industrial levels. |
| RE100 | RE100 is a global initiative led by the Climate Group and in partnership with the CDP bringing together companies to commit to purchase 100% renewable energy |
| Resilient / resilience | The ability of systems (i.e. Vero, customers and communities) to anticipate, absorb, accommodate, or recover from the effects of climate change or natural hazards in a timely and efficient manner. |
| Scope 1 emissions | Scope 1 emissions are measured from direct fuel combustion represented by fuel used in our owned and operated corporate vehicles and stationary fuels such as diesel generators used in our buildings. |
| Scope 2 location-based emissions | Scope 2 location-based measures emissions associated with our total electricity consumption using grid average emission factors. This approach does not account for our own renewable energy purchased. |
| Scope 2 market-based emissions | Scope 2 market-based accounts for emissions associated with electricity purchased from the grid plus emission avoidance through voluntary action such as renewable electricity generation and purchases. |
| Scope 3 emissions | Scope 3 are indirect emissions caused by the operations of an organisation not owned or controlled by Vero – these include upstream emissions generated by other organisations in the course of Vero's business and sale of products and services (e.g. business travel, waste, vehicle parts, employee commuting); as well as downstream emissions that occur in the life cycle of a product/service after the sale (e.g. investments, emissions from sold products, end-of-life treatment). Scope 3 emissions also include financed emissions. |
| Underwriting activities | Activities related to the evaluation and analysis of risks involved in insuring people and assets. |
| Value chain | Value chain includes supply chain, as well as other business operations and downstream impacts which enhances customer, shareholder, or community value, including Vero's underwriting, lending and investment portfolios. In climate change terms, value chain links to the measurement and improvement of Scope 1 (direct), and Scopes 2 and 3 (indirect) emissions. |

Appendix Three | Emissions methods, assumptions and estimation uncertainty

In developing our emissions inventory, it is assumed the suppliers have provided complete and accurate data, and that this is an appropriate representation of activity. Low level of uncertainty. No assumptions used to calculate data. Any limitations are described in the table below.

Vero has adopted a 10+2 approach to calculating its emission inventory, with the exception of Scope 1 fleet fuel which is calculated on a 11+1 basis. This means that the emissions inventory contains 10 months (11 months for Scope 1 fleet fuel) of actual data FY24 (July 2023 to April 2024) and 2 months (1 month for Scope 1 fleet fuel) of accrued data which is based on an average of the available data. Scope 1 fleet fuel is calculated using 11 months of actual data (July 2023 to May 2024) and 1 month of accrued data which is based on an average of the available data. The reason for adopting this approach is due to full year emissions data not being available when the Suncorp Group emission inventory was developed. Adopting this approach means the Vero inventory is consistent with the FY24 Suncorp Group Climate-related Disclosure Report, which also uses this approach.

| Emissions source | Data Unit | Methodology |
|---|-----------|---|
| Scope 1: Fleet fuel – petrol | L | The monthly telematics data supplied data is categorised into petrol and diesel litres consumed and uploaded to the platform envizi where the relevant emission factor is applied to calculate emissions. Vero's fleet fuel (petrol) emissions are attributed to the number of petrol vehicle assets controlled by Vero. |
| Scope 1: Fleet fuel – diesel | L | The monthly telematics data supplied data is categorised into petrol and diesel litres consumed and uploaded to the platform envizi where the relevant emission factor is applied to calculate emissions. Vero's fleet fuel (diesel) emissions are attributed to the number of diesel vehicle assets controlled by Vero. |
| Scope 1: Stationary energy – Natural gas | GJ | A temporary response office was established during FY24 post Cyclone Gabriel at 3 Bryon Street, Napier. Heating for this office is via a natural gas supplier. 100% of the natural gas belongs to Vero as this site is operationally controlled by Vero. |
| Scope 2: Purchased electricity | kWh | Vero had 14 office locations during FY24. All locations except Whangarei are sourced from an online power management portal. Tax invoices are sourced for electricity usage in Whangarei. All data is loaded to envizi where the emissions factor is applied to calculate emission. Vero's proportionate electricity emissions are based the FY24 financial allocation of shared building expenses spend between Vero and Asteron Life, which is on an FTE basis, allocated 79% to Vero. |
| Scope 3: Well-to-tank petrol | L | The monthly telematics data supplied data is categorised into petrol and diesel litres consumed and uploaded to the platform envizi where the relevant emission factor is applied to calculate emissions. Vero's well to tank (petrol) emissions are attributed to the number of petrol vehicle assets controlled by Vero. 100% emissions calculated using supplier data. |

| Emissions source | Data Unit | Methodology |
|---|-----------|--|
| Scope 3: Well-to-tank diesel | L | The monthly telematics data supplied data is categorised into petrol and diesel litres consumed and uploaded to the platform envizi where the relevant emission factor is applied to calculate emissions. Vero's well to tank (diesel) emissions are attributed to the number of petrol vehicle assets controlled by Vero. 100% emissions calculated using supplier data. |
| Scope 3: Staff air travel | Km | Supplier activity data is categorised into domestic/ international, class and long/short depending on departure/ destination location and assigned ticket class. Km for each class is summarised to monthly values and uploaded to envizi where the appropriate emission factor is applied. Vero's air travel emissions are based on actual FY24 financial allocations for travel (air travel, taxis and accommodation) which includes travel directly attributable to Vero personnel) and travel for enabling functions supporting Vero activities, and thus coded to/paid for by Vero. Excludes Claims EQ and event related travel costs which are recharged to reinsurers. 100% emissions calculated using supplier data. |
| Scope 3: Taxis | Km | The km are extracted from Corporate Cab invoices (dollars spent) and an Excel extract from Uber (provides km directly). Corporate Cab spend data is extracted for each month, CC charges and GST are removed, and each dollar spend is multiplied by an average flag fall rate per trip and average rate/km to find the kilometres driven. Corporate Cab does not provide kilometres driven so the data has to be estimated by using average costs/km. 100% emissions calculated using supplier data. |
| Scope 3: Electricity T&D line losses | kWh | All locations except Whangarei are sourced from an online power management portal. Tax invoices are sourced for electricity usage in Whangarei. All data is loaded to envizi where the emissions factor is applied to calculate emission. Vero's proportionate electricity T&D line loss emissions are based the FY24 financial allocation of shared building expenses spend, which is on an FTE basis, allocated 79% to Vero. 100% emissions calculated using supplier data. |
| Scope 3: Office and printed paper | Kg | Supplier invoices/monthly paper usage reports are collected, and data is categorised into A4/A4 and virgin/recycled. Kg amount is uploaded to envizi where the emissions factors is applied. Vero's office and printed paper emissions are based on actual FY24 printing and postage directly attributable to Vero as per financial reporting. 100% emissions calculated using supplier data. |

Appendix Four | Assurance report



Independent Limited Assurance Report to Vero Insurance New Zealand Limited

Conclusion

Our limited assurance conclusion has been formed on the basis of the matters outlined in this report. Based on our limited assurance engagement, which is not a reasonable assurance engagement or an audit, nothing has come to our attention that would lead us to believe that the Greenhouse Gas (GHG) Emissions Inventory, comprising the 'Our emissions footprint' Table on p.33 (excluding Emissions intensity) and the explanatory notes included on pages 30, 36, 37, 42 and 43 (**GHG Inventory**) has not, in all material respects, been prepared in accordance with The Greenhouse Gas Protocol's Corporate Standards and guidance (collectively, the 'GHG Protocol' as defined below) (**the criteria**) for the period 1 July 2023 to 30 June 2024.

Information subject to assurance

We have performed an engagement to provide limited assurance in relation to Vero Insurance New Zealand Limited's GHG Emissions Inventory for the period 1 July 2023 to 30 June 2024.

| Information in the FY24 Climate-related disclosures we have assured (GHG Inventory) | Page |
|---|---------|
| • Measuring our progress | 30 |
| • Table 9. Our emissions footprint (excluding Emissions intensity (market) (t CO ₂ e/FTE)) | 33 |
| • The standards we follow • Our emission factors | 36 |
| • Exclusions • Table 11. GHG emission source exclusions | 37 |
| • Appendix 3 Emissions methods, assumptions and estimation uncertainty | 42 & 43 |

Our assurance engagement does not extend to any other information included, or referred to, in the FY24 Climate-related disclosures, that is not in relation to the GHG Inventory identified above.

We have not performed any procedures with respect to the information excluded from our engagement and, therefore, no conclusion is expressed on it.

Criteria

The criteria used as the basis of reporting include the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance (collectively, the GHG Protocol):

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition)
- The Greenhouse Gas Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard
- The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard, 2011.

As a result, this report may not be suitable for another purpose.



Emphasis of Matter

We draw attention to the “Measuring our Progress” disclosure on page 30 of the Climate-Related Disclosures, which describes that Vero Insurance New Zealand Limited’s FY24 emissions reporting does not include their equity share in AA Insurance. This approach for reporting emissions differs to Vero Insurance New Zealand Limited’s approach to financial consolidation in their financial statements. Our opinion is not modified in respect of this matter.

Standards we followed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410 Assurance Engagements on Greenhouse Gas Statements (**ISAE (NZ) 3410**) issued by the New Zealand Auditing and Assurance Standards Board (**Standard**). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with the Standard, we have:

- assessed the suitability of the circumstances of Vero Insurance New Zealand Limited’s use of the criteria as the basis for preparation of the GHG Inventory;
- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain limited assurance that the GHG Inventory is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls;
- evaluated the appropriateness of reporting policies, quantification methods and models used in the preparation of the GHG Inventory and the reasonableness of estimates made by Vero Insurance New Zealand Limited;
- evaluated the overall presentation of the GHG Inventory; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret limited assurance and material misstatement

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, within the GHG Emissions Inventory are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the GHG Emissions Inventory reported within the Climate-related Disclosure.

Inherent limitations

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gases.



Use of this assurance report

Our report is made solely for Vero Insurance New Zealand Limited. Our assurance work has been undertaken so that we might state to Vero Insurance New Zealand Limited those matters we are required to state to them in the assurance report and for no other purpose.

Our report is released to Vero Insurance New Zealand Limited on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent. No other third party is intended to receive our report.

Our report should not be regarded as suitable to be used or relied on by anyone other than Vero Insurance New Zealand Limited for any purpose or in any context. Any other person who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees accept or assume any responsibility and deny all liability to anyone other than Vero Insurance New Zealand Limited for our work, for this independent assurance report, and/or for the opinions or conclusions we have reached.

Our conclusion is not modified in respect of this matter.

Vero Insurance New Zealand Limited’s responsibility for the GHG Emissions Inventory

The Management of Vero Insurance New Zealand Limited are responsible for the preparation of the GHG Emissions Inventory in accordance with the criteria. This responsibility includes the design, implementation and maintenance of such internal control as Management determine is relevant to enable the preparation of the GHG Emissions Inventory that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion to Vero Insurance New Zealand Limited on whether anything has come to our attention that, in all material respects, the GHG Emissions Inventory has not been prepared in accordance with the Criteria for the period 1 July 2023 to 30 June 2024.

Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) (**PES 1**) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (**PES 3**), which requires the firm to design, implement and operate a system of quality control including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to Vero Insurance New Zealand Limited in relation to the audit of the annual statutory financial statements and assurance engagements in relation to Insurer Solvency Returns. Subject to certain restrictions, partners and employees of our firm may also deal with Vero Insurance New Zealand Limited on normal terms within the ordinary course of trading activities of the business of Vero Insurance New Zealand Limited. These matters have not impaired our independence as assurance providers of Vero Insurance New Zealand Limited for this engagement. The firm has no other relationship with, or interest in, Vero Insurance New Zealand Limited.

KPMG

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Auckland

24 October 2024

vero

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