



25 October 2024

External Reporting Board
Level 6, 154 Featherston Wellington
PO Box 11250 Manners St Central
Wellington 6011 New Zealand

By email: climate@xrb.govt.nz

Dear External Reporting Board,

QBE Submission: Consultation on Proposed 2024 Amendments to Climate and Assurance Standards

Thank you for the opportunity to comment on the proposals outlined in Proposed 2024 Amendments to Climate and Assurance Standards.

QBE Insurance Group Limited (QBE) is an Australian-based public company listed on the Australian Securities Exchange. QBE is Australia's largest international insurance and reinsurance company with operations in Australia, North America, Europe, Asia, New Zealand and the Pacific. In New Zealand, QBE operates as a branch of QBE Insurance (Australia) Limited, a subsidiary of QBE Insurance Group Limited.

In line with QBE's purpose of enabling a more resilient future, QBE is working towards our commitment of a net zero underwriting portfolio by 2050, a net zero investment portfolio by 2050 and net zero across our own operations by 2030. In April 2024, QBE submitted its inaugural Climate Statement in accordance with the Aotearoa New Zealand Climate Standards CS1, CS2, and CS3. We appreciated the Financial Markets Authority's feedback on our submission in September 2024. We now welcome the opportunity to provide feedback on the proposed amendments to NZ CS 2, which offers relief by extending defined items by one accounting period.

Overall comments and recommendations

We strongly support all four proposals set out in the consultation document. While the one-year delay provides some relief, achieving the required market and system maturity within this timeframe is likely to remain a significant challenge.

We suggest consideration be given to an alignment with the Australian Sustainability Reporting Standards (ASRS) disclosure timelines, as many New Zealand operations, including QBE, have parent companies based in Australia.



Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods.

We support extending the adoption period for Scope 3 GHG emissions disclosures from one to two accounting periods, allowing flexibility to align with evolving global standards and improvements in data quality and collection. As stated above, given the close relationship between New Zealand and Australia businesses, aligning disclosure timing with Australian standards would enhance efficiency, enabling QBE and our data providers to refine internal systems and enable more accurate Scope 3 disclosures.

Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory.

We agree to introduce a one-year relief before mandatory Scope 3 GHG emissions assurance but emphasise that maturing the systems and data for reliable assurance will take several years. Given the current inconsistency of third-party data and the early development of the assurance market, we recommend monitoring market trends and remaining open to further extensions if necessary.

Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods.

We agree and recommend the XRB apply similar deferral considerations to current year financial disclosures of physical and transition impacts, as international best practice and user expectations for both current and anticipated impacts are evolving at the same pace.

Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods.

We agree to extend Adoption Provision 3 for transition planning to two accounting periods, as it provides organisations with additional time to develop transition plans.

Further commentary on each proposal is provided in Attachment A. Should the XRB have any questions or would like to meet to discuss QBE's comments further, please contact Richard Shine, General Counsel NZ & Pacific at richard.shine@qbe.com.

Yours sincerely

A handwritten signature in purple ink that reads 'Jonathan Groves'.

Jonathan Groves

CEO and Managing Director, NZPAC



Attachment A – QBE’s feedback on questions in Consultation on Proposed 2024 Amendments to Climate and Assurance Standards

Proposal 1: Delaying mandatory scope 3 GHG emissions disclosure

The XRB proposes increasing the term of the following adoption provisions in NZ CS 2 from one accounting period to two accounting periods:

- Adoption Provision 4: Scope 3 GHG emissions, which relates to the requirement under paragraph 22(a)(iii) of NZ CS 1 to disclose scope 3 GHG emissions
- Adoption Provision 5: Comparatives for Scope 3 GHG emissions, which relates to the requirement under paragraph 40 of NZ CS 3 to disclose comparative information for the immediately preceding two accounting periods
- Adoption Provision 7: Analysis of Trends (insofar as it relates to scope 3 GHG emissions), which relates to the requirement under paragraph 42 of NZ CS 3 to disclose an analysis of the main trends evident from a comparison of each metric from previous accounting periods to the current accounting period.

Pages 4 to 5 of ED Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024 show the specific wording of these proposed changes. Note that if an entity chooses to disclose a subset of its scope 3 GHG emission sources, it must identify which sources it has not disclosed.

Question 1: Do you agree with Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods?

We support the proposal to extend Adoption Provisions 4, 5, and 7 for Scope 3 GHG emissions disclosures from one to two accounting periods. An extended timeframe will provide the necessary flexibility to align with evolving global standards and anticipated improvements in the quality of data inputs, measurement, and collection approaches including third party data. We recognise that this is a multi-year process, as data quality and systems develop and mature, making the additional time crucial to enabling disclosures to meet both regulatory requirements and best practice standards.

It is important to highlight that comprehensive and standardised methodologies for all Scope 3 categories are still being developed across the industry. At QBE’s Group level, we are actively reviewing our reporting methodologies and data sources to align with the anticipated Australian Sustainability Reporting Standards (ASRS), issued by the Australian Accounting Standards Board (AASB). Given the close relationship between New Zealand and Australian operations, we suggest considering an alignment of disclosure timing with Australian standards, as many New Zealand operations have parent companies based in Australia. With significant preparation already underway in Australia, this approach would support greater efficiency across our global business.

We believe the proposed extension will be instrumental in enabling QBE and our data providers to establish and refine internal systems and processes, ensuring greater accuracy of our Scope 3 GHG emissions disclosures moving forward. We support alignment with the interoperability principle with international standards.

Proposal 2: Delaying mandatory scope 3 GHG emissions assurance

The XRB proposes introducing a new adoption provision whereby a CRE that chooses to not take advantage of the scope 3 GHG disclosure relief under Proposal 1 can choose to delay assurance over that disclosure for that additional accounting period. This means that the assurance of the CRE's scope 3 GHG emissions disclosures will apply in relation to accounting periods ending on or after 31 December 2025.

This proposal would be implemented by:

- adding a new Adoption Provision 8 in NZ CS 2 that allows an entity to exclude its scope 3 GHG emissions disclosures from the scope of the assurance engagement (see paragraphs 25, 26(a)(iii), 26(b) and 26(c) of NZ CS 1).
- amending paragraph 7A in NZ SAE 1 to state that a CRE may use adoption provision 8 so that scope 3 GHG emissions disclosures are excluded from the scope of the assurance engagement in relation to accounting periods ending before 31 December 2025.

The requirement for an assurance engagement on scope 1 and 2 GHG emissions disclosures would be retained. This is because the processes for obtaining data and evidence for scope 1 and 2 GHG emissions are relatively mature and comparatively straightforward to obtain. This would be clarified by the addition of proposed paragraph 25 in NZ CS 2 and proposed paragraph 7B in NZ SAE 1.

If an entity elects not to use Adoption Provision 4 to delay the disclosure of scope 3 GHG emissions it may still use Adoption Provision 8. In such a case, NZ CS 2 requires an entity to clearly identify that its scope 3 GHG emissions disclosures have not been mandatorily assured. This is stated in proposed paragraph 26 of NZ CS 2. Note also that this proposal does not prohibit directors from deciding to obtain assurance or another engagement such as an agreed upon procedure engagement.

Page 5 of ED Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024 and Page 3 of ED Amendments to Assurance Engagements over Greenhouse Gas Emissions Disclosures 2024 shows the specific wording of these proposed changes. The XRB notes that these proposals are subject to final legal review.

Question 2: Do you agree with Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory?

Question 3: Do you agree that a one-year delay for scope 3 GHG emissions assurance is sufficient to enable systems to mature to support the availability of sufficient reliable data and to enable increased consistency across the assurance market?

We agree with Proposal 2 to introduce a new Adoption Provision 8, granting a one-year relief before Scope 3 GHG emissions assurance becomes mandatory. However, as with Proposal 1, we emphasise that the journey to mature the systems and data required for reliable Scope 3 assurance will extend over multiple years. Many companies, including ours, are still in the process of refining internal systems, while external data sources and the assurance market are in their early stages of development.

While the one-year delay offers some relief, it may still be difficult to achieve the necessary market and system maturity within this period. The availability of reliable third-party data, particularly for categories like supplier, investment, and insurance emissions, is currently inconsistent. Moreover, the assurance of third-party data remains a critical consideration, and additional time will be needed for the market to provide auditors with reliable external assessments.

Given these complexities, we recommend keeping a close watch on market trends and remaining open to further extensions if needed. As global reporting regimes strengthen from 2025 onwards, we anticipate that both third-party data sources and assurance processes will continue to evolve, which will be vital for enabling consistent and accurate Scope 3 data across the industry.

Proposal 3: Delaying anticipated financial impact disclosure

The XRB proposes extending the availability of Adoption Provision 2: Anticipated financial impacts in NZ CS 2 from one accounting period to two accounting periods. This adoption provision relates to the requirements under paragraphs 15(b)-(d) of NZ CS 1 to disclose anticipated financial impacts. Anticipated financial impacts disclosures are also required by other international CRD regimes. Page 4 of ED Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024 shows the specific wording of this proposed change.

Question 4: Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?

Yes, we agree. Regarding Proposal 3 – the deferral of anticipated financial impact disclosures – we encourage the XRB to apply similar considerations to the requirements for current year financial disclosures of physical and transition impacts under paragraph 12(b). This recommendation stems from the fact that international best practice and user expectations surrounding the disclosure of current financial impacts are evolving at the same pace as those for future, or anticipated, impacts. QBE is currently reviewing emerging best practice to enable an aligned disclosure approach for all climate-related reporting across its various jurisdictions.

Proposal 4: Delaying transition planning disclosures

The XRB proposes extending the availability of Adoption Provision 3: Transition planning in NZ CS 2 from one accounting period to two accounting periods. This adoption provision relates to the requirements under paragraphs 16(b) and (c) of NZ CS 1 to disclose information about:

- the transition plan aspects of a CRE's strategy, including how its business model and strategy might change to address its climate-related risks and opportunities; and
- the extent to which the transition plan aspects of its strategy are aligned with its internal capital deployment and funding decision-making processes.

Transition planning disclosures are also required by other international regimes. Page 4 of ED Amendments to Adoption of Aotearoa New Zealand Climate Standards 2024 shows the specific wording of this proposed change. Entities making use of the adoption provision will still need to disclose a description of its progress.



Question 5: Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?

We agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two. Credible transition planning can be complex for financial institutions. The additional time will allow us to refine our strategy and align with evolving global standards, such as those from the International Sustainability Standards Board (ISSB). With limited guidance on integrating climate mitigation and resilience, this extension is crucial for ensuring our transition plans are robust, meet regulatory requirements, and reflect best practices in climate-related risk and opportunity management.