

Our Climate-related Disclosures

Measuring our impact and looking to the future

1 July 2024 to 30 June 2025

SUNCORP 

Vero, backed by Suncorp Group's 100+ years of insurance expertise

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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 an annual climate statement (Climate-related disclosure report). This report provides an opportunity to communicate what we are doing to understand and act on climate-related risks and opportunities, the progress we are making and what we still need to do. This report covers the period 1 July 2024 to 30 June 2025.

About us

The impacts of climate change are being felt by New Zealand families and businesses, affecting Vero and the communities we serve. As an insurer, we play a crucial role in supporting the resilience of our customers to climate-related disasters.

This disclosure outlines the climate-related physical and transition risks and opportunities that Vero faces, as well as offering insight into the actions we are taking in response. We want to ensure we are taking steps to remain a resilient business and can be there for our customers in the moments that matter.

Insurers are highly exposed to climate-related impacts, but the ability of communities across New Zealand to adapt is important for the success of us all.

Vero is part of Suncorp Group and shares a common purpose: building futures and protecting what matters. This purpose means we need to understand and respond to the climate-related risks and opportunities facing our business and customers.

This year, I was proud to contribute industry expertise as a member of the Ministry for the Environment's Independent Reference Group on Climate Adaptation. As a group, we developed recommendations for the creation of a National Adaptation Framework – a coordinated, long-term plan for managing the physical impacts of climate-related physical risk on people and property in New Zealand.

This report is an important step in considering the impact of the climate on our business and communicating these impacts to our stakeholders. Thank you for taking the time to read this report and for following our work in this important area.

Jimmy Higgins
CEO, Suncorp New Zealand

Important information

Climate-related metrics, estimates, projections and targets used in this document, especially if they are forward-looking, deserve special caution as they are based on uncertainties and may be affected by a range of variables, including those that are not within Vero's control.

Forward-looking statements made in this document are based on multiple assumptions, estimates, forecasts and judgements that have inherent uncertainties. While these forward-looking statements reflect Vero's best estimate at the date of this report (including with respect to its strategies and plans regarding climate change), actual results, performance, and outcomes may differ materially from those expected or targeted in the forward-looking statements.

Uncertainties include factors such as the extent, pace, and impact of climate change; future climate-related policy; the effectiveness of climate action of governments, businesses, investors, customers, and other stakeholders; changes in customer behaviour and demand; changes in the availability, scaling, and commercialisation of lower-carbon technology; the availability of accurate, verifiable, and comparable climate-related metrics and data; development progress including approvals; industry competition; changes in climate-related measurement and forward-looking methodologies; and reliance on assumptions and future uncertainty.

Accordingly, undue reliance should not be placed on forward-looking statements throughout this report as the content does not guarantee or predict future events will or are likely to occur. Vero makes no representation, assurance or guarantee as to the accuracy, completeness or likelihood of fulfilment of any forward-looking statement, any outcomes expressed or implied in any forward-looking statement or any assumptions on which a forward-looking statement is based. Except as required by law, we do not take on any obligation to publicly update or revise any forward-looking statements in this document, whether to reflect any change in events or circumstances on which any such statement is based, or otherwise.

This report has not been prepared as financial or investment advice or to provide any guidance in relation to the future performance of Vero.

Greater detail on external assumptions and limitations can be found in Appendices 3 and 4.

Statement of compliance

Vero is a climate-reporting entity under the Financial Markets Conduct Act 2013. The Directors are pleased to present this report for the period 1 July 2024 to 30 June 2025. The climate-related disclosures in this report 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 the following adoption provisions in NZ CS 2:

- » Adoption provision 2, which exempts Vero from disclosing anticipated climate-related financial impacts.
- » Adoption provisions 4 and 5, which exempt Vero from disclosing Scope 3 emissions and comparatives for Scope 3 emissions. We have disclosed selected Scope 3 emissions only for the 2024 and 2025 financial years. Details are provided in Table 11. GHG emission source exclusions.
- » Adoption provision 6, which exempts Vero in its second reporting period from providing more than one year of comparative information for each metric.

- » Adoption provision 7, which exempts Vero from disclosing an analysis of the main trends evident from a comparison of each metric from previous reporting periods to the current reporting period for its first and second reporting periods.

For and on behalf of the Board,



Rob McDonald
Board Chair, 20 October 2025



Kate Armstrong
Director, 20 October 2025

Governance

In this section, you'll learn:

- » What role our Board plays in overseeing climate-related risks and opportunities.
- » How our management team identifies, assesses, and manages these climate-related issues.

This helps you understand who is responsible for making climate-related decisions, and how those decisions are actioned and monitored across the business.

Who we are

We are a New Zealand-based insurance company within Suncorp New Zealand.

Vero Insurance New Zealand Limited (**Vero**, or **we**, **us**, or **our**) is a general insurer working with a large network of insurance brokers and advisers, and we partner with some of New Zealand's leading financial institutions. Vero owns 100% of Vero Liability Insurance Limited (Vero Liability), 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). 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 New Zealand comprising Vero Insurance New Zealand Limited, Vero Liability, Suncorp New Zealand Employees Limited, and Suncorp New Zealand Services Limited, all of which are subsidiary companies of Suncorp Group Limited (Suncorp Group), an Australian company listed on the ASX. As part of Suncorp Group, we 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 insurer providing general and specialty insurance products (including personal, rural and business insurance) to customers through a range of intermediaries (brokers, corporate partners and managed agencies) and arrangements governed by distribution agreements.

For risk and capital management purposes we insure portions of our insurance risks.

Our strategy is to become a more sustainable, simplified and modernised general insurer, with connected customer experiences.

¹ Vero Liability Insurance Limited is not a Climate Reporting Entity under the FMC Act and does not produce its own climate-related disclosure. Vero Liability is included within the scope of the Vero climate-related disclosure report.



Board oversight

The Vero Board is the governance body responsible for oversight of climate-related risks and opportunities, approval of climate-related commitments and targets, and approval of climate-related disclosures. 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 Board delegates oversight of climate-related risks, and monitoring of climate-related metrics, commitments and targets to the Vero Board Audit and Risk Committee (BARC), a permanent standing committee of the Board. The BARC's duties include the oversight of the assessment and management of climate-related risks.

During FY25, climate and sustainability were regular agenda items at our BARC meetings. Management provided directors with reporting on the outcomes of our Climate Scenario Analysis (CSA) process, the climate-related risks and opportunities we have identified as part of that process and the reviewing and approving of our climate-related targets and commitments. Climate-related metrics, including progress against our targets for FY25 were submitted to the BARC as part of a dedicated session where Directors reviewed the draft FY25 climate-related disclosures. Climate-related risks were also considered alongside other macro trends and strategic risks as a key input into strategic planning and as part of the Board Strategy Day in December 2024.

Table 1 shows how we have embedded climate considerations into our governance structure.



Board skills, experience and climate knowledge

Our Board Directors have diverse and complementary skills. The Board has completed a skills matrix that rates each Director's skills and experience across a broad set of areas, including environmental, social and governance (ESG), sustainability and risk management. The matrix incorporates both a self-assessment component and peer ratings.

During FY25 our Board has been briefed on how we are developing our climate-related disclosures. The Board and Senior Leadership Team (SLT) have access to climate and risk expertise within the broader SNZ business. This includes an inhouse sustainability team, risk specialists, and specialists in modelling extreme weather.



Management responsibilities

Climate-related risks and opportunities are monitored and managed through SLT accountabilities, management committees, and business-level responsibilities. A range of internal policies, controls and procedures exist to support the management and governance of climate-related risks and opportunities. These are summarised in our internal Climate Governance and Reporting Framework.

During FY25, the climate-related risks and opportunities identified as part of our CSA process were reviewed by the Insurance Risk Committee (IRC) and the Asset and Liability Committee (ALCO). CSA risks are also incorporated into emerging insurance risk reviews which are oversighted by the IRC.



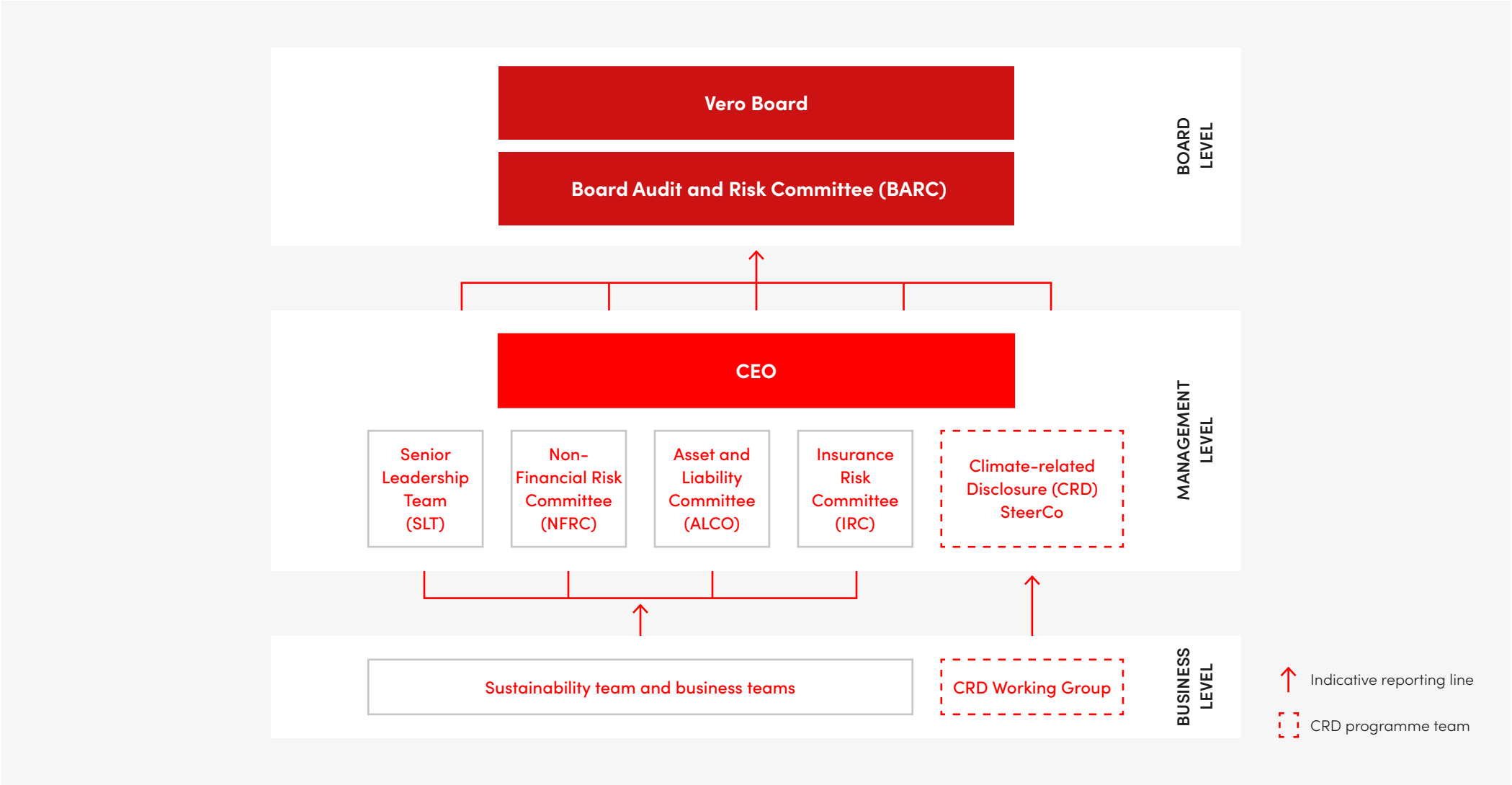
Remunerating our management teams

Climate-related performance is not listed as part of our remuneration policies. However, 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. Our SLT serves as our most senior management team. Their position descriptions include climate-related responsibilities as applicable to each role.

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

Governance Body	Responsibilities	Reporting Frequency
Board Level Responsibilities		
Board of Directors	» Oversees climate-related risks and opportunities. » Approves policies, risk appetite (including statements on climate-related risk), strategy, climate-related commitments and targets, and external climate disclosures.	Typically meets every two months with at least six meetings a year.
Board Audit and Risk Committee (BARC)	» Oversight of the assessment and management of climate-related risks. » Oversees processes for climate disclosures and remains informed about climate related matters during meetings via management presentations. » Reviews reports about climate-related risks, including the CSA outcomes, to oversee how these risks are assessed and managed. » Comprises most members of the Board and reports to the Board of Directors. » The BARC is also attended by the SNZ Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head of Legal and other management representatives as required.	Typically meets every two months with at least six meetings a year.
Management Level Responsibilities		
Management – CEO and SLT	» Manages the organisation's climate strategy, including identifying and addressing climate-related risks and opportunities. » Monitors performance against climate-related commitments and targets. » Integrates climate and sustainability considerations into business planning and strategic decision-making. » Oversees governance through climate risk frameworks and provides oversight across relevant areas. » Responsibilities also include operational functions such as reinsurance, procurement and climate advocacy. » In FY25, the development of climate-related disclosures was sponsored by the Chief Customer Officer.	Climate-related responsibilities of the SLT are addressed during relevant committee meetings and, when necessary, at monthly SLT meetings.
Management Level Committee Responsibilities		
Climate-related Disclosure Steering Committee (CRD SteerCo)	» Oversees how we develop our climate-related disclosures and processes.	Typically meets every month.
Asset and Liability Committee (ALCO)	» Has oversight of climate-related financial risks. » Oversees our CSA.	Typically meets every two months with at least six meetings a year.
Non-Financial Risk Committee (NFRC)	» Has oversight of non-financial climate-related risks.	Typically meets every two months with at least six meetings a year.
Insurance Risk Committee (IRC)	» Has oversight of climate-related risks and opportunities in the insurance value chain.	Typically meets every two months with at least six meetings a year.
Business Level Responsibilities		
CRD Working Group	» Manages and develops climate-related disclosures.	Typically meets every fortnight.
Sustainability and Business Teams	» Manages first-line climate-related risks.	Ongoing.

Climate governance structure



Strategy

In this section, you'll learn:

- » How climate is affecting our business and how it might in the future.
- » About the scenario analysis process we have undertaken.
- » The climate-related risks and opportunities we have identified.
- » How we're positioning ourselves to stay resilient and create long-term value in a changing world.

This helps you understand how climate fits into our overall business strategy now and into the future.

Our climate strategy



As a general insurer, climate affects our business in many ways, creating risks and opportunities. As climate-related risks intensify, weather-related events will increasingly impact the size and number of insurance claims. There are also likely to be changes in our economy and regulatory environment as New Zealand and the global economy moves to a low-carbon economy.

Understanding the current and anticipated climate-related risks, opportunities and potential impacts 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 approves and monitors our metrics and targets. During FY25 our BARC and Board were involved in the following:

- » Considering climate risk alongside other macro trends and strategic risks as part of the Board Strategy Day in December 2024.
- » Reviewing the outcomes of our Climate Scenario Analysis, including the identified climate-related risks and opportunities.
- » Reviewing elements of the Suncorp Group Climate Transition Plan and approving the climate-related targets and commitments that apply to Vero.
- » Reviewing and approving our FY26-28 three-year plan, which includes priorities that help Vero respond to climate-related risks and opportunities (e.g. advocacy on resilient infrastructure and climate adaptation and enhancing pricing and risk selection capabilities).
- » Reviewing and approving our draft climate-related disclosures.

How we are responding to the current impacts of climate-related risks

Climate can impact us through climate-related physical and transition risks. Current impacts are those which have been experienced by Vero during the FY25 reporting period.

What are climate-related physical impacts?



Climate-related physical impacts relate to the physical impacts of climate change, which can include longer-term changes in climate (chronic risk) and changes to the frequency and magnitude of extreme weather events (acute risk). These changes can cause direct damage to assets or property, changes in income and living costs, and changes to the cost and availability of insurance.

Table 2. Current impacts of climate-related physical risks

Current physical impacts ²			
Impact	How it affects our business	What are we doing	Financial impact for FY25
Increasing claim costs due to extreme weather, sea level rise, and coastal erosion ³	Severe weather can lead to increased insurance claims costs.	We apply a small incremental adjustment to our natural hazard allowance each year to recognise the long-term impact of climate-related physical risk on claims costs. We continue to develop our core insurance capabilities to better understand, underwrite, and price for risk, including through improved natural hazard modelling and more sophisticated pricing tools.	Natural hazards ⁴ claims totalled \$70m for FY25. While they increased by \$5m compared to FY24, they were \$9m below our natural hazard allowance ⁵ for the year.
Physical impacts increase the cost of reinsurance and capital ⁶	Following extreme weather events in 2023, global reinsurers consider New Zealand to be at increased risk of weather-related events. This resulted in a material increase in reinsurance costs following the events which has now stabilised.	We continue to work to ensure reinsurers can be confident in Vero, through investing in new, more sophisticated flood modelling and pricing tools to improve our ability to price flood risk in particular.	Vero's placed catastrophe reinsurance cost ⁷ for FY25 was \$344m, an increase of 3% from FY24 however this is 136% higher than in FY23 prior to the extreme weather events.

What are climate-related transition impacts?



Climate-related transition impacts arise from the economic transition to a lower-carbon economy. This includes changes in domestic and international policy and regulatory settings, technological innovation, social adaptation, market changes, and legal and reputational risks.

Vero has not identified any material current climate-related transition impacts for FY25⁸. Climate-related transition impacts disclosed in FY24, but which are not considered material in FY25 include impacts driven by changing data requirements, decarbonisation of the economy, climate adaptation and managed retreat, and increased climate regulation. These impacts have all been considered and have been assessed as having a non-material financial impact on Vero in FY25.

2 In FY24 we disclosed that we were being impacted by increased claims volumes associated with major weather events that had occurred in FY23. Claims volumes do not represent a material climate-related physical impact for FY25.

3 The cost of claims due to increasing severe weather is also identified as an anticipated risk and is discussed further under 'Future Impact of Climate on our Business'.

4 'Natural hazards' encompasses all natural perils excluding earthquake.

5 Generally, our reported natural hazard allowance includes an element related to earthquakes however the earthquake component has been excluded in the table.

6 Increasing costs of reinsurance is also identified as an anticipated risk and is discussed further under the 'Future Impact of Climate on our Business'.

7 Placed catastrophe costs represent the original contracted costs excluding reinstatement premiums or premium adjustments.

8 Vero incurred minor expenses related to climate advocacy work. These activities were part of a broader stakeholder engagement and advocacy programme, and we were unable to isolate specific costs. We have not been able to identify any additional financial impact associated with our use of Ecotricity as our primary electricity provider. \$154,300 was spent on responding to changing data requirements.

Our Climate Scenario Analysis

In FY25 we completed our Climate Scenario Analysis (CSA) to explore the potential impacts on Vero across a range of plausible futures. This work helps us to identify our most material climate-related risks and opportunities over different timeframes, and the areas we need to focus on to build business resilience.

Our FY25 CSA exercise was focused on Vero, and included Vero Liability Insurance Limited in its consideration of risks and opportunities⁹. To assist with the FY25 CSA, we engaged an external consultancy to provide expertise in climate scenario development, risk modelling, and financial quantification.

Our CSA is a standalone process that is integrated with our annual business planning process. The climate-related risks and opportunities identified through the CSA are considered as part of development of our three-year business plan. Climate risks and opportunities are also considered as part of Vero's existing risk and portfolio management processes and will continue to inform and influence Vero's strategy development.

⁹ When identifying our climate-related risks and opportunities we focused primarily on the aspects of our insurance value chain which we anticipate will be most affected by the climate related physical risks, which is primarily our underwriting portfolios. While we focused on our underwriting portfolios, we did not exclude any parts of our value chain specifically from our analysis.

¹⁰ We used Finity Consulting Pty to provide external expertise in the CSA, risk modelling, and financial quantification of risks. FY24 analysis by AON New Zealand was also re-used in relation to surface and riverine flooding.

Our CSA process

The Taskforce on Climate-related Financial Disclosures (TCFD) provides a six-step process for applying scenario analysis. Our Vero CSA process is aligned to the six-step process as follows:

1 Ensure governance is in place

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

2 Assess the materiality of climate-related risks

Due to the outputs of previous CSA processes and internal knowledge, we started with an initial perspective on what the most relevant climate-related physical and transition risks are. These insights were carried forward into our FY25 CSA through a series of internal workshops. Our decision on which risks and opportunities to disclose is based on our judgement of whether the information could reasonably be expected to influence the decisions of primary users. We do not apply a specific quantitative threshold to materiality.

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). These were further developed into specific scenarios relevant to Vero with input from internal business stakeholders and an external consultancy to ensure they are relevant and appropriate scenarios in the context of Vero.

4 Evaluate business impacts¹⁰

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. Natural peril models were used to analyse physical risk impacts. The methods, assumptions and limitations of this modelling are discussed in Appendix 4.

5 Identify potential responses

We used the CSA exercise to build on our understanding of climate-related risks and opportunities and to identify a range of responses to these anticipated risks and opportunities.

6 Document and disclose

As part of our CSA, we have ensured that we have documented our process, including reports provided by our external suppliers.

The key findings of our CSA process have been documented and shared with internal stakeholders via our committee structure, and to external stakeholders through this climate related disclosure report.

Table 4. What our FY25 scenario analysis covers:

Scenario analysis		
Risk	 Physical risk	 Transitional risk
Underwriting portfolios included¹¹	» Commercial insurance » Home and contents insurance » Motor insurance » Rural insurance » Construction and engineering insurance	» Commercial insurance » Home and contents insurance » Motor insurance » Rural insurance » Construction and engineering insurance » Investments
Scenario	» Orderly scenario, 1.5°C (ICCP SSP 1, RCP¹² 2.6) » Disorderly scenario, 2°C (ICCP SSP 2, RCP 4.5) » Hot House world scenario, 3+°C (ICCP SSP 3, RCP 7.0)	
Timeframes¹³	» Short term = 2030 (Aligned with Suncorp Group's net zero target for Scope 1 and 2 emissions, and within the 3–5-year business planning window used for business planning and funding considerations). » Medium term = 2040 (An interim timeframe between the short term and long-term horizons, aligned with medium term time horizon at Suncorp Group). » Long term = 2050 (Aligned with the NZ Government's stated ambition to be <i>Net-zero</i> by 2050).	
Scope of assessment	» Flood (surface, riverine) » Storm wind (storms and ex-tropical cyclones) » Coastal inundation	» Vero, including Vero Liability
Metrics considered	» Average Annual Loss (AAL)¹⁴	» Our approach in FY25 has been qualitative

11 Underwriting portfolios excluded in our analysis of physical risk include the Marine portfolio, Livestock portfolio and Liability insurance portfolios.

12 RCP = Representative Concentration Pathway – which represents different concentrations of greenhouse gases in the atmosphere. The overarching aim of the Paris Agreement is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. RCP 2.6 has been selected as it is in line with a less than 2°C increase in temperature, which reflects the upper boundary of the Paris Agreement aim, and it aligns with the ICNZ Shared Climate Scenarios for the Insurance Sector.

13 Climate scenarios have been considered over three distinct time horizons based on years (2030, 2040, and 2050). The endpoints are based on years rather than temperature outcomes.

14 Average Annual Loss (AAL) is the financial loss we expect in a year for an insured risk or portfolio due to insured losses.

Scenario descriptions

Orderly scenario: Net-zero 2050

1.5°C
SSP 1, RCP 2.6



Scenario narrative

Strong governmental action to reduce emissions. New policies are introduced which create significant structural change to the economy. Policies are developed and implemented in consultation with industry groups and stakeholders so the change is predictable and smooth.

Emissions pricing increases in a smooth but steep upwards trajectory. Low-emissions energy alternatives are accessible for most industries. Energy price increases result in higher inflation.

Adaptation policy takes lower priority behind mitigation, but still receives a lot of attention, especially around building resilience to sea level rise.

Home and business insurers are expected to contribute to the transition (and those that fail to do so quickly lose their social licence). This comes in the form of insurance policies that encourage or incentivise electrification of buildings and vehicles, diversification of ruminant agriculture, and the use of sustainable building materials.

There is less self-insurance as companies and governments aim to de-risk themselves in the face of systemic change. This is an inclusive but quickly changing environment for insurers who must stay up to date with sustainability action to remain in favour.

Disorderly scenario: Delayed transition

>2°C
SSP 2, RCP 4.5



Scenario narrative

Government policy on mitigation remains unchanged until 2030, a record year for weather events globally including a significant flood event in NZ. Governments around the world quickly commit to meaningful action on climate change, including in New Zealand. This is a disruptive transition with insufficient consultation with the insurance and other critical sectors.

Government rapidly expands the Natural Hazards Commission Toka Tū Ake (NHC) scheme's coverage, and a new flood levy is introduced. This flood levy captures some of the market historically held by home insurers. Reinsurers withdraw in some regions, and some are unable to offer cover for lower layers.

Severe weather events and the changing economic and political environment create inflationary pressures and stranded assets. The broader economic impacts take a toll on businesses. Many businesses are under-insured, and this creates friction after events.

The disruptive energy transition sees energy prices rise. Increases in cost-of-living mean homeowners and SMEs have to review their spending priorities. Big businesses begin to dominate so that, by 2035, they have increased market share in traditional SME sectors like agriculture and tourism.

Hot House world scenario: Current policies

>3°C
SSP 3, RCP 7.0



Scenario narrative

Government climate policy and the level of ambition towards climate commitments globally does not increase.

Emissions continue their inexorable rise, even while New Zealand's emissions fall.

Many people and businesses are suffering from more frequent and severe weather events, food prices are increasing, and there are issues with water and power supply.

At the same time, insurers are seeing increasing costs and rapidly increasing risk profiles. By 2040, reinsurance has withdrawn from certain perils and regions, and affordability has become a serious issue in parts of the country. There is disagreement between central government, local councils, and insurance companies over funding for adaptation, which has grown in importance as climate impacts worsen. A number of corporates are getting their insurance from large global providers or self-insuring.

The economic impacts on the agriculture sector from severe weather events are significant. However, New Zealand's relatively mild climate means the world depends even more on its products, so some farmers can charge a higher price. Global food and water shortages lead to conflict and migration. While New Zealand tries to stay out of these charged global matters, they ultimately cannot. There is increasing migration, creating social and economic pressures across the country.

Future impact of climate change on our business

The CSA 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

We use models to measure the impact of climate-related physical risk on our portfolios from extreme weather events. Climate projections are complex and uncertain, and may not be able to account for all factors, such as future changes in the built environment. Despite these limitations¹⁵, 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 insured losses.¹⁶

We anticipate our underwriting portfolios being the part of our business with higher exposure to climate-related physical risks, particularly our residential home portfolio. This is mainly due to the potential impacts of flooding in the future. The anticipated impacts of these climate-related physical risks are described in more detail in the sections that follow.

Climate-related physical impacts

Vero’s CSA shows that without steps being taken to address climate-related risks, the impacts of climate-related physical risks will increase significantly by 2050, especially under the disorderly (RCP 4.5) and hothouse (RCP 7.0) scenarios.

Analysis of physical risk indicates an increase of between 19% and 26% in AAL from weather-related perils (flood, storm, and coastal inundation) by 2050. The increase in risk is predominantly due to:

- » Coastal inundation, with sea level rise being the main driver.
- » More frequent and intense bursts of surface water flooding, particularly in the South Island.

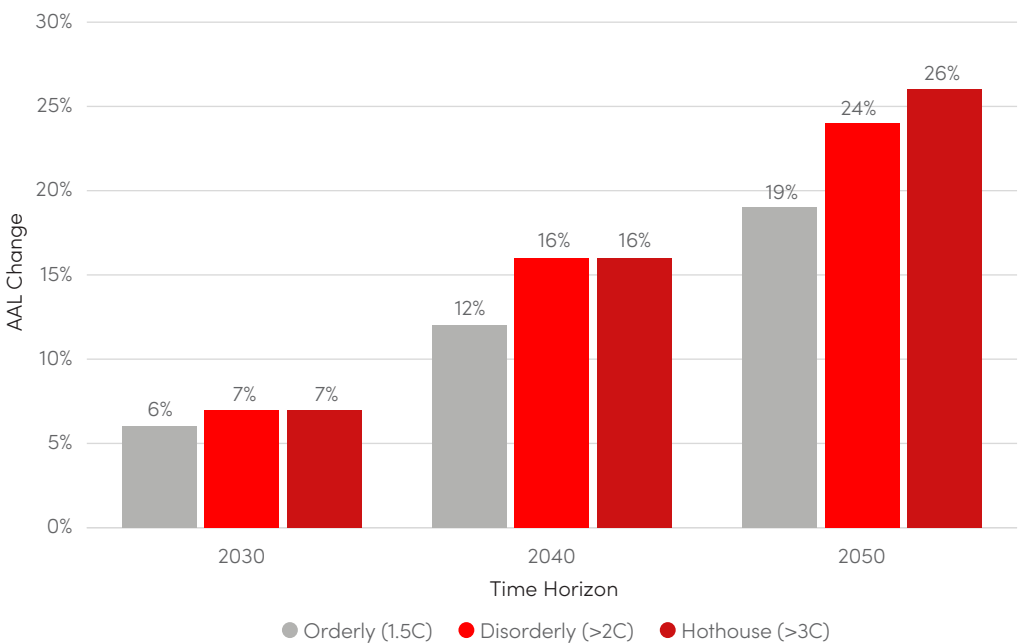
Nationally, the increasing flood risk may be partially offset by general drying in the North Island.

Through our analysis we also know that flood and coastal inundation risk varies by address. A small number of properties account for a disproportionate share of projected losses. In the case of coastal inundation, less than 1.5% of present-day insured coastal properties are responsible for all projected coastal inundation losses, and under 2% of inland addresses account for 30% of projected flood-related losses.

If left unaddressed, these rising physical risks will lead to increased costs for insurers, including an increase in the cost of claims and reinsurance, which in turn may affect the cost and availability of insurance cover.

Factors such as population growth in high-risk areas, without effective land-use planning would further increase the risk, whereas improved hazard mitigation or managed retreat would help reduce the risk.

Percentage changes in average annual losses under different climate scenarios across all modelled weather perils (storm, flood, coastal inundation)



¹⁵ Refer to Appendix 4 for limitations.
¹⁶ Considerable variation around the long-term AAL is expected year-to-year due to inter-annual climate variability.

Our anticipated climate-related risks and opportunities, and their impacts

As part of our CSA process, we consider our climate-related physical and transition risks and opportunities. These are described in Tables 5. and 6.

Our anticipated climate-related risks

Table 5. The main anticipated risks and their impacts

Risk Type	Description	Impact	How we are responding	Impact timeframe
Physical impacts increase the cost of reinsurance and capital¹⁷ Insurance risk, driven by physical risk	Global reinsurers may adjust risk models and increase prices, or withdraw coverage for high-risk areas, making reinsurance less affordable or available.	Rising reinsurance costs are already an impact being observed by Vero. As a result of increased reinsurance costs or increased capital costs, Vero may need to increase premiums or reduce its coverage and lose revenue. These outcomes can impact the affordability and availability of insurance for our customers. The reassessment of risk results in an increase in the cost of capital.	Investing in our core insurance capabilities (pricing, underwriting, flood models, and new underwriting practice) to better understand and price for risk. As part of Suncorp Group, we are also able to leverage our scale to secure competitive reinsurance arrangements. Disciplined portfolio management and monitoring of emerging risks.	Short, medium, long-term 
Increasing claim costs due to extreme weather, sea level rise, and coastal erosion¹⁸ Insurance risk, driven by physical risk	More frequent and severe storms, floods, and cyclones could lead to increased property damage claims, especially in coastal and flood-prone areas.	Extreme weather is already an impact being experienced by insurers. Our CSA modelling shows an increase in expected loss (as measured by AAL) within Vero's portfolios over the short, medium and long term under a range of low and high warming scenarios. However, there is uncertainty around the estimates.	Vero manages the risk of weather-related claims through careful risk selection, a sound reinsurance strategy, and capital management processes. Investing in our core insurance capabilities (pricing, underwriting, flood models, and new underwriting practice) to better understand and price for risk. As part of Suncorp Group, we are also able to scale our operational teams during disaster response. Advocacy with local councils to look for opportunities to mitigate risks. Education and pricing education for government and our partners.	Short, medium, long-term 

Note: scenarios and timeframes referred to in the above table are the same as those shown in the CSA process described in Table 4.

¹⁷ Physical impacts increase the cost of reinsurance and capital. This has been identified as a current climate-related impact during FY25 and is also discussed under 'How we are responding to the current impacts of climate-related risk'.

¹⁸ Rising claims costs has also been identified as a current climate-related impact and is also discussed under 'How we are responding to the current impacts of climate-related risk'.

Risk Type	Description	Impact	How we are responding	Impact timeframe
Government intervention in the insurance market Insurance risk, driven by physical risk	Decreasing affordability or availability of insurance may lead to government intervention in the insurance market.	The government may take on more risk (e.g. expanded NHC), reduce the size of the private insurance market or require insurers to take on a fixed share of certain perils – impacting our ability to select and appropriately price risk.	Investing in our core insurance capabilities (pricing, underwriting, flood models, and new underwriting practice) enabling better assessment of risk to support our position. Vero is also prioritising climate adaptation and resilience advocacy with central and local government.	Short, medium, long-term 
Insurance affordability Strategic risk, driven by physical and transition risk	Communities most susceptible to the effects of climate-related physical risks may face insurance affordability and availability challenges, as premiums reflect the higher costs borne by insurers. There may also be impacts on the broader economy from climate transition, such as generalised claims cost inflation, which may also affect insurance affordability.	May result in reduced availability of insurance cover or require an increase in insurance premiums to offset the rising costs being borne by the insurer. These outcomes can impact the affordability and availability of insurance for our customers and may reduce demand for insurance. Reputational risk may also increase as insurance becomes less affordable or accessible.	Investing in our core insurance capabilities (pricing, underwriting, flood models, and new underwriting practice) enabling better assessment of risk to support our position. Incorporating sustainability considerations into portfolio management and monitoring of emerging risks. Education and improved pricing transparency for government and our partners. Continued advocacy with key government and industry stakeholders to promote climate adaptation and investment in resilient infrastructure.	Short, medium, long-term 
Shifting mobility trends Strategic risk, driven by transition risk	Shifting mobility trends with more electric vehicles (EVs) and more people using public transport.	The size of the car insurance market could decrease leading to less revenue in the motor portfolios.	Vero is responding to changes in mobility trends by tracking consumer motor vehicle ownership patterns and developing product offerings for electric vehicle adoption. Building our corporate partnerships and relationships with companies like Tesla. Disciplined portfolio management and monitoring of emerging risks.	Short, medium 

Changes compared to FY24: There are differences between our anticipated climate-related risks identified in FY24 and FY25. These changes are due to our developing understanding of climate-related risks and their impacts. The key differences to our FY24 risks are:

- » Reduced demand for insurance is no longer included as a specific risk, instead reduced demand for insurance is considered to be a potential impact which could arise from several risks, including insurance affordability and shifting mobility trends.
- » Insurance market changes has been updated to focus on government intervention in the insurance market as a more specific risk to Vero.
- » Investment risk is no longer included. The risks to Vero's investment portfolios were assessed as part of our FY25 CSA, and the exposure of the portfolio to sectors exposed to higher climate-related risks was deemed to be low.

Our anticipated opportunities

The table below describes the climate-related opportunities that may arise for Vero over the short, medium, and long term. We are responding to several of these opportunities via the priorities outlined in our three-year business plan described in more detail under 'Climate Strategy – Planning for the Transition'.

Table 6. The main anticipated opportunities

Opportunity	Description	Impact timeframe
Aligning portfolios with the climate-resilient activities and assets	Underwriting in industries aligned with climate transition – e.g. new renewable infrastructure and electrification, carbon capture and increasing customer preferences for EVs.	Short, medium, long-term 
Advocating for climate adaptation and resilience	Taking a leading position on external advocacy for climate resilience and adaptation. Promoting a coordinated nationwide approach to climate adaptation across government, councils and the financial services sector. Vero advocates independantly, and through our industry organisation ICNZ.	Short, medium 
Working with our banking partners	Partnering with banks to better align lending and insurance practices and build more resilience into homes and infrastructure generally.	Medium, long-term 
Climate-resilient product development and propositions	Climate-resilient product development: growth in renewable energy projects (solar, wind, battery storage) creates demand for specialised insurance coverage. Opportunities to offer parametric insurance for specified physical risks.	Short, medium, long-term 

Note: Systems and data improvement was identified as an opportunity in FY24, but we have not included it in our FY25 list of opportunities. The reason for this is that systems and data improvement is an ongoing process to enable the business to remain efficient and competitive and it is not specifically a climate-related opportunity.

Climate strategy – Planning for the Transition¹⁹

In this section we detail how we are responding to climate-related risks and opportunities (our actions) through our business planning and management of insurance portfolios, and through our climate-related commitments and targets.

How climate-related risks and opportunities are considered in strategic planning

We consider climate-related risks and opportunities as part of our business planning processes:

- » Climate-related risk was considered alongside other macro trends and strategic risks as a key input into strategic planning and as part of the Board Strategy Day in December 2024.
- » Climate-related risks and opportunities identified in our CSA were reviewed and workshopped with our SLT as part of our annual strategy development process in January 2025.
- » Climate-related risks and opportunities are included within our three-year FY26–28 business plan.

¹⁹ In our FY24 climate-related disclosure we stated that we were working on a Climate Transition Plan with our parent company Suncorp Group, and that we would release the plan in FY25. Since that time, Suncorp Group has integrated their Climate Transition Plan into the Suncorp Group FY25 climate-related disclosure report, instead of publishing a separate Climate Transition Plan document. We have decided to follow the same approach and integrate the transition plan aspects of our strategy into our climate-related disclosure report. This approach also aligns with NZ CS 1.

Action we are taking to respond to climate-related risks and opportunities

In addition to the responses to our climate-related risks outlined in Table 5, our business plan also includes priorities and actions to respond to climate change risks and opportunities in the short term. Examples include:

- 1 A focus on advocacy to highlight the important role of insurance in the New Zealand economy and community resilience, and the benefits of effective climate adaptation and infrastructure policy.
- 2 Continuing to use CSA to inform our risk management and planning processes.
- 3 Enhancing our sustainability and climate governance and risk management processes.
- 4 Improving our climate and sustainability data and reporting capabilities.
- 5 Further embedding sustainability and climate considerations into business decisions and portfolio management.
- 6 Collaborating with our corporate partners on sustainability initiatives.



Allocation of funding to climate-related priorities

Our Enterprise Prioritisation Framework guides the prioritisation of funding allocation. Through our business planning process, we set the ambition metrics for the business and develop, prioritise, and sequence initiatives to deliver business outcomes. Climate-related risks and the impact of natural hazards is a key input, alongside other factors.

The Vero Board approved the annual budget and business plan priorities. For FY25, this included a programme to uplift our insurance pricing and underwriting capability, which will improve our management of climate-related and natural hazard risk across our insurance portfolios. Although this initiative is not solely driven by climate-related risk and is intended to deliver a range of business benefits, we anticipate that improving our pricing and management of natural hazard risk will enable us to manage the impact of climate risk more effectively in the future.

Our understanding of climate-related physical risk also influences capital deployment by portfolio, funding processes such as our long-term capital and reinsurance strategies, and the setting of our natural hazard allowance.

In FY25, funding was also allocated to the following activities related to climate-related risks and opportunities:

- » Climate-related disclosure reporting process, including CSA, and engaging an assurance provider to undertake Limited Assurance over our emissions inventory and methods.
- » Greenhouse gas data uplift programme.
- » Project spend on improving our pricing and underwriting capabilities.
- » Access to flood models.

The resilience of our business model

Processes such as CSA help us to determine what actions we need to take to ensure our business model remains resilient as the global and domestic economy transitions towards a low carbon, climate-resilient future state.

As a general insurer we recognise the potentially significant impact of climate-related physical risk, such as increasing natural hazards leading to higher insurance costs. Despite the potentially significant impacts of climate change over the long term, we believe our business model can remain resilient to climate-related physical risks due to:

- » The short-term nature of general insurance policies (12 months).
- » Our ability to adjust premiums and products to reflect emerging trends in insured risks.
- » Geographical and product diversification across a large portfolio.
- » Our comprehensive reinsurance programme, robust balance sheet, prudent capital management, and conservative investment portfolio settings (together with our parent company Suncorp Group).
- » Vero's financial strength is rated as AA- / Stable by Standard and Poor's Financial Services LLC (S&P Global).

Vero will continue to set premiums that balance the potential cost of the risk with our tolerances and the needs of our customers. As Vero's ability to reflect climate-related risk in customer premiums improves, and the cost of natural hazards increases over time, customer affordability may be impacted in some areas.

Vero advocates on issues at the intersection of climate change and insurance, with a focus on enhancing community resilience and managing the long-term costs of climate change to New Zealand.

In FY25, our advocacy work included:

- » Making independent submissions and contributing to industry submissions on policy affecting climate reporting, climate adaptation and managed retreat, land use planning and emergency management and recovery.
- » Engaging directly with some local authorities on local adaptation and planning initiatives.
- » Participating in the ICNZ Climate Committee.
- » Being a signatory to the Climate Leaders Coalition.
- » Suncorp New Zealand's CEO Jimmy Higgins' membership on the Independent Reference Group on Climate Adaptation.

Our climate transition targets and commitments

Another important aspect of our climate transition is our climate-related targets and commitments. In FY25, we have worked with our parent company Suncorp Group to finalise Suncorp's first Climate Transition Plan.

As part of Suncorp Group, Vero contributes to the achievement of the updated targets and commitments in the Suncorp Group Climate Transition Plan. Detail on the Suncorp Climate Transition Plan, and Suncorp's progress against the targets and commitments can be found in the [Suncorp Group's FY25 Climate-related Disclosure Report](#).

At a local entity level, consistent with our approach in FY24, Vero monitors progress against our Scope 1 & 2 net-zero 2030 target, our renewable energy RE100 commitment to purchase 100% renewable electricity across our operations, and fossil fuel exclusions in our Sensitive Sector Standard which aims to gradually reduce our underwriting and investment portfolio exposure to the fossil fuel industry.

Scope 1 & 2 Emissions

Our Scope 1 & 2 net-zero 2030 target requires Vero to reduce absolute emissions by at least 90% with the residual emissions abated through high quality nature or technology-based carbon credits.

To achieve our Scope 1 & 2 net-zero target by 2030, we will maintain our renewable electricity supply agreements, further enhance the energy efficiency of our buildings, and reduce the size of our corporate vehicle fleet whilst continuing the transition to hybrid and electric vehicles.

In the short-term Vero's focus is on absolute emissions reduction however, if Vero decides to purchase carbon credits in the future to meet its net-zero goals, it expects to consider the principles aligned to the most current global best practices. We will ensure the high integrity of the credits purchased and disclose the relevant assessment criteria along with purchased carbon detail.

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 Suncorp Group'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).

Renewable Energy

Suncorp Group is a member of RE100, a global initiative of businesses committed to using 100% renewable electricity across operations. Renewable electricity, as defined by RE100, is electricity generated from recognised renewable sources, such as solar, wind, hydro, geothermal, and sustainably sourced biomass, and procured through verified methods like energy attribute certificates, power purchase agreements, retail backed agreements or self-generation. To ensure that 100% of electricity purchased by Vero is sourced from renewable energy, we will continue to uphold renewable electricity supply agreements and engage with landlords to confirm that electricity provided through separate contracts is also renewable.

Sensitive Sector Standard

In FY20, Suncorp Group introduced The Sensitive Sector Standard, which also applies to Vero. In FY25 The Sensitive Sector Standard was revised to provide greater clarity and specificity around our commitments and introduce a climate assessment framework for our investment portfolio to assess thermal coal generation, and oil and gas exploration and production investee companies' climate strategies otherwise excluded. These changes are not expected to materially change Vero's exposure to the fossil fuel industry but provide greater transparency and detail around the scope of the exclusions. Further detail on The Sensitive Sector Standard can be found in the [Suncorp Group's FY25 Climate-related Disclosure Report](#).

These commitments are summarised in Table 7 and have been approved by the Vero Board. For more information and details of our progress against the targets and commitments, please refer to the Metrics and Targets section of this report.

Table 7: Vero's climate transition commitments²⁰

Value chain	Commitment	Status	Action	
Operations	Reduce our Scope 1 & 2 emissions to net-zero by end FY30, from an FY20 Baseline ²¹ .	Existing (revised)	Target	
	100% renewable electricity from 1 July 2025 ²² .	Existing	Target	
Investments	Apply fossil fuel exclusions across aspects of our investment portfolio through The Sensitive Sector Standard ²³ .	Existing (revised)	Exclusion	
Insurance portfolios	Apply fossil fuel exclusions across aspects of our commercial underwriting portfolio through The Sensitive Sector Standard ²³ .	Existing (revised)	Exclusion	

20 This table includes only the Climate Transition Targets and Commitments that are monitored at a Vero entity level. Vero also contributes to the achievement of the group-wide targets and commitments in the Suncorp Group Climate Transition Plan. Further information on the Suncorp Group Climate Transition Plan can be found in the [Suncorp Group's FY25 Climate-related Disclosure Report](#).

21 This target requires Vero to reduce absolute emissions by at least 90% with the residual emissions abated through high quality nature or technology based carbon credits.

22 Ecotricity cannot 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. Further detail on our progress with this target is in the Metrics and Targets section of this report.

23 Further detail on The Sensitive Sector Standard can be found in Appendix 1, and the [Suncorp Group's FY25 Climate-related Disclosure Report](#) (pages 16-17). Our progress against these commitments is described in the Metrics and Targets section of this report. Vero management were involved in the review and verification process for relevant aspects of the Suncorp Group FY25 Climate-related Disclosure Report.

Risk management

In this section, you'll learn:

- » How we identify, assess, and manage climate-related risks.
- » How these processes are built into our overall risk management approach.

This helps you understand how climate-related risks are treated as part of our wider business risk processes.

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. Our processes to identify, assess and manage climate-related risks and opportunities are built into our existing way

of managing risk. As a risk area, climate-related risk has wide-ranging causes and effects and is closely linked with other risks that we face as a business.

Relevant processes and programmes include our:

- 1

Risk Appetite Statement (RAS)
Our RAS describes the risk our company is willing to accept to pursue its strategic objectives. Our Board approves the RAS and monitors it regularly through BARC. In the RAS, our Board recognises the climate-related risks and sets the Board’s expectation that we consider physical, transition, and liability risks in our strategic and operational activities, supported by robust scenario analysis.
- 2

Risk Management Programme (RMP) and Enterprise Risk Management Framework (ERMF)
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 Group ERMF. This 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 summarises how these risks are managed or controlled. Data from IRIS our risk management tool, informs risk reporting across the business and to BARC. Vero also has processes to identify and report on emerging risks so that management action can be taken as needed.
- 3

Climate Governance and Reporting Framework
We have a 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 think about climate-related risks and opportunities as part of ‘how we do business’. We are continuing to embed and refine the processes set out in this document.
- 4

Categories of risk and risk management practices
Our RMP and supporting governance documents for risk and compliance provide a framework to help us identify and understand the risks our business faces. These categories also help us understand the factors that cause risks and work towards mitigating them. We have three categories of climate-related risk (physical, transition, and liability). Refer to Table 8 for details. The climate-related risk categories enable Vero to complete high level summary climate-related risk assessments using similar processes and tools to those used when assessing other risks, supplemented by the insight gained via the CSA process. This enables summary views of the residual risk rating to be integrated into Chief Risk Office reporting to management and BARC.

Table 8. How we classify our climate risks

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 time frame is 12 months.	Risk that inadequate or inappropriate underwriting, claims management, product design or pricing will expose an insurer to financial loss and the consequent inability to meet its liabilities. Risk time frame is 12 months.	Risk of not achieving our strategic business objectives or executing our business strategy. Risk timeframe is three years.
Climate-related risks ²⁴	Climate-related liability risk.	Climate-related physical risk.	Climate-related 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. Climate-related risks are reviewed at least annually. CSA outcomes contribute to our understanding of these risks. Vero structures and reports summary information on Transition, Physical, and Liability Risks in IRIIS, our risk management tool. Time horizons used in CSA (Short: 2030, Medium: 2040 and Long: 2050) inform our thinking both inside and beyond the timeframes noted above.		

We also use natural hazard models and scenario analysis to deepen our understanding of impacts and explore potential changes as part of standard risk management practices. For Consumer and Business portfolios, our pricing review process includes a review of our claims experience, supplemented by natural peril models, where available. We model historical claims experience together with climate, event and engineering information sourced from industry experts. This allows insurance pricing to maintain a current view of the risk that weather perils pose to the business.

Improving how we manage climate related risks and opportunities

We recognise climate-related risk as a strategic risk that could negatively affect our business objectives, reputation, and performance. We are continuing to adapt our existing processes, tools and policies to manage climate-related risk.

In FY25, for example we:

- » Initiated a review of our product governance and portfolio reporting to better capture climate considerations.
- » Completed a gap analysis against the Reserve Bank of New Zealand guidance on managing climate-related risk released in March 2024 to support ongoing uplift and maturity.
- » Contributed to Suncorp Group’s climate transition planning.
- » Enhanced our CSA processes and links to strategic planning (refer to the Strategy section of this report) and improved integration with our emerging risk monitoring process.

24 Noting climate-related risks may be transverse risks also and impact other risk categories.

Metrics and targets

In this section, you'll learn:

- » How we measure climate-related risks and opportunities.
- » What targets we've set to manage these risks and opportunities over time.

These metrics and targets help us monitor our progress and show how we're responding to climate-related risks and opportunities. They also make it easier for you to compare our approach with others in the insurance industry.

Measuring our progress

We must measure and reduce our impact on the climate. It is also important to understand how climate-related risks and opportunities could impact our business. Since FY18, emissions have been measured for all of Suncorp New Zealand's combined operations. Vero has included its share of these emissions in its Climate-related Disclosure. We follow an operational control approach, which means that we report on emissions from sources 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 Limited²⁵. 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 emissions reporting does not include AA Insurance.

Our approach for reporting our emissions differs from our approach to financial consolidation in our financial statements, but 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 AA Insurance and our parent company Suncorp Group. The AA Insurance climate-related disclosures provide further detail on AA Insurance's emissions.

Emissions we measure

We measure our Scope 1 and 2 Emissions:

Scope 1 Direct emissions

- » Company vehicles and facilities

Scope 2 Indirect emissions

- » Purchased electricity

We also currently measure four 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)
- » Category 7 – Employee commuting (excluding working from home emissions)

²⁵ We have assessed that Vero does have operational control over Vero Liability Insurance Limited 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. The emissions that support Vero's operations and activities from these entities are reflected in Vero's reported emissions.

Sensitive Sector Standard

As described in the Strategy section of this report, [Suncorp Group's FY25 Climate-related Disclosure Report](#) has full details on the Sensitive Sector Standard. See Tables 9. and 10. below for Vero's status against these exclusions in FY25.



Table 9: Exclusions applied to our investment portfolios

Exclusion	Status ²⁶
Investments exclusion thermal coal extraction	Met
Investments exclusion thermal coal electricity generation	Met
Investments phase out oil and gas exploration and production	Met ²⁷

Table 10: Exclusions applied to our insurance cover

Exclusion	Status ²⁶
Insurance exclusion thermal coal extraction and electricity generation	Met
Insurance exclusion oil and gas exploration and production	Met

26 Progress against Suncorp Group's Sensitive Sector Standard. The Sensitive Sector Standard is subject to independent assurance by KPMG for Suncorp Insurance Australia only and investments. Vero did not seek its own separate assurance, however, Vero management has verified the status described in tables 9 and 10 as being correct. Please refer to Appendix 1 for more detail on the Sensitive Sector Standard Fossil Fuel exclusions.

27 Status against 2025 commitment is met. The percentage of oil and gas production and exploration companies excluded increases in 2030 and 2040 under Suncorp Group's Sensitive Sector Standard. Please refer to Appendix 1 for commitment details.

Our emissions footprint

Table 11. FY25 Emissions inventory for Vero²⁸

CO ₂ e EMISSIONS – VERO Source	FY25 (t CO ₂ e)	FY24 ²⁹ (t CO ₂ e)
Scope 1		
Stationary energy – natural gas	0.0	0.4
Fleet fuel – diesel	5.6	2.2
Fleet fuel – petrol	158.2	167.2
Scope 2		
Electricity (location based)	72.9	60.6
Electricity (market based)	0.6	1.1
Subtotal Scope 1 and 2 (location) (t CO₂e)	236.7	230.5
Subtotal Scope 1 and 2 (market) (t CO₂e)	164.3	171.0

CO ₂ e EMISSIONS – VERO Source	FY25 (t CO ₂ e)	FY24 ²⁹ (t CO ₂ e)
Scope 3		
Category 1: Office and printed paper	31.3	64.3
Category 3: Well to tank – diesel	1.4	0.6
Category 3: Well to tank – petrol	39.0	41.4
Category 3: Transmission and distribution line losses (location based)	5.6	4.5
Category 3: Transmission and distribution line losses (market based)	0.1	0.1
Category 6: Air travel	639.8	448.7
Category 6: Taxis	3.8	3.8
Category 7: Employee commuting	1,399.4	Not measured
Subtotal Scope 3 (t CO₂e)	2,120.3	563.2
Total Gross Scope 1,2 and 3 (location) (t CO₂e)	2,357.0	793.7
Total Gross Scope 1,2 and 3 (market) (t CO₂e)	2,279.2	729.7
Emissions intensity (market) (t CO₂e/FTE)	2.4	0.8

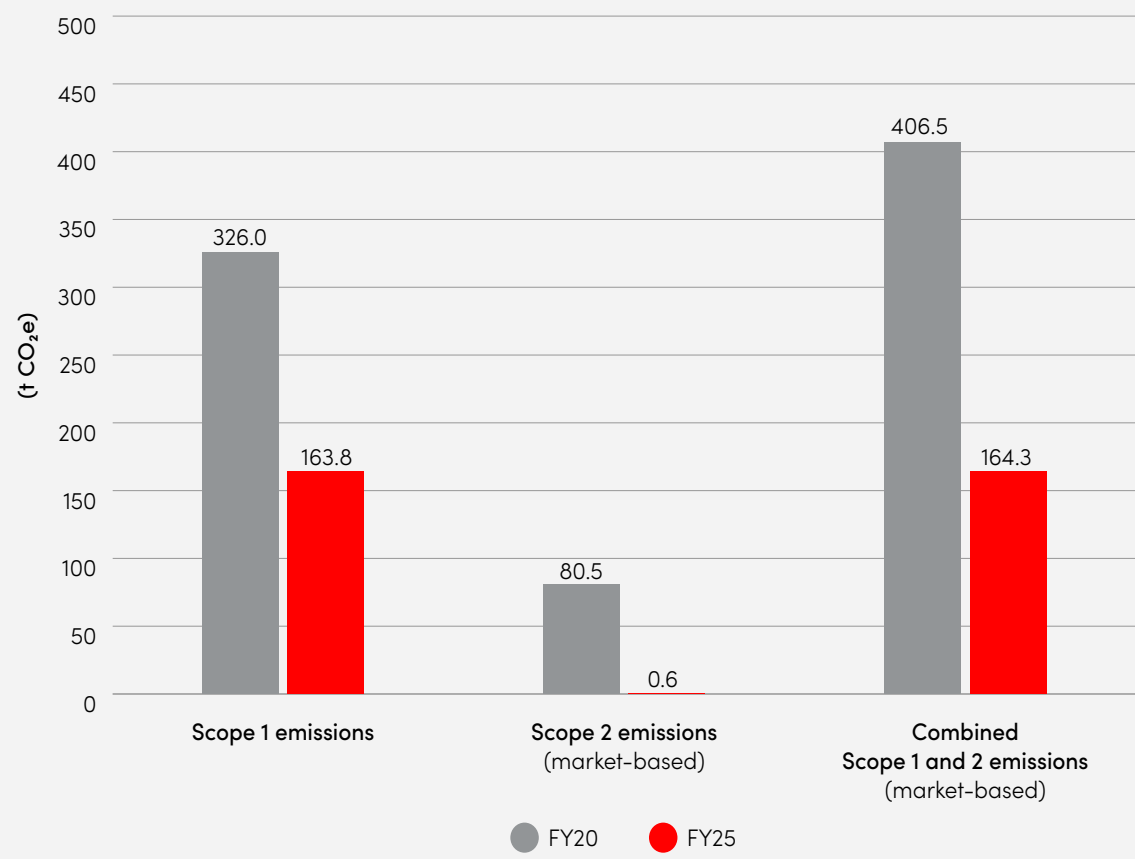
Vendor cancelled emissions	t CO ₂ e	t CO ₂ e
Certified renewable energy	64.6	59.5
Carbon neutral paper	19.3	16.0

²⁸ Table 11 Emissions Inventory has undergone limited assurance by KPMG, with the exception of the emissions intensity metric and vendor-cancelled emissions.

²⁹ FY24 has been restated from the previously disclosed 10+2 methodology to reflect the full FY24 reporting period. FY24 Scope 2 emissions (both market-based and location-based) have also been revised to incorporate the updated emission factors released by the Ministry for the Environment (MfE) and BraveTrace in FY25. These updated factors led to a material increase in reported electricity emissions. No additional assurance has been sought over the restated FY24 emissions. See Appendix 3, for more detail on our methods, assumptions, limitations and estimation uncertainty.

Progress against our Scope 1 and 2 target

In FY25, Vero achieved an absolute 4% year-on-year reduction in our Scope 1 & 2 market-based emissions, contributing to a total reduction of 60% from our FY20 base year.³⁰



³⁰ No carbon offsets were used in FY25 to achieve this reduction.

Other climate-related metrics

Table 12. Other climate-related metrics and how we use them

Type	Description	Metric	FY25 Estimates ³¹
Greenhouse gas emissions	Emissions intensity	We measure emission intensity as tCO ₂ -e (tonnes of carbon dioxide equivalent) per full time equivalent (FTE) employee.	2.4t CO ₂ e/FTE
Transition risks	Amount or percentage of assets or business activities vulnerable to transition risks	Proportion of insured vehicles that are exclusively ICE, vehicles within our Consumer Motor Portfolio ³² .	88.7% of insured vehicles in our Consumer Motor portfolio comprise of exclusively ICE vehicles ³² .
Physical risks	Amount or percentage of assets or business activities vulnerable to physical risks	Proportion of our residential and commercial property portfolio value currently vulnerable to high flood risk.	1.5% of our residential and commercial property portfolio value is currently vulnerable to high flood risk ³³ .
Opportunities – current	Amount or percentage of assets, or business activities aligned with climate-related opportunities	Proportion of pure electric vehicles within our Consumer Motor portfolio ³⁴ .	2.5% of our Consumer Motor portfolio comprises pure electric vehicles. As at 30 June 2025 we have observed a 29% rolling 12 month increase in the number of these vehicles insured, indicating growing consumer adoption and alignment with low-emission transport opportunities.
Capital deployment	Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	Capital or operating expenditure deployed towards: » Climate-related Disclosure Reporting process » Greenhouse gas data uplift programme » Project spend on improving our pricing and underwriting capabilities » Access to flood models	\$2.65m
Internal emissions price	Internal price per metric tonne of CO ₂ e	Vero does not use an internal emissions price.	
Remuneration	Management remuneration linked to climate-related risks and opportunities	Management remuneration linked to climate-related risks and opportunities in the current period – %, weighting, description or amount of overall management remuneration.	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 FY26.		

³¹ We have disclosed information based on what we are able to currently quantify. We anticipate in future years we will uplift our ability to quantify climate-related transition risks, physical risks and opportunities to provide a broader range of measures.

³² Reported vehicles are only those we've been able to identify and excludes motorcycles, vintage cars, campervans, and other non-standard specialist vehicles.

³³ This assessment is based on our FY25 commercial and property portfolio, and includes flood risk only, and excludes all other perils.

³⁴ Hybrid vehicles have been excluded from this reported metric as they operate both a piston engine and an electric motor.

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 measured 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.
- » GHG Protocol Corporate Value chain Scope 3 Accounting and Reporting Standard.

Our assurance

FY25 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 5.

Our emission factors

The following emissions sources used emissions factors sourced from Ministry for the Environment's (MFE's) Measuring Emissions: A guide for organisations – 2025 Emission Factor Workbook. These are based on the 100-year Global Warming Potential (GWP values) for the IPCC's Fifth Assessment Report (AR5):

- » Scope 1: Fleet fuel petrol, Fleet fuel diesel, Commercial Natural Gas
- » Scope 2: Purchased electricity (location based)
- » Scope 3: Electricity transmission line losses (location based)
- » Scope 3: Business travel: Default taxi travel
- » Scope 3: Emission factors for employee commuting include:
 - Default private vehicle petrol and diesel
 - Default taxi travel
 - Motorcycle >60cc petrol
 - National average bus
 - Metropolitan average rail
 - Ferry average

The following emissions sources used alternative emissions factors:

Scope 2 (Market based): The market-based method reflects emissions from the electricity that a company is purchasing, including any contractual instruments such as renewable energy certificates (RECs) and guarantees of origin (GOs). Vero uses the following

emissions factors to calculate market-based electricity emissions:

- » Vero's electricity purchased via Ecotricity (representing 98% of its purchased electricity) has a 0-rated emissions factor, as this electricity retailer supplies 100% certified carbon positive renewable electricity. Ecotricity is Toitū Climate Positive certified, this certification based on the ISO 14067:2018 and ISO 14064-1:2018 standards.
- » All other electricity purchased (representing 2% of SNZ's purchased electricity) uses the BraveTrace (previously called NZECS) Residual Supply Factor for the Production Year 1 April 2024 – 31 March 2025 (PY25).

Scope 3: Electricity (Market based), which uses the supplier's (Ecotricity) own certified electricity transmission 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 BraveTrace³⁵.

Scope 3: Air Travel, which uses UK Government conversion factors for company reporting of greenhouse gas emissions 2024 (full set for advanced users), including radiative forcing. The MFE guidance draws directly on these emissions factors, but present the 2023 UK air travel factors, whereas the UK 2024 factors are more applicable to Vero's FY25 reporting period. The GWPs used in the calculation of the UK Government 2024 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 Australian 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 Victoria) gas Emission Factors for Office Copy Paper (reviewed in 2023), as no New Zealand factor exists. This emissions factor uses Global Warming Potential (GWP) values consistent with the 100-year time horizon used in the Kyoto Protocol. Specifically, the GWP values are based on the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC).

Methods, assumptions, and estimation uncertainty

In developing our emissions inventory, we have relied on the assumption that suppliers have provided complete and accurate data that appropriately reflects actual activity. While commuting emissions involve certain assumptions, the remainder of the inventory was calculated without the use of assumptions. Overall, we consider the level of uncertainty to be low.

³⁵ BraveTrace operates the New Zealand Energy Certificate System (NZECS). NZECS is a registry platform that enables energy users to claim ownership of energy production attributes from specific generation facilities. The system does not change the electrons that are supplied to users via the national grid.

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 3.

Challenges in accounting for emissions and setting broader Scope 3 targets persist across the industry, largely due to limited data availability and evolving methodologies.

Future reporting considerations

Measuring and disclosing emissions associated with insurance activities is less advanced compared to other areas such as investments and business operations.

One of the key difficulties in calculating emissions lies in the collection and management of emissions data. Issues such as availability, completeness, reliability, and timeliness are especially pronounced when dealing with Scope 3 emissions, particularly those linked to underwriting portfolios. We will continue to work on improving our data quality and building our capability to report on Scope 3 emissions in the future.

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 13.

Table 13. GHG emission source exclusions

Source	Justification for exclusion
Scope 1	
Fugitive emissions – Refrigerants from HVAC	Emissions are considered de minimis to our total reported emissions (5% materiality threshold) and this will be reviewed again in the future.
Scope 3	
Category 1: Water use	Inadequate source data and emissions are considered de minimis to our total reported emissions (5% materiality threshold).
Category 1, 4: Suppliers	Methodology for measurement in development. We have deferred to be included in our future Climate Disclosures until Scope 3 value chain emissions reporting is required.
Category 2: Capital goods	Methodology for measurement in development. We have deferred to be included in our future Climate Disclosures until Scope 3 Value chain emissions reporting is required.
Category 4: Upstream transportation and distribution	Not applicable
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 minimis (5% materiality threshold).
Category 6: Hotel stays	Inadequate source data and no reasonable method for estimation.
Category 7: Work from home emissions	Inadequate source data and emissions are considered de minimis (5% materiality threshold).
Category 8: Upstream leased assets	Not applicable
Category 9: Downstream transportation and distribution	Not applicable
Category 10: Processing of sold products	Not applicable
Category 11: Use of sold products	Not applicable
Category 12: End-of-life treatment of sold products	Not applicable
Category 13: Downstream leased assets	Not applicable
Category 14: Franchises	Not applicable
Category 15: Investments and underwriting	Methodology for measurement in development. We have deferred to be included in our future Climate Disclosures until Scope 3 Value chain emissions reporting is required. This will include the emissions from AA Insurance. Under the GHG operational control approach, we have classified AA insurance as an investment. AA Insurance has control over its operations and reports its emissions separately as a Climate reporting entity. Our reporting approach is outlined on page 28 of this report.

Appendices

Appendix 1

Sensitive Sector Standard, scope, exemptions and limitations

In FY20, Suncorp Group introduced a Sensitive Sector Standard – Fossil Fuels (The Sensitive Sector Standard) which is aimed at gradually reducing our underwriting and investment portfolio exposure to the fossil fuel industry. The Sensitive Sector Standard applies to Vero.

Investments

The following exclusions apply to our investment portfolios that are structured as mandates³⁶ and implemented by our external investment managers.

Thermal Coal

From 1 January 2025, Suncorp Group will not directly invest or hold investments in companies globally with more than 10 per cent revenue from direct involvement in thermal coal extraction.

From 1 January 2025, Suncorp Group will not directly invest or hold investments in companies globally with more than 10 per cent revenue from direct involvement in thermal coal power generation unless the company has a climate transition plan that meets the requirements of our Climate Assessment Framework (CAF) once implemented.

From 1 July 2025, Suncorp Group will not directly invest in or hold special purpose corporate bonds issued globally to provide ring-fenced financing to new or additional thermal coal mining extraction projects, or thermal coal electricity generation projects.

Oil & gas exploration and production

From 1 January 2025, Suncorp Group will not directly invest or hold investments in the top 25 per cent most emission intensive (Scope 1 & 2) oil & gas exploration or production companies globally, unless the company has a climate transition plan that meets the requirements of our CAF once implemented.

From 2030, Suncorp Group will not directly invest or hold investments in the top 50 per cent of oil & gas exploration or production companies globally unless the company has a climate transition plan that meets the requirements of our CAF.

By 2040, Suncorp Group will not directly invest or hold investments in any oil & gas exploration and production companies globally unless the company has a climate transition plan that meets the requirements of our CAF.

The top percentage of exploration and production companies that are excluded is determined by measuring the metric tonnes of CO₂ equivalent per million of USD revenue for Scope 1 & 2 emissions and/or metric tonnes of CO₂ equivalent for Scope 1 & 2 emissions. This ranking is determined by data sourced from our third-party data provider.

From August 2020, Suncorp Group will not directly invest in or hold investments in any companies globally generating more than 5 per cent of revenue from direct involvement in unconventional oil & gas exploration or production in tar sands, or with production inside the Arctic Circle.

From August 2020, Suncorp Group will not directly invest in or hold investments in any company globally who derives revenue from direct involvement in oil & gas exploration or production in the Great Australian Bight. While it is not possible to use a revenue threshold due to data screening limitations, screening will take place for exploration permits, leases or production licences from public sources.

From 1 July 2025, Suncorp Group will not directly invest or hold special purpose corporate bonds issued globally to provide ring-fenced financing to new or additional oil & gas exploration or production projects.

Exemptions

The Sensitive Sector Standard does not apply to:

- » entities that provide capital or financing.
- » entities that provide ancillary services to thermal coal extraction or generation, or oil & gas operators, such as the provision of labour hire, catering, engineering, consultancy, transport or construction companies.
- » exposures via pooled investment vehicles.

Limitations

The exclusion boundary is limited to the data available through our third-party data provider including the reliance on the classification of companies by the provider and the availability of relevant emissions and revenue information for deriving absolute emissions, emissions intensity and the use of revenue base.

Fossil Fuel exposure is managed through an active investment exclusion list (for the period 1 July to 30 June) that Suncorp Group supplies to our external investment managers, with oversight from the custodian. The data is reviewed annually based on the most recent revenue and emissions data as sourced from our third-party provider.

³⁶ Mandates are specific investment structures where Suncorp Group sets the portfolio rules, parameters and limitations in an Investment Management Agreement and the External Investment Manager, manages the investments in line with those rules.

Commercial Underwriting

The following exclusions apply to insurance cover underwritten through our brokers in Australia and New Zealand.

Thermal Coal

From 1 January 2025, Suncorp Group will not directly underwrite (new policies or renew existing policies) for companies with more than 10 per cent revenue from thermal coal extraction or thermal coal power generation.

Oil & gas exploration and production

From 1 January 2025, Suncorp Group will not directly underwrite (new policies or renew existing policies) for companies with more than 10 per cent revenue from oil & gas exploration and production.

From August 2020, Suncorp Group will not directly underwrite any company that derives greater than 5 per cent revenue from unconventional oil & gas exploration and production in tar sands, or oil & gas exploration or production inside the Arctic Circle.

From August 2020, Suncorp Group will not directly underwrite any company that derives revenue from oil & gas exploration or production in the Great Australian Bight. While it is not possible to use a revenue threshold, screening will take place for exploration permits, leases or production licences from public sources relating to activity in the Great Australian Bight.

Exemptions

The Sensitive Sector Standard does not apply to the following:

- » business package insurance (total asset sum insured value less than A\$10M per asset in Australia, NZ\$30M per asset in New Zealand indexed to 2024) and non-fleet motor up to 25 vehicles.
- » consumer personal insurance lines and statutory or compulsory insurance such as workers' compensation and compulsory third-party insurance.
- » the provision of insurance to entities that provide capital or financing.
- » the provision of insurance to entities that provide ancillary services to thermal coal extraction or generation, or oil & gas exploration and production operators, such as the provision of labour hire, catering, engineering, consultancy, transport or construction companies.
- » joint venture partners including NTI and AA Insurance, New Zealand.
- » related companies, customers, or suppliers of the entity being underwritten by Suncorp Group, and its wholly owned subsidiaries.

Limitations

Suncorp Group applies sector classifications to allocate policies to a specific sector using Australia and New Zealand Standard Industrial Classification (ANZSIC) and/or occupation codes in New Zealand. The allocation is intended to reflect the primary activity of the customer in terms of the primary risk insured. Where a customer operates in more than one industry, Suncorp Group will select the most relevant ANZSIC or occupation code. Industry codes are allocated by underwriters, internal support staff, directly by clients or through integrated systems with our broking partners or through broking slips. Due to the manual nature of code application, there is a possibility of error in assigning industry codes at the time of onboarding or due to changes in customer activity over time. For use in our Sensitive Sector Standard (fossil fuel), we apply screening procedures to coal, oil & gas, energy and mining codes, as well as detective controls through comparisons with public coal and oil & gas registers. For diversified clients that primarily operate in other industries it may be difficult to screen for these policies. We are continuing to refine our screening processes and educate our broking partners on our risk appetite.

Further detail can also be found in the [FY25 Suncorp Climate-related Disclosure Report](#) p16-17.

Appendix 2

Glossary of terms

Table 14. Glossary of Terms

Terminology	Description
Average Annual Loss (AAL)	The financial loss we expect in a year for an insured risk or portfolio due to insured losses.
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 credits	A carbon credit is a unit generally representing 1 tonne of CO ₂ equivalent that has been reduced, avoided, or sequestered through a certified project.
Climate Assessment Framework (CAF)	Suncorp Group's framework to assess an investee company's climate transition plan, which leverages and adapts aspects of the Climate Action 100+ disclosure framework indicators such as climate ambition, targets, strategy, governance, and disclosure.
Climate-related opportunity	The potential positive effects arising from climate change for an entity.
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.

Terminology	Description
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. The seven greenhouse gases listed in the Kyoto Protocol are: carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF ₃); perfluorocarbons (PFCs); and sulphur hexafluoride (SF ₆).
Greenhouse gas Protocol	Greenhouse gas Protocol provides standards, guidance, tools and training for business and government to measure and manage climate-warming emissions.
High flood risk	High flood risk refers to properties in Vero's residential and commercial portfolios that are located in areas subject to flooding, that are expected on average to flood at least once in every 100 years, resulting in insurable loss. This means there is at least a 1% chance of flooding in an average year, resulting in insurable loss.
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.
Natural Hazards Commission Toka Tū Ake	New Zealand's Crown entity responsible for providing the first layer of insurance cover for residential properties damaged by natural hazards, while also funding research and education to strengthen community resilience and reduce future risks.

Terminology	Description
Net-zero	Net-zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. Where multiple greenhouse gases are involved, the quantification of net-zero emissions depends on the climate metric chosen to compare emissions of different gases (such as global warming potential, global temperature change potential, and others, as well as the chosen time horizon).
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. We do this in alignment with the GHG Protocol and RE100 Technical Criteria.

Terminology	Description
Scope 3 emissions	Scope 3 are indirect emissions caused by the operations of an organisation or individual 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.
Targets	An intended outcome in relation to which we have identified one or more pathways for delivery of that outcome, subject to certain assumptions or conditions.
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, upstream 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 3

Methods, assumptions, limitations and estimation uncertainty

Greenhouse gas emissions

For its FY25 inventory Vero has reported its emissions using a complete 12-month inventory dataset. This year, we collaborated closely with Suncorp Group to develop this inventory.

Prior to the divestment of Asteron Life Limited (ALL) on 31 January 2025, Suncorp New Zealand's emissions were attributed to both Vero and ALL. These emissions were incurred by the legal entities Suncorp NZ Services Limited (SNZSL) and Suncorp NZ Employees Limited (SNZEL). Before the divestment, Vero did not have sole operational control over SNZSL and SNZEL. However, it did exercise control over the resources and assets within these entities that supported Vero's operations and activities. Following the divestment, Vero has assumed full operational control of both SNZSL and SNZEL.

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. The Napier office lease ended on 31 March 2025.

Emissions source	Data Unit	Methodology
Scope 2: Purchased electricity	kWh	Vero had 14 office locations during FY25. All locations except New Plymouth 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 emissions. Vero's proportionate electricity emissions prior to the Asteron Life divestment in January 2025 are based on the FY25 financial allocation of shared building expenses spend between Vero and Asteron Life, which is on an FTE basis, allocated 81% to Vero. After the Asteron Life divestment 100% of electricity emissions for the 14 office locations have been attributed to Vero's emissions.
Scope 3: Well-to-tank petrol		The monthly telematics data supplied data is categorised into petrol 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.
Scope 3: Well-to-tank diesel	L	The monthly telematics data supplied data is categorised into 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. Excludes Claims EQ and event related travel costs which are recharged to reinsurers. 100% emissions calculated using supplier data.

Emissions source	Data Unit	Methodology
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, credit card 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 New Plymouth 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 emissions. Vero's proportionate electricity T&D line loss emissions, prior to the Asteron Life divestment are based the FY25 financial allocation of shared building expenses spend, which is on an FTE basis, allocated 81% to Vero. After the Asteron Life divestment 100% of electricity emissions for the 14 office locations have been attributed to Vero's emissions. 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 factor is applied. Vero's office and printed paper emissions are based on actual FY25 printing and postage directly attributable to Vero as per financial reporting. 100% emissions calculated using supplier data.
Scope 3: Employee Commuting	Km	An internal survey was distributed to all SNZ employees, with over 50% participating. The survey results are considered representative of overall employee commuting behaviour and have been extrapolated, with reference to employee Full Time Equivalent (FTE) data, to derive total estimated emissions from employee commuting. Respondents used Google Maps to calculate commuting distances, and it was assumed that employees commute the same number of days each week using the same mode of transport. Where multiple modes were reported, the most frequently used mode was applied. To calculate total commuting impact, the number of commutes was multiplied by both the mode of transport and the distance travelled.

Appendix 4

Climate scenario analysis methods assumptions, limitations and estimation uncertainty

Climate Scenario Analysis

The AAL analysis projects climate impacts for exposures as at a point in time, before any strategic responses, and while holding all other assumptions constant (i.e. without anticipating changes in business mix, future population or the built environment over time) to isolate the impact of the climate on expected claims. AAL represents the average financial loss. Considerable variation around the long-term AAL is expected year-to-year due to inter-annual climate variability.

We have assumed no further regulatory intervention into the insurance market beyond what exists currently.

Projections from global climate models relate to specific climate variables rather than losses from insured perils. Translation into insurance claims impacts relies on assumptions which have been selected based on expert judgement.

Limitations

The representation of severe weather within climate projections is associated with high levels of uncertainty. The global climate models that underpin future projections simulate future climate (i.e. average weather) and not localised severe weather that drives events that lead to large insurance losses. Severe weather is strongly determined from the background state of the climate, such that projections are useful for inferring the nature of weather events that might emerge over large regional areas. Differences in how different global climate models simulate the earth system also add to this uncertainty.

While we can draw broad conclusions about the direction of future change, we should not interpret the figures and outcomes as an exact prediction of financial impact. We have incorporated our understanding of the physical science and present-day vulnerability of the built environment using available resources. While projections are for long term trends, variations in year-to-year observations will be impacted by weather cycles and inherent randomness in weather patterns.

Scenario development

Scenarios were designed by starting with the Shared Sector Scenarios developed by the Insurance Council of New Zealand, and from this, derived entity-specific scenarios. There were three Shared Sector Scenarios:

- » Orderly transition
- » Disorderly transition
- » Hot House world

For the Hot House world scenario, we elected to use SSP 3-7.0 because we did not have physical climate layers for the SSP5-8.5 scenario. RCP7.0 is also becoming more widely used in scenario analysis compared to RCP 8.5 because RCP 8.5 produces temperature outcomes that are arguably too extreme.

One key update was the use of the Climate Change Commission (CCC) scenarios provided to Central Government as part of their advice on the Fourth Emissions budget for our policy assumptions. We used the High Technology High Systems Change scenario (HTHS) to inform our Orderly assumptions; the High Technology Low Systems Change scenario (HTLS) to inform our Disorderly assumptions and the Reference scenario to inform our Hot House world scenario assumptions.

Physical risk modelling

- » We determined present day AAL and counts of buildings exposed to a range of natural perils by running Vero’s inforce exposures through Finity’s Finperils modelling suite.
- » We then overlaid a series of climate layers for the required SSPs and time horizons. From these model outputs, we can determine the increase in AALs and count of affected addresses under each scenario.
- » Results are summarised at postcode level for reporting purposes, but modelling is conducted at building level.

Physical model source

Model	Hazard & climate layer source	General Circulation Model (GCM)
Flood (riverine, surface water)	JBA	Single GCM MRI-ESM2
Coastal inundation	NIWA	6 GCM ensemble ACCESS-CM2, EC-Earth3, NorESM2-MM, GFDL-ESM4, AWI-CM1-1-MR, CNRM-CM6-1
Storm	NIWA, ERA	6 GCM ensemble ACCESS-CM2, EC-Earth3, NorESM2-MM, GFDL-ESM4, AWI-CM1-1-MR, CNRM-CM6-1

The models we have used are imperfect representations of reality. Different models will produce different outcomes. In addition to model uncertainty, there is a lot of variability in year-on-year outcomes that is lost in an AAL.

Key limitations and sources of uncertainty in our physical modelling process include:

- » Not all perils have been modelled. Models of coastal erosion, drought and rain induced landslip are in development, and this will increase the expected losses from climate impacts. Hail and bushfire were also not included in the analysis.
- » Flood climate layers use a single General Circulation Model (GCM), which means the results are subject to sometimes significant bias due to the coarse model resolution (compared to complex local terrain).
- » In other cases, we use a 6-GCM model average (e.g. storm, coastal inundation)

to understand risk. This means that our approach does not capture the full range of modelled outcomes. It is a ‘best estimate’ rather than a plausible range. In some cases, differences between plausible models may be larger than differences between emission scenarios. But, over longer timescales, emission scenarios are the dominant source of uncertainty.

- » Although JBA supplies climate change layers for each return period, these are derived by applying the average change factors for each SSP/time horizon across all return periods. This means we cannot glean any information from the JBA model on how extreme events might change as the climate warms.
- » We have made assumptions about the contribution from typical rainfall events vs extreme rainfall, and for some loss types (e.g. storm), this contribution is not well understood.

- » The NIWA coastal inundation model is a static / ‘bathtub’ model and does not have allowance for physical features such as water permeability of soils. Vertical land movement is not included in the standard NIWA results. We have adjusted for this by not including more frequent return periods (e.g. 1 in 2, 5 and 10 years) in the derivation of our loss estimates, however, it is a source of possible overstatement of baseline risk. We do not believe that this materially affects the climate relativities.
- » Vertical land movement also contributes to coastal inundation and is a significant over long time-frames. Vertical land movement is not included in the standard NIWA results.
- » JBA’s flood model have significant areas of rural elevation data sourced via Shuttle Radar Topography Mission (SRTM) data, and this is inferior to LiDAR in both resolution and due to vegetation and built form bias.
- » JBA’s flood model does not have good data on defences, particularly in rural areas.
- » Vero may have higher average sums insured than those used to calibrate the storm model, leading to potential overstatement when the ADRs are applied to Vero’s sums insured.

Appendix 5

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, in all material respects, the scope 1, 2 and selected scope 3 gross greenhouse gas emissions, additional required disclosures and methods, assumptions and estimation uncertainty disclosures included in Vero Insurance New Zealand Limited's (the **Company's**) 'Our Climate-related Disclosures' (the **Climate Statement**) on pages 28, 30 (excluding Emissions Intensity and Vendor Cancelled Emissions), 33, 34, 40 and 41 (**GHG disclosures**) are not fairly presented and prepared in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (**the criteria**) for the period 1 July 2024 to 30 June 2025.

Information subject to assurance

We have performed an engagement to provide limited assurance in relation to the Company's GHG disclosures for the period 1 July 2024 to 30 June 2025.

Our conclusion on the GHG disclosures does not extend to any other information included, or referred to, in the Climate Statement on pages 1 to 27, 29, 31, 32, 35 to 39, and 42 onwards nor the Emissions Intensity and Vendor Cancelled Emissions on page 30, or other information that accompanies or contains the Climate Statement and our assurance report (**other information**). We have not performed any procedures with respect to the other information.

Criteria

The criteria used as the basis of reporting include the NZ CSs. As disclosed on page 33 of the Climate Statement, the greenhouse gas emissions have been measured in accordance with Greenhouse Gas Protocol standards and guidance (collectively, the GHG Protocol):

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2015 revised edition);
- Additionally, Scope 2 emissions have been measured in accordance with The Greenhouse Gas Protocol: GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard; and
- Scope 3 emissions have been measured in accordance with The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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

Standards we followed

We conducted our limited assurance engagement in accordance with New Zealand Standard on Assurance Engagements 1 (**NZ SAE 1**) Assurance Engagements over Greenhouse Gas Emissions Disclosures and 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.

Our responsibilities under the Standard are further described in the 'Our responsibility' section of our report.

Emphasis of Matter – Organisational boundaries

We draw attention to the "Measuring our Progress" disclosure on page 28 of the Climate Statement, which describes that Company's FY25 emissions reporting does not include AA Insurance. This is currently deferred to be included in future Climate Disclosures when scope 3 value chain emissions reporting is required, as disclosed on page 34. This approach for reporting emissions differs to the Company's approach to financial consolidation in their financial statements. Our conclusion is not modified in respect of this matter.

Other Matter – Restatement of the prior year comparative information

The GHG disclosures for the year ended 30 June 2024 have been restated from the previously disclosed 10+2 methodology to reflect actual FY24 activity data and to incorporate updated emission factors, as further described in footnote 29 of page 30. We were not engaged to express a conclusion, or apply any procedures, on the restatement and, accordingly, we do not express a conclusion or provide any assurance on such information. Our conclusion is not modified with respect to this matter.

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.

Misstatements, including omissions, within the GHG disclosures 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 disclosures.

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 the Company. Our assurance work has been undertaken so that we might state to the Company those matters we are required to state to them in the assurance report and for no other purpose.

Our report is released to the Company 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 the Company 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 the Company 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 disclosures

The Directors of the Company are responsible for the preparation and fair presentation of the GHG disclosures in accordance with the criteria. This responsibility includes the design, implementation and maintenance of such internal control as Directors determine is relevant to enable the preparation of the GHG disclosures that are free from material misstatement whether due to fraud or error.

The Directors of the Company are also responsible for selecting or developing suitable criteria for preparing the GHG disclosures and appropriately referring to or describing the criteria used.

Our responsibility

We have responsibility for:

- planning and performing the engagement to obtain limited assurance about whether the GHG disclosures are free from material misstatement, whether due to fraud or error;
- forming an independent conclusion based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Company.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement performed in accordance with the Standard involves assessing the suitability in the circumstances of the Company's use of the criteria as the basis for the preparation of the GHG disclosures, assessing the risks of material misstatement of the GHG disclosures whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG disclosures.

We exercised professional judgment and maintained professional scepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the GHG disclosures that is sufficient and appropriate to provide a basis for our conclusion.

Our procedures selected depended on the understanding of the GHG disclosures that is sufficient and appropriate to provide a basis for our conclusion. The procedures we performed were based on our professional judgment and included inquiries, 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.

In undertaking limited assurance on the GHG disclosures the procedures we primarily performed were:

- obtaining, through inquiries, an understanding of the Company's control environment, processes and information systems relevant to the preparation of the GHG disclosures. We did not evaluate the design of particular control activities, or obtain evidence about their implementation;
- assessing the appropriateness of the selected organisational boundary against the criteria and our understanding of the business;
- evaluating, through inquiries, the application of the selected boundary to the emissions inventory. This included evaluating the completeness of emissions sources selected for disclosure;
- inspecting the activity data and agreeing on a sample basis to supporting records;
- agreeing emissions factors to external source material and, using our knowledge of the Company and the industry, assessing the reasonableness of the emission factors applied;
- evaluating whether the Company's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Company's estimates;
- performing analytical procedures on emission categories by comparing the expected GHGs emitted to actual GHGs emitted and making inquiries of management to obtain explanations for any significant differences we identified; and
- considering the presentation and disclosure of the GHG disclosures.

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.

Our independence and quality management

This assurance engagement was undertaken in accordance with NZ SAE 1. NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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.

We have also complied with Professional and Ethical Standard 4 *Engagement Quality Reviews* (**PES 4**) which deals with the appointment and eligibility of the engagement quality reviewer and the engagement quality reviewer's responsibilities relating to the performance and documentation of an engagement quality review.

Our firm has also provided other services to the Company in relation to the audit of the annual statutory financial statements, a limited assurance engagement over the Company's interim solvency return as at 31 December 2024, and a reasonable assurance engagement over the Company's annual solvency return as at 30 June 2025. Subject to certain restrictions, partners and employees of our firm may also deal with the Company on normal terms within the ordinary course of trading activities of the business of the Company. These matters have not impaired our independence as assurance providers of the Company for this engagement. The firm has no other relationship with, or interest in, the Company.

As we are engaged to form an independent conclusion on the GHG disclosures prepared by the Company, we are not permitted to be involved in the preparation of the GHG disclosures as doing so may compromise our independence.

The engagement partner on the assurance engagement resulting in this independent assurance report is Kay Baldock.

The KPMG logo is displayed in a stylized, handwritten font.

KPMG

Auckland

20 October 2025

