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2 June 2025

Keith Kendall

Australian Accounting Standards Board
PO Box 204
Collins Street West, VIC, 8007

Dear Dr Kendall

QBE Submission: ED SR2 *Amendments to Greenhouse Gas Emissions Disclosures*

QBE appreciates the opportunity to comment on ED SR2 *Amendments to Greenhouse Gas Emissions Disclosures – Proposed Amendments to AASB S2*.

In response to ED SR2, attached is QBE's comment letter to the ISSB on ED/2025/1 *Amendments to Greenhouse Gas Emissions Disclosures – Proposed Amendments to IFRS S2*.

QBE appreciates that the AASB will make its own decisions about the proposed amendments to AASB S2 *Climate-related Disclosures* independently of the ISSB. However, we urge the AASB to act swiftly to enact any amendments to facilitate their immediate application by entities such as QBE that are currently implementing AASB S2 for the year ending 31 December 2025

Should the AASB have any questions or would like to meet to discuss QBE's comments further, please contact Rachel Poo, Head of Group Statutory Reporting & Accounting Policy at rachel.poo@qbe.com.

Yours sincerely

Inder Singh

Group Chief Financial Officer

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Chair
International Sustainability Standards Board
Columbus Building
7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

Submitted by email to commentletters@ifrs.org or online at https://www.ifrs.org/projects/open-for-comment/

Dear Mr Faber

QBE Submission: ISSB/ED/2025/1 *Amendments to Greenhouse Gas Emissions Disclosures*

Thank you for the opportunity to comment on the proposals outlined in ISSB/ED/2025/1 *Amendments to Greenhouse Gas Emissions Disclosures – Proposed Amendments to IFRS S2* (ISSB/ED/2025/1).

QBE Insurance Group Limited (QBE) is an Australian-based public company listed on the Australian Securities Exchange. QBE is Australia's largest international insurance and reinsurance company with operations in 26 countries and territories. Since 2018, QBE has voluntarily applied the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in preparing climate-related disclosures in the Annual Report. We are in the process of implementing AASB S2 *Climate-related Disclosures*, which uses IFRS S2 as a baseline, for application in QBE's 2025 financial year reporting. Accordingly, QBE welcomes the issues raised in ISSB/ED/2025/1 being addressed as a matter of urgency.

Overall comments and recommendations

- We strongly support the clarification on the exclusion of derivatives, facilitated emissions and insurance-associated emissions. We note the ISSB's decision not to define these terms but consider that some principles-based guidance around the definition of insurance-associated emissions might be merited in order to achieve long-term consistent reporting among financial service providers across the market.
- QBE supports relieving entities from applying GICS when they currently make no use of that Standard across the entity.
- QBE supports relieving entities from measuring its GHG emissions in accordance with the *Greenhouse Gas Protocol* in the circumstances proposed.
- QBE supports relieving entities that use a direct measurement to measure their GHG emissions from a CO_2 equivalent value from using global warming potential values based on the latest IPCC assessment in the circumstances proposed.
- QBE supports the effective date being as early as possible and to permit early application.

Attachment A to this letter outlines QBE's responses to the specific questions in ISSB/ED/2025/1. Should the ISSB have any questions or would like to meet to discuss QBE's comments further, please contact Rachel Poo, Head of Group Statutory Reporting & Accounting Policy at rachel.poo@qbe.com.

Yours sincerely

Inder Singh
Group Chief Financial Officer

Attachment A – QBE's feedback on questions in: ISSB/ED/2025/1 *Amendments to Greenhouse Gas Emissions Disclosures*

Question 1(a): Measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions

QBE supports clarifying the existing IFRS S2 Scope 3 GHG emission disclosure requirements in relation to derivatives, emissions facilitated by commercial banking activities and insurance-associated emissions and identifying that these emissions need not be disclosed. The proposals would remove the existing ambiguity about whether the disclosures are mandatory as well as the inconsistency between the body of IFRS S2 and the Basis for Conclusions, particularly, in respect of the 'associated emissions' of underwriting portfolios in the insurance and reinsurance industries. We support taking a permissive approach – that is, allowing entities to choose whether they make the disclosures, rather than requiring or prohibiting disclosure.

We note that the basis for permitting non-disclosure of insurance-associated emissions identified in IFRS S2.BC129 (and noted in ISSB/ED/2025/1.BC10) is the lack of established measurement methodologies. QBE concurs with this view.

Question 1(b): Measurement and disclosure of Scope 3 Category 15 greenhouse gas emissions

Disclosures to help users understand the magnitude of excluded amounts

We understand the requirement to include disclosures that would help users understand the magnitude of the derivatives and financial activities associated with the entity's Scope 3 Category 15 greenhouse gas emissions that are excluded. In the absence of clear definitions of 'derivatives', 'facilitated emissions' or 'insurance-associated emissions', entities would need to determine their own definitions to identify the magnitude of what they are not disclosing (refer also to our comments at Question 6).

However, in relation to the requirement to disclose 'amounts' as a way of showing the magnitude of the excluded disclosures, it is not clear what is meant. For example, it is not clear if financial statement amounts would satisfy this requirement. In our view, the IFRS 17 information included in QBE's financial statements on insurance contracts would provide a comprehensive indication of insurance underwriting activities. Alternatively, if there is an expectation that the disclosures of amounts would be about emissions, this would seem to be inconsistent with clarifying the relief.

Definition of 'derivatives'

We have noted and agree with the ISSB's considerations in deciding not to include a proposed definition of 'derivatives', in acknowledgment that ISSB Standards are GAAP agnostic. We consider that for entities applying IFRS Accounting Standards, there would be merit in those Standards being used to help guide entities applying IFRS S2 (or national equivalents to IFRS S2). For example, for entities applying IFRS Accounting Standards, IFRS 7 and IFRS 9 have measurement and disclosure requirements for derivatives. These could presumably be leveraged to meet the proposed paragraph 29A(b) disclosure requirements, particularly in view of the principles in IFRS S1 around connectivity between sustainability information and the related financial statements.

We recommend that the ISSB include clarification in the application guidance section of IFRS S2 that the IFRS 9 definition of derivative is permissible. We note the reference in the Basis for Conclusions to ED/2025/1 [paragraph BC20] to the IFRS 9 definition being relevant to entities applying IFRS Accounting Standards and consider, at a minimum, this message should be carried forward into the IFRS S2 Basis for Conclusions.

Definition of 'insurance-associated emissions'

We consider it would be helpful to provide guidance to preparers in relation to what is captured within insurance-associated emissions because there are differing views, specifically around whether they include claims-related emissions. Please also refer to our more detailed comments in Question 6.

Question 2(a): Use of the Global Industry Classification Standard in applying specific requirements related to financed emissions

QBE supports relieving entities from applying GICS when they currently make no use of that Standard across the entity, including a consolidated entity. We also support requiring one industry-classification system being applied across the whole reporting entity for the sake of consistency, whether that be GICS or an alternative mandated or other useful classification standard. We consider the hierarchy in proposed paragraphs B62B and B63B to be a reasonable approach.

Question 2(b): Use of the Global Industry Classification Standard in applying specific requirements related to financed emissions

In the context of the ISSB's proposals around the use of GICS, QBE supports the proposed paragraphs B62C and B63C to require disclosure of the industry-classification system used to disaggregate its financed emissions information, and when an entity does not use GICS, to explain the basis for its industry-classification system selection. However, if the ISSB were to adopt a more agnostic approach to the use of classifications systems allowing entities to select the most useful standard to suit the users of their emissions disclosures, a more generic disclosure requirement (not focused on whether GICS has been used) would be appropriate.

Please also refer to our comments at Question 6 about the granularity of the GICS requirement in paragraphs B62B and B63B – to use GICS at the 6-digit level.

Question 3: Jurisdictional relief from using the GHG Protocol Corporate Standard

QBE supports relieving entities from measuring their GHG emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* when the entity is required, in whole or in part, by a jurisdictional authority or an exchange on which it is listed to use a different method for measuring its greenhouse gas emissions.

Question 4: Applicability of jurisdictional relief for global warming potential values

QBE supports relieving entities that use a direct measurement to measure their GHG emissions from a CO_2 equivalent value from using global warming potential values based on a 100-year time horizon from the latest IPCC assessment available at the reporting date when the entity is required, in whole or in part, by a jurisdictional authority or an exchange on which it is listed to use different values.

Question 5: Effective date

QBE supports making the effective date as early as feasible with early application permitted.

QBE is implementing AASB S2 *Climate-related Disclosures*, which uses IFRS S2 as a baseline, for its annual reporting period beginning on 1 January 2025. Accordingly, prompt action on the proposals and early availability of any revised IFRS S2 requirements is crucial in the Australian reporting environment given the AASB's likely continued alignment with the IFRS Sustainability Standards.

Question 6: Other

Defining facilitated emissions and insurance-associated emissions

The ISSB proposes to clarify that emissions disclosure related to derivatives, emissions facilitated by commercial banking activities, and insurance-associated emissions is not required[1].

We appreciate that stating what is included avoids the need to propose definitions for 'facilitated emissions' or 'insurance-associated emissions' that are excluded (as noted in paragraph BC18 of the Basis for Conclusions). This approach is understandable in view of the short timeframes for making amendments to IFRS S2 for application in the current year. However, we would highlight that there are differing views about what constitutes insurance-associated emissions, which may merit the inclusion of some level of specific guidance. In particular, we note that:

- some stakeholders consider claims settled in kind are Category 1 or Category 11 Scope 3 emissions because they involve acquiring goods and services from third parties; while

[1] Specifically:

(a) In the case of derivatives, there is an explicit exclusion in proposed paragraph 29A(a).

(b) In the case of emissions facilitated by commercial banking activities and insurance-associated emissions, proposed paragraph 29A(a) identifies that Scope 3 disclosure can be limited to greenhouse gas emissions attributed to loans and investments made by an entity to an investee or counterparty. That is, the exclusions are identified by saying what must be included.

- other stakeholders regard claims as part of insurance-associated emissions because they enable policyholders' activities as a consequence of underwriting those risks.

QBE considers that claims paid to policyholders are integral to the provision of insurance coverage and emissions related to claims paid would be captured as part of insurance-associated emissions. This is on the basis that paying claims is a direct consequence of providing coverage, and does not generate or enable emissions beyond those associated with the provision of insurance coverage itself (which is captured as part of insurance-associated emissions).

We consider that long-term consistent reporting among financial service providers across the market would be difficult to achieve without agreed definitions. We also note the basis for permitting non-disclosure of facilitated emissions and insurance-associated emissions identified in IFRS S2.BC129 is the lack of established measurement methodologies. QBE considers that progress on developing those methodologies depends, among other things, on having agreed definitions. Accordingly, there remains an urgent need for ISSB to develop definitions of 'facilitated emissions' and 'insurance-associated emissions' to facilitate progress.

GICS classification at the 6-digit industry level

Although not the subject of the proposed amendments, QBE notes its concern with the use of the GICS 6-digit industry-level code for classifying counterparties, which is far more granular than the classifications that are typically disclosed elsewhere in published reports.

QBE considers that a less granular industry level should be permitted, based on the way an entity manages its climate risks and opportunities associated with investments.