

INDEPENDENT ASSURANCE REPORT ON AA INSURANCE LIMITED'S GREENHOUSE GAS (GHG) DISCLOSURES

TO THE DIRECTORS OF AA INSURANCE LIMITED

Our Assurance Conclusion

Reasonable Assurance Conclusion

In our opinion, the gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our reasonable assurance engagement (as outlined below) included in the climate statements for the year ended 30 June 2024, are fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (XRB), as explained on page 3 of the climate statements.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our limited assurance engagement (as outlined below) included in the climate statements for the year ended 30 June 2024, are not fairly presented and not prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards (NZ CSs) issued by the External Reporting Board (XRB), as explained on page 3 of the climate statements.

Scope of the assurance engagement

We have undertaken a reasonable assurance verification engagement over the following GHG disclosures (location-based) within the climate statements for the year ended 30 June 2024:

- GHG Emissions Scope 1, 98.87 tCO₂e, on page 19.
- GHG Emissions Scope 2, 50.83 tCO₂e, on page 19.

We have undertaken a limited assurance verification engagement over the GHG disclosures (location-based) within the climate statements for the year ended 30 June 2024:

- GHG Emissions Scope 3, 475.40 tCO₂e, on page 19.

It is important to note that the level of assurance obtained in a limited assurance engagement is considerably lower than that involved in reasonable assurance engagement.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. Our assurance is limited to policies, and procedures in place as of 8 October 2024, ahead of the publication of AA Insurance Limited's climate-related disclosure for FY24.

Our assurance engagement does not extend to any other information included, or referred to, in the climate statements on pages 1 to 17 and page 23. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Key matters to the GHG assurance engagement

In this section we present those matters that, in our professional judgement, were most significant in undertaking the assurance engagement over GHG disclosures. These matters were addressed in the context of our assurance engagement, and in forming our conclusion. We did not reach a separate assurance conclusion on each individual key matter.

Key Matter	Procedures to address the Key Matter
<ul style="list-style-type: none"> Staff commuting is a new emissions source reported in FY24 and represents 50% of total emissions (location-based). Staff commuting methodologies have inherent uncertainty and include significant assumptions. 	<ul style="list-style-type: none"> The staff survey questions, and methodology was reviewed including the validity of the survey results based on the response rate. The analysis and interpretation of the survey results including key assumptions were reviewed and the extrapolation of data as the basis for commuting behaviour of all employees.

Emphasis of Matter

We draw attention to page 18 of the disclosure which states that the July 2023 electricity and electricity transmission and distribution loss emission factors for New Zealand were applied. There was a May 2024 update to the factors which has not been applied. The impact has been assessed during the audit as a reduction in total emissions of 0.5% which is not considered material.

Other Matter

We draw attention to the expansion in reporting boundary in FY24 and the decision to not recalculate historic years due to lack of data or reinstate the base year. This has been explained on pages 19 and 20 of the disclosure and the presentation of data allows for meaningful comparison of FY24 with the FY20 base year.

Materiality

Based on our professional judgement, determined quantitative materiality for the GHG disclosures as 1% for individual emission sources, and not totalling more than 5%. Qualitative materiality has been determined with due consideration to relevance to users of the climate statement, as well as the potential impact of omission, misstatement, or obscurement of any information.

Competence and experience of the engagement team

Our work was carried out by an independent and multi-disciplinary team including sustainability assurance and environmental practitioners. The engagement lead retains overall responsibility for the assurance conclusion provided.

AA Insurance's responsibilities for the GHG disclosures

AA Insurance is responsible for the preparation and fair presentation of the GHG disclosures in accordance with the Aotearoa New Zealand Climate Standards (NZ CSs). This responsibility includes designing, implementing and maintaining a data management system relevant to the preparation and fair presentation of GHG disclosures that is free from material misstatement.

Inherent uncertainty in preparing GHG disclosures

As discussed on pages 2 and 21 of the climate statements, the GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our responsibilities

Our responsibility is to express an opinion on the GHG disclosures based on our verification. We are responsible for planning and performing the verification to obtain assurance that the onsite GHG disclosures are free from material misstatement.

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

Other relationships

Other than in our capacity as assurance practitioners, and the provision of the assurance for this engagement and the provision of assurance over AA Insurance's separate Greenhouse Gas Report, we have no business relationship with, or interests, in AA Insurance.

Independence and Quality Management Standards applied

This assurance engagement was undertaken in accordance with NZ SAE 1 Assurance Engagements over Greenhouse Gas Emissions Disclosures, issued by the External Reporting Board (XRB). NZ SAE 1 is founded on the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Professional and ethical standards are held in high regard and our quality management system aligns with the standards ISO 9001:2015 and ISO 14065:2020 and we comply with the Carbon and Energy Professionals New Zealand Code of Ethics and Code of Professional Conduct

Summary of work performed

Our verification strategy used a combined data and controls testing approach. Evidence-gathering procedures included but were not limited to:

- Enquiries of management to obtain an understanding of the overall governance and internal control environmental, risk management processes and procedures relevant to GHG information;
- Evidence to support the reporting boundaries, organisational and legal structure reported;
- Recalculation of the GHG emissions;
- Analytical review and trend analysis of the GHG information;
- Evaluation of relationships among GHG and non-GHG data;
- Interview of personnel involved in data collection;
- Review of emissions factors used within the calculations for source appropriateness;
- Review of uncertainty and data quality;
- Review of the assumptions, estimations and quantification methodologies; and
- Seeking management representation on key assertions.

Reasonable and Limited Assurance Conclusion

Our reasonable and limited assurance verification engagement was performed in accordance with NZ SAE 1, and ISO 14064-3: 2019 – Specification with guidance for the verification and validation of greenhouse gas statements, issued by the International Organization for Standardization (ISO). This requires that we comply with ethical requirements (as outlined above), and plan and perform the verification to obtain reasonable (Scope 1 & 2) and limited assurance (Scope 3) that the GHG disclosures are free from material misstatement.

Reasonable assurance procedures	Limited assurance procedures
<ul style="list-style-type: none">• Sample testing, tracing and retracing of data trails back to primary data including vehicle fuel and electricity records;• Site visits to inspect the completeness of the inventory including interview of site personnel to confirm operational behaviour, any standard operating procedures and sample of site-based records.	<ul style="list-style-type: none">• Limited sample testing, tracing and retracing of data trails back to primary data including air travel, accommodation, waste to landfill, material use (paper), employee surveys, personal vehicle, paper consumption, taxi and freight records; and• Well to tank and transmission and distribution losses calculations.

The data examined during the verification were historical in nature. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Jeska McHugh
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McHugh & Shaw Limited
Christchurch, New Zealand
7 October 2024



May Stewart
May Stewart Consulting
On behalf of McHugh & Shaw Limited
Christchurch, New Zealand
8 October 2024

This report including the opinion expressed herein, is solely for the use of the management and Directors of AA Insurance for the purpose of disclosure of GHG emissions and is not intended to be and should not be used by anyone other than those specified parties. Any correspondence regarding this report can be directed to info@mchugh-shaw.co.nz.