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**CHUBB®**

Australian Accounting Standards Board  
PO Box 204  
Collins St West  
VIC 8007  
Australia

Via email: [standard@asb.gov.au](mailto:standard@asb.gov.au)

**RE: Feedback to Exposure Draft ED SR 1 – Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information**

Chubb Insurance Australia Limited (**Chubb Australia**) welcomes the opportunity to provide feedback to the Australian Accounting Standards Board (**AASB**) on Exposure Draft ED SR1 – *Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial information (ED SR1)*.

Chubb Australia's parent company, Chubb Limited, is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. Chubb Australia, via acquisitions by its predecessor companies, has been present in Australia for 100 years. Chubb Australia provides specialised and customised coverages across personal and commercial lines to a broad client base, including many of the country's largest companies. Chubb Australia also serves successful individuals with substantial assets to insure and consumers purchasing travel insurance.

The Chubb group adopts an underwriting-focused approach to addressing climate change. We remain firmly committed to our responsibility to encourage the transition to a net-zero economy while recognizing the ongoing energy needs of the global economy. We will continue to be guided by the fundamental underwriting principles that underlie our business and the best available climate science as we seek to work with our clients and provide essential risk transfer capacity to support the net-zero transition.

Chubb Australia has worked with the Insurance Council of Australia (**ICA**) to provide collective feedback on ED SR1 on behalf of the ICA's members. This separate submission is intended to provide more targeted feedback with respect to the following question posed by the AASB:

**Do you agree with the AASB's proposal to require an entity to consider the applicability of those disclosures related to its financed emissions, as set out in [draft] ASRS 2 paragraphs AusB59.1, AusB61.1 and AusB63.1, instead of explicitly requiring an entity to disclose that information? Please provide reasons to support your view.**

Chubb Australia is broadly supportive of the AASB's decision to require reporting entities to consider the applicability of those disclosures related to their financed emissions, rather than explicitly requiring reporting entities to disclose that information. With this, Chubb Australia's view is that the AASB should follow the International Sustainability Standards Board (**ISSB**) by explicitly noting

that financed emissions disclosure under ASRS 2 does not require disclosure of the associated emissions of an insurer's underwriting portfolio. Chubb Australia refers to paragraph BC129 of the Basis of Conclusions document issued by the ISSB alongside IFRS 2 *Climate Related Disclosures (IFRS 2)* in this regard, which is extracted below: <sup>1</sup>

“BC129. The ISSB confirmed that IFRS S2 requires financed emissions disclosure only for insurance-related financial activities associated with an insurer's assets. In other words, IFRS S2 does not require disclosure of the ‘associated emissions’ of underwriting portfolios in the insurance and reinsurance industries. Similarly, the ISSB decided not to proceed with the proposed requirements for an entity engaged in financial activities associated with investment banking to disclose information about its ‘facilitated emissions’, citing the lack of established methodology in relation to such emissions.” (Our emphasis)

Chubb Australia understands this decision was reached based on ISSB's assessment that standards for Scope 3 emissions for insurers are not yet sufficiently well-established and accepted. Chubb Australia agrees with that assessment, and encourages the AASB to explicitly note that ASRS 2 does not require the disclosure of emissions associated with an insurer's underwriting activities. This will ensure that ED SR 1:

1. achieves the Australian Government's goal to align as far as possible with IFRS S2 ; and
2. promotes the consistent and comparable reporting of climate-related financial information.

Chubb Australia provides the following additional context to assist the AASB in forming its own view on this issue:

In Chubb Australia's view, there is no viable way for Australian general insurers to gather data which would allow the quantification of Scope 3 emissions across the broad clients they serve. That point is illustrated when considered against Chubb Australia's personal and commercial client base, which includes individuals and corporations which range from small family-owned businesses to ASX listed entities. Firstly, not all of these corporations will be captured by the Australian Treasury's proposed laws requiring entities to prepare a sustainability report, and therefore these entities may not have the data that they are able or willing to provide to insurers like Chubb Australia.<sup>2</sup> Secondly, Chubb Australia is not aware of any method which would allow insurers to calculate the emissions associated with the social and economic activity of the individuals which they insure. If the AASB chooses not to follow the ISSB in explicitly carving out the associated emissions of underwriting portfolios from the requirement to report on financed emissions, insurers like Chubb Australia would potentially be required to make guesses and estimations, or qualify and generalize disclosures to a point where they are effectively meaningless.

Separately, even if insurers were able to determine the total emissions arising from the activity of their client bases, Chubb Australia's view is that insurers have no way of accurately attributing the emissions from third parties to their underwriting activity (commonly referred to as “insurance-associated emissions”). At a global level, Chubb Limited has noted its technical concerns with the currently-available methodologies for the calculation of insurance-associated emissions, and remains concerned that these methodologies will not provide meaningful information to the company or its investors.<sup>3</sup> If the AASB chooses not to follow the ISSB in explicitly carving out the associated emissions of underwriting portfolios from the requirement to report on financed emissions,

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<sup>1</sup> [IFRS S-2 Basis for Conclusions on Climate-Related Disclosures 2023, BC129.](#)

<sup>2</sup> [Policy Position Statement, Mandatory climate-related financial disclosures 2024, pg 2.](#)

<sup>3</sup> [Chubb Limited's TCFD Report \(2023\), pg 2.](#)

Australian insurers may be required to report to different standards than their global peers, which does not promote the consistent and comparable reporting of climate-related financial information.

Chubb Australia appreciates the opportunity to provide feedback to the AASB on this important topic, and is committed to working with the AASB and the ICA to ensure that ED SR1 achieves its intended purposes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Kelaher', written in a cursive style.

Peter Kelaher  
Country President, Australia and New Zealand,  
Chubb Insurance Australia Limited