



# Climate matters

**Voluntary  
climate-related  
risk disclosures  
2024**



This document is a continuation of Ando’s journey to voluntarily disclose our climate-related risks and financial impacts, and is our second documented disclosure. It highlights our reviewed climate-related risks and financial impacts, drawing upon the strategy guidance from the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations.

## Introduction

To continue to deliver on our purpose, **‘To positively impact the wellbeing of New Zealanders’**, it is important we consider the impact of climate change and the transition to a net-zero economy on our business.

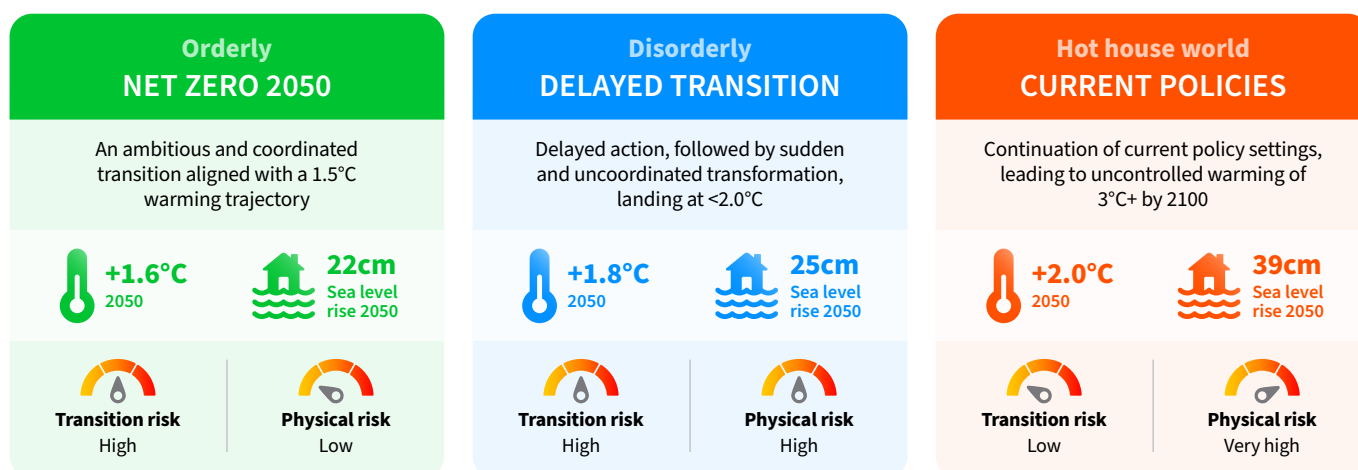
We do this by identifying the top climate-related risks to our business, managing them to build the resilience of our business, and disclosing them publicly to be transparent. We have been disclosing our operational carbon emissions since 2022, and in 2023 we published our first [voluntary climate-related risk disclosure](#).

## Process and improvements

As this is our second year of disclosures, our longlist of climate-related risks from 2023 was reviewed and updated by our Sustainability team and key subject matter experts from across the business. This assessment considered emerging information about near-term risks and the impact of the actions taken over the past year to increase our resilience to climate-related risks.

This year, we improved our assessment process by using the Insurance Council of New Zealand’s (ICNZ) climate scenarios for New Zealand’s General Insurance sector, published in 2022, to explore the business implications of each risk under a range of possible future conditions. These qualitative scenarios set out three hypothetical futures, with different economic, social and political environments.

### Qualitative scenarios



We’ve created a shortlist of the most material of these risks (see the [‘Climate-related risks’](#) table), as agreed by our Sustainability Steering Committee in August 2024 for disclosure below.

Ando sees these disclosures as an important part of understanding the world’s rapidly changing climate to ensure we can continue to strive for a sustainable future and positively impact the wellbeing of New Zealanders.

# Timeframes



**Short-term** = 1-2 years



**Medium-term** = 2-10 years



**Long-term** = 10+ years

## Climate-related risks

**Key:** ● Least likely ● Likely ● Most likely

Risk type	Timeframe	Risk	Financial impact <sup>1</sup>	Scenarios impacted
<b>Physical</b>	Short, Medium & Long-term	<p><b>Failure to adapt to increased frequency and severity of extreme weather events.</b></p> <p>Events such as hail storms, cyclones, floods, landslips, wildfires, wind, tornadoes and droughts.</p> <p>Caused by the physical impacts of climate change.</p>	<p><b>Increased</b></p> <ul style="list-style-type: none"> <li>frequency and severity of claims</li> <li>cost of reinsurance</li> <li>cost of insurance</li> <li>costs and delays to fulfil claims because of disruption to the supply chain</li> <li>disruption to business continuity</li> </ul> <p><b>Decreased</b></p> <ul style="list-style-type: none"> <li>revenue and profitability as a result of poor insurance results</li> </ul>	<ul style="list-style-type: none"> <li>● Net Zero</li> <li>● Delayed Transition</li> <li>● Current Policies</li> </ul>
<b>Physical &amp; Transition</b>	Short, Medium & Long-term	<p><b>Failure to adapt to economic volatility caused by a changing climate or rapid climate transition.</b></p> <p>Volatility such as sudden periods of extreme inflation, changes to capital markets, changes to competitive landscapes or other extreme economic conditions.</p> <p>Caused by extreme weather events, emergence of disruptive technologies, and/or rapid changes to government policy.</p>	<p><b>Increased</b></p> <ul style="list-style-type: none"> <li>operational costs</li> <li>cost to fulfil claims</li> <li>cost of reinsurance</li> <li>cost of insurance</li> </ul> <p><b>Decreased</b></p> <ul style="list-style-type: none"> <li>premium income</li> <li>availability of insurance capacity and insurer risk appetite</li> </ul>	<ul style="list-style-type: none"> <li>● Net Zero</li> <li>● Delayed Transition</li> <li>● Current Policies</li> </ul>
<b>Transition</b>	Medium & Long-term	<p><b>Failure to meet supply chain expectations to take climate action on adaptation or mitigation.</b></p> <p>Expectations such as pressure to disclose our climate risks and impact, to demonstrate action taken, or to use the power of our portfolios to influence action.</p> <p>Caused by regulatory and social pressures on our supply chain.</p>	<p><b>Increased</b></p> <ul style="list-style-type: none"> <li>risk of damage to supply chain relationships, including, for example:                             <ul style="list-style-type: none"> <li>broker partners</li> <li>insurance and reinsurance partners</li> <li>claims supply chain partners</li> </ul> </li> </ul> <p><b>Decreased</b></p> <ul style="list-style-type: none"> <li>premium income due to customer preference</li> </ul>	<ul style="list-style-type: none"> <li>● Net Zero</li> <li>● Delayed Transition</li> <li>● Current Policies</li> </ul>
		<p><b>Failure to adapt to government interventions on insurance affordability or availability.</b></p> <p>Interventions such as expansion of public natural hazard cover, a national flood insurance scheme, or other insurance reforms.</p> <p>Caused by increasing levels of natural hazard risk causing the insurance market to become unaffordable or unavailable in the highest-risk areas.</p>	<p><b>Increased</b></p> <ul style="list-style-type: none"> <li>operational costs and poor customer experiences if processes with government entities are poorly designed</li> <li>cost of reinsurance</li> <li>availability of insurance to personal lines customers</li> </ul> <p><b>Decreased</b></p> <ul style="list-style-type: none"> <li>total premium income (offset by decreased claims cost)</li> <li>availability of regional reinsurance capacity for private insurance market</li> </ul>	<ul style="list-style-type: none"> <li>● Net Zero</li> <li>● Delayed Transition</li> <li>● Current Policies</li> </ul>

<sup>1</sup>Ando is an insurance underwriting agent. The financial impacts disclosed are representative as Ando's revenue is directly impacted by underlying insurance results.

