

Insurance Australia Group Commitment to Sustainability

Insurance Australia Group recognises that our business has impacts on the community, the environment and the wider economy. We believe that it is good business to operate in a way that recognises these impacts and responds to them effectively. We acknowledge that we must consider the risks and opportunities that they present for our company. We are committed to understanding these impacts and to ensuring that our business minimises any negatives arising from our operations.

We acknowledge that the sustainability of our business is directly tied to the sustainability of the communities in which we operate. We believe that returns to our shareholders, and the company's own stability and growth potential, will be enhanced by conducting our business in a way that creates value for society on numerous fronts, across environmental, social and economic dimensions. We believe this because running a successful business, including having access to the capital and community support that we need to grow, is the best way for us to meet our commitments to our shareholders, our customers and our people.

Our shareholders expect us to meet customer demands efficiently and to utilise resources selectively. We strive to reward our shareholders while offering our customers quality products and services that help people to manage and reduce risk in their daily lives.

A. Our Role in Providing Insurance to the Community

We believe that insurance delivers a community service. Our origins lie in meeting a societal need that individuals and small groups cannot address on their own. Insurance is based on the community value that it is more economic and fulfilling to pool effort, resources and interdependencies to lead a life that is long, enjoyable and less risky than it would be otherwise.

To best manage risk, communities all over the world use some type of insurance. The community generally reduces those risks by insuring against personal accidents and mishaps or natural phenomena, such as fires or storms. Individuals and communities set aside money and pool it. If a personal accident or natural disaster occurs, the pool of funds is used to help them recover, repair or rebuild.

It is our role to calculate risk and share the financial burden across the community. People are required to make a payment towards this in the form of a premium. By being part of what is essentially a community activity; people can avoid being financially devastated if they are unfortunate enough to suffer an accident, injury or natural disaster.

As an insurance group, we acknowledge that our primary business is to pay claims and in doing so, Insurance Australia Group makes two specific commitments. Firstly, we will price risk fairly and appropriately. If we under-price risk, the available funds will not match claims and we will not be able to remain viable. If we over-price risk, people will take their insurance business elsewhere. Or they will choose not to insure at all, which puts them, and the community, at risk.

Our second undertaking is to minimise our operating costs. The price of premiums includes not only the measure of risk, but also the costs in providing the policy. Insurance Australia Group is committed to keeping our overhead and infrastructure costs down so that we can deliver affordable insurance.

B. Our role in helping the community to reduce risk

Insurance Australia Group acknowledges that our business is to pay genuine claims covered by our policies. However, in order to fulfil that role, we stand for more and we will deliver more. We will help our customers and the community beyond paying claims. We will share our knowledge and experience with the community to help manage and reduce risks. We will build a culture that allows our people to develop and work to the best of their abilities; and we will ensure that our business is sustainable and can deliver ongoing value to our shareholders.

We have undertaken to share our knowledge and experience where it is appropriate. Insurance Australia Group holds substantial data on insurance related events and we already use that data to assess risk and price premiums. We consider that it is in our business interest to go beyond using this information solely for assessing risk.

At Insurance Australia Group, where it is appropriate to do so, we will use our understanding of risk and claims to advise and assist the community in reducing the risk of an event occurring in the first place and minimising the impacts of an event. We believe this benefits the community in a number of ways, including minimising the general economic consequences of the event (such as loss of infrastructure) and through reduced direct costs.

For Insurance Australia Group, we strongly believe that our relationship with the community is not an optional add on, but the source of the trust on which our business is built. In gaining and maintaining that trust, we believe that we must act in a manner that is responsible to the society and the environment in which we operate.

C. Our Social Commitment

Social responsibility is a core value and basic foundation of the way we operate at Insurance Australia Group. Our commitment to social responsibility is an important step in ensuring that we engage constructively with customers, governments, our people and the many communities in which we operate.

We are committed to ensuring that we have appropriate policies and agreed practices to guide our actions, based on what the community expects from us. These focus on key areas including employee practices, our conduct in the marketplace, environmental care, governance and ethical conduct, occupational health and safety, human rights and community involvement.

1. Our Community Involvement

As a leader in the general insurance industry we believe that we have a responsibility to the communities around us. We have a long and proud history of supporting a large range of community programs, partners and activities. Our community strategy primarily focuses on risk reduction to help make the communities on which our customers and our people live to be safer and more secure.

As part of our work to reduce risk, we contribute significantly to the provision of emergency services across Australia and are involved in a wide range of crime prevention programs and initiatives.

We have developed key partnerships with groups like St John Ambulance, who are closely aligned to our own safety culture. We are working with them to increase the level of first aid training in Australia and also by offering free first aid training to our people, during working hours, to help make our workplaces, homes and communities safer.

We are also committed to supporting our people's desire to contribute and support their own communities and have created a Community Help grants program and paid leave for them to actively reduce risk in their communities.

2. Our Shareholders

We believe our shareholders should be well rewarded for investing in our company. We believe that returns to investors, and the company's own stability and growth potential, will be enhanced by conducting the business in a way that creates value for society on numerous fronts. We do this because running a successful business, including having access to the capital and community support that we need to grow, is the best way for us to align the interests of our shareholders with society's needs and expectations.

3. Our customers

We are committed to serving the interests of our customers. We pay claims, consistent with our policies. We run our business professionally, ethically and efficiently to ensure we remain financially strong and secure. We do this so we can keep paying claims while maintaining broad community access to affordable and useful products and services that help people to manage their risks, and also by actively contributing to reducing risks in society. We seek to deliver continuous improvements in our operational efficiency and service standards and to invest our customers' funds securely and effectively.

4. Our people

We are deeply committed to our own people, who are vital to growing our business for the benefit of our customers, shareholders and the wider community.

We ensure that our people have opportunities to contribute to the growth of the business and to achieve personal fulfilment and development. We encourage our people to do this by being responsible members of the community who consider social and environmental issues in our business planning and operations.

We want our people to know they are part of an organisation that cares about them – their health, safety, basic rights, overall security and their hopes and values. We want all our people to be enriched and empowered through their role in providing socially beneficial products and services to the community. We want to do this because it creates value for the individuals, the company and society.

(a) A Safe Workplace

We are committed to provide a healthy, safe and clean environment for our people, our customers and visitors. We want our people to know they are part of an organisation that cares about their health, safety and overall security, as well as their basic rights and their hopes and values. Our concern reflects both our commitment to our people as individuals, and our duty as a provider of workers' compensation services to strive for a high standard of health, safety and security performance in our own operations.

Group wide, our goal is to have an injury free workplace. We set targets to measure improvements in our safety systems and train our people in prevention, treatment and rehabilitation. We are committed to foster and sustain a positive safety culture aimed at zero harm.

Our commitment is implemented through our Charter for Health, Safety and Security, underpinned by a set of Occupational Health & Safety policies and operational procedures throughout the organisation. Our Chief Executive Officer is our Chief Safety Officer and every manager is responsible for the well-being of their people.

We aim to ensure our safety standards are reflected in our contractor/supplier relationships, our workers' compensation services and the insurance products we offer to our customers. The strategy to implement our detailed commitment can be found in our Charter for Health, Safety and Security.

We see a world class safety culture at work as a basic foundation of a high performing business culture that underpins our commitment to safer communities.

(b) Diversity

We operate in richly diverse communities and aim to reflect this in our company's ranks. We recognise the benefits that understanding and valuing individual differences and contributions can bring to both our customers and our own people. We know that ultimately diversity translates to increasing the value of our business while helping society.

We believe that a diverse workforce is essential if we are to achieve social and business goals. At Insurance Australia Group, we are committed to promoting diversity throughout the organisation. We want to give all people a fair go in our workplace and in the broader community that we serve. By employing a diverse workforce, we are drawing on a wide

pool of available talent to serve our customers and to offer products and services to all groups in the community, and hence, the diversity of the market we serve.

We will design our work systems, human resource processes, products and services in ways that help people to participate, especially those community groups who have traditionally been disadvantaged in opportunities for employment.

As an extension of our diversity focus we value the whole person and all the differences they bring. Through our Work and Life programs we aim to support people in their whole lives and to assist them to find balance between competing priorities that come from families, health, personal development and other commitments. To this end our approach will be founded on flexibility and valuing diversity. Through our Work and Life initiatives, we aim to provide benefit to the individual and the organisation by reducing stress, improving morale, reducing turnover, reducing absenteeism and fostering a positive climate and constructive culture.

5. Basic Rights

(a) Human Rights

We believe that the protection of fundamental human rights is critical to our society. We are committed to conducting our business in a way that ensures that our business operations do not infringe on the fundamental human rights of individuals.

(b) Child Labour

We are committed to ensuring that our people are above the legal working age in all areas of our operations.

(c) Indigenous communities

We strive to fully understand the rights and interests of indigenous peoples and to apply this understanding to our business. Indigenous Australians face far higher levels of unemployment than other Australians. We aim to increase the number of Aboriginal and Torres Strait Islander people employed in permanent positions by Insurance Australia Group.

(d) Discrimination

We promote diversity and tolerance and do not permit unlawful discrimination in any of our dealings with customers, our own people and any other individuals and groups from the broad community.

D. Our Stakeholders

We believe that ongoing stakeholder dialogue is essential for us to respond to the expectations of the community in which we operate. We welcome dialogue with our stakeholders and consider it is an essential component of our commitment to continually improve our practices and operations. We will strive to build meaningful relationships with our stakeholders primarily through engagement and partnerships

E. Our Business Partners

In recognising that our business has many impacts on society, the environment and the wider economy, we acknowledge that an integral part of Insurance Australia Group's sustainable business practices means acknowledging that these impacts may include the impacts of the operations of our suppliers, vendors and contractors.

Accordingly, we are working to ensure that the contracting of services and the purchase, hire or lease of equipment and materials is consistent with this policy. We are working to articulate our requirements to our suppliers and to gradually work towards implementing a set of principles to be contained in our Supplier Selection Guidelines.