

Insurance Australia Group Environmental Commitment

A. Our principles

Insurance Australia Group recognises that economic development needs to be aligned with the health and well-being of people, their communities and the environment. We consider that it is fundamentally sound business management for a company to address its social and environmental performance as well as economic performance.

In this context the pursuit of best environmental practice makes commercial sense. In doing so, we ensure we recognise the need to fulfil our ongoing legal requirements relating to environmental protection while actively supporting increased environmental awareness and positive actions. Where possible, we aim to exceed regulatory requirements so we can deliver a standard of excellence in meeting our environmental responsibility wherever we operate.

Environmental issues are a challenge for all companies in all sectors. We believe that the insurance industry plays a significant role in managing and reducing environmental risks alongside governments, individuals and organisations. The people of Insurance Australia Group have skills and techniques in understanding uncertainty, identifying and quantifying risk, and responding to risk. These are core strengths in approaching environmental problems and we aim to deploy them to support society achieve better environmental objectives.

We are committed to sharing our experience in assessing complex risks as a contribution to the accumulation of the knowledge and the generating of solutions needed for environmental protection.

We have publicly acknowledged this commitment in becoming a signatory to the United Nations Environment Program's Finance Initiative, which requires environmental commitment and stewardship from our Group.

B. Our position on Climate Change

Insurance Australia Group acknowledges that human induced climate change is a reality and that there is growing evidence of the causal link between these changes and the frequency and severity of natural disasters. As an insurance group, a changing and less predictable climate has the potential to reduce our capacity to calculate and therefore spread weather-related risk. The role of insurance in underwriting weather-related risk is an important component of the national economy. Any reduction in the industry's ability to underwrite weather-related risk will have serious ramifications for the economies of those vulnerable regions where climate and weather risk is greatest.

More broadly, we recognise the effects of climate change on society, including the potential for disruption at both the social and economic level. We believe that climate change must be addressed with appropriate urgency.

We therefore support actions that will reduce greenhouse gas emissions and mitigate the threat of climate change. Among other initiatives, we support innovative market based solutions; workable bilateral and multi-lateral international agreements; investment incentives in technological innovation; appropriate policy and legislative frameworks, both nationally and at the state level; and incentives to encourage behavioural changes.

Insurance Australia Group is committed to reducing its own greenhouse gas emissions and to partnering with like-minded external stakeholders to work collaboratively on practical programs to reduce human induced impacts on the climate. We are also committed to undertaking research into the impacts of climate change on Australia and New Zealand and to investigating how our products and services may support a reduction in greenhouse gas emissions.

C. Environmental Management

We recognise that many business activities have direct and indirect environmental impacts and we will strive to improve our understanding of the full impact of our operations. We are committed to managing the physical assets under our control and our internal operations in a manner that reflects environmental considerations and improves our performance.

We will actively seek ways of minimising the impact of our operations on the environment. We have identified that most direct environmental impacts from businesses like our come from:

- Our energy consumption
- Use of paper
- Our travel and transport arrangements
- Procurement

Accordingly, we will focus our activities on action to reduce our impacts in these specific areas.

We seek to ensure the effective implementation of our environmental policy through an environmental management system, which includes specific environmental objectives and targets, programs for implementation and integration into our management practices and our core activities.

We are seeking to formally identify the core environmental risks that we are exposed to and/or are responsible for in our core activities. These activities include risk management, loss prevention, product design, claims handling and asset management.

D. Promoting products and services

We are looking at developing insurance products and services that promote sound environmental practice through measures such as loss prevention and contract terms and conditions. We will seek to include environmental considerations in our asset management.

We will investigate means to create opportunities for our customers to consider environmental implications of goods that may be provided in our claims management processes.

E. Our Business Partners

In recognising that our business has impacts on 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 are consistent with our sustainability 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 proposed Supplier Selection Guidelines.

F. Our Stakeholders

We believe that ongoing stakeholder dialogue is essential for us to respond to the expectations of the community about how we manage our environmental impacts. We will actively engage community stakeholders to guide our approach to environmental matters and we will communicate our environmental activities to the public.

We welcome dialogue with our stakeholders and consider it is an essential component of our commitment to continually improve our practices and operations.

We undertake to share information with our stakeholders and by doing so; we seek to contribute to improving society's response to environmental challenges. We will undertake dialogue with relevant authorities to assist in creating a more effective framework for responding to environmental issues.