

# CARBON NEUTRALITY AND IAG

## 1. ORGANISATIONAL INFORMATION

Organisation Name:	Insurance Australia Group Limited ABN 60 090 739 923
Inventory Period:	1 July 2015 to 30 June 2016 (FY2016)
Date of most recent verification:	30 June 2016 (greenhouse gas emissions)
Carbon Neutral Disclosure Type:	Organisation
Description:	IAG's global businesses under operational control

### Introduction

IAG is Australasia's largest general insurance company whose purpose is to make your world a safer place, whether you are a customer, partner, employee, shareholder or part of the communities IAG serves across Australia, New Zealand and Asia.

### Carbon inventory boundary

IAG's carbon neutrality is for a defined inventory of greenhouse gas (GHG) emissions. These emissions result from the activities of IAG's businesses under operational control as defined within the boundaries set out below. While Australia's *National Carbon Offset Standard* (NCOS) certification is not being sought, IAG recognises and adopts the principles of carbon neutrality set out in the NCOS guidance in our Australian business and where practical in all other businesses.

IAG's Australian, New Zealand, Asia head office, Indonesian, Thai and Vietnam businesses fall into the scope of the FY2016 carbon inventory. IAG's joint venture operations in India and Malaysia are out of scope.

Figure 1 sets out IAG's businesses by country, and demonstrates those businesses included and excluded from the scope of our carbon inventory for carbon neutrality based on operational control.

**Figure 1 - Group Operating Model**



### Carbon inventory inclusions

IAG's carbon inventory includes scope 1 and scope 2 emissions that would be required for reporting under Australia's *National Greenhouse and Energy Reporting Act* (NGER Act), and where appropriate and material, in line with NCOS significant scope 3 emissions. For completeness and transparency IAG has included

various emission sources within the carbon inventory that represent a small proportion of the overall GHG emissions of the Group.

Emission factors are sourced from geographically relevant standards and are disclosed in IAG's Data summary and glossary of terms at [www.iag.com.au/shared-value/reports](http://www.iag.com.au/shared-value/reports).

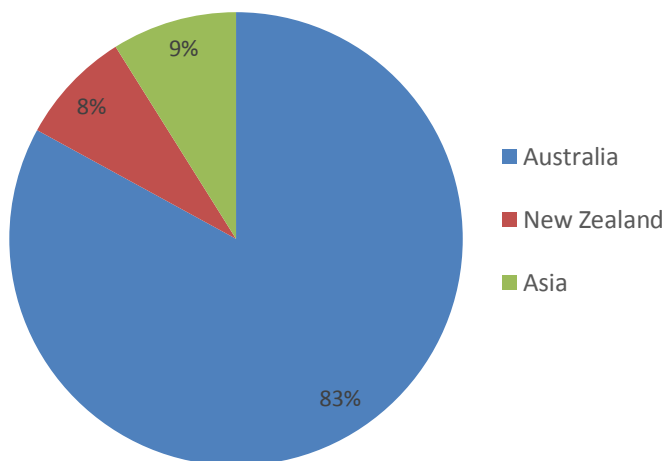
As a service based organisation, the most significant contributor to IAG's carbon inventory is from stationary energy (scope 2 electricity) consumed throughout the property portfolio and data centres. This emission source contributed 50.2% of the Group's total emissions in FY2016. Figure 3 illustrates the percentage of the Group's carbon inventory by significant emission source.

### Carbon inventory exclusions

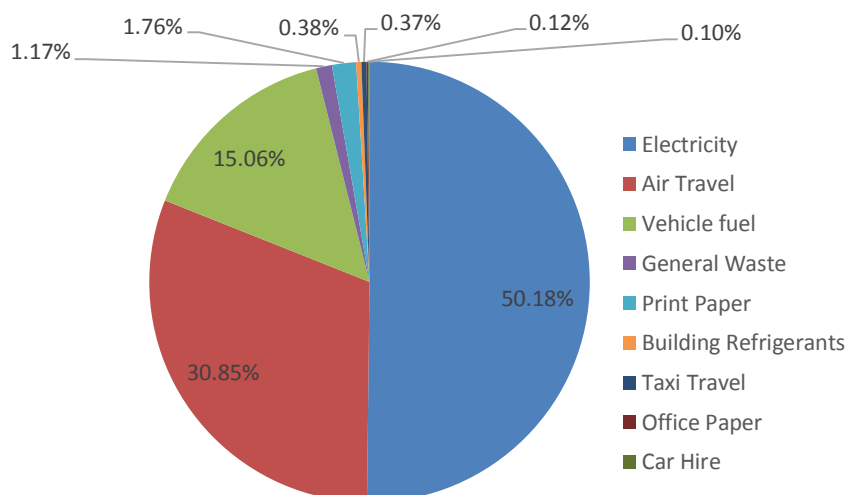
IAG's carbon inventory excludes emissions from wastewater (scope 3). Given the nature of IAG's operations, this emission source has been assessed as exerting an immaterial contribution to the Group's carbon footprint and is therefore excluded. In New Zealand and Asia, other immaterial sources of emissions have also been excluded. This is detailed in section 2 of this document.

The FY2016 emission profile of the Group is summarised below.

**Figure 2 - IAG FY2016 Emissions profile by area of operation (% CO<sub>2</sub>e)**



**Figure 3 - IAG FY2016 Emissions profile by source (% CO<sub>2</sub>e)**



## 2. TOTAL CARBON FOOTPRINT

The FY2016 carbon footprint for all in-scope carbon inventory items for the entities where operational control is exercised has been set out in the table below. All GHG emissions reported are presented as a gross figure in metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e). IAG's FY2016 carbon emissions have been verified by Ernst & Young (EY). Refer to [www.iag.com.au/shared-value](http://www.iag.com.au/shared-value) for the assurance statement.

Emissions source	Australia (tonnes CO <sub>2</sub> -e)	New Zealand (tonnes CO <sub>2</sub> -e)	Asia (tonnes CO <sub>2</sub> -e)	Total (tonnes CO <sub>2</sub> -e)
<b>Scope 1</b>				
Tool of Trade Vehicle Fleet fuel consumption	5,947	1,683	2,104	9,734
Building Refrigerants	247	N/R	N/R	247
<b>Scope 2</b>				
Electricity	25,679	1,144	2,289	29,112
<b>Scope 3</b>				
Electricity	3,230	94	0.3	3,324
Air Travel	16,968	1,877	1,094	19,939
Print Paper	662	228	250	965
Office Paper	4	53	23	255
Taxi Travel	237	N/R	N/R	237
Rental Car	66	N/R	N/R	66
Waste to Landfill	580	174	N/R	754
<b>Total</b>	<b>53,620</b>	<b>5,253</b>	<b>5,760</b>	<b>64,633</b>

See IAG's Data summary and Glossary of Terms at [www.iag.com.au/shared-value](http://www.iag.com.au/shared-value) for details of how each emission source is calculated.

## 3. EMISSION REDUCTION MEASURES

In FY2016 we achieved carbon neutrality through a combination of efficiency initiatives to decrease our footprint and the purchase of carbon offsets. Efficiency initiatives included the following:

- Airflow and automation improvements applied to cooling systems in our Australian data centre;
- LED lighting installed in entrance and emergency exit stairwells in our Australian data centre; and
- LED Lighting installed in our Lumley Centre building in New Zealand.

IAG remains committed to managing and reducing carbon emissions across our businesses. This year we have committed to a group target of 10% absolute emissions reduction by FY2020 (scope 1 and 2 emissions, off FY2015 base year). This will be delivered through a combination of energy efficiency measures within our property portfolio, and through the group property strategy, which seeks to improve the utilisation of working space and the operational efficiency of IAG's working environment.

#### 4. OFFSET PURCHASE AND RETIREMENT

##### Approach

Since 1 January 2012, IAG has purchased and retired offsets to meet its carbon neutral commitment. This year we forecast our FY2016 and FY2017 carbon footprint and purchased and retired offsets for both performance periods.

A total of 151,757 tonnes CO<sub>2</sub>-e of offsets were retired in FY2016 to cover the forecast emissions for the FY2016 and FY2017 reporting periods.

Offset type	Project name	Registry	Serial numbers	Offset quantity (tonnes CO <sub>2</sub> -e)
Non-Kyoto Australia Carbon Credit Unit (NKACCU)	Congararra Regeneration Project (ERF101251)	ANREU	3,741,371,548 - 3,741,393,900	22,353
Voluntary Emission Reductions (VER)	Biogas Program for Animal Husbandry Sector of VN	Markit	GS1-1-VN-GS1083-4-2013-4665-2918 to 22917	20,000
VCU	Grouped Wind Power Project in India	APX	4491-188012865-188032864-VCU-048-APX-IN-1-429-01012013-31122013-0	20,000
VCU	18.86 MW Bundled Wind Power Project, India	APX	3761-164417517-164419488-VCU-048-APX-IN-1-497-01112011-31122011-0	1,972
VCU	18.86 MW Bundled Wind Power Project, India	APX	3762-164419489-164427516-VCU-048-APX-IN-1-497-01012012-31122012-0	8,028
ACCU	Savannah Fire Burning ACCUs from Western Australia	ANREU	3,744,303,307 – 3,744,313,306	10,000
Voluntary Carbon Standard (VCU) – Voluntary Carbon Standard (VCS)	VP Biosupply Wastewater Treatment and Biogas Utilization Project, Thailand	APX	2567-109831947-109842145-VCU-018-MER-TH-13-415-01012010-31122010-0 2566-109812146-109831946-VCU-018-MER-TH-13-415-01012009-31122009-0	30,000
Voluntary Carbon Standard (VCU) – Voluntary Carbon Standard (VCS)	Bundled Biomass Based Thermal Energy Projects in U.P. & Punjab of Sukhbir Agro Energy Limited, India	APX	1501-63775795-63802234-VCU-009-APX-IN-1-261-01012008-31122008-0 1500-63773035-63775794-VCU-009-APX-IN-1-261-30082007-31122007-0 1502-63802235-63812438-VCU-009-APX-IN-1-261-01012009-31122009-0	39,404
<b>Total Quantity (CO<sub>2</sub>-e) of carbon offsets purchased and retired:</b>				<b>151,757</b>

## Carbon offset selection

IAG considers the following to guide the purchase of carbon offsets:

- Sourcing projects that align to our purpose and strategic focus areas including resilience to natural perils, social resilience and responsible business operations;
- Sourcing projects either domestically or in countries that align to IAG's operations e.g. Australia, India, Thailand and Vietnam;
- Ensuring all projects are additional, permanent, measurable, transparent, independently audited and registered; and
- Where possible, carbon offsets are purchased through a formally regulated market. Where this is not possible due diligence is carried out to ensure that the offsets are genuine, not subject to fraudulent issue and not previously traded and retired.

***One project we supported this year implements Indigenous fire management practices ('Savanna Burning') in the Kimberley region in Western Australia which helps to reduce bushfire incidence and carbon emissions by up to 50%. This type of project also helps diversify income for regional and remote Indigenous communities and brings communities back to country. This is aligned to IAG's Reconciliation Action Plan (RAP) commitment to the empowerment of Aboriginal and Torres Strait Islander people, businesses and communities.***

## 5. FURTHER INFORMATION

Should you require any further information, please send queries to [sharedvalue@iag.com.au](mailto:sharedvalue@iag.com.au)