

# Materiality

IAG’s operations continue to be shaped by environmental, geopolitical, and macroeconomic uncertainty. Our customers and communities in Australia and New Zealand are also facing increased uncertainty as they encounter more frequent and severe natural peril events.

## Our sustainability approach

We seek to create sustainable value by prioritising climate and disaster resilience action, while managing ESG risks and opportunities. We are continuously learning and improving our approach to meet evolving expectations from regulators, shareholders, and other stakeholders. A key part of this is aligning with current and emerging reporting frameworks, including the Global Reporting Initiative (GRI) and the International Sustainability Standards Board (ISSB).

## Our materiality process

Guided by the GRI, we undertake a materiality assessment annually to help inform our sustainability priorities, using the following method:

### 1. Desktop research and peer benchmarking

We identified potential topics based on input from a wide range of sources including: our internal risk team and Enterprise Risk Profile, a review of global emerging trends, the World Economic Forum Global Risk Report, the UN Sustainable Development Goals (SDGs), relevant sustainability standards, and peer activities.

Topics identified	
Accessibility of insurance	Employee wellbeing and safety
Affordability and availability of insurance	Governance and risk management
Changes to regulatory landscape	Human rights
Climate change	Natural environment, biodiversity, and water scarcity
Community connection and engagement	Privacy and cyber security
Customer satisfaction and experience	Responsible investment
Digital product and service transformation	Responsible sourcing
Disaster resilience and emergency response	Selling practices and product pricing and labelling
Diversity and inclusion	Trust and transparency
Economic and political instability	Workforce culture and capability

### 2. Stakeholder engagement

We prioritised potential topics by surveying internal and external stakeholders including: around 1,500 Australian and New Zealand customers, suppliers, Consumer Advisory Board members, and community partners, government agencies (state and local), shareholders, and our employees.

### 3. Validation and review

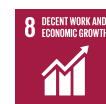
We held internal, cross-functional workshops to test the insights from the stakeholder surveys, and confirm our material topics. These outputs were reviewed in the context of completeness and stakeholder inclusiveness.

### 4. Informing our strategic and business planning

We use our material topics to determine the focus areas of our enterprise-wide Sustainability strategy. Group Risk and Strategy functions also use the materiality outcomes to inform IAG’s broader strategic objectives and risk management priorities to further embed the management of our material topics within the business.

## United Nations Sustainable Development Goals

In 2022, we continued to prioritise the four SDGs where we believe we can have the most material impact. These are:



SDG 8 – Decent work and economic growth



SDG 9 – Industry, innovation, and infrastructure



SDG 11 – Sustainable cities and communities






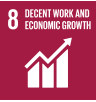


SDG 13 – Climate action

We also recognise the importance of considering where our activities may impede the delivery of SDGs. We continue to assess our alignment to the goals, accounting for both positive and negative impacts, and map priority goals to our material topics. We also identify where our assured ESG metrics are aligned to the SDGs and their associated targets in our ESG Data Summary. Further detail on our approach to the SDGs and our ESG Data Summary can be found on our website at [www.iag.com.au](http://www.iag.com.au).



## Addressing our material topics

Material topic	Our response	Strategic alignment
<p><b>Climate change</b></p> <p>Risks and opportunities of a changing climate, and the social and financial impacts of natural peril events.</p> <p>Alignment with the SDGs:</p> 	<ul style="list-style-type: none"> <li>An IAG-wide Climate &amp; Disaster Resilience Action Plan that allocates accountability across relevant Group Executives.</li> <li>Leveraged climate scenario analysis to inform physical, transition, and liability impact assessments.</li> <li>Embedding climate risk management into portfolio choices, underwriting, product, and pricing approach.</li> <li>Established a Net Zero target by 2050 and 50% emissions reduction by 2030, with a roadmap to meet the targets.</li> <li>Launched the NRMA Insurance Carbon Offset Program to support motor customers to transition to a low carbon future.</li> </ul>	<p>Manage our risks</p> <p>Build better businesses</p> <p>Create value through digital</p>
<p><b>Disaster resilience and emergency response</b></p> <p>Community preparation, adaptation, and response to the impacts of natural hazards and climate change.</p> <p>Alignment with the SDGs:</p>   	<ul style="list-style-type: none"> <li>Launched the Australian Resilience Corps with Minderoo Foundation and NRMA Insurance to help prepare communities for natural disasters.</li> <li>Established a new partnership between NRMA Insurance and the South Australian State Emergency Service to improve storm and flood preparedness.</li> <li>Launched the New Zealand Wild Weather Tracker, an analysis of insurance claims data to help people build preparedness.</li> <li>Delivered support for our communities through the NRMA Insurance and RACV \$2 million COVID-19 Relief Appeal with GIVIT, and collaboration with the NSW State Emergency Service and Australian Red Cross during the devastating East Coast flooding.</li> </ul>	<p>Grow with our customers</p>
<p><b>Affordability and availability of insurance</b></p> <p>Inadequate insurance cover due to affordability issues or a lack of suitable insurance products.</p> <p>Alignment with the SDGs:</p> 	<ul style="list-style-type: none"> <li>Elevated “Affordability and Availability” as an Enterprise Risk.</li> <li>Collaborating with the Bushfire Building Council of Australia on the FORTIS House project to make it easier and more affordable for Australians to build resilient homes.</li> <li>Conducted a detailed benchmarking of our capabilities to deliver against our customer equity framework.</li> <li>Progressed 65 of the 69 initiatives within our Financial Inclusion Action Plan.</li> <li>Collaborated with government, regulators, and industry partners to address the challenges of affordability and availability of insurance.</li> </ul>	<p>Grow with our Customers</p>
<p><b>Trust and transparency</b></p> <p>Erosion of confidence or trust in institutions due to fraud, corruption, or other non-ethical behaviours.</p> <p>Alignment with the SDGs:</p>  	<ul style="list-style-type: none"> <li>Reviewed IAG’s remuneration framework, led by the People and Remuneration Committee.</li> <li>Began to uplift transparency of disclosure, including data related to complaint resolutions.</li> <li>Strengthened our ESG risk management process by updating our Risk Appetite Statement.</li> <li>Formalised existing internal guidance on Algorithmic Ethics and Responsibility.</li> </ul>	<p>Grow with our customers</p> <p>Manage our risks</p>

# Climate change

## Why this is important to IAG?

Our research, claims and industry data indicate climate change is a clear risk to our insurance business. Our materiality process continues to reflect this, with climate change consistently appearing among our material topics since 2016. In the recent (fifth) iteration of our New Zealand Climate Survey, 78% of respondents said climate is an important issue for them.

Under future climate scenarios, the increasing severity and frequency of natural perils could lead to higher pricing and insurance premiums. There is potential for material financial impact for IAG from climate change in the long-term without further action. We use climate scenario analysis to better inform our portfolio choices, pricing and underwriting decisions, and reinsurance requirements.



The scenarios we use are consistent with the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP), while transition and liability risk scenarios consider similar inputs to the Deep Decarbonization Pathways Project. Additional detail can be found in our Climate-related disclosures at [www.iag.com.au](http://www.iag.com.au).

## Our approach to managing this material topic

In FY22, we launched our updated three-year Climate & Disaster Resilience Action Plan (Action Plan). The Action Plan focuses on three strategic priorities:

- 1. Transforming the System:** Building community climate and disaster resilience by delivering and collaborating on preparedness initiatives, research, adaptation, and policy.
- 2. Rethinking Risk:** Keeping people insured by enabling customers and our business to manage risks and opportunities more effectively in a changing climate.
- 3. Driving to Zero:** Reducing our emissions footprint and achieving Net Zero by 2050 to limit climate change.

## How we are measuring performance

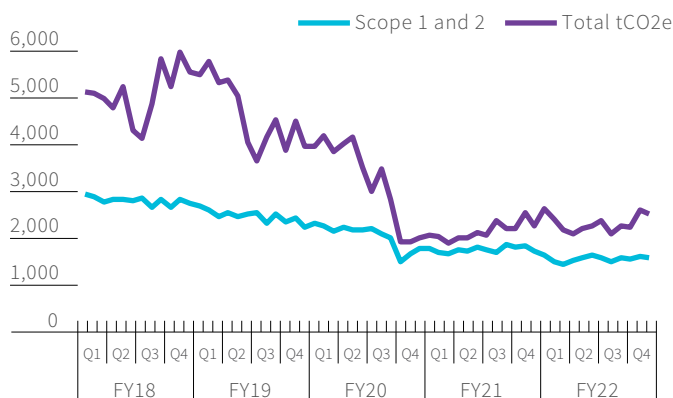
We have established two high-level targets that contribute to IAG's broader strategic priorities:

- Net Zero emissions by 2050, with a 50% emissions reduction by 2030.
- 1 million Australians and New Zealanders have taken action to reduce their risk from natural hazards by 2025.

The Action Plan has qualitative commitments and goals under each focus area. All commitments have Group Executive accountability, ensuring that delivery is embedded into divisional priorities. Progress against the Action Plan will be reported annually. A key element of the Action Plan is the introduction of scope 3 emissions. We recognise that there is a high level of complexity associated with capturing and understanding scope 3 emissions, and that there is also inherent uncertainty in the quality of data currently available. Looking ahead, we are developing a Net Zero Roadmap that will incorporate reporting against the quantitative targets of the Action Plan and will introduce how we intend to map and measure scope 3 emissions.

Our comprehensive emissions data is disclosed in our ESG data summary at [www.iag.com.au/safer-communities](http://www.iag.com.au/safer-communities).

## IAG's emissions trend: scope 1 & 2 emissions trend, and measured scope 3 (tCO<sub>2</sub>e)



## Group GHG emissions (tCO<sub>2</sub>e)

GHG Emissions	YoY	FY22	FY21	FY20
Scope 1	-13%	4,869	5,601	6,751
Scope 2	-12%	10,902	12,458	14,562
<b>Total Scope 1 &amp; 2</b>	<b>-13%</b>	<b>15,771</b>	<b>18,059</b>	<b>21,313</b>
Measured Scope 3	95%	8,868	4,552	11,606
<b>Total</b>	<b>9%</b>	<b>24,640</b>	<b>22,611</b>	<b>32,920</b>
Tonnes/FTE	7%	2.12	1.97	3.03

## How we are responding

### What we achieved in FY22

#### Managing our own emissions

**Scope 1 and 2 science-based emission reduction targets:** We continue to pursue initiatives that support emissions reduction of our direct operations. Initiatives include:

- Completing an EV Early Adopter Program to transition our corporate fleet in New Zealand (currently the largest source of emissions) to hybrid and electric vehicles.
- Refurbishing two of our largest Australian office sites to improve efficiency.
- Reduced the office floor space we occupy in New Zealand to better reflect our flexible working arrangements.

#### Measured scope 3 emissions:

In FY22, we extended the scope of our measured scope 3 emissions to include working from home. The extension ensures we capture the energy usage of the more flexible working arrangements we have adopted post COVID-19. The inclusion of working from home has driven an increase in our scope 3 emissions in FY22, as has the increase in business travel in the second half of the financial year, as COVID-19 restrictions eased.

#### Developing our understanding of Scope 3 emissions

We recognise that IAG's most material impact on the environment is through our scope 3 footprint, including our investments, underwriting portfolios, and supply chains. In FY22 we expanded our scope 3 understanding by completing an assessment using the Toitū Carbon Assess tool of 16 of our smaller suppliers in New Zealand, including motor repairers and builders, who make up a large part of our claims supply chain. Insights from this work are informing our scope 3 program.

#### Launching the NRMA Insurance Carbon Offset Program

The [NRMA Carbon Offset Program](#) was launched in May 2022 to enable individuals to offset their car's estimated yearly driving emissions.

- 100% of the funds (excluding GST) collected are used to source carbon offsets from our partner projects, such as bush regeneration in Australia, investment in renewable energy, and rainforest protection.
- The Program will also align to our Reconciliation Action Plan commitments, identifying project opportunities that support Aboriginal and Torres Strait Islander communities.
- It is accessible via either the NRMA Insurance website or app.

#### Enabling sustainable choices

Through our insurance products, we play a role in supporting our customers to make sustainable, low carbon choices. We currently insure around 9,700 EVs in Australia and 6,750 in New Zealand.

#### Collaboration and leadership on climate action

We collaborate with industry partners and different tiers of government, advocating for innovation and change that supports the management of climate risks and opportunities and catalyses action. Details of our engagements over the past year, including with the Australian Sustainable Finance Institute (ASFI) and New Zealand Climate Leaders Coalition) are included on our website at [www.iag.com.au](http://www.iag.com.au).

### Looking ahead to FY23

#### Progressing our Net Zero commitment

We will continue to report progress on scope 1 and 2 emissions and intend to expand our scope 3 coverage. Reporting against our Net Zero commitment will include:

- Accelerating the introduction of renewable energy to our energy mix.
- Further developing our responsible underwriting approach to ensure an ESG lens is embedded into strategic decision-making.
- Identifying investment opportunities that drive emissions reduction and support transitional technologies.
- Engaging and supporting material suppliers to measure, report and start reducing emissions.
- Developing products to incentivise our customers to transition to a Net Zero future.

#### Learning from the NRMA Insurance Carbon Offset Program

This offset program is just one measure in a broader program of work to decarbonise our products and support our customers with a transition to a low carbon future. We intend to collect the data on customer uptake that can provide a useful measure of how we can better influence behaviour change.

#### Net Zero Insurance Alliance

In order to support our work on scope 3 emissions, in June 2022 we joined the Net Zero Insurance Alliance (NZIA). Through this membership, we will be able to contribute to and learn from the development of climate and industry guidelines and methodologies to support the transition to Net Zero.

### Our Climate & Disaster Resilience Action Plan priorities:



Transforming the System



Rethinking Risk



Driving to Zero

# Disaster resilience and emergency response

## Why this is important to IAG?

Managing climate and disaster resilience is critical to our core insurance business. The NRMA Insurance Wild Weather Tracker showed that 1 in 3 Australians are worried that their communities are not resilient to wild weather.

We play an important role in supporting communities to recover and rebuild after major events. We are on the ground quickly to ensure our customers are safe and supported, and to help them begin their recovery. We have dedicated Major Events teams in Australia and New Zealand in place year-round to deliver on this promise.

By using our climate science insights and capability, we can help our customers take action to manage these peril risks, and work across government to develop and improve disaster resilience solutions.

## Our approach to managing this material topic

Our Climate & Disaster Resilience Action Plan (Action Plan) also details our strategic response to uplifting disaster resilience among our stakeholders:

- **Product, pricing, and insurance value chain:** we are investigating ways we can recognise customers' risk reduction action.
- **Property resilience:** we are supporting our customers and communities to make their homes more resilient.
- **Community & customer preparedness:** we educate the community about their risk and what they can do to make themselves safer, through partnerships and programs with emergency services and disaster resilience organisations.
- **Investment in resilience:** we advocate for and support investment in mitigation. We work with all levels of government and share our advice on effective risk reduction measures, and how to incentivise private sector investment.
- **Land planning, building codes and construction:** we use our insights to drive change in building codes, practices, and land use so that homes and buildings can withstand more extreme weather.
- **Policy settings, engagement, and influence in the resilience system:** we contribute to national policy frameworks like the National Disaster Risk Reduction Framework, which set priorities for a resilient and insurable Australia.

The NRMA Insurance Wild Weather Tracker is now onto its fifth edition, using claims data analysis and consumer preparedness sentiment to drive risk awareness at a national scale in Australia. 2022 also saw the first iteration of the Wild Weather Tracker in New Zealand, which revealed a 32% increase in claims this year from weather-related property damage across IAG's New Zealand general insurance brands. Within this context, it is critical that we continue to help our customers and communities understand their risks and build resilience.

## How we are measuring performance

In 2022 we publicly committed to enabling one million Australians and New Zealanders to take action to reduce their risk from natural hazards by 2025. Examples of actions and initiatives we are taking are included here, and we intend to start disclosing our performance against this target from FY23.



**“ Insurance is here to support Kiwis when things go wrong, but there’s so much more we need to be doing to keep New Zealanders safe from the impacts of natural disasters. We hope that by regularly publishing the Tracker, people will clearly see the impact climate change is having on our communities and be able to better prepare.”**

Amanda Whiting, Chief Executive Officer IAG New Zealand

## How we are responding

### What we achieved in FY22

#### Supporting community preparedness

- NRMA Insurance worked closely with the NSW State Emergency Service to develop community preparedness campaigns (‘The Risk is Real’ campaign) in high-risk flood locations such as Georges River, Mid North Coast, and the Central Coast/Hunter region.
- Established a new partnership between NRMA Insurance and the South Australian State Emergency Service (SA SES) in June 2022.
- SASES Chief Executive Officer Chris Beattie said: “Our partnership with NRMA Insurance is a significant milestone for the SASES that will enable us to amplify localised and targeted community preparedness programs in high-risk areas.”

#### Continuously engaging across the risk-reduction and resilience system

We continue to work with industry and government to influence and scale disaster resilience action, including:

- The National Recovery and Resilience Agency (NRRA)
- The Northern Rivers Reconstruction Corporation (NRRC)
- The Australian Resilience Corps – a volunteer network resource that aims to lift resilience to fire and flood disasters across Australia.

#### Responding to the East Coast flood disaster

We worked with our community partners to share insights, reinforce their critical safety messaging in our communications and support customers at recovery centres. Our response included deploying the NRMA Insurance Helicopter to support our partners NSW SES and Australian Red Cross.

Further details on IAG’s community partnerships can be found at [www.iag.com.au/safer-communities](http://www.iag.com.au/safer-communities).

#### NRMA Insurance helped homeowners prepare for disasters in several ways:

- **Bushfire Building Council of Australia (BBCA) and FORTIS House:** This collaboration, including Shoalhaven City Council, has delivered house designs and a set of building principles for disaster resilience, sustainability, self-sufficiency, and quality. The project aims to make it easier and more affordable for Australians to build houses resilient to bushfires, floods, storms, heatwaves, and cyclones. Taking as little as 12 weeks to build, prefabricated FORTIS houses simplify and fast-track community recovery and preparedness for the future.
- **Storm Check program:** In partnership with the Brisbane Sustainability Agency, we completed 40 home assessments to identify ways to make them more resilient to severe storms. The program found that when homeowners are provided with expert, actionable advice, they are more likely to implement interventions. However, the cost of retrofitting remains a significant barrier to uptake.

### Looking ahead to FY23

#### Scaling our impact through partnerships

Due to the devastating floods in 2022 the Mid North Coast campaign will be refocused to look at ways to embed longer-term resilience into the recovery process.

**Australia:** We will continue to work with the NSW and SA State Emergency Service and other partnerships to help communities move from risk awareness to preparedness action.

As part of the established NRRRA National Cross-Sector Panel we will continue to provide leadership on the development of the next National Action Plan for Disaster Resilience.

**New Zealand:** We will continue to promote greater focus on climate adaptation in our role on the steering group for the New Zealand Climate Leaders Coalition (CLC) and as the chair of its Climate Adaptation Working Group.

#### Australian Resilience Corps

NRMA Insurance is a founding partner of the Australian Resilience Corps with the Minderoo Foundation. Looking ahead, we will increase focus on creating opportunities for volunteers to join activities in their communities and help prepare for fire and flood.

#### Thinking differently to build customer and community disaster resilience

IAG is working with the BBCA, along with NAB and BlueScope Steel, to develop a Bushfire Resilience Star Rating program to be launched nationally in 2023. The program’s app will allow people to enter information about their property and receive a rating for its bushfire resilience alongside a list of practical actions to improve the resilience of their home. IAG is also helping to fund a number of home retrofits to provide insights for industry and government bodies to help scale the Star Rating program.

### Our Climate & Disaster Resilience Action Plan priorities:



Transforming the System



Rethinking Risk



Driving to Zero

# Affordability and availability of insurance

## Why is this important to IAG?

Affordability and availability of insurance is a consistent topic of concern among customers, industry forums, stakeholder engagement groups, and for our business. Increasing severity and frequency of natural perils, the ongoing impacts of COVID-19, supply-chain and inflationary pressures all require new ways of thinking to ensure we can deliver affordable and available products and services.

## Our approach to managing this material topic

We have several tools and are developing others that will help us address this material topic:

- In March 2020 we launched our [Financial Inclusion Action Plan \(FIAP\)](#), representing an integrated approach to addressing affordability and availability for our customers, employees, suppliers, and community partners in Australia. In 2022, we continued to implement activities outlined in our FIAP.
- In November 2021 we launched our three-year Climate & Disaster Resilience Action Plan. This details a commitment to supporting insurance affordability and availability for our customers through managing climate risk in our portfolio choices, underwriting, and product and pricing approach.
- To uplift how we address this material topic, Affordability and Availability of insurance was recognised as a standalone Enterprise Risk in 2022. This supports a shared understanding, acknowledgement, and agreement of this issue across the business.

IAG also works closely with government to ensure we provide the best outcomes for our customers. Earlier this year, we welcomed the former Federal Government's announcement that it had finalised the design of the Cyclone Reinsurance Pool for cyclone prone areas of Australia. Further details on the announcement can be found at [www.iag.com.au/newsroom](http://www.iag.com.au/newsroom).

## How we are measuring performance

### Financial Inclusion Action Plan

The Financial Inclusion Action Plan (FIAP) program is led by Good Shepherd and focuses on actions to improve financial inclusion and resilience. In November 2021 our FIAP progress was attested to by senior management and verified by Good Shepherd and EY. We progressed 65 of the 69 initiatives which was an important milestone, and solid foundation for IAG's financial inclusion journey. Key initiatives delivered included language interpreter services for customers, employee training on family and domestic violence, and publishing research on mental health and financial wellbeing.

### Customer Equity

Since July 2021 our 'Supporting Customers Experiencing Vulnerability' web-based training has been completed by 1,252 new starters, and our 'Introduction to Vulnerability' instructor-led training has been completed by 767 new starters supporting an uplift in understanding and awareness of customer vulnerability.

### Climate & Disaster Resilience Action Plan

We will continue to publish an annual scorecard on our website detailing our progress against each of the commitments and goals outlined in the Action Plan.



FORTIS House design

## How we are responding

### What we achieved in FY22

#### Designing our products to meet stakeholder needs

In 2022, we implemented our Group Product Design Principles. These Principles are fundamental concepts underpinning our approach to product design. The application of these principles ensures that our products meet the reasonable needs and objectives of customers, shareholders, regulators, and the broader community throughout the customer journey. This includes making our products easy to understand and communicating with our customers and other stakeholders in a clear and simple way.

#### Working with government and Industry

IAG actively engages with various levels of government and regulators to provide information to support them to better understand the underlying challenges of affordability and availability of insurance. We also influence the wider industry to take a holistic approach to addressing these challenges. Key activities include:

- Completing four public submissions to four different flood inquiries in Queensland, New South Wales and Lismore outlining that mitigation, land use planning and building code reform are key to keeping communities safe in future flooding events. These engagements provide governments with our unique insights, helping to influence public policy decisions on risk mitigation and ultimately supporting accessible private insurance.
- Guiding the latest Insurance Council of Australia (ICA) report *Flooding and Future Risks*, driven by IAG's Natural Perils team alongside others in the industry.

#### Customer equity

At the end of 2021 we engaged PwC to conduct a detailed benchmarking of our capabilities to deliver against our Customer Equity Strategy. The benchmarking resulted in a detailed Maturity Model, which defined a target end state and provided input to our measurement approach.

In the past year, NRMA Insurance launched two initiatives to help customers access insurance:

- In Western Australia, comprehensive 'Basics' cover is now available. The tiered product helps provide a more affordable option for comprehensive motor insurance customers.
- NRMA Insurance rolled out a pay-by-the-month option at no extra cost for motor, home, boat and caravan policyholders in SA, NT, and WA to enable customers to pay progressively for their insurance.

### Looking ahead to FY23

#### Strengthening our approach to affordability and availability

We are developing a co-ordinated approach to how we manage risks and opportunities at an organisational level. Ongoing initiatives and opportunities that will help position us to better address affordability and availability challenges include:

**Flood prevention, mitigation, and management:** Continuing to collaborate with government and Industry to address affordability and reputation risk through engagement on historical land use planning and building controls, and gaps in modern codes.

**Managing climate risk in our portfolio choices, underwriting, and product and pricing approach:** Using claims data and climate scenario analyses to uplift IAG's ability to signal climate risk exposure for customers. This will help inform product development and insurance portfolio management for high-risk peril areas where insurance affordability and availability are exacerbated by climate risks.

#### Further embedding customer equity into our business

We are developing governance and reporting mechanisms to enable tracking against implementation of the Customer Equity Maturity Model.



# Trust and transparency

## Why this is important to IAG?

Building trust is foundational to our social license to operate and ability to address IAG’s three other material topics – climate change, disaster resilience and emergency response, and affordability and availability of insurance. We will maintain this trust by being a responsible and ethical business that meets the expectations of our customers and communities through robust environmental, social and governance (ESG) risk management and transparent sustainability disclosure.

## Our approach to managing this material topic

We need to ensure that our stakeholders have trust in both our competence and our character. We need to demonstrate the skills and expertise to meet our commitments and the strength of character to act with integrity. This means being honest and authentic throughout our operations and acting with the right motive and transparency. Our approach includes:

- Engaging with a broad range of stakeholders to understand evolving community expectations of corporates and insurers.
- An Ethics Committee with an independent Chair that meets regularly to share views and build a better understanding of evolving expectations.
- Monitoring customer complaints seeking to identify key themes that allow us to take steps to improve confidence in products and address areas where trust has been eroded.

- A Group Product Policy that sets out the principles and practices applied to the design, development, and management of IAG’s insurance products.
- Annual employee compliance training to ensure a comprehensive understanding of our core governance practices, including our Code of Ethics & Conduct and our Anti Bribery and Corruption policy.

We continue to build and maintain trust and transparency through a clear and robust governance structure. The Board Charter includes oversight of the Group’s sustainability strategy and initiatives, including consideration of external climate change and ESG reporting, and approval of the Annual Review and Sustainability Report. Board Committees oversee the integrity and effectiveness of our policies and practices, as well as our external reporting. Further details on our governance structure, including the codes and policies that set the foundation can be found on our website at [www.iag.com.au/about-us/corporate-governance](http://www.iag.com.au/about-us/corporate-governance), and in the Climate-related disclosures.



**67**

DJSI score  
On Australia Index  
(+2 from 2020)

**B**

CDP score  
(down from A in 2020)

We also monitor our performance by engaging with trusted ESG assessments, including the Dow Jones Sustainability Index (DJSI) and CDP. These assessments enable us to benchmark our progress over time against a range of ESG criteria. They also provide a lens on best practice and stakeholder expectations, which we leverage to prioritize activities and uplift transparency.

## Hearing and acting on our customers’ complaints

### We have millions of customer interactions every year.

Sometimes an interaction will fail to meet our customers’ expectations. In these cases, we are focused on resolving the complaint for our customer and learning from the experience.

In these cases, we are focused on resolving the complaint for our customer and learning from the experience to improve our processes. Over the last three years IAG has been on a journey to improve the way we manage, review, and respond to complaints.

As part of this journey, we have focused on uplifting our complaint identification, tracking, and speed of resolution. Over the past year this has led to an 83% increase in lodging complaints at the first instance in Australia, and we resolve 95.9% of them within 30 days.

To enable our people to act quickly and effectively for our customers, we have delivered an enterprise-wide complaint management system and dedicated complaint management training to around 6,000 front-line people, focusing on customer empathy. This new system has enabled us to better track and identify new insights regarding the root cause of complaints, and ultimately to deliver initiatives that have led to improvements in our processes, including for identifying outdated mailing addresses, amending wording around coverage levels, and clarifying policy terms.

## How we are measuring performance

ESG	Targets and activities	FY22 Progress
<b>Environment</b>		
<b>Net zero by 2050, with 50% emissions reduction by 2030</b>	<p>Reduce Scope 1 &amp; 2 in line with science based targets:</p> <ul style="list-style-type: none"> <li>43% reduction by 2025 (19,360 tCO2e)</li> <li>71% reduction by 2030 (9,993 tCO2e)</li> <li>95% reduction by 2050 (1,972 tCO2e)</li> </ul> <p>IAG's Net Zero Roadmap is being expanded to include the introduction of scope 3 emissions for supply chain and customers.</p>	<p>Scope 1 &amp; 2: 15,771 tCO2e, reduced by 13% year-on-year</p>
<b>Disaster resilience action</b>	1 million Australians and New Zealanders have taken action to reduce their risk from natural hazards by 2025.	Progress to be reported in FY23
<b>Social</b>		
<b>Customer Equity Program</b>	Incorporation of the key initiatives of the Customer Equity Principles and Maturity Model to support delivery against the customer equity framework. This includes delivering web-based vulnerability training for front line employees.	Metrics to be developed in FY23
<b>Women in Senior Leadership</b>	Increase Women in Senior Leadership to 50% by FY23.	44%
<b>Indigenous Engagement Program</b>	Increase Indigenous employment to 3% of Australian employees by the end of 2023.	1.3%
<b>Indigenous suppliers</b>	Increase the number of Aboriginal & Torres Strait Islander owned businesses in IAG's supply chain to 45 by the end of 2023.	32
<b>Safety &amp; Wellbeing of IAG people</b>	Reduce lost-time injury frequency rate (LTIFR) to 1.47 in Australia and 0.85 in New Zealand for 2022.	AU: 0.96 NZ: 0.17
<b>Governance</b>		
<b>Responsible Underwriting</b>	Cease underwriting entities predominantly in the business of extracting fossil fuels and power generation from fossil fuels by the end of FY23.	<\$1m, or <0.01% of total GWP
<b>Responsible Investment</b>	<p>Reduce the normalised carbon footprint and carbon intensity for IAG's Australian and Global listed equity mandates:</p> <ul style="list-style-type: none"> <li>reduce by 25% versus 2020 relevant index level baselines until 2025</li> <li>reduce by 50% versus 2020 relevant index level baselines by 2030</li> </ul>	Footprint: AU and Global equity portfolios reduced by 63% and 48% respectively vs 2020 baseline
<b>Sustainable Procurement</b>	At the end of FY22, 100% of managed suppliers had received the Supplier Code of Conduct and 50% of high/material risk suppliers had completed supplier risk assessments.	276 supplier risk assessments completed in FY22

● Achieved | ◐ On track



## How we are responding

What we achieved in FY22	Looking ahead to FY23
<p><b>Remuneration Practices</b></p> <p>We are committed to a fair, transparent, and responsible remuneration framework. As part of the upcoming requirements of Australian Prudential Regulation Authority (APRA) Prudential Standard for Remuneration (CPS 511), our People and Remuneration Committee is reviewing IAG's remuneration framework. This review will enable our remuneration framework to remain fit for purpose and supports our strategy.</p>	<p>Looking ahead, we will extend the review of our remuneration framework to incorporate consideration of non-financial measures used in the design of variable remuneration.</p>
<p><b>ESG Risk Management</b></p> <p>The Board have strengthened risk management by updating our Risk Appetite Statement to include a statement on ESG risk. This update ensures we respond to evolving stakeholder expectations for managing ESG risks and opportunities, including embedding climate and disaster resilience into our core business operations.</p>	<p>In FY23 we will develop how we measure and monitor ESG and climate risks to further embed them in the risk management and decision-making process.</p>
<p><b>Ethics in data</b></p> <p>Robust management of data is central to driving ethical conduct throughout IAG and protecting our customers. To help evaluate our own existing algorithmic ethics framework, we recently participated in the Australian Government's artificial intelligence ethics principles pilot. Following this, we formalised our existing internal guidance for assessing AI systems within our risk architecture and standards.</p>	<p><b>Responsible Underwriting</b></p> <p>The Chief Underwriting Officer is leading the development of an enterprise-wide approach to responsible underwriting to better assess and consider ESG impacts across our insurance portfolios. This will further embed an ESG lens in strategic decision-making and strengthen our governance approach.</p>