



**iag**

# **Our Climate Action Plan**

**Here's how we're adapting**

Half 1 FY20  
Scorecard Reporting

Half 1 FY20 Update  
February 2020

# Our Climate Action Plan and Scorecard

Climate change is one of the world's most pressing issues. Consistent with the scientific reports of the Intergovernmental Panel on Climate Change, global temperatures have the potential to increase between 1.5 and 3.0 degrees Celsius (°C) by 2050.

We recognise that IAG needs to play a role in climate change adaptation as well as reducing the emissions that are driving it.

In FY17 IAG designed a three-year CAP to do both these things, and we initiated our work in FY18. As we deliver our plan for change, we hope to support and empower our customers, partners and communities to do the same.

The Half 1 FY20 Climate Action Plan Scorecard represents the halfway point of IAG's three year plan and provides us with a strong sense of how we are tracking against our objectives.

## Think big

Ensuring IAG leads on the right issues and builds the right relationships to enable climate action.

## Prepare our people

So that we can apply the depth of experience of people from across our business to support climate action.

## Reduce our emissions

To ensure IAG plays its role in emission reduction.

## Invest responsibly

To ensure our investment activity aligns to IAG's purpose and appropriately addresses ESG and climate change considerations.

## Rethink risk

To ensure IAG's products, systems and partnerships help customers, businesses and communities to make a smooth transition to whatever the future brings.

# Think big

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<p><b>Help set the standard across our region by creating a business-wide approach to climate change</b></p> <p><i>Accountable: Group CEO</i></p>	<p>Use our purpose, strategy and risk management to address risks and maximise opportunities from climate change</p>	<p>Launched the 'Severe Weather in a Changing Climate' report in partnership with the National Centre for Atmospheric Research (NCAR). The report includes the latest data on the state of the climate and predictions on future extreme weather events based on a range of warming global temperatures (up to 3°C from pre-industrial times). The insights are being used to inform IAG's product and pricing approach, to increase understanding of our future climate in Australia and encourage more collaboration between industry and government to strengthen property resilience from natural disasters. The report was widely publicised via media and social media.</p> <p>Increased disclosure through annual reporting process with in-depth TCFD aligned Climate Related Disclosure included in FY19 Annual Report and online. Updates on the Climate Related Disclosure have been included in the Half Year FY20 Investor Report.</p> <p>IAG has been engaging with regulators in Australia, New Zealand and Singapore regarding climate risk disclosure.</p>		<ul style="list-style-type: none"> <li>Continue and expand communication with stakeholders on the issue</li> <li>Provide half yearly updates on progress against our Climate Action Plan</li> <li>Implement public climate risk disclosure in compliance with Taskforce on Climate-related Financial Disclosures (TCFD) guidelines</li> <li>Continue to engage with regulators regarding climate risk disclosure as an entity in all jurisdictions where we operate</li> </ul>	<p>-----&gt;</p> <p>-----&gt;</p>
<p><b>Provide a leadership role for the insurance industry in addressing climate change</b></p> <p><i>Accountable: Group Executive, People Performance &amp; Reputation, Chief Customer Officer</i></p>	<p>Role model industry leadership and drive cross industry programs including Insurance Council of Australia and UNEP-FI</p>	<p>Following the release of the 'Severe Weather in a Changing Climate' report, IAG convened a workshop to develop a common approach to risk assessment for cyclones in Australia. This research will form the basis of the Data and Knowledge working group of the Insurance Council of Australia's Climate Change Action Committee.</p> <p>IAG hosting a session at the Australian Meteorological and Oceanographic Society (AMOS) conference on modelling and data inputs of climate extremes.</p> <p>IAG is one of 23 global insurers and re-insurers participating in the UNEP-FI Principles for Sustainable Insurance (PSI) Taskforce for Climate-related Financial Disclosures (TCFD) pilot. The pilot will enable industry benchmarking and inform IAG's ongoing approach to risk assessments, scenario analysis and climate-related disclosure. The pilot has progressed with PwC (physical and transition risk assessments) and the Sabin Center for Climate Change Law (liability risk assessments) the successful tenderer to undertake assessments under different scenarios for climate change globally.</p> <p>IAG is actively participating in the ICA Climate Change Action Committee, including chair of the 'Data and Knowledge' Working Group. IAG is also represented on the 'Emerging Risks' Working Group of the Geneva Association.</p> <p>IAG hosted a PSI Oceania event in Sydney. The event provided a market review of TCFD status and updates on ESG and sustainability practices for insurers and reinsurers.</p>		<ul style="list-style-type: none"> <li>Share our knowledge and insights gained through the research project with the US National Center for Atmospheric Research (NCAR) to inform a common view of climate risk</li> <li>Coordinate a session on climate extremes at AMOS Annual Conference</li> <li>Continue working with industry partners (peers, ICA and the PSI) to promote wide understanding of the role of insurance and its interaction with climate-related risks and opportunities</li> <li>Play leadership role in expansion of UNEP-FI climate program</li> <li>Support industry-wide climate conference</li> </ul>	<p>-----&gt;</p> <p>-----&gt;</p>

# Think big

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<b>Pursue system-wide change by collaborating widely across our relationships and networks</b> <i>Accountable: All Group Executives</i>	Ensure senior executive engagement in key climate forums	<p>Active involvement in the New Zealand Climate Change and Business Conference and committed to ongoing participation.</p> <p>In Australia, IAG has played an active role as Co-Chair of the Australian Sustainable Finance Initiative (ASFI), which is working to set a roadmap for realigning the finance sector to support greater social, environmental and economic outcomes. In December, ASFI released its first progress report identifying six critical challenges that the financial sector must address in order to navigate risks and opportunities for Australia's future resilience, prosperity and wellbeing.</p> <p>In New Zealand, IAG is playing a key role in the Sustainable Finance Forum, an initiative of The Aotearoa Circle, which is a partnership of public and private sector leaders committed to sustainable prosperity and the conservation of natural resources across the country. In October, the Sustainable Finance Forum released the Interim Report 2019.</p>		<p>Continue to support Climate Change and Business Conference in New Zealand</p> <p>Play a leading role in the development of a Sustainable Finance Roadmap that incorporates climate change and resilience in collaboration with the UNEP-FI, Australian and New Zealand governments and businesses</p>	<p>-----&gt;</p> <p>-----&gt;</p>
	Deepen our input and engagement with governments and industry on climate change and its impacts	<p>Active contribution to the Climate Leaders Coalition in New Zealand with support being provided for the development of CEO Guide to Climate Response.</p> <p>IAG and Australian Business Roundtable for Disaster Resilience and Safer Communities (ABR) developed submissions responding to the Emergency Response Fund Bill. ABR is developing a new advocacy plan.</p> <p>IAG is playing an influencing role with governments and business through the Resilience Investment Vehicle (RIV) project engagement.</p> <p>IAG joined panels at four Understanding Disaster Risk Forums and the annual Department of Home Affairs Summit; contributed to development of the draft National Action Plan, with RIV and ABR Priority Initiatives included in the activity listing.</p>		<p>Actively engage in and contribute to the Climate Leaders Coalition in New Zealand</p> <p>Play an active role as IAG and representing the ABR in the development of the National Disaster Risk Reduction Framework in Australia</p> <p>Contribute to development of National Action Plan for National Disaster Risk Reduction Framework</p>	<p>-----&gt;</p> <p>-----&gt;</p> <p>-----&gt;</p>
	Advocate on important policy and regulation including the need for appropriate mechanisms to price carbon and the importance of increased renewable energy generation	<p>Active engagement in the finalisation and planning for implementation of the National Disaster Risk Reduction Framework led by the National Resilience Taskforce, including participation in the National Disaster Risk Information Services Capability Pilot Project. This has included the development of submissions and meetings with Minister and officials. IAG has made several public policy submissions to government inquiries and reviews that are available at <a href="https://www.iag.com.au/news-events/government-submissions">https://www.iag.com.au/news-events/government-submissions</a>.</p> <p>Completed submission on NZ Government Discussion Document and held subsequent meeting with Minister and officials.</p>		<p>Actively contribute to future government reviews, inquiries and policy setting</p> <p>Participate in development of climate change legislation in New Zealand</p>	<p>-----&gt;</p> <p>-----&gt;</p>

# Think big

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<p><b>Continue our leadership in supporting community resilience and disaster risk management</b></p> <p><i>Accountable: Group Executive, People Performance &amp; Reputation CEO New Zealand Executives</i></p>	<p>Make the world a safer place and continue community resilience leadership through our programs and partnerships</p>	<p>Continued engagement with local government in various forms and forums on long-term flood and inundation risk, changing climate risk, likely insurance response, and the reforms needed to reduce exposure and vulnerability.</p> <p>Continued engagement with NSW Rural Fire Service on fire management collaboration opportunities along with support for fire management through new technologies that help buildings become less susceptible to fires. Over the 2019-20 bushfire season, IAG also supported the New South Wales (NSW) Rural Fire Service efforts by deploying the NRMA Insurance Helicopter to combat bushfires in NSW through conventional water bombing and trialling a new biodegradable, non-toxic fire retardant via the NRMA Insurance Helicopter to help protect homes and properties in the line of fire.</p> <p>Through the Blacktown Good 'Hoods Incubator IAG helped bring to life the work of fifteen Blacktown-based organisations, working on issues as diverse as domestic violence to multicultural services, through the NRMA Insurance "High Five for Blacktown" activation. The program is supporting community resilience and positive brand benefits to the NRMA Insurance brand.</p> <p>The NRMA Insurance and SES 2019 Storm Season campaign maintained high levels of community outreach, with campaign material accessible to 8.86 million people across Queensland and New South Wales.</p> <p>The IAG and Australian Red Cross partnership continued to enable resilience building and preparation through the co-created Get Prepared mobile app which helps users connect and develop a support network and identify actions to protect themselves, their loved ones and their valuables in the face of emergencies. Users of the Get Prepared app grew by more than 50% from July 2019 with 30,386 downloads by 8 January 2020.</p>		<p>Engage local government in New Zealand on approaches to climate adaptation for the community</p> <p>Investigate collaborative partnership with NSW Rural Fire Service to enable community preparedness and support bush fire management</p> <p>Expand Good 'Hoods program National Movement that aligns to the Climate Action Plan</p> <p>Explore opportunities and partnerships to support natural capital in climate resilience</p>	

# Prepare our people

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<b>Maintain Board and Group Leadership Team (GLT) engagement</b> <i>Accountable: Group Executive, People Performance &amp; Reputation</i>	Support CAP initiatives with accountability, governance and reporting structures with overall ownership by GLT and Board	Further refined governance, accountability and attestation process with EGM level sign off on progress against the Climate Action Plan.  Climate Action Plan implementation update delivered to the Board as a part of annual Safer Communities performance report.		Further embed a reporting and governance process for CAP scorecard through existing governance functions	----->
				6-monthly reporting on status of CAP implementation to GLT	----->
				At least annual reporting to Board on CAP progress	----->
<b>Demonstrate visible commitment from IAG's senior executives</b> <i>Accountable: Group Executive, People Performance &amp; Reputation Group Executive, Strategy &amp; Corporate Development</i>	Ensure CAP accountabilities are translated into performance management process for key roles	Climate change included in strategy setting, with further integration into business planning across divisions underway. Further integration into FY21 business planning to occur in FY20.  Performance goals have been developed and included for key GLT and senior leaders. Further work to be done on embedding in performance goal process across additional roles.		Integrate with business plans	----->
				Ensure GLT and appropriate senior leader performance goals include CAP accountability	----->
<b>Make our CAP everyone's responsibility by incorporating it into our management systems</b> <i>Accountable: Group Executive, People Performance &amp; Reputation, CEO Australia, CEO New Zealand</i>	Factor climate change risks and performance into partnering considerations	Continued implementation of Responsible Sourcing Program with Supplier Code of Conduct and ESG Questionnaire developed.  Additional engagement on climate change with key community partners.		Build systematic approach to engage with procurement and business partners	----->
				Expand systematic engagement to supply chain partners in claims	----->
	Establish incentives and accountabilities for individual climate change elements through our systems	Key roles and talent involved in ongoing climate scenario work, including deep immersion in scenarios for a 2030 world. A refresh of the FY20 Climate Action Plan and Scorecard with accountable EGM's has refined actions and accountability for FY20 and FY21.		Engage promising talent (as well as business leaders) in programs of work in the CAP	----->
Improve governance of CAP and role accountability				----->	
Support learning and development of our people to support our organisational capacity to manage climate change issues across roles and functions	Climate change has been incorporated into a number of key leadership programs across IAG, for example Change Makers, a leadership program for female leaders at IAG.		Develop and embed climate topics into induction, learning and development programs	----->	
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# Prepare our people

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<b>Create simple pathways for our people to remain involved and contribute to our plan</b> <i>Accountable: Group Executive, People, Performance &amp; Reputation</i>	Engage our people to successfully implement emissions reduction initiatives at our offices	An internal video by IAG's Principal Meteorologist, the climate and weather expert, provided an update to staff on the severe weather season for Australia and New Zealand.		Develop and deliver resources for leaders and teams on climate-related issues	
	Maintain and implement internal engagement plan on climate change	Delivered a number of presentations, internal articles, reports and videos to our people through the first half of FY20. An internal event with the Red Cross titled 'Natural Disasters in a Warming World' in November 2019 was attended by over 300 people both in person at IAG's Sydney and Melbourne offices and through the live webcast.		Explore additional ways for our people to be engaged in activities that contribute to the plan	
<b>Enable and support our people to access tools and initiatives that help them manage their own climate change impacts</b> <i>Accountable: Group Executive, People Performance &amp; Reputation</i>	Support our people with tools, information and programs to contribute	IAG has been evaluating existing policies to ensure emissions reduction can be a consideration in decision making. Investigation into opportunities has commenced with relevant divisions.		Mobilise our people to take action on climate change	
				Integrate vehicle CO2 emissions into revision of salary sacrificed packaged vehicle scheme	Develop climate-related opportunities in employee program

# Reduce our emissions

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<b>Manage our own impacts in line with a transition to a low-carbon future</b> <i>Accountable: CEO Australia; CEO New Zealand</i>	Meet IAG's science-based emission targets for scope 1 and 2 emissions	IAG has commenced an assessment of options to integrate renewable energy into Australian electricity procurement.  Operational emissions performance for Australia and New Zealand presented through IAG's FY19 Data Summary in the Safer Communities section of www.iag.com.au.  IAG has commenced work to localise science-based emissions targets for Australian and New Zealand operations in FY20.		Integrate renewable energy into Australian electricity procurement  Localise operational emissions targets to Australia and New Zealand context	Review opportunities for science based emissions targets across additional emissions sources
	Maintain carbon neutrality	IAG has purchased and retired carbon offsets to meet its carbon neutral commitment since 2012. Our approach is to forward estimate our emissions footprint and purchase sufficient offset units to maintain our carbon neutral status over time. The costs associated with purchasing the offsets are apportioned to each of the IAG divisions based on their emissions profile, creating an internal carbon pricing mechanism.  Continuing to purchase a considerable portion of our carbon credits from Aboriginal and Torres Strait Islander communities, with 42% of offsets for FY18 coming from Indigenous projects.		Continue and expand our internal carbon pricing mechanism  Continue to purchase a portion of our carbon credits from Aboriginal and Torres Strait Islander communities as part of our ongoing Reconciliation Action Plan	Engage other corporate organisations and First Nations communities to develop a new carbon offset project that will provide an economic opportunity and employment outcomes for a local community as part of our ongoing Reconciliation Action Plan
<b>Leverage the latest thinking and technology to reduce the impact of our work processes</b> <i>Accountable: CEO Australia, CEO New Zealand</i>	Create and implement a strategy to align our operational footprint with the carbon budget for a lower than two degree future	IAG has reduced emissions and remains on track to achieve its FY20 Science Based Target due to reductions in emissions in both our Australian and New Zealand operations.  Work has commenced to support fleet transition in Australia and New Zealand.  A group wide Energy Renewables and Efficiency project has commenced and is identifying opportunities for renewables and energy efficiency in both Australian and New Zealand to support achievement of our Science Based Target to 2025 and beyond. Installation of solar PV system at Burwood data centre on track for second half of FY20.		Introduce pilot to reduce emissions from Australian fleet  Develop approach to fleet transition in New Zealand  Assess renewable and energy efficiency opportunities for IAG's Australian and New Zealand property portfolio	

# Invest responsibly

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<b>Shift investments to companies that have a lower exposure to climate-related risks or a forward-looking strategy to manage these risks</b>  <i>Accountable: Group CFO</i>	Continue to implement climate-related risk management measures through Portfolio Management as part of broader ESG risk management	IAG's investment processes for its equity portfolio excludes or restricts investment in high risk companies with poor climate change risk management and supports companies which are improving their performance by reducing their carbon risk or investing in renewables. In FY20 across its investment mandates, IAG no longer invests in companies which are predominantly engaged in mining thermal coal (using a threshold of greater than 10% of revenue from the mining of thermal coal).  The normalised carbon footprint of IAG's equity portfolios has fallen moderately from levels reported end June 2019 and remains lower than comparable benchmarks. Exposure to higher risk companies fell from 0.13% of investment portfolio end June 2019 to 0.08%.		Maintain and extend ESG screening criteria for external fund managers  Review of climate risk criteria and portfolio analysis	
<b>Actively support action on climate change and a net-zero future</b>  <i>Accountable: Group CFO</i>	Continue to invest in reputable green bonds	IAG are targeting an increase in green bonds allocation to A\$200M. As at December 2019, Green/Social Bonds and related thematic investments - \$124m allocation to green/ social bonds in IAGAM managed portfolios (inclusive of allocation to NAB Low Carbon Share Portfolio) and \$2m Generation Climate Solutions Fund. Continued engagement with green issuers (bonds and RMBS).		Continue to support thematic investments for a low carbon transition  Explore alignment of investment process to allow customer choices in investment allocation of customer premiums	
	Leverage our investments to support climate resilient infrastructure and emission reduction	Resilience Investment Vehicle (RIV) being developed in partnership with National Australia Bank to develop an investment vehicle that will direct capital to finance new and/or adapt existing infrastructure that builds resilience to natural hazards. A working group has been established with Australia-New Zealand Emergency Management Committee (ANZEMC) Mitigation and Risk Sub-committee, CSIRO and NSW Office of Emergency Management, with Emergency Management Australia also highly engaged.		Explore pilot opportunities for a Resilience Investment Vehicle	
<b>Measure carbon intensity and include climate-related risks in the (ESG) risk management of our investments</b>  <i>Accountable: Group CFO</i>	Measure ESG and carbon risk exposures in our portfolio	IAG continues to review and refine its investment criteria, including by assessing and using Environmental, Social and Governance (ESG) research, engaging with other like-minded investors and counterparties, and participating in organisations like the UN-supported Principles for Responsible Investment.  IAG's Investment Portfolio carbon intensity and exposure to high risk companies included in the FY19 Climate Related Disclosure.		Expand climate-related financial disclosure carbon and climate-related investment risk  Formalise framework and governance for ESG and carbon risk in alignment with IAG Social and Environment Policy	

# Rethink risk

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<p><b>Lead climate research and analysis, including on natural perils, to support IAG and our stakeholders to better understand and respond to climate change</b></p> <p><i>Accountable: Group Executive, Strategy &amp; Corporate Development, Chief Risk Officer</i></p>	<p>Support research on natural perils and changing climatic conditions important to our business and the region</p>	<p>Release of the IAG and NCAR "Severe Weather in a Changing Climate". The report includes the latest data on the state of the climate and predictions on future extreme weather events based on a range of warming global temperatures, up to 3°C from pre-industrial times. The findings highlight the need for resilience and mitigation planning by individuals and communities to adapt to the impacts of climate change including tropical cyclones, hail / severe convection storms, east-coast lows, floods and bushfires.</p> <p>The research project with NCAR is continuing and will focus on cyclone risk and establishing a more accurate record particularly for South East Queensland.</p> <p>IAG has undertaken a first assessment of natural peril modelling for the current climate and three potential future temperature scenarios (+1.5°C, +2°C and +3°C) for New Zealand. Initial analysis has informed a plan on how to improve the internal models to improve the quantification of the risk and risk reduction opportunities.</p>		<ul style="list-style-type: none"> <li>Undertake research into potential climate futures</li> <li>Reconstruction of cyclone record for key events to establish more accurate historical record</li> <li>Undertake research into potential climate futures in New Zealand</li> <li>Use 'Severe Weather in a Changing Climate' report to inform financial and economic modelling of the cost do-nothing, compared with opportunities to adapt the built environment</li> </ul>	<ul style="list-style-type: none"> <li>Research Southern Australia impacts of climate change including hail, to identify risk drivers of weather-related events and risk reduction</li> </ul>
<p><b>Further embed climate risk into the Enterprise Risk Profile, supported by the Risk Management Framework and Strategy</b></p> <p><i>Accountable: Chief Risk Officer, Group Executive, People Performance &amp; Reputation</i></p>	<p>Climate research and modelling used to inform the Enterprise Risk Profile process</p>	<p>IAG identified climate change as a strategic risk through its Enterprise Risk Profile (ERP) in the first half of FY20, with a review and update of the Risk Response Plan and integration with the Risk Management System underway. This will build on the cause and effect analysis undertaken for climate change in FY19, including the outcomes of IAG's climate scenario analysis.</p>		<ul style="list-style-type: none"> <li>Scenario analysis informs Enterprise Risk Profile</li> </ul>	<ul style="list-style-type: none"> <li>Further embed scenario analysis into Enterprise Risk Profile</li> </ul>
<p><b>Integrate climate insights, risks and opportunities into our strategic choices, portfolio assessments and pricing</b></p> <p><i>Accountable: Chief Risk Officer, Group Executive Strategy &amp; Corporate Development</i></p>	<p>Assess short, medium and long-term exposure of our portfolio to changing climatic conditions and potential future carbon policy</p>	<p>IAG continues to integrate insights across strategy &amp; trends; risk (including ERP); customer segments/portfolio; product and pricing (including underwriting) and asset management. This all forms part of the Climate Risk and Opportunity Program overseen by the Climate Risk and Opportunity Steering Committee.</p> <p>Physical Risk: Commenced building a framework and tool set to run future climate models as an extension to the existing group peril budgets with the potential to feed into individual policy pricing. This framework is intended to include the capability to incorporate risk reduction schemes through our products and pricing. This framework and tool set is now being considered in our strategic programs.</p> <p>Transition Risk: IAG has undertaken an assessment of downstream transition risk through its supply chain. This involved an analysis of the materials breakdown that makes up the ~\$4billion spend across Motor, Property and Claims procurement. Three scenarios (stretch, balanced and delayed action) were modelled using the future carbon intensity and carbon price.</p> <p><b>(Continue on next page)</b></p>		<ul style="list-style-type: none"> <li>Integrate and embed climate risk analysis into portfolio assessment process</li> <li>Ensure we can demonstrate how we have factored climate risk into product pricing and reinsurance</li> <li>Apply lessons from climate risks and opportunities into future of home research</li> </ul>	

# Rethink risk

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones		
				FY20	FY21	
<b>Integrate climate insights, risks and opportunities into our strategic choices, portfolio assessments and pricing</b>  <i>Accountable: Chief Risk Officer, Group Executive Strategy &amp; Corporate Development</i>	Assess short, medium and long-term exposure of our portfolio to changing climatic conditions and potential future carbon policy	<b>(Continued)</b>  The impacts under all scenarios to 2030 and 2050 are small, with less than 0.05% impact on the home and motor supply chain due to transition risk, confirming that physical risks, such as the change in natural peril frequency and intensity, present the most material medium and long term risk to IAG's business.  IAG will use the insights of the analysis to manage risks and identify opportunities through our value chain. More details on the impacts to IAG's commercial underwriting and investments from transitional risks will be provided with the full year results.  Consistent with Physical Risk, IAG has also considered the regional impacts of transition risks and opportunities based on changes in economic activity for different sectors to 2030 and 2050. This will be integrated with the physical risk and opportunity impact assessment.		<b>(See previous page)</b>		
	Deliver on commitment to cease underwriting entities mainly in the business of extracting fossil fuels and power generation from fossil fuels by 2023	IAG has committed to ceasing underwriting entities predominately in the business of extracting fossil fuels and power generation using fossil fuels by 2023. Supporting our purpose, we have committed to underwrite workers compensation irrespective of the climate intensity of the industry they work in because everyone needs to be protected at work. IAG's annual gross written premium (GWP) relating to all mining and fossil fuel power generation (including workers' compensation in these areas) was less than \$10 million, which equates to less than 0.1% of the total GWP written by IAG in FY19.		<ul style="list-style-type: none"> <li>Publish and implement carbon exclusion process for underwriting</li> <li>Assess and consider appropriate carbon and climate-related underwriting risk metrics for disclosure</li> </ul>		
	Use scenario-based planning to support strategy, risk management and product and pricing	Actively contributing to the UNEP-FI TCFD pilot through the Principles for Sustainable Insurance (PSI) to contribute to a globally harmonised approach to scenario disclosure across the wider insurance industry.  Scenario workshop with a cross section of stakeholders from across IAG tested scenarios in a climate impacted world in 2030 and identified opportunities for product and pricing.		<ul style="list-style-type: none"> <li>Collaborate on climate-related risk assessment with local and global partners, including participation in the UNEP-FI pilot</li> <li>Implement scenario-based planning on climate change futures</li> </ul>		
<b>Help our customers and communities to reduce emissions and adapt to climate change</b>  <i>Accountable: CEO Australia, CEO New Zealand, Chief Customer Officer</i>	Pursue commercial opportunities to support customers and communities to pursue climate adaptation and a low carbon transition	Commenced a low carbon living project to investigate customer desirability towards low carbon mobility and integrating energy efficiency and renewable energy into their homes.  NRMA marketing campaign promoted climate awareness and koala habitat through forest regeneration campaign – one tree planted for every policy sold. Partnering with Conservation Volunteers Australia with the campaign aiming to plant 37,500 trees in FY20.		<ul style="list-style-type: none"> <li>Test and develop insights for products and services relating to resilience, safety and a low-carbon transition</li> <li>Update existing fuel efficiency discount and expand to low-carbon mobility incentive</li> <li>Review and update incentives and education to support low-carbon behaviour through existing products</li> </ul>	<ul style="list-style-type: none"> <li>Target and scale new climate-aligned products that enable emission reduction and adaptation</li> </ul>	

# Rethink risk

## Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation H1 FY20	Progress	Timing and Milestones	
				FY20	FY21
<p><b>Drive risk mitigation in the building industry by generating insights into the impacts of natural perils</b></p> <p><i>Accountable: CEO Australia, CEO New Zealand, Chief Customer Officer</i></p>	<p>Assign resources to gain insights from claims and promote adaptation in the building industry</p>	<p>Commenced capture of the built form risk drivers from past cyclones and hail storms so that we can understand the key risk reduction opportunities that we can influence through products and pricing or changes to building codes and practices.</p> <p>IAG is working to create a central source of data using the research with NCAR and maintaining the 'Severe Weather in a Changing Climate' report. The objective of this work is to drive alignment and a common approach to risk assessment, methodologies and data across land planning, building codes and practices, insurance and banking.</p> <p>Natural peril insights are being used through continued engagement with government agencies on planning and adaptation activities to support risk reduction.</p>		<p>Undertake further research and use insights to continue influencing built form through products, pricing, partnerships and customer education</p> <p>Provide practical solutions to customers to mitigate risks that cause damage</p>	<p>Where commercially viable, apply incentives for risk mitigation and insights into supply chain activities</p>