

A wide-angle, high-angle photograph of a wind farm in a rural, agricultural landscape. The foreground shows a dirt road and a line of trees. In the middle ground, several large white wind turbines are visible, with their shadows cast on the brown, tilled earth. The background shows a vast, flat landscape under a clear blue sky, with more turbines visible in the distance.

Our Climate Action Plan

Here's how we're adapting

FY20
Scorecard Reporting

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.

This FY20 Climate Action Plan Scorecard is the second year 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 emissions 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 FY20	Overall Progress	Timing and Milestones		
				FY19	FY20	FY21
<p>1.1 Help set the standard across our region by creating a business-wide approach to climate change</p> <p><i>Accountable: Group CEO</i></p>	<p>1.1.1 Use our purpose, strategy and risk management to address risks and maximise opportunities from climate change</p>	<p>This Climate Action Plan scorecard update is the fifth regular publication since the Climate Action Plan was launched at IAG's AGM in 2018.</p> <p>Since the November 2019 launch of <i>Severe Weather in a Changing Climate</i> in partnership with the National Centre for Atmospheric Research (NCAR), IAG's unique Natural Perils team has seen a significant uplift in its public profile through engagements with media and government, helping strengthen IAG's position as a leader in the subject of climate change and its impacts. IAG has also increased investor engagement on climate-related queries.</p> <p>IAG continued to improve its understanding of the financial impacts climate change can have across its business value chain. This is reflected in IAG's TCFD-aligned Climate-related disclosure (available in the 2020 Annual Report and on the IAG website). The disclosure includes preliminary assessments of physical and transition climate risks and opportunities impacting key areas of IAG's business value chain, and our activities to manage such risks. IAG has continued engaging with regulators in Australia to share expertise and approaches to managing climate-related financial risks.</p>		<p>Continue and expand communication with stakeholders on the issue</p>		
				<p>Publicise our CAP and broaden our regular disclosure platforms</p>		
				<p>Annually update progress against our CAP</p>	<p>Provide half yearly updates on progress against our Climate Action Plan</p>	
				<p>Build on initial TCFD analysis and disclosure in preparation for FY19 results announcements</p>	<p>Implement public climate risk disclosure in alignment with Taskforce on Climate-related Financial Disclosures (TCFD) guidelines</p>	
					<p>Continue to engage with regulators regarding climate risk disclosure as an entity in all jurisdictions where we operate</p>	
<p>1.2 Provide a leadership role for the insurance industry in addressing climate change</p> <p><i>Accountable: Group Executive, People Performance & Reputation, Chief Strategy & Innovation Officer</i></p>	<p>1.2.1 Role model industry leadership and drive cross industry programs including Insurance Council of Australia and UNEP-FI</p>	<p>The release of <i>Severe Weather in a Changing Climate</i> was a deliberate decision by IAG to publicly release a large body of internal work to help other stakeholders across our industry better understand climate risk. Follow up briefing sessions on the report were held with IAG investors, ACCC, ASIC and APRA Executive Committee. IAG also appeared at the Royal Commission into National Natural Disaster Arrangements' first day of Hearings, alongside Australia's chief scientific institutions including CSIRO, Australian Bureau of Meteorology (BoM) and Geoscience Australia. IAG has recently released an update to the report in collaboration with scientists from NCAR, Australian Universities, CSIRO and BoM.</p> <p>IAG is involved in the Insurance Council of Australia's (ICA) Climate Change Action Committee, by chairing the Data and Knowledge sub-committee which has launched two projects to investigate damage caused by floods and tropical cyclones to modern housing. The projects will inform whether current building codes and practices are appropriate to address both current and future weather events influenced by climate change. IAG also participates in the ICA Climate Change Action Committee's Communication sub-committee (to ensure better designing for, planning and mitigation of climate change impacts and help customers make informed decisions) and Coordination, Collaboration and Integration of Action sub-committee (to ensure that the industry's actions are informed, or are informing other initiatives working to mitigate the risks of climate change).</p> <p>Through its involvement in the UNEP-FI Principles for Sustainable Insurance (PSI) Taskforce for Climate-related Financial Disclosures (TCFD) Pilot, IAG is in a sub-group which is building a transition risk case study for commercial property in Australia. The objectives of the PSI TCFD Pilot Group are to develop consistent modelling of physical, transition and litigation climate impacts and the development of insurance industry-appropriate benchmarks for climate-related financial disclosures.</p>		<p>Help co-ordinate a session on climate extremes at the Australian Meteorological and Oceanographic Society Annual Conference</p>		
				<p>Work 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</p>	<p>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</p>	
					<p>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</p>	
					<p>Support industry-wide climate conference</p>	
					<p>Play leadership role in expansion of UNEP-FI climate program</p>	

Think big

Our Climate Action Plan Scorecard



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1.3 Pursue system-wide change by collaborating widely across our relationships and networks <i>Accountable: All Group Executives</i>	1.3.1 Ensure senior executive engagement in key climate forums	<p>IAG continues to hold a Co-Chair position on the Australian Sustainable Finance Initiative's Steering Committee and Coordinating Working Group and is contributing technical expertise which ensures scientific and industry considerations are factored into the decision-making process for the roadmap.</p> <p>IAG is actively involved in the New Zealand Sustainable Finance Forum, contributing valuable knowledge, insights and capability towards addressing sustainability issues which are impacting financial systems.</p> <p>Recommendations and a finalised roadmap for actions for both the Australian Sustainable Finance Initiative and New Zealand Sustainable Finance Forum are expected by the end of 2020.</p>		Continue to support Climate Change and Business Conference in New Zealand	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	
	1.3.2 Deepen our input and engagement with governments and industry on climate change and its impacts	<p>IAG's CEO in New Zealand was voted on to the steering group for the Climate Leaders Coalition and is helping to oversee the next iteration of the Coalition's strategy. As a founding signatory member of the Coalition, IAG continues its work to meet its pledge to help New Zealand transition to a low emissions economy in line with the Paris Agreement.</p> <p>IAG CEO Peter Harmer chairs the Australian Business Roundtable for Disaster Resilience & Safer Communities (ABR), which also includes leaders of Australian Red Cross, Munich Re, Optus and Westpac Group. Following a strategic review in 2019 and appointment of a dedicated Secretariat team hosted by IAG, the ABR has contributed to development of the National Disaster Risk Reduction Framework (NDRRF) National Action Plan, provided submissions to state and national bushfire inquiries and reviews including the Royal Commission for Natural Disaster Arrangements and participated in public and private sector resilience working groups. Through its two Priority Initiatives, the ABR is working to influence resilience-based decision-making and is updating its previous modelling to reflect the impact of climate change on the economic costs of natural disasters.</p> <p>A full list of IAG's collaborations and partnerships that involve strategically linked climate-related initiatives can be found in the "Strategy" section of the Climate-related disclosure 2020.</p>		Actively engage in and contribute to the Climate Leaders Coalition in New Zealand	Play an active role as IAG and representing the ABR in the development of the National Disaster Risk Reduction Framework in Australia	
	1.3.3 Advocate on important policy and regulation including the need for appropriate mechanisms to price carbon and the importance of increased renewable energy generation	<p>In New Zealand, IAG provided a submission on the Climate Risk Disclosure regime directly and through the Insurance Council of New Zealand, which is supported by ongoing engagement with the NZ Ministry for the Environment.</p> <p>In Australia, IAG made submissions to the Royal Commission into National Natural Disaster Arrangements (May 2020) and the Senate Standing Committee on Finance and Public Administration's <i>Lessons to be learned in relation to the Australian bushfire season 2019-2020 Inquiry</i> (April 2020).</p> <p>Both submissions were accompanied by a paper <i>Strengthening Resilience: Managing natural disasters</i> which IAG commissioned to understand the existing information on how Australia can prevent and respond to bushfires and other natural perils. IAG's Executive Manager for Natural Perils was subsequently invited to appear before the Royal Commission into National Natural Disaster Arrangements in May 2020.</p>		Contribute to development of National Action Plan for National Disaster Risk Reduction Framework	Actively contribute to future government reviews, inquiries and policy setting	Participate in development of climate change legislation in New Zealand



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<p>1.4 Continue our leadership in supporting community resilience and disaster risk management</p> <p><i>Accountable: Group Executive, People Performance & Reputation CEO New Zealand</i></p>	<p>1.4.1 Make the world a safer place and continue community resilience leadership through our programs and partnerships</p>	<p>In New Zealand, IAG has had interactions with local governments through Local Government New Zealand and a range of individual councils to increase their awareness of the insurance response to climate change and to inform specific council planning processes and other specific climate and natural hazard actions.</p> <p>In partnership with the New South Wales Rural Fire Service, IAG helped bushfire-fighting efforts by trialling a new biodegradable, non-toxic fire retardant deployed from the NRMA helicopter during the 2019 & 2020 bushfires.</p> <p>IAG deprioritised an expansion of Good Hoods as a national movement but continued the focus on existing place-based programs, where IAG partners directly with local communities to find, support and grow community-led initiatives that build resilience to specific local challenges. IAG worked with Blacktown City Council on a natural capital tree planting programs aimed to mitigate the impacts of urban heat caused by climate change. The Tree-rific Playground project planted 100 trees (mostly native species including Eucalyptus and Melaleucas) to provide shade to 10 playgrounds. Urban heat impacts from climate change are a significant issue in the Blacktown area and trees provide shade and cooling as well as a habitat for native birds and wildlife.</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 Incubator program to a third location</p>	<p>Expand Good 'Hoods program National Movement that aligns to the Climate Action Plan</p>	<p>Expand disaster preparedness communication campaigns to drive behaviour change</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 FY20	Overall Progress	Timing and Milestones		
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<p>2.1 Maintain Board and Group Leadership Team (GLT) engagement</p> <p><i>Accountable: Group Executive, People Performance & Reputation</i></p>	<p>2.1.1 Support CAP initiatives with accountability, governance and reporting structures with overall ownership by GLT and Board</p>	<p>In addition to continuing the governance process and cadence of Climate Action Plan reporting, further engagement was undertaken with IAG Group Leadership Team (GLT) and senior leaders on specific climate-related activities which support the Climate Action Plan, such as the Climate Risks & Opportunities Program and updates on control actions to manage climate risks.</p>		<ul style="list-style-type: none"> 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 		
<p>2.2 Demonstrate visible commitment from IAG's senior executives</p> <p><i>Accountable: Group Executive, People Performance & Reputation Chief Strategy & Innovation Officer</i></p>	<p>2.2.1 Ensure CAP accountabilities are translated into performance management process for key roles</p>	<p>Following development of GLT and senior leader performance goals aligned to activities in the Climate Action Plan, IAG seeks to embed performance of climate-related activities deeper into its strategy and risk management process, which impact IAG's operational performance. This will directly link performance on risk management, of which climate change is a key strategic risk, to remuneration and reward of IAG's senior leaders and GLT.</p> <p>Currently, costs for carbon offsets are allocated to IAG's GLT (through the emissions profile of the division they are accountable for), which creates an internal carbon pricing mechanism that translates emissions performance to a direct financial impact on divisional budgets. GLT remuneration and reward is impacted by budget outcomes.</p>		<ul style="list-style-type: none"> Integrate with business plans Ensure GLT and appropriate senior leader performance goals include CAP accountability 		<ul style="list-style-type: none"> Further embed accountability for CAP objectives through integration into IAG's Enterprise Risk Profile and Corporate Strategy which factor into IAG's overall organisational performance, which influence senior executive remuneration and reward.
<p>2.3 Make our CAP everyone's responsibility by incorporating it into our management systems</p> <p><i>Accountable: Group CFO, Group Executive, People Performance & Reputation, CEO Australia, CEO New Zealand</i></p>	<p>2.3.1 Factor climate change risks and performance into partnering considerations</p>	<p>IAG's Group Procurement Policy and Supplier Code of Conduct was launched in FY20 and requires ESG (including climate) risk assessments to be completed as part of procurement activity. IAG's internal risk training program ('Project rQ') is developing an approach to embed and systemise third party risk assessments aligned to the Supplier Code of Conduct.</p> <p>Prior to the launch of the Supplier Code of Conduct, IAG's Insurance Supply Chain team worked with Short Tail Claims to pilot and test engagement levels of selected suppliers with an ESG Questionnaire. The Supplier Code of Conduct has now been launched to all contracted Short Tail Claim suppliers. All Request for Proposals managed by Insurance Supply Chain will include the Supplier Code of Conduct and the related ESG Questionnaire as part of the process.</p> <p>IAG formed the Responsible Technology group to gain a preliminary understanding of its emissions impact through its technology supply chain, and scoped measures for climate-related impacts for technology suppliers that can be integrated alongside IAG's Supplier Code of Conduct.</p>		<ul style="list-style-type: none"> Develop action plan across partnerships (community, commercial, sponsorship, suppliers) Build systematic approach to engage with procurement and business partners Expand systematic engagement to supply chain partners in claims 		

Prepare our people

Our Climate Action Plan Scorecard



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2.3 (Continued) Make our CAP everyone's responsibility by incorporating it into our management systems <i>Accountable: Group CFO, Group Executive, People Performance & Reputation, CEO Australia, CEO New Zealand</i>	2.3.2 Establish incentives and accountabilities for individual climate change elements through our systems	IAG senior leaders were engaged on climate-related issues that support the Climate Action Plan accountabilities, including providing content for the Climate-related disclosure 2020 and taking part in the various Steering Committees that support the Climate Risks & Opportunities Program, Energy Renewables and Efficiency and Low Carbon Living Projects.		Engage promising talent (as well as business leaders) in programs of work in the CAP		
	2.3.3 Support learning and development of our people to support our organisational capacity to manage climate change issues across roles and functions	Climate Change awareness has been embedded as a component of IAG's "Purple Onboarding Program" for all employees. IAG's onboarding microsite, which is sent to new employees before their employment start date, has also been updated to include references to IAG's Climate Action Plan. As part of "Game Changers", a talent development program for female leaders, the Climate Challenge Project was embedded into the program, providing insights into how IAG can lean into the challenge of climate change. IAG's Group Executive People, Performance and Reputation, Christine Stasi, along with Non-Executive IAG Director, Helen Nugent, completed the Cambridge Institute for Sustainability Leadership Programme in early 2020. The programme engages participants on specific strategic issues that global challenges pose, including climate change.		Develop and embed climate topics into induction, learning and development programs		
2.4 Create simple pathways for our people to remain involved and contribute to our plan <i>Accountable: Group Executive, People Performance & Reputation</i>	2.4.1 Engage our people to successfully implement emissions reduction initiatives at our offices	IAG's response to the COVID-19 crisis saw 100% of its workforce able to work remotely from April 2020. IAG published information on its intranet sharing tips on how to make working from home during the crisis more eco-friendly, relating to the environmental, mental health and economic benefits of sustainable living. As part of the Low Carbon Living Project, which is investigating how IAG can support and influence IAG's customers to make decisions that reduce their personal carbon emissions in and around their home and on the move, a "Community of Interest" was created to involve IAG staff who are passionate about sustainability.		Develop and deliver resources for leaders and teams on climate-related issues		
	2.4.2 Maintain and implement internal engagement plan on climate change	A half-year update on the Climate Action Plan was promoted to IAG employees via the intranet and via digital screens throughout IAG offices. In addition, articles detailing sustainability and climate-related initiatives were published on IAG's intranet, including but not limited to the announcement of Sydney's Darling Park office achieving a 5 star NABERS rating, and highlighting the media attention IAG's Natural Perils team has received since <i>Severe Weather in a Changing Climate</i> was launched.		Support internal engagement program through Green Ninjas	Explore additional ways for our people to be engaged in activities that contribute to the plan	

Prepare our people

Our Climate Action Plan Scorecard



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<p>2.5 Enable and support our people to access tools and initiatives that help them manage their own climate change impacts <i>Accountable: Group Executive, People Performance & Reputation</i></p>	<p>2.5.1 Support our people with tools, information and programs to contribute</p>	<p>IAG continued encouraging climate advocacy from employees, including communicating how staff could take volunteer leave to help communities impacted by the summer bushfires through the Australian Red Cross, matching staff donations and providing paid leave in addition to five days of emergency services leave for IAG employees who are members of emergency services.</p> <p>IAG also continued to provide employees with volunteer opportunities to support Conservation Volunteers Australia to restore Koala habitat by planting 30,000 trees and preventing plastic pollution from entering waterways.</p> <p>IAG also saw 85 employees virtually attend the 2020 Shared Value Summit Asia Pacific in June, of which IAG is a major partner. The summit's theme was "Climate for Change" and focused on how corporate purpose and initiatives can be strengthened as the world recovers from the COVID-19 crisis.</p> <p>IAG is continuing to evaluate existing policies to ensure emissions reduction can be a consideration in decision making. Investigation into opportunities with relevant divisions is ongoing.</p>			<p>Mobilise our people to take action on climate change</p> <p>Integrate vehicle CO2 emissions into revision of salary sacrificed packaged vehicle scheme</p>	<p>Develop climate-related opportunities in employee program</p>

Reduce our emissions

Our Climate Action Plan Scorecard



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				FY19	FY20	FY21
3.1 Manage our own impacts in line with a transition to a low-carbon future <i>Accountable: Group CFO, CEO Australia, CEO New Zealand</i>	3.1.1 Meet IAG's science-based emission targets for scope 1 and 2 emissions	<p>As at end June 2020, IAG's Scope 1 and 2 emissions reduced to 21,278 tCO₂e, well below IAG's science-based target of 27,443 tCO₂e by 2020. While much of this significant reduction is due to reduction of operational energy and transport-related activities due to COVID-19, the continued implementation of energy efficiency activities across IAG would have likely still met its Science-based Target in business-as-usual circumstances.</p> <p>In Australia, IAG completed an electricity market review to inform an energy procurement strategy that will include a phased approach to reducing emissions from energy usage that will be implemented in FY21. This includes procurement of more electricity from renewable energy sources. IAG's largest office in Darling Park, Sydney, is a 5 star NABERS Energy Tenancy and 5 Star Greenstar rated building. As part of the Energy Renewable and Efficiency Project, a 99kW solar PV system is currently being installed on IAG's data centre in Burwood East, Melbourne, which will be completed in FY21, and mark the first IAG property where renewable energy is being generated onsite.</p> <p>In New Zealand, IAG has completed an assessment of energy efficiency across its properties and factored the findings into ongoing property programmes. IAG New Zealand's largest office, the NZI Centre, saw a transition to activity based working which helped improve energy efficiency of the site.</p>		Implement property consolidation strategy to support reduction in emissions	Integrate renewable energy into Australian electricity procurement Localise operational emissions targets to Australia and New Zealand context Assess renewable and energy efficiency opportunities for IAG's Australian and New Zealand property portfolio	Review opportunities for science-based emissions targets across additional emissions sources.
	3.1.2 Maintain carbon neutrality	<p>IAG maintained carbon neutrality and purchases and retires carbon offsets based on a forward estimate of its Scope 1, Scope 2 and Scope 3 emissions footprint. Costs associated with purchasing carbon offset units are apportioned to each of the IAG divisions by GLT based on their emissions profile, which creates an internal carbon pricing mechanism.</p> <p>IAG purchased 13% of its most recent offsets from Indigenous led and managed projects.</p>		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	
3.2 Leverage the latest thinking and technology to reduce the impact of our work practices <i>Accountable: CEO Australia, CEO New Zealand</i>	3.2.1 Create and implement a strategy to align our operational footprint with the carbon budget for a lower than two-degree future	<p>IAG has progressed a group wide Energy Renewables and Efficiency Project that identified opportunities for renewables and energy efficiency in both Australia and New Zealand that can support achievement of science-based targets to 2025 and beyond.</p> <p>In New Zealand, IAG commenced piloting Electric Vehicles within its pool vehicles and continues to work through the detailed plan and business case for the transition of tools of trade vehicles. This approach will also be replicated in Australia in FY21. Operationally, fleet-emissions (Scope 1) from Australia and New Zealand have dropped each quarter as older vehicles are replaced with newer fuel-efficient models.</p>		Introduce pilot to reduce emissions from Australian fleet	Introduce pilot to reduce emissions from Australian fleet Develop approach to fleet transition in New Zealand	
				Include carbon footprints into air travel dashboard	Continue and expand our internal carbon pricing mechanism	

Invest responsibly

Our Climate Action Plan Scorecard



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				FY19	FY20	FY21
4.1 Shift investments to companies that have a lower exposure to climate-related risks or a forward-looking strategy to manage these risks <i>Accountable: Group CFO</i>	4.1.1 Continue to implement climate-related risk management measures through external fund managers as part of broader ESG risk management	IAG's investment processes for its equity and global convertible bond portfolios exclude or restrict investments in higher risk companies with poor climate change risk management and support companies which are improving their performance by reducing their carbon risk or investing in renewables. In FY20, IAG no longer invested 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) in investment mandates where investment restrictions can be determined. Significant progress has been made on a Responsible Investment Policy, aligned to IAG's Social and Environmental Framework, with Policy implementation planned across FY21. At the end of June 2020, investment portfolio exposure to higher risk companies was 0.01%.		Maintain and extend ESG screening criteria for portfolios	Assess feasibility to further expand asset class coverage and adapting integrated climate focused sustainability approach for equity mandates.	Publish Responsible Investment Policy on IAG website.
	4.1.2 Deliver on commitment to Net Zero Investment Portfolio Emissions by 2050	IAG is committed to reducing the overall emissions contained in our portfolio to be aligned with the Paris Agreement (Art. 2.1c). In doing so, we will continue to incentivise and require decarbonisation pathways of a scale and pace consistent with the 1.5°C objective of the Paris Agreement. Once companies start to transition towards low-carbon business models, IAG will see its portfolio decarbonise as well. IAG has established Intermediate Targets to reduce the Normalised Carbon Footprint and Carbon Intensity for its Australian and Global Listed Equity Mandates. This includes a: <ul style="list-style-type: none"> Target minimum reduction of 25% versus 2020 relevant index level baselines until 2025 (to be implemented over FY21) Target minimum reduction of 50% versus 2020 relevant index level baselines by 2030 		Minimum reductions of Normalised Carbon Footprint and Carbon Intensity of IAG's Australian and Global Listed Equity Mandates until 2025 to be documented in investment mandates.		

Invest responsibly

Our Climate Action Plan Scorecard



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4.2 Actively support action on climate change and a net-zero future <i>Accountable: Group CFO, Group Executive, People Performance & Reputation</i>	4.2.1 Continue to invest in reputable green bonds	IAG is over three quarters of the way to meeting its target to increase green bond allocation to A\$200M. At June 2020, Green Bonds investments are \$173.7m, which includes allocation to NAB Low Carbon Share Portfolio alongside the Clean Energy Finance Corporation. IAG also continued engagement with green issuers of bonds and residential mortgage backed securities.		Continue to support thematic investments for a low carbon transition	Target an increase in green bond allocation to A\$200M	
		This milestone has not commenced due to a reprioritisation of customer focused initiatives.		Explore alignment of investment process to allow customer choices in investment allocation of customer premiums		
	4.2.2 Leverage our investments to support climate resilient infrastructure and emission reduction	The Resilience Investment Vehicle (RIV) governance structure and pilot roadmap were developed outlining contributions and accountabilities. Assessment criteria to identify a shortlist of projects was also developed for further analysis. Cross-sector engagement to refine criteria has commenced. The RIV pilot is included as a featured initiative of the National Disaster Risk Reduction Framework National Action Plan.		Explore pilot opportunities for a resilience investment vehicle		
4.3 Measure carbon intensity and include climate related risks in the ESG risk management of our investments <i>Accountable: Group CFO</i>	4.3.1 Measure ESG and carbon risk exposures in our portfolio	IAG continues to review and refine investment criteria, including by assessing and using 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 emissions exposure and exposure to high risk companies is included in the Metrics & Targets section of the Climate related-disclosure 2020.		Assess and consider appropriate carbon and climate-related investment risk metrics for disclosure	Expand climate-related financial disclosure for carbon and climate-related investment risk	
		IAG is reviewing climate risk criteria, portfolio analysis and ESG data providers and considering more integrated ESG and climate focused sustainability solutions with equity managers - including more explicit portfolio targets. IAG continues engagement with ESG research providers and investment managers on more forward-looking climate risk metrics.		Engagement with research providers and fund managers on ESG and more explicit climate risks transition assessments.	Continue to review criteria for alignment with future climate targets and for expansion to other asset classes	

Rethink risk

Our Climate Action Plan Scorecard



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<p>5.1 Lead climate research and analysis, including on natural perils, to support IAG and our stakeholders to better understand and respond to climate change</p> <p><i>Accountable: Chief Strategy & Innovation Officer, Chief Risk Officer</i></p>	<p>5.1.1 Support research on natural perils and changing climatic conditions important to our business and the region</p>	<p>The release of <i>Severe Weather in a Changing Climate</i> in November 2019 was a deliberate decision by IAG to publicly release a large body of internal work to help other stakeholders across our industry better understand climate risk. IAG has continued its research program with NCAR investigating climate change impacts to tropical cyclones along the east coast of Australia. Some of this work was published in the <i>Journal of Weather and Climate Extremes</i>, Volume 26, December 2019 <i>Physically-Based Landfalling Tropical Cyclone Scenarios in Support of Risk Assessment</i>. More recent work was presented at the Australian Meteorology and Oceanographic Society annual conference in February 2020.</p> <p>IAG continues to play a key role in the ICA Climate Change Action Committee, chairing the Data and Knowledge sub-committee, while participating in the Communication and Coordination, Collaboration and Integration of Action sub-committees. IAG also remains actively involved in the Geneva Association's Emerging Risk Working Group, contributing to an assessment in physical risks that will be published at the end of 2020, including reviewing floodplain management into the Australian chapter of The Geneva Association flood research.</p> <p>IAG bought a stake in CSIRO-backed start-up Digital Agriculture Services, (DAS) which measures climate change risk on farms. IAG is piloting DAS across its WFI and CGU agriculture portfolio, which will support future Portfolio Management Tool capability for IAGs agribusiness activities.</p>		<p>Undertake research into potential climate futures through</p> <ul style="list-style-type: none"> (i) research into extreme events due to current and future changes to climate for North Eastern Australia, (ii) support for flood projects within the Bushfire and Natural Hazards Cooperative Centre to improve floodplain management 	<p>Reconstruction of cyclone record for key events to establish more accurate historical record</p> <p>Undertake research into potential climate futures in New Zealand</p> <p>Release 'Severe weather in a changing climate' scientific report sharing our knowledge and insights gained through the research project with the US National Center for Atmospheric Research (NCAR)</p>	<p>Undertake further research into the impacts of climate change including hail, to identify risk drivers of weather-related events and risk reduction</p> <p>Use 'Severe weather in a changing climate' report to inform financial and economic modelling to demonstrate the opportunities to adapt the built environment</p>
				<p>Enterprise Risk Profile process includes climate research inputs</p>	<p>Scenario analysis informs Enterprise Risk Profile</p>	<p>Further embed scenario analysis into Enterprise Risk Profile</p>
<p>5.2 Further embed climate risk into the Enterprise Risk Profile, supported by the Risk Management Framework and Strategy</p> <p><i>Accountable: Chief Risk Officer, Group Executive, People Performance & Reputation</i></p>	<p>5.2.1 Climate research and modelling used to inform the Enterprise Risk Profile process</p>	<p>An update to the Risk Response Plan with refreshed climate-related risks based on scenario analysis will be completed in the second half of 2020 and integrated into IAG's Risk Management System.</p>		<p>Enterprise Risk Profile process includes climate research inputs</p>	<p>Scenario analysis informs Enterprise Risk Profile</p>	<p>Further embed scenario analysis into Enterprise Risk Profile</p>

Rethink risk

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Our objectives	Activities	Status of implementation FY20	Overall Progress	Timing and Milestones		
				FY19	FY20	FY21
5.3 Integrate climate insights, risks and opportunities into our strategic choices, portfolio assessments and pricing <i>Accountable: Chief Risk Officer, Chief Strategy & Innovation Officer</i>	5.3.1 Assess short, medium and long-term exposure of our portfolio to changing climatic conditions and potential future carbon policy	<p>IAG's Climate Risks & Opportunities Program continued work to improve understanding and embed consideration of climate-related impacts on our business model. This includes utilising IAG's research on Physical Risk and Transition Risk to undertake a preliminary assessment of climate risks and opportunities to key areas of IAG's business value chain. This is detailed in IAG's Climate-related disclosure 2020.</p> <p>IAG's research into improving understanding of resilient and vulnerable property components to natural perils is ongoing and provides insights for more accurate pricing and risk reduction opportunities. For example, IAG's Natural Perils team has improved its capability to assess the affordability and viability of its insurance products on areas most likely to be impacted by severe weather events by further developing a sophisticated technical peril pricing engine.</p> <p>The IAG Natural Perils team and IAG Strategy team continue to collaborate on climate risks and opportunities, however progress in Q4 was limited due to the Strategy team's focus on assessing impacts of COVID-19. Changes to IAG's strategic planning process were made to better integrate Safer Communities and Climate Action Plan activity into the business planning process.</p>		<p>Ensure we can demonstrate how we have factored climate risk into product pricing and reinsurance</p> <p>Complete internal climate risk project and review core capabilities and processes for management of mid-term climate-related risks</p>	<p>Integrate and embed climate risk analysis into portfolio assessment process</p> <p>Use climate risk and opportunities project insights to embed into decision making through business planning and prioritisation processes</p> <p>Apply lessons from climate risks and opportunities into future of home research</p>	
	5.3.2 Deliver on commitment to cease underwriting entities mainly in the business of extracting fossil fuels and power generation from fossil fuels by 2023	<p>Consistent with IAG's commitment to cease underwriting entities predominately in the business of extracting fossil fuels and power generation using fossil fuels by 2023, IAG has seen further reduction of gross written premium (GWP) relating to all mining and fossil fuel power generation (including workers' compensation in these areas).</p> <p>More information on how IAG is tracking towards this commitment can be found in the Metrics & Targets section of the Climate-related disclosure 2020.</p>		<p>Publish and implement carbon exclusion process for underwriting</p> <p>Assess and consider appropriate carbon and climate-related underwriting risk metrics for disclosure</p>		
	5.3.3 Use scenario-based planning for considering climate change strategy and CAP	<p>Through IAG's continued involvement with the UNEP-FI PSI TCFD pilot, IAG is in a transition risk sub-group building a case study for commercial property in Australia. This will model commercial property policy number, sum insured and premium impacts against different climate scenarios and contribute to the wider objectives of the PSI TCFD Pilot Group for consistent use of climate scenario analysis.</p> <p>The IAG 2030 +2°C Climate Scenarios, developed utilising physical risk modelling by the Natural Perils team combined with cross-section workshops with IAG senior leaders, consist of four different scenarios that will provide different experiences for futures based on rapid climate change and external factors of trust, inequality and regulation. They are designed to communicate plausible futures in a clear, engaging and memorable way to inspire purpose-led decision making. The IAG 2030 +2°C Climate Scenarios are currently being finalised to include the outcomes of our Transition Risk analysis. Upon completion, IAG business leaders will be engaged on utilising this for divisional planning.</p>		<p>Collaborate on climate-related risk assessment with local and global partners, including participation in the UNEP-FI pilot</p> <p>Implement scenario-based planning on climate change futures</p>		

Rethink risk

Our Climate Action Plan Scorecard



Our objectives	Activities	Status of implementation FY20	Overall Progress	Timing and Milestones		
				FY19	FY20	FY21
<p>5.4 Help our customers and communities to reduce emissions and adapt to climate change</p> <p><i>Accountable: CEO Australia, CEO New Zealand, Chief Strategy & Innovation Officer</i></p>	<p>5.4.1 Pursue commercial opportunities to support customers and communities to pursue climate adaptation and a low carbon transition</p>	<p>The Low Carbon Living Project progressed from discovery to steering committee endorsement of the program direction and funding. Development of FY21 pilot initiatives is in progress, with the aim of testing home and mobility solutions that will help, influence and support Australians and New Zealanders to adopt and sustain low-carbon behaviours in their homes and as they travel.</p> <p>IAG's Firemark Labs also undertook a Sprint & Discovery process for potential ventures to support adjacency growth, with one potential venture centred on "climate change empowerment". This potential product is currently being tested in terms of desirability, viability and feasibility.</p> <p>IAG's Research & Development team undertook a cooperative research trial to understand how movement from "A to B" is changing. The cooperative research approach to Mobility as a Service (MaaS), brought together expertise from academia and industry to solve the big challenges and invited participants to subscribe to a "Greenpass" with insights given to participants on their CO2 transport emissions.</p> <p>The NRMA Insurance "every home is worth protecting" campaign in partnership with Conservation Volunteers Australia, saw IAG plant a tree for every home insurance policy sold. This planting of more than 67,000 has helped restore koala habitat and reduce the impacts of climate change.</p>		<p>Identify and assess climate-related growth opportunities in customer and brand segments through qualitative and quantitative customer research</p> <p>Update existing fuel efficiency discount and expand to low-carbon mobility incentive</p>	<p>Test and develop insights for products and services relating to resilience, safety and a low-carbon transition</p> <p>Review and update incentives and education to support low-carbon behaviour through existing products</p>	<p>Target and scale new climate-aligned products that enable emission reduction and adaptation</p>
<p>5.5 Drive risk mitigation in the building industry by generating insights into the impacts of natural perils</p> <p><i>Accountable: CEO Australia, CEO New Zealand, Chief Strategy & Innovation Officer</i></p>	<p>5.5.1 Assign resources to gain insights from claims and promote adaptation in the building industry</p>	<p>Through its work with the Insurance Council of Australia's Climate Change Action Committee, IAG continued working for greater alignment of land planning and building codes that can adequately improve building resilience to severe weather events impacted by climate change. This includes the research on resilient and vulnerable property components to natural perils (especially tropical cyclones and floods) to provide insights for more accurate pricing and risk reduction opportunities.</p> <p>IAG is also continuing to increase its understanding of customer's appetite for climate-related insurance products and services through projects including Low Carbon Living and Climate Adaptive Homes.</p>		<p>Provide discount to customers as part of QLD household resilience program</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>Drive alignment in risk assessment methodologies/data across land planning, building code/practices, insurance and banking</p>	<p>Where commercially viable, apply incentives for risk mitigation and insights into supply chain activities</p>