

# Climate Action Plan

Towards FY30

iag



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Dates for interim targets listed in the Climate Action Plan refer to the end of the specified financial year (FY) or calendar year (YYYY) (as applicable).

# A word from our CEO



**Weather has always been core to our business at IAG. Over the last two decades, we have worked to understand the physical impacts of climate change and how it impacts our business. This guides how we support our customers and communities to adapt to a changing climate and build disaster resilience.**

This Climate Action Plan replaces and builds on the work we have implemented through our FY22–24 Climate & Disaster Resilience Action Plan and supports our purpose ‘to make your world a safer place’. We know that to better support our customers and communities, we must continue to identify, understand and manage our own climate risk.

This plan outlines our updated FY30 emissions reduction interim targets and action areas, and how we seek to contribute to the transition towards a low-carbon, climate resilient economy.

We have a clear governance framework which outlines Board and Executive leadership accountabilities in relation to this Climate Action Plan. We expect that our Climate Action Plan will evolve as government policy settings, external frameworks, methodologies, data and best practice develop and as our understanding of both climate risks and opportunities deepens.

The need to act on climate change has never been more urgent and we’re proud to play our part. Our Climate Action Plan demonstrates our commitment to helping customers and communities in Australia and New Zealand adapt to a changing climate and transition to a net zero future.

We plan to report on progress against the goals and interim targets outlined in this Climate Action Plan in our Annual Report, each year. For information on how we progressed against our FY22–24 Climate & Disaster Resilience Action Plan in FY24, please see our Group Climate-related Disclosure in our FY24 Annual Report and FY24 New Zealand Climate-related Disclosure.

**Nick Hawkins**

Managing Director and Chief Executive Officer



## Acknowledgement of Indigenous Peoples

**We acknowledge the Traditional Owners and Elders of the different Countries across Australia & Torres Strait Islands and how Country plays a significant role in the continuation of culture and connection to land, water, and sky.**

**In Aotearoa New Zealand, this means we also acknowledge Tangata Whenua, their customary authority to whenua (land), and recognise the importance of te reo Māori (the Māori language), tikanga Māori (Māori customs and protocols), and te ao Māori (Māori culture and the Māori worldview).**

# Our climate action journey

**2004**

Co-founded the Australian Business Roundtable on Climate Change.



**2012**

Co-founded the Australian Business Roundtable for Disaster Resilience & Safer Communities; founding signatory of the UN Principles for Sustainable Insurance.



**2017-18**

Released first public Climate Action Plan and TCFD-aligned climate-related disclosure; and founding member of the New Zealand Climate Leaders Coalition.



**2020**

Social & Environmental Framework and Responsible Investment Policy released.



**2022**

Included emissions reduction measure in the FY24 Group Balanced Scorecard.

**2006**

Became a signatory to the UN Principles for Responsible Investment.

**2015**

IAG-led Global Resilience Project launched the Global Risk Map in New York.

**2019**

Published *Severe Weather in a Changing Climate Report* with the US-based National Center for Atmospheric Research.

**2021-22**

Released FY22-24 Climate & Disaster Resilience Action Plan and Net Zero Roadmap; released IAG NZ's first climate-related disclosure; and updated scope 1 & 2 emissions reduction target to align to 1.5°C.

**2024**

Founding participant of the UNEP Forum for Insurance Transition to Net Zero.

# Our Climate Action Plan

Our goal is to become a net zero insurer by achieving net zero emissions across our operations by 2050, while actively enhancing climate resilience and capturing opportunities through the transition.

There are factors outside of our operational control that may impact on our ability to achieve our goal in 2050. These factors include government policy, energy stability, technology development across industry and socio-economic changes that help facilitate the transition.

Three key action areas, with interim targets<sup>1</sup>



## Adapting our direct operations

Lowering our scope 1 & 2 emissions to meet a science aligned 1.5°C pathway and transitioning our direct operations to build climate resilience.



## Supporting our value chain

Using our knowledge and influence to help accelerate the transition to net zero across our value chain.



## Collaborating and advocating

Driving systemic change through our partnerships and advocacy work.

<sup>1</sup> Interim targets are expected to be updated in response to internal and external factors such as changes in our business, government policy settings, external frameworks, methodologies, data, and best practice.





# Adapting our direct operations

We are focused on reducing emissions from our direct operations.

We have updated our emissions reduction interim target to net zero scope 1 and 2 emissions by FY30 from an FY24 baseline.<sup>1</sup>

This aligns with a 1.5°C pathway and demonstrates our ongoing focus on reducing emissions.

<sup>1</sup> In FY24, we re-classified emissions from our Australian owned and operated supply chain to 'direct emissions'. Therefore, additional entities are now included in our interim target. We have updated our baseline year to align with the change to our reporting boundary.

<sup>2</sup> Of these entities, we are including only those whose GHG emissions impact is greater than 5% of Group scope 1 and 2 emissions. This materiality assessment is informed by the guidance of the GHG Protocol.



	KEY INITIATIVES	KEY CONSIDERATIONS   ASSUMPTIONS	KEY DEPENDENCIES
<p><b>INTERIM TARGET</b>  <b>Net zero scope 1 and 2 emissions by FY30</b>                      from an FY24 baseline</p>	<ul style="list-style-type: none"> <li>Procurement and increased use of renewable energy.</li> <li>Transitioning to a low-emissions tool of trade fleet.</li> <li>Ongoing optimisation of our property portfolio through energy efficiency upgrades and property consolidation.</li> <li>Fuel switching opportunities.</li> <li>Linking executive performance and outcomes by including emissions management in our Group Balanced Scorecard.</li> <li>We anticipate that the above actions should result in a 90% decrease of our scope 1 and 2 emissions by FY30; as such, residual emissions are expected to be offset through the purchase of carbon removal offsets.</li> </ul>	<ul style="list-style-type: none"> <li>Interim target boundary covers all operating entities that are financially consolidated in our Group financial reporting subject to a materiality assessment.<sup>2</sup></li> <li>Given the evolving nature of data available, this interim target will be reviewed and validated on an annual basis.</li> </ul> <p>For other key considerations and assumptions see the two sub-targets below.</p>	<p><b>Internal</b></p> <ul style="list-style-type: none"> <li>Implementation of policies that support the shift to alternative fuel sources.</li> <li>Implementation of initiatives to support sustainable property practices.</li> </ul> <p><b>External</b></p> <ul style="list-style-type: none"> <li>Availability of alternative fuel sources such as bioLPG.</li> <li>Availability of technology to support decarbonisation such as electrification of repair network paint booths.</li> </ul> <p>For other key dependencies see the two sub-targets below.</p>
<p><b>SUB-TARGET</b>                      Procure the equivalent of  <b>100% of our direct Australian and New Zealand electricity demand from renewable energy</b>                      by FY25</p>	<ul style="list-style-type: none"> <li>In New Zealand, we have partnered with Ecotricity to procure Toitū climate positive certified electricity from May 2024 and expect to source New Zealand Renewable Energy Certificates (NZECs) to match our non-renewable energy demand.</li> <li>In Australia, we have partnered with CleanPeak Energy, through a Power Purchase Agreement (PPA), to purchase energy and the equivalent of 100% of our non-renewable energy demand in large-scale generation certificates (LGCs), from January 2025.</li> </ul>	<ul style="list-style-type: none"> <li>We expect to use a combination of contracts with electricity suppliers and the purchase of LGCs and NZECs to meet this interim target for all sites that fall under the scope of the entities in the reporting boundary for the net zero scope 1 and 2 emissions interim target.</li> <li>These initiatives are expected to enable IAG to source 100% of its electricity demand from the markets in which the electricity is used.</li> </ul>	<p><b>Internal</b></p> <ul style="list-style-type: none"> <li>Changes to our business or operations may require additional renewable energy to be procured.</li> </ul> <p><b>External</b></p> <ul style="list-style-type: none"> <li>Ability to renew or extend existing renewable energy contracts, or enter into new renewable energy contracts, at a competitive price.</li> </ul>
<p><b>SUB-TARGET</b>                      Transition to  <b>100% low-emissions (including hybrid and electric) tool of trade vehicles</b>                      by FY30</p>	<ul style="list-style-type: none"> <li>We will continue to update our tool of trade fleet as existing leases expire, rather than by replacing ahead of planned asset life, to manage resource consumption.</li> </ul>	<ul style="list-style-type: none"> <li>Excludes salary sacrifice vehicles.</li> <li>Excludes major events response vehicles as no suitable alternatives are currently available on the market.</li> </ul>	<p><b>Internal</b></p> <ul style="list-style-type: none"> <li>Implementation of policies that support the shift to low emissions tool of trade vehicles.</li> </ul> <p><b>External</b></p> <ul style="list-style-type: none"> <li>Availability and cost of vehicles that meet the requirements of, and perform a similar service to, our current fleet.</li> <li>Accessibility of public charging infrastructure.</li> </ul>



# Adapting our direct operations



We are focused on upstream operational scope 3 emission sources that are within our direct control or influence.

We have set an interim target to reduce limited upstream operational scope 3 emissions by 50% by FY30 from an FY24 baseline.

### Residual emissions

There are limitations on our ability to reduce emissions from our direct operations. Regulatory changes, market demand, economic shifts, technology advancements as well as our ability to influence over some aspects of our limited upstream operational scope 3 emissions, have varying levels of impact on our residual emissions. We review our offsetting approach for residual emissions regularly.

### Other scope 3 emissions

We are working to improve our data maturity and understanding of our investment, general procurement, claims supply chain, and insurance-associated emissions baselines, through existing methodologies and engagement in our value chain. We will continue to test and refine our approach to reducing these emissions.

It is anticipated that we will update our emissions reduction interim targets for investment emissions, and also set engagement interim targets for general procurement and claims supply chain emissions sources in FY25. We are also continuing work to identify opportunities within our underwriting portfolio.

### Our people

Our people play an important role in our transition to becoming a net zero insurer. We are supporting our people to better understand climate-related impacts and the role they can play to support, prepare for, and adapt to a net zero future.

**INTERIM TARGET**  
**Reduce limited upstream operational scope 3 emissions by 50% by FY30**  
 against an FY24 baseline

- Reduction of upstream fuel extraction and processing emissions.
- Managing our air travel.
- Supporting renewable energy uptake by our people, e.g. by partnering with Ecotricity to offer IAG New Zealand employees access to Toitū climate positive certified electricity for their homes.
- Reducing our paper consumption.
- Consideration of sustainable aviation fuel (SAF) certificate procurement. This may require making strategic trade-off decisions across our entire value chain, where we might prioritise reductions with the greatest impact.
- Linking executive performance and outcomes by including emissions management in our Group Balanced Scorecard.

**INTERIM TARGET**  
**Deliver an enterprise-wide integrated awareness campaign**  
 by FY25

- Developing a suite of cross-functional learning opportunities that cater for broad-based, technical, specialist and leadership roles across the organisation.

**KEY INITIATIVES**

**KEY CONSIDERATIONS | ASSUMPTIONS**

**KEY DEPENDENCIES**

- Interim target boundary covers all operating entities that are financially consolidated in our Group financial reporting, subject to a materiality assessment<sup>1</sup> and the availability of data.<sup>2</sup>
- Limited upstream operational scope 3 emissions comprise employee air travel, mileage, taxi and rental cars (collectively known as business travel), electricity transmission and distribution losses and fleet fuel extraction and processing (collectively known as fuel and energy-related services), employee commuting and working from home, waste, office paper, and print paper.
- General procurement emissions have been excluded from the scope of this interim target.
- We selected an FY24 base year for our target as this was a standard operating year (with minimal residual impacts from COVID-19) with complete and reliable emissions data available for material sources.
- Given the evolving nature of data available, this interim target will be reviewed and validated on an annual basis.

- Internal**
- Implementation of circularity principles and internal policies to reduce waste.
  - Behavioural changes by our people.
- External**
- Availability of technology, such as the transition towards more sustainable transportation alternatives and alternative waste disposal technologies.
  - Government policy and infrastructure development influencing whether our staff move to lower emitting transportation methods.
  - Availability and economic implications of SAF certificates.
  - Success of advocacy work around Australian regulatory requirements to allow for digital delivery of renewal notices, product disclosure statements, and other documents that are currently required to be available in printed form.

- Internal**
- Continued internal commitment to acknowledge sustainability/climate as a core people capability and prioritise as part of organisational communications.

1 Of these entities, we are including only those whose GHG emissions impact is greater than 5% of Group scope 1 and 2 emissions. This materiality assessment is informed by the guidance of the GHG Protocol.  
 2 We have not yet collected data for all limited upstream operational scope 3 emissions sources for all entities within our emissions reporting boundary. Further detail in relation to this for FY24 is provided in the FY24 ESG Data Summary in the Sustainability section of our website.



# Supporting our value chain

## We are committed to using our knowledge and influence to help accelerate the transition to net zero across our value chain.

We recognise that our influence extends beyond our immediate operations and encompasses our entire value chain. This includes responsible underwriting, the services we provide to our customers, our investment decisions, our supplier networks, and the products we source.

### Responsible underwriting

We are working on ways to identify, assess and integrate climate resilience, decarbonisation, and other sustainability criteria, into our underwriting decisions, guided by our commitment to the UN Principles for Sustainable Insurance (PSI). We are seeking to balance commercial value from sustainable business with positive societal outcomes. We are building an internal roadmap to advance our approach, including updates to our policy documentation. We are also continuing to refine our insurance-associated emissions baseline.

Decarbonisation of our underwriting portfolio is dependent on government policy and action, the development and commercialisation of emissions reduction technologies, continuous improvement in emissions reduction methodologies, and the availability of data concerning insurance-associated emissions.

To align with our responsible underwriting approach, we are in the process of phasing out underwriting for entities that are predominantly in the businesses of either: extracting fossil fuels, and/or generating power from fossil fuels.

This does not include:

- Policies and/or portfolios that IAG has divested from where the liability for future claims will exist until expiry of the policy.
- Workers' compensation, irrespective of the climate intensity/fossil fuel exposure of the industry they work in.
- Supporting businesses that supply, transport or provide distribution services to these entities.

This is subject to the internal systems and processes we have available to monitor which entities we underwrite.

### Engaging with our customers

We recognise the need to engage with our customers, including targeted commercial customers and those in high emitting sectors to support their decarbonisation efforts. We are supporting our personal motor customers to better understand the benefits of electric vehicles.

Our customer engagement strategies will evolve as we identify further actions we can take to educate customers. We continue to collaborate through industry bodies such as the Insurance Council of Australia (ICA) as well as with our partners and brokers.

### Claims supply chain

We are engaging with selected partners to raise awareness and help manage the emissions in our claims supply chain. This includes work to improve our data through supplier surveys and collaborative platforms.

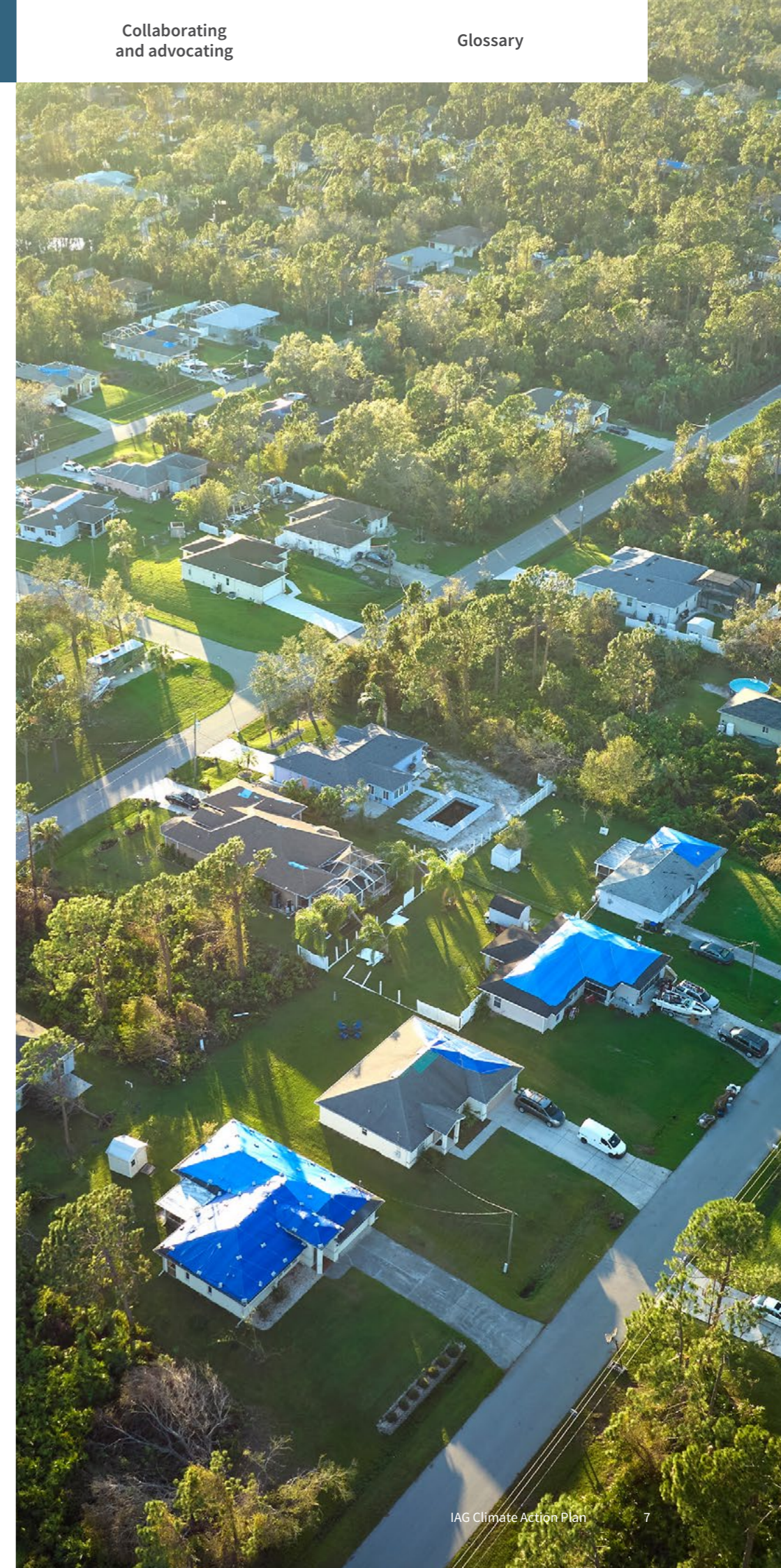
This engagement is helping us to identify opportunities to support reductions over time.

In New Zealand, through the Insurance Council of New Zealand (ICNZ), we have partnered with an external carbon management solutions provider. This will help facilitate emissions reporting for our claims supply chain in New Zealand, with an initial focus on motor repairers.

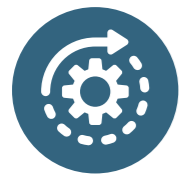
### General procurement

We have added climate-related clauses into our template service agreements with our material general procurement suppliers, where relevant.

We are working with our suppliers on sustainability-related matters including how we can collaborate to support their transition and contribute to our own decarbonisation efforts.







# Supporting our value chain

Our Responsible Investment Policy supports our commitment to managing ESG risks and opportunities within our investments.

## Investments

We have set interim targets to:

- Reduce scope 1 and 2 normalised carbon footprint and weighted average carbon intensity for Australian and Global listed equity investment mandates by 25% by 2025 and 50% by 2030 versus 2020 relevant index level baselines.<sup>1</sup>
- Maintain our \$200 million investment in green bonds.

Firemark Ventures, the corporate venture capital arm of IAG, is actively considering investments in the climate technology sector to support our climate goals. We are working to identify and potentially invest in leading climate technologies both locally and globally, alongside other global insurer corporate venture capital funds.



### KEY INITIATIVES

### KEY CONSIDERATIONS | ASSUMPTIONS

### KEY DEPENDENCIES

#### INTERIM TARGET

**Reduce scope 1 and 2 normalised carbon footprint and weighted average carbon intensity**

for Australian and Global listed equity investment mandates by 25% by 2025 and 50% by 2030 versus 2020 relevant index level baselines<sup>1</sup>

- Continue to align our investments to our interim target and Responsible Investment Policy.

- We expect to refine our measurement methodologies and leverage emerging thinking for our investment interim targets.
- We plan to update our investment emissions interim targets in FY25 to reflect the latest advancements in climate science and responsible investing.

#### Internal

- Subject to ongoing Strategic Asset Allocation approval by Board.

#### External

- Subject to availability of suitable investments.

#### INTERIM TARGET

**Maintain our \$200 million investment in green bonds.**

- Continue to align our investments to our interim target and Responsible Investment Policy.

#### Internal

- Subject to ongoing Strategic Asset Allocation approval by Board.

#### External

- Subject to availability of suitable investments.

<sup>1</sup> The relevant baselines refer to the ASX200, excluding IAG, for Australian equities, and the MSCI World for Global Listed equities, as of June 2020



# Collaborating and advocating

We support communities to build their climate resilience by helping them understand their risks, reduce emissions, and protect themselves against extreme weather events and other climate hazards.

By sharing our understanding of climate risks and opportunities and partnering with governments, industry and other organisations, we can help support systemic change.



## INTERIM TARGET Support 1 million Australians and New Zealanders to take action

to reduce their risk from natural hazards by FY25

### Partnerships and collaboration

We have a history of championing the need to change public policy in the areas of disaster resilience, funding for disaster mitigation, data sharing, land use planning and building codes across Australia and New Zealand. We further contribute through participation in Government-led inquiries and reviews and through the commissioning of evidence-based research.

In Australia, our ongoing advocacy work has supported the creation of the Hazards Insurance Partnership (HIP). The HIP is a partnership between the Australian Government, regulators, agencies and the insurance industry, which allows for engagement on issues of disaster risk reduction and hazard insurance.

In New Zealand, IAG participated in the Government's Expert Working Group providing advice on the development of public policy for managed retreat. In parallel we continued to work with the

### KEY INITIATIVES

- We have reached our interim target which was first introduced in our FY22-24 Climate & Disaster Resilience Action Plan.
- We will continue to support customers and communities in Australia and New Zealand to take action.

### KEY CONSIDERATIONS | ASSUMPTIONS

- Measured through actions that encourage either disaster risk mitigation or emissions reduction.
- An action is counted when an individual takes a step to understand their disaster risk or emissions, or understand options to reduce their risk or emissions, or implement or maintain an initiative to reduce their risk or emissions.

### KEY DEPENDENCIES

- Internal**
  - Ongoing support for initiatives and campaigns that contribute to disaster risk reduction.
- External**
  - Consistently working with our community partners on campaigns that contribute to disaster risk reduction.

Environmental Defence Society alongside other businesses and Local Councils in the development of their series of reports on proposed legislation to support climate adaptation.

We are proud to collaborate across the industry within Australia through the ICA and Australian Sustainable Finance Institute; within New Zealand through the ICNZ and the New Zealand Climate Leaders Coalition; as well as internationally through the PSI and Forum for Insurance Transition to Net Zero.

### Community partnerships

We prioritise and help manage climate change and disaster risk reduction by partnering with community organisations.

Our community partnerships include:

- Australian Red Cross – we work together to build community resilience and support people and businesses to prepare for, respond to and recover from extreme weather events. EmergencyRedi workshops help communities understand their risk(s) and get prepared.

- Lifeline – we have partnered to create online resilience resources to help people manage the mental health effects of extreme weather events.
- South Australian State Emergency Service – we work together to deliver storm preparedness campaigns and targeted community engagement activity to raise awareness of how to better prepare for and respond to storms in South Australia.
- Resilient Building Council – we collaborate on several initiatives, including contributing to the development of the Bushfire Resilience Rating methodology that underpins the Bushfire Resilience Rating Home Self-Assessment App and the FORTIS House project, providing resources for Australians building sustainable homes resilient to extreme climate events.

- Aboriginal Carbon Foundation – our partnership aligns with our Reconciliation Action Plan goal to enable Indigenous people, businesses and communities to take action to address climate change and disaster resilience.

### Research priorities

We continue to contribute to external research on climate change and insurance across Australia and New Zealand. Our research and insights are shared with stakeholders to help inform best practice management of climate change impacts. This includes informing public policy and interventions designed to build resilience and adapt to climate change impacts.

We have identified research priorities which include a focus on sector and geography-specific research.

We propose to further broaden the focus of our climate-related research to include Indigenous and Māori views as well as topics such as nature, biodiversity, and social equity.

# Glossary

<b>Adaptation</b>	Practical actions taken to manage risks arising from climate change to enhance resilience and minimise damage.	<b>Just transition</b>	The shift towards a low-carbon economy that is equitable and promotes sustainable development and social inclusion.
<b>Carbon footprint</b>	The total amount of greenhouse gases (GHGs) emitted directly or indirectly by an individual, organisation, event, or product, usually expressed in equivalent tonnes of carbon dioxide (tCO <sub>2</sub> e).	<b>Limited upstream operational scope 3 emissions</b>	Comprises emissions from employee air travel, mileage, taxi and rental cars (collectively known as business travel), electricity transmission and distribution losses and fleet fuel extraction and processing (collectively known as fuel and energy-related services), employee commuting and working from home, waste, office paper, and print paper. General procurement emissions are included as part of upstream operational scope 3 emissions; however, they have been excluded from the scope of our FY30 limited upstream operational scope 3 emissions reduction interim target.
<b>Claims supply chain emissions</b>	Includes emissions associated with the processes involved in handling and resolving claims, including activities such as assessing damages, procuring replacement goods or services, and transportation.	<b>Mitigation</b>	Proactive practices taken to minimise risks from climate change impacts.
<b>Climate change</b>	Climate change is the long-term shift in global temperatures and weather patterns, mainly due to human activities.	<b>Net zero insurer</b>	Achieving net zero emissions across all operations, while actively enhancing climate resilience and capturing opportunities through the transition.
<b>Climate resilience</b>	Ability to withstand and recover from climate-related impacts, while effectively managing vulnerabilities.	<b>Net zero emissions</b>	The balance between the amount of GHG emitted and the amount removed from the atmosphere, achieved by reducing scope 1, 2 and 3 emissions by at least 90% and implementing measures to offset remaining emissions through carbon removals.
<b>Climate risk</b>	Risks that arise from climate change which can impact resilience and stability. Organisations face transition (related to policy changes and market shifts), physical (direct impacts of climate events) and liability (including greenwashing and failing to meet legislative requirements of climate-related reporting) climate risks.	<b>Renewable energy</b>	Energy from sources that are not depleted when used, such as wind or solar power.
<b>Decarbonisation</b>	The process of reducing carbon dioxide (CO <sub>2</sub> ) emissions through the implementation of initiatives such as energy efficiency, fleet transition, and using low-carbon or renewable power sources.	<b>Scope 1, 2 and 3 emissions</b>	Scope 1 covers direct emissions from owned or controlled sources of a company. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by a company. Scope 3 includes all other indirect emissions that occur in a company's value chain.
<b>Direct operations</b>	Covers our scope 1 and 2 emissions as well as our limited upstream operational scope 3 emissions.	<b>Transition</b>	The strategic process of changing from current methods and models to more sustainable and resilient practices, particularly in response to climate change.
<b>ESG (environment, social, and governance)</b>	Refers to a set of criteria used to measure an organisation's impact on environmental and social issues as well as governance practices.	<b>Transition plan</b>	An aspect of an entity's strategy that lays out targets, actions or resources for the transition towards a lower-emission economy. This includes actions to reduce greenhouse gas emissions or adaptation activities to manage physical climate risks.
<b>General procurement emissions</b>	Includes emissions generated during the acquisition, production, and transportation of goods and services throughout our procurement supply chain.		
<b>Goal</b>	A broad, overarching goal which acts as our guiding principle for action, setting the direction of our interim targets.		
<b>Greenhouse gases (GHGs)</b>	Gases in Earth's atmosphere that trap heat. They include carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), and fluorinated gases.		
<b>Interim target</b>	A specific, measurable and time-bound target that is set to track progress towards achieving the goal of net zero insurer by 2050, subject to certain assumptions and/or dependencies.		