

## Objective

This Policy establishes Suncorp's approach to the management of environmental, social and governance (ESG) risks and opportunities across Suncorp's banking and insurance businesses. It seeks to align Suncorp's institutional conduct and business practices with positive customer, environmental and social outcomes now and into the future.

This Policy supports Suncorp's Code of Conduct, Product Management Policy, and other Policies which govern how Suncorp engages with its customers and how relevant entities in the Group design and distribute their products and services. It aligns with Suncorp's responsibilities to investors via Suncorp's Responsible Investment Policy, and partners and suppliers via Suncorp's Procurement Policy, Supplier Code of Practice and Outsourcing Policy.

## Suncorp Corporate Sustainability Principles

This Policy is also in line with Suncorp's Corporate Sustainability Principles:

**Trust and Transparency:** we are committed to building trust and doing the right thing. We are open and transparent in our dealings with our stakeholders.

**Responsible Financial Services:** we put our customers at the heart of everything we do and help them make good choices. We provide customers with access to affordable financial services that meet their needs.

**Sustainable Growth:** we seek to innovate and optimise economic, social and environmental outcomes throughout our business and value chain.

**Resilient People and Communities:** we respect human rights and invest in the wellbeing and resilience of our people and communities. We are there for our people and our communities in times of need.

## UN Principles for Responsible Banking and Principles for Sustainable Insurance

In line with Suncorp's commitment to the UN Principles for Responsible Banking<sup>1</sup> and the Principles for Sustainable Insurance<sup>2</sup>, this Policy guides how Suncorp:

- aligns our business strategy to be consistent with and contribute to customers' needs and society's goals, as expressed in the United Nations Sustainable Development Goals, the Paris Agreement and relevant national and regional frameworks
- embeds in our decision-making environmental, social and governance issues relevant to our insurance and banking businesses
- works together with our clients and business partners to raise awareness and promote action on environmental, social and governance issues, manage risk and develop solutions
- focuses our efforts where we have the most significant impact
- demonstrates accountability and transparency in regularly disclosing our progress publicly.

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<sup>1</sup> <https://www.unepfi.org/banking/bankingprinciples/>

<sup>2</sup> <http://www.unepfi.org/psi/the-principles/>

# Application

This Policy applies to Suncorp Group Limited, Suncorp Life Holdings Limited, AAI Limited, Suncorp Insurance Holdings Limited and Suncorp-Metway Limited. In New Zealand, this includes Asteron Life Limited, Vero Insurance New Zealand Limited and Vero Liability Insurance Limited. A reference to “Suncorp” includes both a reference to the Suncorp Group of companies and also individual entities within the Group where the context requires.

This Policy applies to all products and services provided by Suncorp direct to consumers, small-to-medium businesses, and commercial business customers. It also articulates Suncorp’s expectations for distribution, sales and customer service agents, and other organisations Suncorp partners with to provide products and services on its behalf.

The Policy does not apply to:

- Procurement and supplier arrangements, which are covered by the Group Procurement Policy and Supplier Code of Practice
- Investments, which are covered by Suncorp’s Responsible Investment Policy
- Statutory insurance products covered by State-based legislation and regulation (i.e. CTP and Workers’ Compensation insurance) and Group Life products in New Zealand
- Business and joint venture subsidiaries of AAI Limited and Suncorp Insurance Services Limited, or joint ventures of Vero Insurance New Zealand Limited and Suncorp Group Holdings (NZ) Limited
- Business through Global Network Partners.

This Policy continues to be integrated into Suncorp’s business practices.

# Policy Statements

This Policy outlines Suncorp's approach to responsible business by providing clear governance for integrating ESG considerations into decision making. It requires portfolio-level assessment of ESG risks and opportunities, followed by research and engagement on identified issues drawing on industry-based ESG guidance. It then seeks to realise positive ESG impact opportunities and to address exposure to ESG risks.

## **1. Suncorp will integrate ESG considerations into decision making, including its banking and insurance businesses.**

In managing its portfolios, products, partnerships, distribution channels, communications and customer service, Suncorp seeks to:

- build trust and be transparent with customers, regulators and other stakeholders on ESG considerations
- deliver products and services that are focused on improving customers' financial wellbeing, are fit for purpose and are delivered with reasonable care and skill
- remunerate and incentivise partners, distributors, and agents in a manner which minimises potential conflicts of interest and with the best interests of customers in mind; and will not pay conflicted remuneration or offer incentives based directly or solely on sales performance to employees
- communicate clearly and transparently with our customers when representing value and functionality
- provide access to affordable and suitable financial products and services, considering customer vulnerability, disability, language, indigeneity, gender, location and culture
- support customers in times of vulnerability or financial hardship
- respond and resolve customer issues in a timely and respectful way, and address systemic issues to prevent problems recurring, and
- build portfolios that address economic, social and environmental outcomes, and support the achievement of the United Nations Sustainable Development Goals and the Paris Agreement transition to a net-zero carbon emissions economy by 2050.

## **2. Suncorp will regularly assess product and portfolio ESG risks and opportunities.**

Suncorp will:

- conduct a regular materiality assessment of current and emerging ESG risks and opportunities which impact customers, our community, other stakeholders and the environment
- conduct a regular assessment of portfolio-level ESG risks and opportunities, including modern slavery, vulnerable customers and communities, and climate change
- review internal practices to ensure products, partnerships, distribution channels, communications and customer service practices continue to provide value for customers, and align with customers' and stakeholders' reasonable expectations and interests and the requirements of relevant industry codes and standards, and
- set and publish targets that align business practices with and ensure our contribution to achieving the United Nations Sustainable Development Goals and the Paris Agreement.

## **3. Suncorp seeks to understand and address ESG risks and opportunities within portfolios through stakeholder engagement.**

Suncorp will engage with:

- consumer advocacy organisations, customer representative bodies and customer-facing employees; and commercial and business customers identified in sensitive sectors where appropriate, to better understand and address customer and community expectations and any systemic ESG risks and opportunities
- industry representative bodies to influence industry policies on ESG-related topics, and
- global and local representative bodies to share knowledge, build capability and improve responsible underwriting and banking practices.

**4. Suncorp seeks business opportunities that have a positive economic, environmental or social impact.**

Suncorp will seek product, service and customer opportunities that deliver business benefits and improve:

- the financial, social and natural hazard resilience of people and communities
- the economic participation of individuals, through education, employment and enterprise
- environmental sustainability and climate change mitigation, including renewable energy, and
- customers' own environmental and social impacts.

**5. Suncorp may exclude doing business with organisations where the activities of that organisation are deemed to be inconsistent with Suncorp's Corporate Sustainability Principles.**

Suncorp may exclude doing business with a sector or a specific organisation including when:

- doing business with the entity would lead to contravention of international treaties or conventions to which the Australian and New Zealand national governments are a signatory, including but not limited to: the United Nations Convention on Landmines; the United Nations Convention on Cluster Munitions; and the United Nations International Bill of Human Rights
- a product produced by the entity is detrimental to human health with no safe level of human use or consumption
- the entity's business is clearly inconsistent with the Paris Agreement and the transition to a global net-zero carbon economy by 2050
- the relevant Suncorp risk committee(s) and the Group Sustainability & Diversity Committee consider doing business with the entity is inconsistent with Suncorp's Corporate Sustainability Principles, Position Statements or Action Plans
- the Group Sustainability & Diversity Committee considers doing business with the entity is inappropriate to the extent it may have a negative impact on Suncorp's reputation
- exclusion is the only means to mitigate a systemic ESG risk in business portfolios, or
- engagement to mitigate or manage ESG risk has proven ineffective.

**6. Suncorp will maintain robust governance and management of ESG risks and opportunities in its business practices.**

- Suncorp will govern material ESG topics including its responsible business practices via senior executive committees, reporting into the Executive Leadership Team.
- Suncorp will report on management of responsible business practices to the Suncorp Boards in Australia and New Zealand via the Board Risk Committee, the Board Customer Committee and relevant New Zealand Board Audit and Risk Committees.

**7. Suncorp will be transparent through appropriate public disclosures to the extent that it is practical and commercially prudent.**

Suncorp will provide appropriate transparency to stakeholders on material ESG topics including its responsible business practices. Suncorp will make a copy of this Policy publicly available, and report on responsible banking and insurance practices, including:

- governance and risk management processes
- relevant objectives, performance metrics and targets, and
- progress on initiatives associated with this Policy.

## Raising concerns

Suncorp is committed to fostering a culture of honest and ethical behaviour. Suncorp recognises the importance of ensuring a safe, supportive and confidential environment where people feel confident about reporting wrongdoing and are supported and protected throughout the process. A copy of Suncorp's Whistleblower Policy including contact details for the Reporting Service are available on the [Suncorp Group website](#). Customers can raise complaints by visiting the [customer relations](#) section of Suncorp's website.

# Role Accountabilities & Responsibilities

## 1. Boards (including New Zealand Boards)

- Responsible for viewing reports on the exposures and application of the Policy where material (via the Board Risk Committee, the Board Customer Committee and the relevant New Zealand Board Audit and Risk Committees).

## 2. Group CEO

- Review reports on the exposures and application of this Policy on an annual basis.

## 3. Chairs of Insurance Non-Financial Risk Committee | Suncorp New Zealand Insurance Risk Committee | Bank ESG/CaBF<sup>3</sup> Committee

- Responsible for ensuring the following:
  - Own and monitor this Policy
  - Oversee the integration of the statements outlined in this Policy into relevant business processes and procedures
  - Review this Policy and associated standards and guidelines at least every two years, and
  - Annually review related reporting and disclosures.

## 4. Group Sustainability & Diversity Committee

- Responsible for ensuring the following:
  - Review and monitor key trends regarding ESG topics
  - Act as a central reference point for ESG risks identified across functions and ensure consistency
  - Act as a point of escalation for contentious or ambiguous decisions, and
  - Approve the adoption of frameworks, standards, and guidelines associated with this Policy where required.

## 5. Insurance Non-financial Risk Committee | Suncorp New Zealand Sustainability & Diversity Committee | Bank ESG/CaBF<sup>3</sup> Committee

- Responsible for ensuring the following:
  - Provide strategic direction and implementation of the Policy
  - Oversee portfolio-level and customer-level issues management and decision-making, and
  - Report annually to the Group Sustainability and Diversity Committee, Group CRO, Suncorp's Executive Leadership Team and Boards on portfolio-level ESG exposures, portfolio-level decision making, and customer-level issues management.

## Policy Exemptions

No exemptions apply to this Policy.

## Policy Breaches

All Policy breaches must be recorded in IRIIS in accordance with the Incident Management Standard, with the Policy Owner notified. Non-compliance with this Policy may result in disciplinary action (including termination of employment).

To the extent that this Policy imposes an obligation on Suncorp, it does not form a contractual term, condition or representation.

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<sup>3</sup> Environmental, Social & Governance/Create a Brighter Future

# Key Terms

**Commercial business customer** For Suncorp Bank, commercial business customers are those with a total business-related exposure (TBRE) of more than \$3m with Suncorp Bank.

For Insurance, commercial business customers are those who are covered by Suncorp's commercial business lines (i.e. Commercial Property, Liability, Engineering, Construction, and Professional and Financial Risks). It does not include small-to-medium business customers (see definition).

**Community** A group of people based on a geographical area, a set of relationships, shared identity or other common interest.

**Conflicted remuneration** Any benefit that, because of the nature of the benefit or the circumstances in which it is given, could reasonably be expected to influence the choice of financial product recommended to clients or the advice given to clients.

**Consumer** For the purposes of this Policy, an individual or small-to-medium business who is in the market to purchase products and services.

**Customer** For the purposes of this Policy, an individual or small-to-medium business or commercial business who engages Suncorp or a Partner to purchase a product, financial product or financial service.

**Consumer advocacy organisations and customer representative bodies** A group or organisation whose role it is to protect and promote the rights and welfare of customers and consumers.

**Environmental, Social and Governance (ESG) risks and opportunities** ESG factors are three core areas that are central to a company's sustainability, ethical impact, competitiveness, and ability to operate.

Examples of ESG topics include:

- Environmental: pollution, deforestation, climate change and renewable energy
- Social: human rights violations, working conditions, and consumer protection
- Governance: corruption, political lobbying and corporate governance

Consideration of ESG factors can also present opportunities for companies to achieve sustainable growth, such as through increased focus on emerging markets or by increasing the resilience of an organisation.

**Financial product** Has the same meaning as defined within section 763A of the Corporations Act 2001 (Cth).

**Financial service** A financial service includes providing financial product advice, dealing in a financial product, making a market for a financial product, operating a registered scheme, and providing a custodial or depository service.

Financial wellbeing	When a person is able to meet expenses, has some money left over, is in control of their finances, and feels financially secure, now and in the future.
Global and local industry representative bodies	Organisations representing the collective interest of organisational members, or organisations which provide a forum for capability building, facilitation of business, and sectoral leadership on common topics. Examples include the Insurance Council of Australia, Insurance Council of New Zealand, Australian Banking Association, National Insurance Brokers Association, United Nations Environment Program.
No safe level of human consumption	The product cannot be consumed safely (e.g. tobacco).
Partner	Any third party with whom Suncorp enters into an arrangement to either deliver third party products using Suncorp's brand and/or platforms, or for the third party to deliver and/or manage Suncorp products using its platforms and/or brand.
Platforms	A channel, system, application or device used to deliver or distribute a product or service to customers and includes platforms administered by Suncorp.
Product	An offering made to customers and encompasses the product or service as a whole and all components of the product including but not limited to benefits, features, functions and uses. A product includes those for which a sum is paid by the customer or is free, and can include financial products. A product is either manufactured by Suncorp or a third-party using Suncorp's brand and/or platforms.
Sensitive sectors	Industry sectors whose business activities may result in negative and material ESG impacts. These sectors may require further analysis. Management action may include avoidance due to their high degree of ESG risks.
Small-to-medium business customer	For Suncorp Bank, small business customers are those with a total business-related exposure (TBRE) of less than \$3m with Suncorp Bank.  For Insurance, small-to-medium business customers are those which are covered by Suncorp's non-commercial insurance lines (i.e. Farms, Business, Trades, Retailers, Professionals & offices, Motor Trades and Public Liability).
Sustainable Development Goals	Developed through the United Nations the 17 Sustainable Development Goals (SDGs) were developed to address areas such as climate change, inequality, innovation, sustainable consumption, and inclusive and sustainable economic growth. The SDGs came into effect in January 2016, with governments and organisations across the globe committing to working toward SDGs.
Systemic risk	The potential for an event to trigger severe instability or collapse of an entire industry, market or economy.

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UNFCCC Paris  
Agreement

An agreement within the [United Nations Framework Convention on Climate Change](#) (UNFCCC), dealing with [greenhouse-gas-emissions mitigation](#), [adaptation](#), and [finance](#), starting in the year 2020. The Paris Agreement's long-term goal is to keep the increase in global average temperature to well below 2-degree Celsius above pre-industrial levels; and to limit the increase to 1.5°C, since this would substantially reduce the risks and effects of climate change.

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