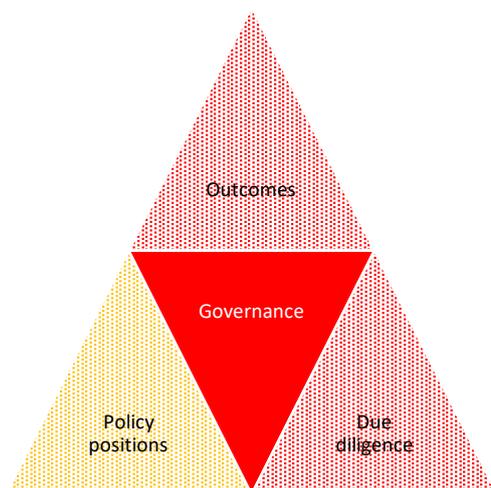


IAG 2019 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

Company Name	INSURANCE AUSTRALIA GROUP LTD
Industry	insurance
FY end	30 June 2019
Revenue FY19	\$17.658 bn
Employees	8,056 (from WGEA data – only Australian employees)
Retail divisions	consumer and retail insurance in Australia and NZ
CLIS divisions	Commercial and business insurance in Australia and NZ.
Law reform contributions	5, 13
Overall level of disclosure	Moderate level of disclosure

Our overall rating of IAG’s human rights performance for each domain is set out below



RETAIL: RED

While IAG recognises various human rights frameworks and is a signatory to a number of voluntary principles-based frameworks, it doesn’t have a holistic view of how its activities can have human rights impacts on its retail customers. This is reflected in our coding for governance.

We found mentions of various policies in IAG’s public disclosures but were unable to review these. Our colour coding for policy positions reflects this. We found little evidence of any feasible human rights due diligence process to cover retail customers.

IAG had a mixed result across our outcomes indicators. We note that it was one of the insurance case studies identified in the Hayne Royal Commission. That evidence indicates a slow response to providing remediation to customers. We also note the evidence uncovered by ASIC in its review of car insurance investigations. We found evidence of complaints to AFCA, but we are able to put this into context due to an absence of disclosure. We could not find IAG’s internal complaints handling data, nor could we locate disclosure identifying any issues around privacy complaints or data

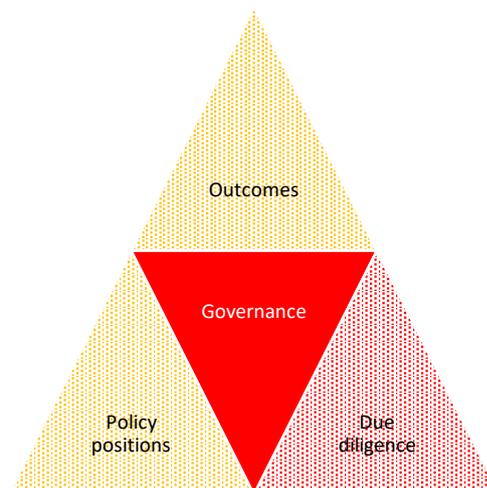
breaches (or to confirm that none existed). While IAG provided support to its retail customers experiencing challenges arising from Covid-19 in FY20, it has no discussion about what support it offered to struggling customers in FY19. Given its business is insurance, it would have a wealth of experience in dealing with people experiencing all kinds of challenges in FY19, including cases where IAG offered support, which we regard as an opportunity missed to provide better disclosure.

COMMERCIAL LENDING INVESTMENT AND SERVICES: AMBER

There are two aspects to IAG’s activities in this domain: its insurance services to commercial customers and its investment activities. Our coding for this domain reflects both activities, with our discussion below seeking to highlight key concerns within each area.

As with retail customers, there is no evidence that IAG has a holistic view of how its activities can have human rights impacts on its commercial insurance customers. This is reflected in its approach to governance of this risk as well as a lack of clear policy positions that cover all of our six human rights categories. We found no evidence of any human rights due diligence process being applied to its commercial insurance customers. There wasn’t a lot of evidence provided by IAG of outcomes in this area, such as privacy and data breaches involving its SME customers, internal dispute resolution, or indeed any metrics around its ‘green’ activities in the commercial area.

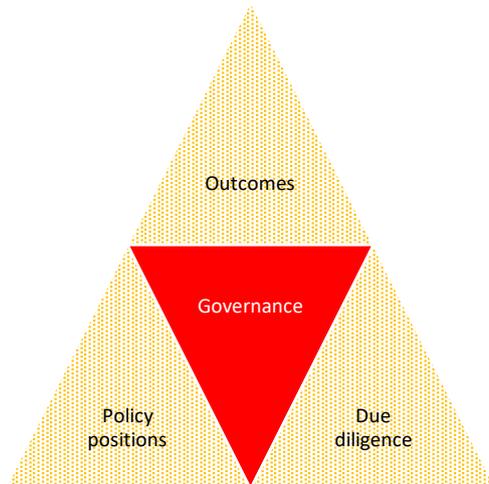
Its investment activities across its Technical Reserves and Shareholder Funds activities have an investment governance process but there is little public information available about the governance of human rights risk within its governance of ‘ESG’ risk. We found a lot of discussion around its approach to climate change risk. We found far less discussion around the specifics of its management of human rights risk. We note that there is little disclosure of IAG’s investment policies and processes: we found description of an investment due diligence process but not enough specific discussion of a feasible human rights due diligence process. We found mixed evidence in terms of our outcomes indicators and our colour coding reflects an absence of disclosure from IAG on many of our indicators. Our outcomes indicators include several human rights-related climate change measures such as green bond and renewable energy investments, but these were not observable in the materials made public by IAG.



This report is presented for the purpose of disseminating information and research findings for the benefit of the public. It has been prepared on the basis of evaluation of human rights performance based on publicly available material for the 22 ASX listed entities included in the sample.

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EMPLOYEES: AMBER

IAG is one of the larger employers in our FSE sample. It was therefore surprising to find very little in the way of public disclosure of information around its employees.

In terms of our governance indicators, we found some evidence of management of some aspects of this risk, notably diversity. We found no evidence of holistic governance of this risk across our six human rights categories.

We found very little disclosure of its policy positions for employees beyond the name of the policy. Diversity policy and to a lesser extent its work well initiatives are two exceptions.

Human rights due diligence of IAG’s relationships with its employees is not clear.

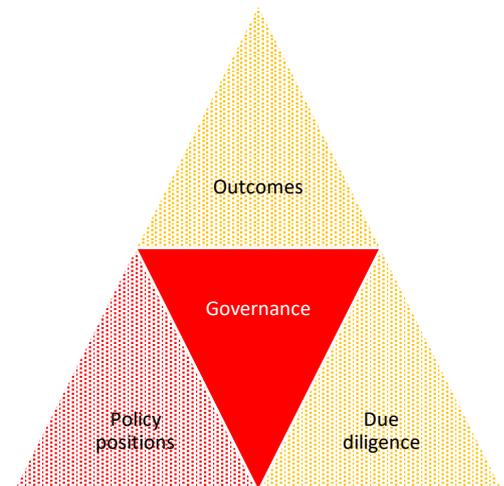
We found some good outcomes, notably around diversity (gender, age and ATSI) but also evidence of a gender pay gap. We could not find information in IAG’s own disclosures to satisfy our indicators: our colour coding reflects this outcome.

SUPPLY: RED

IAG has done much work leading up to its FY2020 Modern Slavery Statement to improve its governance, policy positions and due diligence in its supply chain. This statement provided evidence to confirm our view that many of the elements discussed in that statement were not present during FY2019. This is reflected in our coding of the factors in this domain.

In terms of governance, we note that IAG has a clear statement of its recognition of modern slavery as a source of risk in its own operations and within its supply chain. There is also a clear statement of its commitment to minimise if not eradicate that risk. Yet there is little visibility of its policy positions in this area as they applied in FY19. For example we found mention of a procurement policy, but no disclosure of that policy or of its key terms. We used the FY20 Modern Slavery Statement to fill in some of the gaps for policy position and due diligence.

Our coding for outcomes is common across our Year 1 FSE sample.



SOCIETY: RED

There is no recognition at Board level of public policy advocacy as a source of human rights risk. Thus there are no policy positions on this issue, nor any discussion of due diligence processes.

From our Year 1 sample of law reform inquiries, IAG made two submissions: Treasury’s consultation on improving disclosure in general insurance (reform 5), and the Senate Economics Reference Committee Inquiry on Consumer Protection in the Banking, Insurance and Financial Sector (reform 13). We also note that IAG was featured as one of the insurance case studies in Hayne Royal Commission.

Its submissions do not use human rights terms. Yet it is possible to see some mixed outcomes for human rights in the positions IAG takes on these two reforms.

For example, its submission to reform 13 stated a belief that existing internal dispute resolution and external dispute resolution frameworks are operating effectively. We refer to our earlier outcomes evidence under ‘Retail’ about slow remediation processes, as well as our comments about the absence of data on its own internal dispute resolution processes. We are not certain whether the experience of its own customers could support IAG’s stated view of dispute resolution effectiveness.

By way of contrast, its position in reform 5 on premium increases and component pricing in renewal notices offered support for explaining premium increases (information in our human rights category privacy and information) and, notwithstanding the practical difficulties in doing so, it was open to exploring how this could be implemented.

