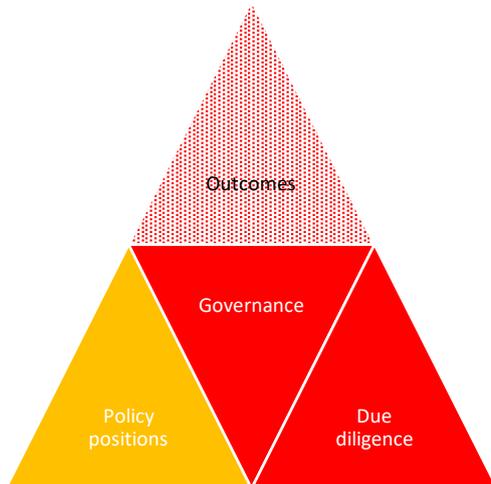


SUNCORP GROUP YEAR 1 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

| | |
|-----------------------------|---|
| Company Name | SUNCORP GROUP |
| Industry | INSURANCE |
| FY end | 30 June 2019 |
| Revenue FY19 | \$15.56 bn |
| Employees | 12,633 (WGEA) |
| Retail divisions | insurance, banking and wealth, Australian Life |
| CLIS divisions | insurance, banking (commercial/SME lending and Agribusiness), own investment activities |
| Law reform contributions | 4, 5, 14 |
| Overall level of disclosure | Extensive disclosure |

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



RETAIL: RED

Suncorp has a clear statement of recognition that its activities can have human rights impacts and a commitment to respect those human rights. But its governance of human rights risk arising from its relationship with retail customers is piecemeal when compared across our six human rights categories.

We found some policy positions that covered aspects of human rights (such as privacy). We note the Financial Inclusion Action Plan 2018-2020 and its aspirations to provide products and services to particular groups, an aspiration that requires specific policies to implement. There was nothing to indicate that a human rights due diligence process existed for its retail customers.

While there was some evidence of good outcomes for retail customers (such as a premium reduction from a Cyclone Resilience Benefit), there was more evidence of poor outcomes as measured by our indicators. Overall the level of internal complaints appears high compared to our other sample FSEs, although we note that most of our FSE sample did not voluntarily disclose this information. We note more than 4,000

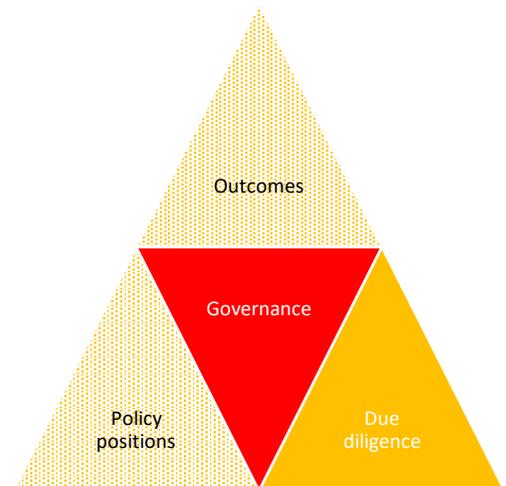
complaints to AFCA. We note the payment of remediation, but also evidence from ASIC’s review of a harmful and unreasonable process for investigating motor vehicle claims, with Suncorp named as one of the insurers reviewed.

COMMERCIAL LENDING INVESTMENT AND SERVICES: AMBER

There are two areas of relevance to this domain: its banking, lending and insurance services to corporate clients (notably SMEs and farming clients), and its investment activities. Our colour coding of the factors reflects the combined activities of each area.

We did not find much disclosure in relation to its banking lending and insurance services to corporate clients. Unlike its retail customers, there was little attention given in Suncorp’s commentary on this aspect of its business. We found little evidence of explicit governance of this area across our indicators. There was no obvious policy positions and nothing around due diligence. We found some evidence of outcomes relating to this activity, but on the whole we had little information to work with.

While there was more disclosure and commentary on its investment activities in terms of governance and policy positions, the evidence for a human rights due diligence process indicated that primary responsibility for an assessment by asset was with the external fund managers operating under an investment mandate with Suncorp. Suncorp disclosed it undertook an annual review of its portfolio for ESG risks and it appears from our review of the FY20 Modern Slavery Statement as well as its FY20 UN PRI Transparency Report that some changes may have been made for FY20.



With some of its portfolio in passive funds and collective investment vehicles, Suncorp explicitly indicated it had less ability to influence the investment choices of these external fund managers. It therefore emphasised its activities in the initial selection process.

Suncorp provided little disclosure of its portfolio outcomes. This included not only basic information relation to the composition across asset classes, but also outcomes relating to human rights. When compared to the other insurance companies in our FSE sample, this absence was particularly telling. While there was disclosure of a new \$128 million mandate for green bonds, there was no disclosure of its overall holdings of green bonds. We found mention of a new social impact investment of \$1 million in FY19, but nothing to indicate what that investment was, nor a total figure of impact investments within Suncorp’s investment portfolio.

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.

The University of Sydney (“University”) makes no representations or warranties as to the accuracy, completeness, or reliability of the information contained in the report, and accepts no legal liability whatsoever arising from, or connected to, the material contained in this report.

The information contained in this report is not intended to constitute legal, tax, financial or investment advice and nothing in the report is intended to imply any recommendations or opinions. The University recommends that users make their own independent judgements or seek independent advice with respect to the information contained in this report.

SUNCORP GROUP YEAR 1 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

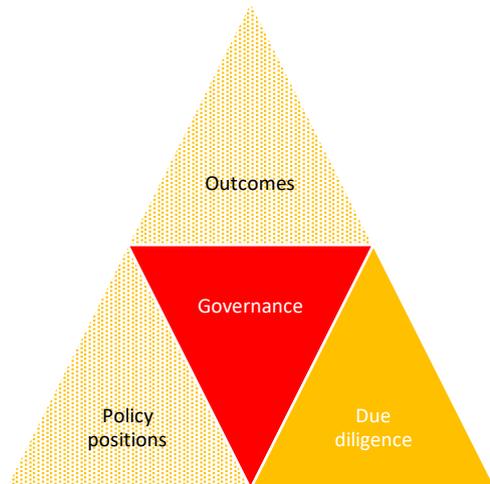
EMPLOYEES: AMBER

Suncorp is one of the larger employees in our FSE sample. It recognises the human rights of its employees and commits to respect these rights.

Its governance of human rights risk in relation to employees was inconsistent across our six human rights categories.

This inconsistency is also evident in policy positions, with our coding indicating a lack of sufficient information on some of these policies. For example, the Safety and Wellbeing Policy provides for rehabilitation of injured workers, but doesn't indicate how it approaches the right to remedy for those workers who were injured. There is no discussion of its policy and processes to manage workplace grievances.

Our coding for outcomes reflects our inability to confirm some of the outcomes for our indicators due to a lack of disclosure. We note the evidence of gender and age diversity, while also noting there is a gender pay gap (and no clear plans with targets and timeframes for addressing it).



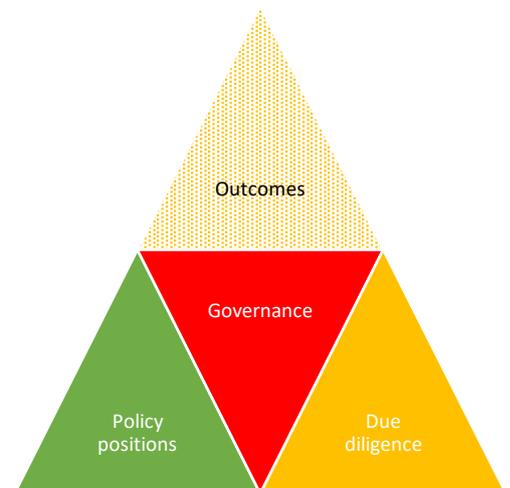
SUPPLY: AMBER

To understand Suncorp's activities in this domain, we also reviewed its FY20 Modern Slavery Statement in addition to documents related to FY19. This allowed us to understand more about Suncorp's activities in this area in FY19.

Suncorp has a sizeable supply chain, its total spend with 1,348 contracted suppliers (including claims) of \$3.537 billion. It has 745 material suppliers (with annual spends of more than \$500,000).

We found little evidence of governance of this risk, as measured by our indicators. We found clear policy positions relating to suppliers, covering not only Suncorp's expectations of suppliers but also evidence of seeking diversity in its suppliers, and its payment terms for small business. We found less evidence of a feasible human rights due diligence process in FY19.

While our coding for outcomes is common across our FSE sample, we note that Suncorp provided clear disclosure of some aspects of its performance: around payment (98% of invoices paid within 30 days, unless a contract allowed for a longer period), and around adoption of the Supplier Code of Practice by material and new suppliers (100% adoption).



SOCIETY: RED

There is no recognition at Board level of public policy advocacy as a source of human rights risk. There is a very clear statement of intent to contribute to public policy debates around laws applicable to Suncorp Group's areas of business. Its Political Engagement Policy emphasises protocols for managing engagement. These intentions and protocols are noteworthy but cover a different aspect of these activities to the human rights impacts we are interested in.

In terms of governance, there does not appear to be an adequate system in place as measured by our indicators. We note that public policy advocacy receives no attention in Suncorp's governance commentary. Because there is neither holistic governance nor an explicit policy covering the human rights impacts of its public policy advocacy, we were not surprised to find no evidence of a feasible human rights due diligence process for this risk.

Its submissions to our sample study of inquires adopt positions that encourage a positive human rights impact. For example, its submission to ASIC's consultation

on the enforceability of financial services codes noted that AFCA should be able to hear new issues raised by a consumer if circumstances had changed (relevant to right to remedy). However the same submission sought to limit a consumer's right of remedy should be restricted to their existing legal contractual right. This doesn't acknowledge that monetary compensation alone might not remedy the conduct if an apology for the conduct is justified by the circumstances (including the fact that this matter wasn't resolved at the first available opportunity via IDR) or where there is misconduct by the FSE that also lies behind its breach.

