Suncorp Group - Climate Change 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Suncorp Group Limited is a leading financial services provider in Australia and New Zealand, enabling more than nine million customers to better protect and enhance their financial wellbeing. With a heritage dating back to 1902, we have grown to become a top 50 ASX-listed company with more than 13,500 people and $96 billion in total assets.

We offer insurance, banking and wealth management products and services through our well-recognised brands including Suncorp, AAMI, GIO, Apia, Shannons and Vero, as well as those from our partners.

To read Suncorp's most recent Annual Report, please visit: **suncorpgroup.com.au/investors**

To learn more about our approach to Corporate Responsibility, please visit **suncorpgroup.com.au/corporate-responsibility/reports**

To create sustainable value, Suncorp adapts to evolving market conditions. We take a long-term view and actively respond to changes in the economy, society and the environment. We manage our impacts to ensure the sustainable growth of both our business and the communities in which we operate.

Our strategy aims to build sustainable competitive advantage across four strategic capabilities:

- People: a high performing, engaged workforce with a sense of purpose;
- Customer: a growing customer base that positively promotes our business,
- Digital & data: a customer led, digital first automated platform; and
- Advocacy: resilience through collective action on social, financial & natural hazards

Suncorp conducts business in a way that protects and sustains the environment. We continue to reduce our environmental impact and be transparent about our environmental performance. Climate change presents strategic and financial risks and opportunities for our organisation and our community.

Suncorp is committed to playing our part in reducing carbon emissions, preparing for the physical impacts of climate change and supporting the transition to an economy that achieves net-zero carbon emissions by 2050.

We are responding to climate-related risks and opportunities, including natural hazard resilience building, through the implementation of our Climate Change Action Plan which encompasses our Environmental Performance Plan.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	July 1 2018	June 30 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Australia
New Zealand

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

AUD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Bank lending (Bank)
Investing (Asset manager)
Investing (Asset owner)
Insurance underwriting (Insurance company)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Governance of climate change at Suncorp is the responsibility of the Suncorp Group Limited and Suncorp New Zealand Boards, which oversee the response to climate change risks and opportunities through their Board Risk Committees. Key strategic and financial risks, including climate change, are identified during the annual business planning process and mitigation activity is considered at least on a quarterly basis through reporting to Board Committees.
Chief Executive Officer (CEO)	The Group Chief Executive Officer (Group CEO) and Group Executive Leadership Team are accountable for Suncorp's actions and commitments to embed climate change into risk management, business strategy, business planning and budgeting processes and frameworks, as outlined in the CCAP. Emerging risks, including those related to climate change are monitored regularly by management committees, with material changes escalated to the Board as required. The Climate Change Leadership Group reports to the Corporate Responsibility Council which is a subcommittee of the Group Executive Leadership Team and is chaired by Suncorp's Group CEO.
Other, please specify (Climate Change Leadership Group)	Our Climate Change Action Plan (CCAP) has five working groups comprised of cross-functional expertise from banking, insurance, investment, our Group support functions and New Zealand to ensure climate change considerations are integrated into relevant activities. These working groups report into the Climate Change Leadership Group that reports to the Corporate Responsibility Council, which is a subcommittee of the Group Executive Leadership Team and is chaired by Suncorp's Group CEO.
Other, please specify (Executive committees)	Suncorp's Responsible Investment Committee governs the application of the Responsible Investment Policy, which includes the application of a shadow carbon price to the analysis of investment opportunities to manage risk as we transition to a net-zero emissions economy. Our Insurance, Banking & Wealth and New Zealand Risk Committees govern the implementation of Suncorp's Responsible Banking & Insurance Policy in Australia and New Zealand, which establishes an organisation-wide approach for managing environmental and social outcomes from our products and portfolios.
Board Chair	Governance of climate change at Suncorp is the responsibility of the Suncorp Group Limited and Suncorp New Zealand Boards, which oversee the response to climate change risks and opportunities through their Board Risk Committees. Key strategic and financial risks, including climate change, are identified during the annual business planning process and mitigation activity is considered at least on a quarterly basis through reporting to Board Committees.
Director on board	Governance of climate change at Suncorp is the responsibility of the Suncorp Group Limited and Suncorp New Zealand Boards, which oversee the response to climate change risks and opportunities through their Board Risk Committees. Key strategic and financial risks, including climate change, are identified during the annual business planning process and mitigation activity is considered at least on a quarterly basis through reporting to Board Committees.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our bank lending activities Climate-related risks and opportunities to our investment activities Climate-related risks and opportunities to our insurance underwriting activities Climate-related risks and opportunities to our other products and services we provide to our clients The impact of our own operations on the climate The impact of our bank lending activities on the climate The impact of our investing activities on the climate The impact of our insurance underwriting activities on the climate	Governance of climate change at Suncorp is the responsibility of the Suncorp Group Limited and Suncorp New Zealand Boards, which oversee the response to climate change risks and opportunities through their Board Risk Committees. Key strategic and financial risks, including climate change, are identified during the annual business planning process and mitigation activity is considered at least on a quarterly basis through reporting to Board Committees.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Reports to the board directly	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Chief Risks Officer (CRO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Other, please specify (Corporate Responsibility Council)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Chief Financial Officer (CFO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Other C-Suite Officer, please specify (Chief PX Officer)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our own operations	As important matters arise
Chief Investment Officer (CIO)	CEO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities	Quarterly
Other committee, please specify (● Risk committee(s): Insurance risk committees, Bank risk committees)	Risk - CRO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our other products and services	Quarterly
Responsible Investment committee	Finance - CFO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities	More frequently than quarterly
Other, please specify (Executive General Manager Corporate Affairs and Investor Relations)	Finance - CFO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	More frequently than quarterly
Other, please specify (Executive Manager Sustainability Risk)	Risk - CRO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our bank lending activities Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our other products and services Risks and opportunities related to our own operations	Quarterly
Other, please specify (Responsible Investment Manager)	Investment - CIO reporting line	Both assessing and managing climate-related risks and opportunities	Risks and opportunities related to our investing activities	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Group Chief Executive Officer (**Group CEO**) and Group Executive Leadership Team are accountable for Suncorp's actions and commitments to embed climate change into risk management, business strategy, business planning and budgeting processes and frameworks, as outlined in the Climate Change Action Plan (CCAP). Emerging risks, including those related to climate change are monitored regularly by management committees, with material changes escalated to the Board as required.

Our CCAP has five working groups comprised of cross-functional expertise from banking, insurance, investment, our Group support functions and New Zealand to ensure climate change considerations are integrated into relevant activities. These working groups report into the Climate Change Leadership Group that reports to the Corporate Responsibility Council, which is a subcommittee of the Group Executive Leadership Team and is chaired by Suncorp's Group CEO.

Suncorp's Responsible Investment Committee governs the application of the Responsible Investment Policy, which includes the application of a shadow carbon price to the analysis of investment opportunities to manage risk as we transition to a net-zero emissions economy. Our Insurance, Banking & Wealth and New Zealand Risk Committees govern the implementation of Suncorp's Responsible Banking & Insurance Policy in Australia and New Zealand, which establishes an organisation-wide approach for managing environmental and social outcomes from our products and portfolios. Suncorp also ensures strong governance of procurement activities and is committed to actively managing the environmental and social risks and opportunities in our supply chain through our Procurement Policy and Supplier Code of Practice across our business.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Suncorp's executive remuneration structure consists of fixed remuneration as well as short-term incentives (STI) and long-term incentives (LTI). In determining STI, the Board ensures risk management is considered through, amongst other things, separately weighted risk measures in the Group Scorecard. The Group Scorecard is categorised into Financials, Customer, Risk and People, with risk management considered as a key component of the overall performance outcome. Climate change is one of Suncorp's six strategic risks. Furthermore, management of acute extreme weather risk and appropriate reinsurance is a material contributor to the Group delivering targeted profit after tax. More detail regarding executive remuneration can be found in the Remuneration Report of our annual report at http://suncorpgroup.com.au/investors

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Corporate executive team	Monetary reward	Other (please specify) (Risk)	Suncorp's executive remuneration structure consists of fixed remuneration as well as short-term incentives (STI) and long-term incentives (LTI). In determining STI, the Board ensures risk management is considered through, amongst other things, separately weighted risk measures in the Group Scorecard. The Group Scorecard is categorised into Financials, Customer, Risk and People, with risk management considered as a key component of the overall performance outcome. Climate change is one of Suncorp's six strategic risks. Furthermore, management of acute extreme weather risk and appropriate reinsurance is a material contributor to the Group delivering targeted profit after tax. More detail regarding executive remuneration can be found in the Remuneration Report of our annual report at suncorpgroup.com.au/investors

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	Yes, as an investment option for some plans offered	Yes, though indirectly for some investment options only. The Suncorp Master Trust (Suncorp Portfolio Services Limited (SPSL) is the Trustee) for its Suncorp branded investment options benefits indirectly from the ESG Principles implemented by Suncorp Funds Pty Ltd (SFPL) & Suncorp Corporate Services Pty Ltd (SCS). SPSL as an investor in the Suncorp Group Trusts participates in underlying stock exclusions and shadow carbon pricing (as integrated into the underlying investment manager mandates with SFPL). Further, Suncorp Group Trusts apply a Fossil Fuel Guideline including stock exclusions and shadow carbon pricing.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Covered by our 3-year business plan
Medium-term	3	10	10 years to the end of the decade
Long-term	20	40	to mid-century

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Suncorp's risk management framework defines Extreme and Serious Impact in relation to strategic and operational risks, including climate-related risks.

Extreme Impact is where the viability or sustainability of the business is threatened, while Serious Impact would cause a failure to meet business objectives.

Extreme and Serious Impact is also defined in relation to Suncorp's customers and community expectations, reputation and market confidence, regulatory and contractual, people and financial loss.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
This year Suncorp has further investigated the emergence of climate-related risks and opportunities through scenario analysis of different emission concentration pathways and at fixed points in time. We have used our first climate change high-level risk and opportunity assessment (HLROA) that was completed in April 2019, as a starting point for our scenario analysis. This year we focused on the following high-level risks: 1. Physical exposures in a future climate 2. Community resilience to insurable and uninsurable risk 3. Portfolio management and changing markets and the following high-level opportunities: 1. Community resilience building (e.g. community-level risk reduction) 2. Developing competitive advantage by understanding climate change impacts and emerging opportunities (e.g. investing in resources, systems and tools to increase understanding and how Suncorp can benefit from managing the increasing impacts better than competitors) Our scenario analysis has focused on: - how the physical risks of climate change may impact business operations, pricing and income over the medium (next ten years) to long term (mid-century) on our residential property insurance and lending portfolios in Australia and infrastructure and property investments in Australia; and - how an economic transition to a net-zero emissions economy of financial markets, consumer markets and the economy may impact our commercial and liability insurance portfolios as well as investment assets for Insurance Australia, and the business lending portfolios for the Bank, in the short term (next three years) to medium term (next ten years). Our scenario analysis did not include New Zealand. Our work recognises the impacts of climate change on the business and provides rigorous analysis to: inform our Group and business unit strategic planning, as well as financial decisions such as reinsurance and pricing; meet market expectations about disclosure; and, be transparent with investors, regulators and other stakeholders about our efforts to limit the impacts of climate change. In conducting our scenario analysis this year, we have adopted a partnership approach to supplement our technical knowledge, internal modelling and data with additional research, modelling sophistication, and technical scientific and economic knowledge. To support the physical risk assessment, we partnered with Aon Australia based on their existing knowledge of Suncorp's insurance business, and their natural hazards modelling capability. To support the transition risk assessment, ClimateWorks Australia was selected as a partner owing to their experience in modelling technical and economic pathways to reach net-zero emissions by 2050. For Insurance Australia and Suncorp Bank, the physical risk analysis focused on Australian residential properties in our portfolios at a postcode level. For the investment portfolio we considered the impact to infrastructure and property assets at a post code level. A review of property and infrastructure managers' climate change mitigation plans was also undertaken. The physical risk analysis quantified the potential implications for subsequent property damage of each separate weather hazard, expressed both in change to the present-day Average Annual Loss (AAL) and change to the hazard rate (a percentage multiplier value applied to the total insured value that generates the AAL). Suncorp has selected AAL as a risk measure in order to understand any pricing impacts. Suncorp has adopted the United Nations' Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) scenarios used in global climate modelling. The scenarios we used for the assessment are RCP 4.5, reflecting a moderate emissions pathway with emissions peaking mid-century and an increase in average global temperature of approximately 2°C, and RCP 8.5 where emissions continue to increase rapidly through the early and mid-parts of the century with an increase in average global temperature in excess of 4°C. Owing to the increasing nature of physical risks over time, Suncorp selected the time periods 2030 and 2060 for the physical risk assessments. 2060 was selected as it aligns with previous internal research, enabling more relevant comparisons for strategic and pricing purposes. It also provides greater divergence for comparison between the concentration pathways, allowing for a better understanding of the consequences of inaction. Over the short to medium term, Suncorp has identified climate change transition risks and opportunities by using modelled changes in economic activity against a business as usual scenario (reflecting no policy changes from today) for 70 industries in Australia. We have conducted an analysis of the impact of transitioning to a net-zero emissions economy under 1.5ºC and 2ºC scenarios from the Decarbonisation Futures scenario data for our Insurance Australia commercial and liability insurance portfolios, Insurance Australia investment assets and Bank business lending portfolios. Consumer insurance and compulsory third-party portfolios for Insurance Australia, and residential lending portfolios have not been included in the analysis. To read about the Decarbonisation Futures, please visit: climateworksaustralia.org/wp-content/uploads/2020/04/Decarbonisation-Futures-March-2020-briefing-slide-pack.pdf The timeframe applied to consider these changes was 2030 to 2040 to reflect the timeframe in which a transition must occur to limit warming to 1.5–2.0ºC. Data was provided and analysis conducted prior to COVID-19. The management of climate-related risks are embedded in our business through: • Strategic plans including our Group Strategic and Business Plans, Climate Change Action Plan focusing on climate risk and natural hazard resilience, and our Environmental Performance Plan including our Renewable Energy Strategy • Financial planning including integration of climate change into risk modelling and pricing, reinsurance and Natural Hazard Aggregate Protection • Policy and Guidelines including our Insurance Risk Standard, Retail and Business Credit Policy and Lending Assessments, Responsible Investment Policy, Responsible Banking & Insurance Policy and Sensitive Sector Guidelines • Organisational capability building including participation in industry working groups.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	As part of our risk framework, risks relating to the failure to meet government or regulatory expectations are managed. Suncorp prioritises appropriate investment to address regulatory requirements. This enables us to develop a strong business that exists to build futures and protect what matters.
Emerging regulation	Relevant, always included	As part of our risk framework, risks relating to the failure to meet government or regulatory expectations are managed. Suncorp prioritises appropriate investment to address regulatory requirements. This enables us to develop a strong business that exists to build futures and protect what matters.
Technology	Relevant, always included	As part of our risk framework, Suncorp monitors risks related to customers changed behaviour and new expectations, risks that competitors introduce new business models hat better meet customer needs, risks that participants in the new 'data economy' use data more effectively than Suncorp and that changes in car ownership and manufacture impact Suncorp's revenue from traditional product lines. Suncorp's strategy previously anticipated significant customer preference to digital channels, however recognised that this was one of many channels our customers wished to engage. The pandemic has accelerated customer movement to digital, as well as brought about new ways of working that can be used to drive technology transformation in the medium and longer term, along with delivering quick win opportunities. The Group has refreshed its digital strategy to accelerate sales and service capability across the Group with a focus on delivering customer digital experiences that are smart, simple and trusted while delivering business growth and operational efficiency.
Legal	Relevant, always included	As part of our risk framework, risks relating to the failure to meet government or regulatory expectations are managed. Suncorp prioritises appropriate investment to address regulatory requirements. This enables us to develop a strong business that exists to build futures and protect what matters.
Market	Relevant, always included	As part of our risk framework, shifts in customer expectations, technology, mobility, data and competitors are managed. Suncorp monitors risks related to customers changed behaviour and new expectations, risks that competitors introduce new business models hat better meet customer needs, risks that participants in the new 'data economy' use data more effectively than Suncorp and that changes in car ownership and manufacture impact Suncorp's revenue from traditional product lines. Suncorp's strategy previously anticipated significant customer preference to digital channels, however recognised that this was one of many channels our customers wished to engage. The pandemic has accelerated customer movement to digital, as well as brought about new ways of working that can be used to drive technology transformation in the medium and longer term, along with delivering quick win opportunities. The Group has refreshed its digital strategy to accelerate sales and service capability across the Group with a focus on delivering customer digital experiences that are smart, simple and trusted while delivering business growth and operational efficiency.
Reputation	Relevant, always included	As part of our risk framework, shifts in customer expectations, technology, mobility, data and competitors are managed. Suncorp monitors risks related to customers changed behaviour and new expectations, risks that competitors introduce new business models hat better meet customer needs, risks that participants in the new 'data economy' use data more effectively than Suncorp and that changes in car ownership and manufacture impact Suncorp's revenue from traditional product lines. Suncorp's strategy previously anticipated significant customer preference to digital channels, however recognised that this was one of many channels our customers wished to engage. The pandemic has accelerated customer movement to digital, as well as brought about new ways of working that can be used to drive technology transformation in the medium and longer term, along with delivering quick win opportunities. The Group has refreshed its digital strategy to accelerate sales and service capability across the Group with a focus on delivering customer digital experiences that are smart, simple and trusted while delivering business growth and operational efficiency.
Acute physical	Relevant, always included	Acute physical risks are explicitly considered in Suncorp's physical risk scenario analysis. Suncorp's Enterprise Risk Management Framework governs the identification, management, control and monitoring of risks, including risks presented by climate change. This is addressed in more detail in Suncorp's Insurance Risk Standard, which focuses on insurance product design, pricing, underwriting, claims management and reinsurance within the Insurance business. Suncorp's Bank Credit Risk Management Policy focuses on governing, assessing and approving credit risk exposures. Bank credit risks are managed within the parameters of the Risk Appetite Statement and monitored by the Banking and Wealth Risk Committees on an ongoing basis. Suncorp Bank does not specifically integrate climate change considerations into residential lending risk assessments; however, a property valuation is required for a new loan application and this valuation identifies exposure to potential risks such as flooding. Suncorp Bank has identified postcodes where heightened risks of flooding are present and applications from these postcodes are flagged for more stringent assessment. Suncorp Bank relies on property owners maintaining appropriate insurance cover to protect the underlying collateral value from risk, include those stemming from climate change. Long-term average rainfall patterns and volatility are key risk characteristics used in the assessment of agribusiness lending.
Chronic physical	Relevant, always included	Chronic physical risks are explicitly considered in Suncorp's physical risk scenario analysis. Suncorp's Enterprise Risk Management Framework governs the identification, management, control and monitoring of risks, including risks presented by climate change. This is addressed in more detail in Suncorp's Insurance Risk Standard, which focuses on insurance product design, pricing, underwriting, claims management and reinsurance within the Insurance business. Suncorp's Bank Credit Risk Management Policy focuses on governing, assessing and approving credit risk exposures. Bank credit risks are managed within the parameters of the Risk Appetite Statement and monitored by the Banking and Wealth Risk Committees on an ongoing basis. Suncorp Bank does not specifically integrate climate change considerations into residential lending risk assessments; however, a property valuation is required for a new loan application and this valuation identifies exposure to potential risks such as flooding. Suncorp Bank has identified postcodes where heightened risks of flooding are present and applications from these postcodes are flagged for more stringent assessment. Suncorp Bank relies on property owners maintaining appropriate insurance cover to protect the underlying collateral value from risk, include those stemming from climate change. Long-term average rainfall patterns and volatility are key risk characteristics used in the assessment of agribusiness lending.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	Yes	In 2020, we began a process of assessing our lending portfolio exposure to climate-related risks and opportunities. We conducted scenario analysis aimed at understanding our exposure to physical risk and transition risk. Our physical risk assessment was aimed at exploring the impact of climate change on the fixed property collateral supporting our residential mortgage portfolio. Our transition risk analysis explored the impact of possible transition pathways on business lending portfolio through changing levels of activity by industry sub-sector.
Investing (Asset manager)	No, we don't assess this	The Suncorp Master Trust (SPSL is the Trustee) for its Suncorp branded investment options benefits indirectly from the ESG Principles implemented by SFPL & SCS. For example, SPSL invests via Suncorp Group Trusts which apply a Fossil Fuel Guideline including stock exclusions and shadow carbon pricing.
Investing (Asset owner)	Yes	Suncorp commenced analysis of investment portfolio climate change risks and opportunities in 2018 and has built on its approach each year. For details see response to (C-FS2.2c)
Insurance underwriting (Insurance company)	Yes	The assessment and management of climate-related risks are embedded in our business through: • Strategic plans including our Group Strategic and Business Plans, Enterprise Risk Management Framework, Climate Change Action Plan and our Environmental Performance Plan • Financial planning including integration of climate change into risk modelling and pricing, reinsurance and Natural Hazard Aggregate Protection • Policy and Guidelines including our Insurance Risk Standard, Responsible Banking & Insurance Policy, Responsible Investment Policy, Sensitive Sector Guidelines and Insurance Risk Appetite Statement This includes climate change scenario analysis conducted on commercial and personal insurance portfolios, and investment portfolios. In 2020 we conducted scenario analysis focused on: - how the physical risks of climate change may impact business operations, pricing and income over the medium to long term on our residential property insurance; and - how an economic transition to a net-zero emissions economy of financial markets, consumer markets and the economy may impact our commercial and liability insurance portfolios as well as investment assets for Insurance Australia, in the short to medium term. Our Insurance Natural Perils Pricing team conducts ongoing research into the consequences of a changing climate on the frequency and intensity of natural hazards. This research includes understanding the effects of a future warming climate on future natural hazard risk. Any change to the risk that occurs due to climate change or other factors can be addressed dynamically through a range of mechanisms including risk selection and underwriting practices, premiums that adjust for risk and associated capital and reinsurance costs, and geographical and product diversification. In addition to the Natural Perils Pricing team, Suncorp's Actuarial Modelling team use Suncorp's historical dataset of natural hazard events, as well as external vendor models, to estimate the cost of natural hazards in the year ahead given the planned portfolio and pricing. Our Technical Pricing Team in New Zealand are reviewing Government/Local Government flood mapping by overlaying available data onto our existing book in order to understand the potential effects that climate change related flooding events will have on Vero/Suncorp New Zealand and our customers.
Other products and services, please specify	Not applicable	

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio's exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	Majority of the portfolio	Qualitative and quantitative	Physical risk – Majority of the portfolio (i.e. applied to residential mortgage portfolio which comprises ~80% of our total loan book.) Transition risk – All of the portfolio (i.e. we assume transition risk is relevant to business lending portfolio only and tested all that portfolio). Both are qualitative and quantitative. In 2020, physical risk analysis focused on Australian residential properties in our portfolios at a postcode level. The physical risk analysis quantified the potential implications for subsequent property damage of each separate weather hazard, expressed both in change to the present-day Average Annual Loss (AAL) and change to the hazard rate (a percentage multiplier value applied to the total insured value that generates the AAL). Suncorp has adopted the United Nations' Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) scenarios used in global climate modelling. The scenarios we used for the assessment are RCP 4.5, reflecting a moderate emissions pathway with emissions peaking mid-century and an increase in average global temperature of approximately 2°C, and RCP 8.5 where emissions continue to increase rapidly through the early and mid-parts of the century with an increase in average global temperature in excess of 4°C. Owing to the increasing nature of physical risks over time, Suncorp selected the time periods 2030 and 2060 for the physical risk assessments. 2060 was selected as it aligns with previous internal research, enabling more relevant comparisons for strategic and pricing purposes. It also provides greater divergence for comparison between the concentration pathways, allowing for a better understanding of the consequences of inaction. Using postcodes, we mapped our residential mortgage collateral to those areas predicted to have a significant increase in aggregate natural peril rates. In addition, we mapped our collateral to postcodes known to be at risk of expansive soil or coastal erosion neither of which is covered by standard insurance policies. Using postcodes, we mapped our residential mortgage collateral to those areas predicted to have a significant increase in aggregate natural peril rates. In addition, we mapped our collateral to postcodes known to be at risk of expansive soil or coastal erosion neither of which is covered by standard insurance policies. Over the short to medium term, Suncorp has identified climate change transition risks and opportunities by using modelled changes in economic activity against a business as usual scenario (reflecting no policy changes from today) for 70 industries in Australia. We have conducted an analysis of the impact of transitioning to a net-zero emissions economy under 1.5ºC and 2ºC scenarios from the Decarbonisation Futures scenario data for our Insurance Australia commercial and liability insurance portfolios, Insurance Australia investment assets and Bank business lending portfolios. Consumer insurance and compulsory third-party portfolios for Insurance Australia, and residential lending portfolios have not been included in the analysis. To read about the Decarbonisation Futures, please visit: climateworksaustralia.org/wp-content/uploads/2020/04/Decarbonisation-Futures-March-2020-briefing-slide-pack.pdf The timeframe applied to consider these changes was 2030 to 2040 to reflect the timeframe in which a transition must occur to limit warming to 1.5–2ºC. Data was provided and analysis conducted prior to COVID-19.
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	All of the portfolio	Qualitative and quantitative	In terms of transition risk and opportunities, Suncorp uses Sustainalytics data to assess the exposure to a variety of climate change transition risk and opportunity metrics. These include: • Carbon risk rating • Carbon intensity (tCO2/US$ million revenue) • Fossil Fuels Exposure (percentage) • Stranded Assets Risk Score (weighted average percentage) • Carbon Solutions In partnership with ClimateWorks Australia, Suncorp has stress tested its equity and credit investment exposures against tailored 1.5- and 2-degree Celsius warming scenarios. Suncorp calculates its exposure to low carbon assets using the Investor Coalition taxonomy. These include green bonds, renewable energy infrastructure and energy efficient real estate. In terms of physical risk, using geospatial software Suncorp has mapped the physical location of large property and infrastructure assets. In partnership with AON, Suncorp has stress tested those assets against weather related perils using RCP 4.5 and RCP 8.5 scenarios.
Insurance underwriting (Insurance company)	Majority of the portfolio	Qualitative and quantitative	The assessment and management of climate-related risks are embedded in our business through: • Strategic plans including our Group Strategic and Business Plans, Enterprise Risk Management Framework, Climate Change Action Plan and our Environmental Performance Plan • Financial planning including integration of climate change into risk modelling and pricing, reinsurance and Natural Hazard Aggregate Protection • Policy and Guidelines including our Insurance Risk Standard, Responsible Banking & Insurance Policy, Responsible Investment Policy, Sensitive Sector Guidelines and Insurance Risk Appetite Statement This includes climate change scenario analysis conducted on commercial and personal insurance portfolios, and investment portfolios. In 2020 we conducted scenario analysis focused on: - how the physical risks of climate change may impact business operations, pricing and income over the medium to long term on our residential property insurance; and - how an economic transition to a net-zero emissions economy of financial markets, consumer markets and the economy may impact our commercial and liability insurance portfolios as well as investment assets for Insurance Australia, in the short to medium term. Our Insurance Natural Perils Pricing team conducts ongoing research into the consequences of a changing climate on the frequency and intensity of natural hazards. This research includes understanding the effects of a future warming climate on future natural hazard risk. Any change to the risk that occurs due to climate change or other factors can be addressed dynamically through a range of mechanisms including risk selection and underwriting practices, premiums that adjust for risk and associated capital and reinsurance costs, and geographical and product diversification. In addition to the Natural Perils Pricing team, Suncorp's Actuarial Modelling team use Suncorp's historical dataset of natural hazard events, as well as external vendor models, to estimate the cost of natural hazards in the year ahead given the planned portfolio and pricing. Our Technical Pricing Team in New Zealand are reviewing Government/Local Government flood mapping by overlaying available data onto our existing book in order to understand the potential effects that climate change related flooding events will have on Vero/Suncorp New Zealand and our customers. .
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio's exposure to water-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	Yes	Minority of the portfolio	For our Agribusiness portfolio, we consider whether our cropping exposures have access to irrigation. For those without irrigation, we consider the projected rainfall over the medium term (3-5 years). Our business risk settings are such that we have a clear bias towards growth in high rainfall belts. For our residential mortgage portfolio, our origination system has flags to identify applications from postcodes that have a higher risk of flooding. These applications will be carefully considered, with reference to the underlying valuation to establish if the collateral is located within a floodplain. In addition, in the aftermath of a natural disaster, such as a flood or cyclone, we conduct portfolio analysis to assess properties affected by the event.
Investing (Asset manager)	Not applicable	<Not Applicable>	
Investing (Asset owner)	Yes	All of the portfolio	Using Sustainalytics data, Suncorp assesses its exposure to ESG risk in all share and credit portfolios. The Sustainalytics ESG risk assessment evaluates investee companies on a broad range of Environmental, Social and Governance risk factors. Environmental factors include several water related metrics: • Emissions, Effluents and Waste • Land Use and Biodiversity • Land Use and Biodiversity – Supply Chain • Resource Use • Resource Use – Supply Chain In property portfolios, Suncorp monitors the aggregate and individual asset NABERS Water rating as well as requiring managers to report on environmental issues in standard periodic reports. In infrastructure portfolios Suncorp monitors the environmental strategy and reporting of underlying assets inclusive of surface water and groundwater protection, water efficiency, and disclosure of spills and contamination. Suncorp requires managers to report on environmental issues in standard periodic reports.
Insurance underwriting (Insurance company)	Yes	Majority of the portfolio	Water -related risks include cyclones, storms (low pressure systems and east coast lows), severe thunderstorms (hail), flooding (river and surface water) and storm surge (coastal flooding). The assessment and management of climate-related risks are embedded in our business' financial planning including integration of climate change into risk modelling and pricing, reinsurance and Natural Hazard Aggregate Protection. For New Zealand consumer insurance operations the response is the same as outlined in question C-FS2.2b. Suncorp New Zealand are aware of the potential for depleted supplies of stored drinking/firefighting water within urban and rural areas throughout New Zealand, that may result directly from climate change (e.g. wetter winters/ drier summers and possibly vice-versa) but we are not currently adopting pricing or underwriting controls around this potential exposure. For New Zealand corporate / marine insurance activities the risks of floods / storm surges are known to underwriters and Suncorp New Zealand are aware of an increasing incidence of occurrences leading to claims. No opportunities are apparent at this stage. For New Zealand commercial insurance all rivers/ seas/ lakes are assessed as part of standard activities.
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	No, we don't assess this	<Not Applicable>	We have minimal exposure to forestry, logging or paper-making enterprises; hence, do not have a comprehensive forest-related risk and opportunity process. However, the land clearing practices of our grazier exposures could be considered as these represent a more substantial component of business loan book. We do not specifically consider forest-fire risk for residential or business lending.
Investing (Asset manager)	Not applicable	<Not Applicable>	
Investing (Asset owner)	Yes	All of the portfolio	As per C-FS2.2d, using Sustainalytics data, Suncorp assesses its exposure to ESG risk in all share and credit portfolios. The Sustainalytics ESG risk assessment evaluates investee companies on a broad range of Environmental, Social and Governance risk factors. Environmental factors include several forest related metrics: • Emissions, Effluents and Waste • Land Use and Biodiversity • Land Use and Biodiversity – Supply Chain • Resource Use • Resource Use – Supply Chain Specifically, in relation to the Palm Oil Industry, Suncorp has conducted both proprietary research, and engaged with investment managers and Sustainalytics in relation to rainforest destruction and human rights abuses in the palm oil industry. Consequent to this research, Suncorp has excluded a number of non-Roundtable on Sustainable Palm Oil (RSPO) members from portfolios.
Insurance underwriting (Insurance company)	Yes	Majority of the portfolio	Forest related risk includes bushfire. The assessment and management of climate-related risks are embedded in our business' financial planning including integration of climate change into risk modelling and pricing, reinsurance and Natural Hazard Aggregate Protection. New Zealand consumer insurance does not assess forest risk but does price domestic risks based on water supply (or tank water) and distance from firefighting services. New Zealand commercial insurance does assess forest risk due to the risk of bush fire, the distance from fire brigades and the availability of water to fight fires.
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	No, and we don't plan on requesting climate-related information	Our understanding of climate-related risk is still developing. As such, we have yet to create processes that consider either physical or transition risk indicators in our credit underwriting. As our understanding evolves, we expect our credit policies will reflect this, though we are not able to put a timeframe on that at this stage. However, in line with the Responsible Banking & Insurance Policy, we do not lend to new thermal coal mining or thermal coal power generation. We also incorporate climate change considerations in our Enterprise Risk Management Framework.
Investing (Asset manager)	Not applicable	
Investing (Asset owner)	Yes	We request GHG emission related data of investee companies via our partnership with Sustainalytics as our data provider. We collect additional data via our appointed external investment managers, who are required to incorporate assessment of environmental risks and opportunities in their assessment of investment opportunities. Note our manager due diligence process includes an evaluation of the ability of a manager to identify and assess climate change risks and to factor that assessment into security selection and portfolio construction decisions. Our Manager Due Diligence questionnaire incorporates several questions in relation to climate risk assessment. In addition, we consider the manager's PRI Transparency Report in our manager selection process. Since 2019 Suncorp has participated in a Sustainalytics led engagement program focused on carbon transition preparedness. Specifically focused on steel and cement companies, this program has collected information from investee companies on their strategy for transitioning to a zero-emissions economy.
Insurance underwriting (Insurance company)	Yes	Insurance premiums charged today are a function of the probability that a customer is affected by a natural hazard, the features of their property and the estimated damage done by the hazard – resilience to extreme weather is therefore an important consideration and is factored into the calculation of insurance premiums when engaging with customers. Insurance prices set by Suncorp are for a short period into the future. Any change to the risk that occurs due to climate change or other factors can be addressed dynamically through a range of mechanisms including underwriting practices and premiums that adjust for risk. New Zealand consumer insurance includes standard question sets for Home and Contents insurance risks with the requirement for potential customers to disclose known Flood and/or Landslip issues affecting the property. New Zealand corporate/marine insurance activities request client information with respect to specific identified risks regarding potential property damage e.g. location in a flood plain New Zealand commercial insurance obtains the location of risks and determines the exposure to floods/ storms/ bush fires etc.
Other products and services, please specify	Please select	

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased insurance claims liability

Climate risk type mapped to traditional financial services industry risk classification

None

Company-specific description

Financial risk

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
We have a range of average annual loss impacts per natural hazard with an estimated low-medium confidence.

Cost of response to risk
0

Description of response and explanation of cost calculation
"Our analysis confirms that improving the resilience of buildings would likely have a material impact on reducing annual average loss (AAL). Targeted advocacy for a more resilient built environment, as well as products and pricing that reward resilience action will continue to be key strategic priorities. At a community level, we found lower socioeconomic communities are over-represented in locations at high-risk from natural hazards. While Suncorp's exposure to these locations is low, these communities will face rising insurance costs and insurance affordability pressure. Without product, stakeholder or government intervention to build resilience, this could lead to under-insurance and an increasing protection gap in the community. While resilience improvements can moderate the impacts of climate change, resilience will be insufficient to completely negate these impacts. A more resilient built environment and lower global warming pathway are key drivers to achieve reduced claims costs, affordable premiums, acceptable earnings volatility and reinsurance costs, and to reduce the risk of regulatory intervention."

Comment
-

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Other, please specify (Coastal inundation and expansive soils)

Primary potential financial impact
Devaluation of collateral and potential for stranded, illiquid assets

Climate risk type mapped to traditional financial services industry risk classification
Capital adequacy and risk-weighted assets

Company-specific description
Financial Risk

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The risk to the Bank from expansive soils relates to the potential for foundation movement and ensuing structural damage to property held as collateral. Our analysis has found that by 2060 in the RCP 8.5 scenario less than 1 per cent of properties in Australia may be subject to a moderate or higher risk of damage from expansive soils. Further analysis is required to provide more certainty regarding the level of the Bank's exposure to risks from expansive soil. The risk from coastal erosion relates to properties situated at or near coastal regions that are built on sandy soils. Movements of the sea can erode the land under which the property is situated. The risk is exacerbated with every large tide or significant storm swell. Our analysis has found that by 2060 under the RCP 8.5 scenario there may be a 0.5 metre rise in sea levels, with 5m storm tides above the mean sea level. This may cause recession of up to 25–50 metres of sandy parts of Australia's coastline, with properties Australia-wide at risk of severe coastal erosion. More certainty regarding the level of the Bank's exposure to risk from coastal erosion requires further analysis.

Cost of response to risk
0

Description of response and explanation of cost calculation
For the banking industry it is important that suitable insurance is available for customers so that banks will lend, and investment managers continue to provide capital. Uninsurable physical risks such as coastal erosion and expanding soils will become more prevalent for a small proportion of banking customers. Where risk mitigation or repair work is not undertaken, the value of customers' properties and collateral may be at risk.

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased likelihood and severity of wildfires

Primary potential financial impact
Increased insurance claims liability

Climate risk type mapped to traditional financial services industry risk classification
None

Company-specific description
Financial risk

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
We have a range of average annual loss impacts per natural hazard with an estimated low-medium confidence.

Cost of response to risk
0

Description of response and explanation of cost calculation
Our analysis confirms that improving the resilience of buildings would likely have a material impact on reducing AAL. Targeted advocacy for a more resilient built environment, as well as products and pricing that reward resilience action will continue to be key strategic priorities. At a community level, we found lower socioeconomic communities are over-represented in locations at high-risk from natural hazards. While Suncorp's exposure to these locations is low, these communities will face rising insurance costs and insurance affordability pressure. Without product, stakeholder or government intervention to build resilience, this could lead to under-insurance and an increasing protection gap in the community. While resilience improvements can moderate the impacts of climate change, resilience will be insufficient to completely negate these impacts. A more resilient built environment and lower global warming pathway are key drivers to achieve reduced claims costs, affordable premiums, acceptable earnings volatility and reinsurance costs, and to reduce the risk of regulatory intervention."

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Upstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
None

Company-specific description
Financial risk

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure

Cost of response to risk
0

Description of response and explanation of cost calculation

Comment

"The Insurance Australia commercial insurance portfolios analysed are well diversified and broadly unaffected by a transition to a net-zero economy. The composition of Suncorp's exposure reflects Suncorp's risk appetite and risk selection processes. Relative to a business as usual scenario, less than 4 per cent of Suncorp's current commercial insurance portfolio is exposed to industries where economic activity would be expected to increase under a 1.5°C scenario by 2030. Most of the portfolio is exposed to industries that would be neutral under this scenario (where the expected change in activity is between -5 to 0 per cent). Approximately 3.5 per cent of the current portfolio is exposed to industries that are expected to experience a moderate decline in activity (-5 per cent to -15 per cent), while under 4 per cent is exposed to industries expected to experience a large decline (-15 per cent to -100 per cent) in activity relative to business as usual. Currently, just over 4 per cent of Insurance Australia's investment assets are held in industries that are expected to experience a moderate decline in activity by 2030 under a 1.5°C scenario, while 2.4 per cent are held in industries that are expected to experience large decline in activity relative to business as usual. "

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

Credit risk

Company-specific description

Financial Risk

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Cost of response to risk

0

Description of response and explanation of cost calculation

"For the Bank, a small amount of the current commercial lending portfolio is exposed to industries where economic activity is expected to increase relative to business as usual. Most of the commercial lending portfolio is exposed to industries where the impact of transition is neutral under a 1.5°C scenario by 2030. Approximately 17 per cent of the current commercial lending portfolio would be exposed to a moderate decline in economic activity, while 0.3 per cent would be exposed to a large decline in economic activity relative to business as usual. The Bank's agri-business lending portfolio has exposure to sheep and cattle businesses which are expected to experience a moderate decline in economic activity in the transition to both a 1.5°C and a 2°C economy relative to business as usual over the next 10 years. The resilience of businesses to diversify revenue streams has not been considered as part of this analysis, and further work in this area is needed. This transition risk analysis focuses on first order impacts, that is, the effect of transition on business lending customers. We have not covered the effect on the employees of businesses that will also be adversely affected, and the flow on impact on to the residential mortgage portfolio. Suncorp's credit guidelines are conservative and require a high level of certainty in acceptance of risk. The low exposure to more sustainable sub-industries across this portfolio represents an opportunity for strategic business acquisition and growth. There is also opportunity to support the financial and environmental sustainability of industries that are anticipated to be challenged by, but able to transition toward a net-zero emissions economy."

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Primary potential financial impact
Reduced direct costs

Company-specific description
Resource efficiency and resilience through continued real estate and operational efficiency actions represent an opportunity to reduce overall operational costs.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Resource efficiency and resilience through continued real estate, supply chain and operational efficiency actions represent an opportunity to reduce overall operational costs.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
Suncorp’s Environmental Performance Plan, Carbon Budget, and science-based target provide a framework for reducing current and future operational costs.

Comment
Cost to realise opportunity factored into operational budgets.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Other, please specify (Participation in renewable energy programs and adoption of energy-efficiency measures)

Primary potential financial impact
Reduced direct costs

Company-specific description
Exploration of lower-emissions sources of energy and use of new technology represents an opportunity to reduce operational costs and exposure to potential future energy disruption. Renewable energy and power purchasing agreements are becoming more accessible.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Exploration of lower-emissions sources of energy and use of new technology represents an opportunity to reduce operational costs and exposure to potential future energy disruption. Renewable energy and power purchasing agreements are becoming more accessible.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
Suncorp has joined RE100 and has committed to 100% renewable electricity by 2025. Exploration of lower-emissions sources of energy and use of new technology represents an opportunity to reduce operational costs and exposure to potential future energy disruption. Renewable energy and power purchasing agreements are becoming more accessible.

Comment
Evaluation of renewable energy opportunities are factored into operating budgets.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Other, please specify (Adoption of energy-efficiency measures)

Primary potential financial impact
Reduced direct costs

Company-specific description
Participation in energy saving schemes through lighting and HVAC system upgrades.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Reduction in operational maintenance and energy consumption costs.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
Suncorp's Environmental Performance Plan, Carbon Budget, and science-based target provide a framework for reducing current and future operational costs.

Comment
Cost to realise opportunity factored into operational budgets.

Identifier
Opp4

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact
Reduced direct costs

Company-specific description
Community resilience building (e.g. community-level risk reduction) represents an opportunity to manage risks. A more resilient built environment and lower global warming pathway are key drivers to achieve reduced claims costs, affordable premiums, acceptable earnings volatility and reinsurance costs, and to reduce the risk of regulatory intervention.

Time horizon
Medium-term

Likelihood

Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Our analysis confirms that improving the resilience of buildings would likely have a material impact on reducing AAL. Targeted advocacy for a more resilient built environment, as well as products and pricing that reward resilience action will continue to be key strategic priorities. While resilience improvements can moderate the impacts of climate change, resilience will be insufficient to completely negate these impacts.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
Suncorp's Climate Change Action Plan includes a commitment to explore the development of new products and services which increase community resilience.

Comment
Cost to realise opportunity factored into operational budgets.

Identifier
Opp5

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
Exploration of low-emission products and services in line with banking consumer preferences offers an opportunity to differentiate customer and employee propositions, strengthen relationships with customers and employees, and provide potential new sources of revenue. Focus on exploring products across consumer, business and agribusiness portfolios that reduce negative impacts and enhance positive impacts. Further exploration is needed ahead of investment.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The impact has not been quantified financially. Further exploration is needed ahead of investment. Further exploration to incorporate data pertaining to consumer preferences and consumer satisfaction (NPS) correlated to low-emission product options.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
Suncorp's Climate Change Action Plan includes a commitment to explore the development of new products and services which help customers and staff reduce their carbon intensity. This is aligned to Suncorp's Responsible Banking & Insurance Policy and its commitments under the UN Principles for Responsible Banking.

Comment
Product innovation is factored into both operational budgets as well as strategic investments, where opportunities arise.

Identifier
Opp6

Where in the value chain does the opportunity occur?

Upstream

Opportunity type
Markets

Primary climate-related opportunity driver
Increased diversification of financial assets (e.g., green bonds and infrastructure)

Primary potential financial impact
Increased diversification of financial assets

Company-specific description
Suncorp invested in a dedicated global green bond portfolio in 2018. Green bonds are a rapidly growing sub-sector of global fixed income markets and the allocation gives Suncorp exposure to stable, low risk returns as well as deploying capital in a manner consistent with the transition to a zero-carbon economy. Suncorp was a foundation investor in the Palisade Renewable Energy Infrastructure Fund, (PREF) in 2018. PREF provides Suncorp with an opportunity to diversify its infrastructure exposure and benefit from the increased demand for green energy. Suncorp's expectation is that investment in renewable energy infrastructure will provide long-term stable returns as well as an illiquidity premium consistent with investment in real assets. Additionally, the deployment of capital in renewable energy infrastructure is consistent with the transition to a net-zero emissions economy.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
As at 30 June 2020 low-carbon investment totalled $236 million, including: • Green bonds ($185 million, down from $256 million in 2018–19). Green bonds are used to finance environmentally sustainable projects which facilitate the transition to a low carbon economy. • Other low-carbon assets ($51 million, down from $54 million in 2018–19). This includes renewable energy infrastructure, renewable energy credit and equity securities, and energy efficient real estate. As with all risk assets, the financial impacts of investment in low-carbon assets and securities are market dependent and only measurable on an ex-post basis. To date Suncorp's investment in low carbon financial and real assets has been consistent with our expectations.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
Suncorp's investment in low-carbon assets is an integral component of a wholistic investment program. We do not allocate specific costs to any individual component of that program beyond the fees paid to external investment managers which are subject to commercial in confidence agreements. The transition to a net-zero emissions economy offers increased opportunity for low-carbon investment. This is managed by Suncorp's Responsible Investment Committee which governs the application of the Responsible Investment Policy, which includes active consideration of green bonds, listed and unlisted renewable energy infrastructure.

Comment
Suncorp will continue to monitor investment markets for climate change opportunities. Evaluation of climate change opportunities is conducted within established strategic asset allocation and investment due diligence frameworks. Specific opportunities will be assessed subject to considerations of expected risk, return and liquidity.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?
Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 4.5 RCP 8.5 Other, please specify (1.5ºC and 2ºC scenarios from the Decarbonisation Futures scenario data)	The physical risk analysis Suncorp has undertaken this year quantified the potential implications for subsequent property damage of each separate weather hazard, expressed both in change to the present-day Average Annual Loss (AAL) and change to the hazard rate (a percentage multiplier value applied to the total insured value that generates the AAL). Suncorp has selected AAL as a risk measure in order to understand any pricing impacts. Suncorp has adopted the United Nations' Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) scenarios used in global climate modelling. In conducting our scenario analysis this year, we have adopted a partnership approach to supplement our technical knowledge, internal modelling and data with additional research, modelling sophistication, and technical scientific and economic knowledge. To support the physical risk assessment, we partnered with Aon Australia based on their existing knowledge of Suncorp's insurance business, and their natural hazards modelling capability. The scenarios we used for the assessment are RCP 4.5, reflecting a moderate emissions pathway with emissions peaking mid-century and an increase in average global temperature of approximately 2°C, and RCP 8.5 where emissions continue to increase rapidly through the early and mid-parts of the century with an increase in average global temperature in excess of 4°C. For Insurance Australia and Suncorp Bank, the physical risk analysis focused on Australian residential properties in our portfolios at a postcode level. For the investment portfolio we considered the impact to infrastructure and property assets at a post code level. A review of property and infrastructure managers' climate change mitigation plans was also undertaken. Over the short to medium term, Suncorp has identified climate change transition risks and opportunities through modelled changes in economic activity against a business as usual (BAU) scenario (reflecting no policy changes from today) for 70 industries in Australia. To support the transition risk assessment, ClimateWorks Australia was selected as a partner owing to their experience in modelling technical and economic pathways to reach net-zero emissions by 2050. We have conducted an analysis of the impact of transitioning to a net-zero emissions economy under 1.5ºC and 2ºC scenarios from the Decarbonisation Futures scenario data against our Insurance Australia commercial and liability insurance portfolios, Insurance Australia investment assets and Bank business lending portfolios. To read about the Decarbonisation Futures, please visit: climateworksaustralia.org/resource/decarbonisation-futures-solutions-actions-and-benchmarks-for-a-net-zero-emissions-australia/ Consumer insurance and compulsory third party (CTP) portfolios for Insurance Australia, and residential lending portfolios have not been included in the analysis.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	The management of climate-related risks is embedded in our business. Suncorp's 2021–23 Group Business Plan identifies climate change and resilience as one of six strategic risks faced by Suncorp and incorporates it into our Enterprise Risk Management Framework. Insurance risks associated with climate change impacts on natural hazards are also considered in the 2021–23 Insurance Australia and New Zealand Business Plans and the Insurance Risk Appetite Statement, as a fundamental part of pricing our portfolios. Any change to the risk that occurs due to climate change or other factors can be addressed dynamically through a range of mechanisms including risk selection and underwriting practices, premiums that adjust for risk and associated capital and reinsurance costs, and geographical and product diversification. Suncorp works with experts including universities, reinsurers and natural hazard specialists on an ongoing basis to take a long-term view of pricing sufficiency. Suncorp structures our reinsurance to optimise capital and cost and protect against earnings volatility. In addition to the Natural Perils Pricing team, Suncorp's Actuarial Modelling team use Suncorp's historical dataset of natural hazard events, as well as external vendor models, to estimate the cost of natural hazards in the year ahead given the planned portfolio and pricing. Our scenario analysis on the physical risks of climate change will help inform how to gradually adjust this modelling to capture the outlook of climate risk and how the impacts affect regional areas differently. Similarly, Bank credit risks are addressed in the 2021–23 Suncorp Bank Business Plan, managed within the parameters of the Risk Appetite Statement and monitored by the Banking and Wealth Risk Committee on an ongoing basis. Suncorp Bank does not specifically integrate climate change considerations into residential lending risk assessments; however, a property valuation is required for a new loan application and this valuation identifies exposure to potential risks such as flooding. Suncorp Bank has identified postcodes where heightened risks of flooding are present and applications from these postcodes are flagged for more stringent assessment. Long-term average rainfall patterns and volatility are key risk characteristics used in the assessment of agribusiness lending.
Supply chain and/or value chain	Yes	Climate-related risks and opportunities have influenced our value chain through the Responsible Investment Policy, Shadow Carbon Price, and Fossil Fuels Sensitive Sector Guideline. Suncorp's Responsible Investment team manages the environmental, social and governance (ESG) risks and opportunities in Suncorp's investment portfolios under our Responsible Investment (RI) Policy. The Policy ensures ESG considerations are factored into investment manager selection and the evaluation of investment risks and opportunities and provides criteria for screening potential and existing investments. A shadow carbon price is applied to manage the risk of stranded assets in the transition to a net-zero emissions economy. The shadow carbon price is set according to a path that is consistent with the objective of the Paris Agreement on Climate Change of limiting global warming this century to well below 2.0ºC. The shadow carbon price is reviewed every year and in 2019–20 was set at US$25 per ton CO2e. The price will increase to US$32/ton from 1 July 2020. To support implementation of the Responsible Investment and Responsible Banking & Insurance Policies, Suncorp has a range of Sensitive Sector Guidelines to respond to environmental and social risks in our business across our investment, banking and insurance portfolios. In 2020, we strengthened our Fossil Fuels Sensitive Sector Guideline to cease underwriting, financing or directly investing in new thermal coal, oil and gas projects, phase out underwriting and financing by 2025 and phase out directly investing by 2040. This builds on our previous commitment to phase out of existing thermal coal by 2025.
Investment in R&D	Yes	Our pricing models are being updated to incorporate climate models to manage the increasing uncertainty and variability of weather-related natural hazards, as well as account for natural hazards experience. Growing reinsurance costs also impact on pricing. Underwriting processes are also reviewed to improve risk selection.
Operations	Yes	Managing and reducing our environmental footprint is a core commitment of our CCAP and is driven by our Environmental Performance Plan. In 2019 Suncorp set a science-based target for scope 1 and scope 2 greenhouse gas (GHG) emissions reduction of 51 per cent reduction in absolute emissions by 2030 and achieving net-zero by 2050 based on a 2017–18 baseline. While we are on track to achieving these targets, this year we have accelerated efforts to reduce emissions and, in line with our commitments to support the transition to a low carbon economy, have begun implementation of a Renewable Energy Strategy. Suncorp has joined RE100 with a commitment to source 100 per cent renewable electricity across our operations by 2025. Suncorp has previously reported against a reduction in emissions intensity for our industrial operations (Suncorp Insurance Ventures). As this business was sold on 31 October 2019 the intensity-based target for Suncorp Insurance Ventures is no longer relevant and will no longer be tracked. Suncorp is contributing to a global working group with the Science Based Targets Initiative focused on developing scope 3 emissions target-setting methods, criteria and guidance for financial institutions.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities Claims reserves	For Insurance Australia and Suncorp Bank, the physical risk analysis focused on Australian residential properties in our portfolios at a postcode level. For the investment portfolio we considered the impact to infrastructure and property assets at a post code level. A review of property and infrastructure managers' climate change mitigation plans was also undertaken. The physical risk analysis quantified the potential implications for subsequent property damage of each separate weather hazard, expressed both in change to the present-day Average Annual Loss (AAL) and change to the hazard rate (a percentage multiplier value applied to the total insured value that generates the AAL). Suncorp has selected AAL as a risk measure in order to understand any pricing impacts. Our analysis confirms that improving the resilience of buildings would likely have a material impact on reducing AAL. Targeted advocacy for a more resilient built environment, as well as products and pricing that reward resilience action will continue to be key strategic priorities. At a community level, we found lower socioeconomic communities are over-represented in locations at high-risk from natural hazards. While Suncorp's exposure to these locations is low, these communities will face rising insurance costs and insurance affordability pressure. Without product, stakeholder or government intervention to build resilience, this could lead to under-insurance and an increasing protection gap in the community. While resilience improvements can moderate the impacts of climate change, resilience will be insufficient to completely negate these impacts. A more resilient built environment and lower global warming pathway are key drivers to achieve reduced claims costs, affordable premiums, acceptable earnings volatility and reinsurance costs, and to reduce the risk of regulatory intervention. For the banking industry it is important that suitable insurance is available for customers so that banks will lend, and investment managers continue to provide capital. Uninsurable physical risks such as coastal erosion and expanding soils will become more prevalent for a small proportion of banking customers. Where risk mitigation or repair work is not undertaken, the value of customers' properties and collateral may be at risk. Over the short to medium term, Suncorp has identified climate change transition risks and opportunities by using modelled changes in economic activity against a business as usual scenario (reflecting no policy changes from today) for 70 industries in Australia. We have conducted an analysis of the impact of transitioning to a net-zero emissions economy under 1.5ºC and 2ºC scenarios from the Decarbonisation Futures scenario data for our Insurance Australia commercial and liability insurance portfolios, Insurance Australia investment assets and Bank business lending portfolios. Consumer insurance and compulsory third-party portfolios for Insurance Australia, and residential lending portfolios have not been included in the analysis. To read about the Decarbonisation Futures, please visit: climateworksaustralia.org/wp-content/uploads/2020/04/Decarbonisation-Futures-March-2020-briefing-slide-pack.pdf The Insurance Australia commercial insurance portfolios analysed are well diversified and broadly unaffected by a transition to a net-zero economy. The composition of Suncorp's exposure reflects Suncorp's risk appetite and risk selection processes. Relative to a business as usual scenario, less than 4 per cent of Suncorp's current commercial insurance portfolio is exposed to industries where economic activity would be expected to increase under a 1.5°C scenario by 2030. Most of the portfolio is exposed to industries that would be neutral under this scenario (where the expected change in activity is between -5 to 0 per cent). Approximately 3.5 per cent of the current portfolio is exposed to industries that are expected to experience a moderate decline in activity (-5 per cent to -15 per cent), while under 4 per cent is exposed to industries expected to experience a large decline (-15 per cent to -100 per cent) in activity relative to business as usual. Currently, just over 4 per cent of Insurance Australia's investment assets are held in industries that are expected to experience a moderate decline in activity by 2030 under a 1.5°C scenario, while 2.4 per cent are held in industries that are expected to experience large decline in activity relative to business as usual. For the Bank, a small amount of the current commercial lending portfolio is exposed to industries where economic activity is expected to increase relative to business as usual. Most of the commercial lending portfolio is exposed to industries where the impact of transition is neutral under a 1.5°C scenario by 2030. Approximately 17 per cent of the current commercial lending portfolio would be exposed to a moderate decline in economic activity, while 0.3 per cent would be exposed to a large decline in economic activity relative to business as usual. The Bank's agri-business lending portfolio has exposure to sheep and cattle businesses which are expected to experience a moderate decline in economic activity in the transition to both a 1.5°C and a 2°C economy relative to business as usual over the next 10 years. The resilience of businesses to diversify revenue streams has not been considered as part of this analysis, and further work in this area is needed. This transition risk analysis focuses on first order impacts, that is, the effect of transition on business lending customers. We have not covered the effect on the employees of businesses that will also be adversely affected, and the flow on impact on to the residential mortgage portfolio. Suncorp's credit guidelines are conservative and require a high level of certainty in acceptance of risk. The low exposure to more sustainable sub-industries across this portfolio represents an opportunity for strategic business acquisition and growth. There is also opportunity to support the financial and environmental sustainability of industries that are anticipated to be challenged by, but able to transition toward a net-zero emissions economy.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Strategic and business plans

Our 2021–23 Group Business Plan identifies climate change and resilience as one of six strategic risks faced by Suncorp and incorporates it into our Enterprise Risk Management Framework. Suncorp management reports to the Group Board Risk Committee each quarter on the risk of climate change and every six months on the ongoing implementation of Suncorp's CCAP as the overarching framework for the monitoring and mitigation of climate change as a strategic risk.

Insurance risks associated with climate change impacts on natural hazards are also considered in the 2021–23 Insurance Australia and New Zealand Business Plans and the Insurance Risk Appetite Statement, as a fundamental part of pricing our portfolios. Suncorp addresses insurance risk dynamically and monitors it through day-to-day management and the Insurance Risk Committees on an ongoing basis.

Similarly, Bank credit risks are addressed in the 2021–23 Suncorp Bank Business Plan, managed within the parameters of the Risk Appetite Statement and monitored by the Banking and Wealth Risk Committee on an ongoing basis.

Suncorp's Climate Change Leadership Group implements our CCAP which includes five key programs of work to assess and manage climate-related risks. Suncorp is on track to fulfil its CCAP and Environmental Performance Plan commitments to: strengthen our governance processes; reduce our environmental footprint; increase community resilience; accelerate emerging opportunities and climate-related innovation; and track and openly disclose our climate-related performance.

Suncorp has refreshed and republished our Environmental Performance Plan with our Renewable Energy Strategy being implemented to reduce our operational greenhouse gas emissions. Through our Natural Hazard Resilience Program, we continue to advocate for investment in resilience building and influence government policy.

Integration of climate change research into insurance modelling and pricing

Insurance premiums charged today are a function of the probability that a customer is affected by a natural hazard, the features of their property and the estimated damage done by the hazard—resilience to extreme weather is therefore an important consideration and is factored into the calculation of insurance premiums. The effect of non-climate factors, such as population changes and building resilience, are also considered when assessing natural hazard risk. Suncorp incorporates climate change research into insurance model reviews as standard practice. Our Insurance Natural Perils Pricing team conducts ongoing research into the consequences of a changing climate on the frequency and intensity of natural hazards. This research includes understanding the effects of a future warming climate on future natural hazard risk.

Insurance prices set by Suncorp are for a short period into the future. Any change to the risk that occurs due to climate change or other factors can be addressed dynamically through a range of mechanisms including risk selection and underwriting practices, premiums that adjust for risk and associated capital and reinsurance costs, and geographical and product diversification. Suncorp works with experts including universities, reinsurers and natural hazard specialists on an ongoing basis to take a long-term view of pricing sufficiency.

Reinsurance and Natural Hazard Aggregate Protection

Suncorp structures our reinsurance to optimise capital and cost and protect against earnings volatility. In addition to the Natural Perils Pricing team, Suncorp's Actuarial Modelling team use Suncorp's historical dataset of natural hazard events, as well as external vendor models, to estimate the cost of natural hazards in the year ahead given the planned portfolio and pricing. Our scenario analysis on the physical risks of climate change will help inform how to gradually adjust this modelling to capture the outlook of climate risk and how the impacts affect regional areas differently.

Suncorp retains some exposure to natural hazard risk and reviews our reinsurance annually. This review considers loss experience, reinsurance market conditions and risk appetite. Elements of the reinsurance program ensure sufficient capital following natural hazards events that are low in probability but high in severity. Other elements of the reinsurance program reduce the impact of medium-sized events impacting earnings volatility. For the last four years, Suncorp's earnings volatility protection has provided material protection against the frequency of medium-sized events, particularly in 2019–20. The 2019–20 Suncorp natural hazards allowance of $820 million was not exceeded due to the reinsurance protection of the combination of the Natural Hazards Aggregate Protection and the Aggregate Stop Loss.

Insurance Risk Standard

Suncorp's Enterprise Risk Management Framework governs the identification, management, control and monitoring of risks, including risks presented by climate change. This is addressed in more detail in Suncorp's Insurance Risk Standard, which focuses on insurance product design, pricing, underwriting, claims management and reinsurance within the Insurance business.

Retail and Business Lending Credit Policy and Assessments

Suncorp's Bank Credit Risk Management Policy focuses on governing, assessing and approving credit risk exposures. Bank credit risks are managed within the parameters of the Risk Appetite Statement and monitored by the Banking and Wealth Risk Committees on an ongoing basis.

Suncorp Bank does not specifically integrate climate change considerations into residential lending risk assessments; however, a property valuation is required for a new loan application and this valuation identifies exposure to potential risks such as flooding. Suncorp Bank has identified postcodes where heightened risks of flooding are present and applications from these postcodes are flagged for more stringent assessment. Suncorp Bank relies on property owners maintaining appropriate insurance cover to protect the underlying collateral value from risk, include those stemming from climate change.

Long-term average rainfall patterns and volatility are key risk characteristics used in the assessment of agribusiness lending.

Responsible Banking and Insurance Policy

Our Responsible Banking & Insurance Policy establishes Suncorp's approach to the management of environmental, social and governance (**ESG**) risks and opportunities across Suncorp's banking and wealth, 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.

C-FS3.2

(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, both of the above

C-FS3.2a

(C-FS3.2a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	Credit policy Risk policy Policy related to other products and services	All of the portfolio	Climate-related issues are integrated into several policies used at Suncorp, including the following: • Enterprise Risk Management Framework • Responsible Banking & Insurance Policy • Fossil Fuels Sensitive Sector Guideline The Responsible Banking & Insurance Policy requires a regular assessment of ESG Risks to be prepared, inclusive of climate change risk. Suncorp's Bank Credit Risk Management Policy focuses on governing, assessing and approving credit risk exposures. Bank credit risks are managed within the parameters of the Risk Appetite Statement and monitored by the Banking and Wealth Risk Committees on an ongoing basis. Suncorp Bank does not explicitly integrate climate change considerations into residential lending risk assessments; however, a property valuation is required for a new loan application and this valuation identifies exposure to potential risks such as flooding. Suncorp Bank has identified postcodes where heightened risks of flooding are present and applications from these postcodes are flagged for more stringent assessment. Suncorp Bank relies on property owners maintaining appropriate insurance cover to protect the underlying collateral value from risk, include those stemming from climate change. Long-term average rainfall patterns and volatility are key risk characteristics used in the assessment of agribusiness lending.
Investing (Asset manager)	Please select	Please select	
Investing (Asset owner)	Sustainable/Responsible Investment Policy Investment policy/strategy Proxy voting policy Other, please specify (Manager selection)	All of the portfolio	In relation to Strategy, climate change risk and opportunities are integrated into the strategic asset allocation process. Specific allocations have been made to green bonds and renewable energy infrastructure. Climate change is integrated in the Responsible Investment (RI) Policy which incorporates the Paris Agreement on climate change by reference. Suncorp requires managers to incorporate a shadow carbon price (SCP) in their analysis of investment opportunities. The SCP is adjusted annually in-line with a less than 2-degree Celsius glidepath. The RI Policy requires an annual review of ESG Risks to be prepared, inclusive of climate change risk. In relation to Proxy Voting, in 2020 Suncorp amended its Proxy Voting Principles to encourage greater transparency in relation to climate change, as well as adoption of the TCFD recommendations.
Insurance underwriting (Insurance company)	Risk policy Policy related to other products and services Insurance underwriting policy	All of the portfolio	Climate-related issues are integrated into several policies used at Suncorp, including the following: • Enterprise Risk Management Framework • Insurance Risk Appetite Statement • Insurance Risk Standard • Responsible Investment Policy • Responsible Banking & Insurance Policy • Fossil Fuels Sensitive Sector Guideline The Responsible Banking & Insurance Policy requires an annual review of ESG Risks to be prepared, inclusive of climate change risk. Suncorp's Enterprise Risk Management Framework governs the identification, management, control and monitoring of risks, including risks presented by climate change. This is addressed in more detail in Suncorp's Insurance Risk Standard, which focuses on insurance product design, pricing, underwriting, claims management and reinsurance within the Insurance business.
Other products and services, please specify	Please select	Please select	

C-FS3.2b

(C-FS3.2b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description
Coal	Investing (Asset owner)	Other, please specify (Investment for new projects and SCP on all other investments)	Suncorp excludes all companies classified in the GICS sector 'Coal and Consumable Fuels'. Suncorp also excludes companies involved in the development of new thermal coal mining projects or the construction of new thermal coal electricity generation projects. From 2025 Suncorp will exclude existing thermal coal exposures where the company does not have a strategy clearly aligned with the Paris Agreement on climate change.
Oil & gas	Investing (Asset owner)	Other, please specify (Investment for new projects and SCP on all other investments)	From 1 July 2020, Suncorp will exclude all companies involved in the exploration production of new oil & gas projects. Suncorp will phase out its exposure to existing oil & gas producers by 2040. Suncorp requires managers to incorporate a shadow carbon price (SCP) in their assessment of investment opportunities. The application of the SCP has seen a material number of fossil fuel companies excluded from portfolios including all tar sand operations and the majority of fracking/coal seam gas operations.
Coal	Insurance underwriting	Other, please specify (Underwriting for new projects and phase out of existing exposures)	To support implementation of the Responsible Investment and Responsible Banking & Insurance Policies, Suncorp has a range of Sensitive Sector Guidelines to respond to environmental and social risks in our business across our insurance portfolios. Under our Fossil Fuels Sensitive Sector Guideline Suncorp will not directly underwrite new thermal coal mining projects or electricity generation. Suncorp has a target to phase out existing thermal coal exposures by 2025.
Oil & gas	Insurance underwriting	Other, please specify (Underwriting for new projects and phase out of existing exposures)	Underwriting for new projects and phase out of existing exposures To support implementation of the Responsible Investment and Responsible Banking & Insurance Policies, Suncorp has a range of Sensitive Sector Guidelines to respond to environmental and social risks in our business across our insurance portfolios. In 2020, we strengthened our Fossil Fuels Sensitive Sector Guideline so Suncorp's businesses will not directly underwrite new oil and gas exploration or production. Suncorp has a target to phase out underwriting oil and gas by 2025.
All fossil fuels	Bank lending	Other, please specify (Commercial lending to fossil fuels exploration and production)	To support implementation of the Responsible Investment and Responsible Banking & Insurance Policies, Suncorp has a range of Sensitive Sector Guidelines to respond to environmental and social risks in our business across our lending portfolios. In 2020, we strengthened our Fossil Fuels Sensitive Sector Guideline so Suncorp's businesses will not finance new thermal coal mining projects or electricity generation, or new oil and gas exploration or production. We will continue to avoid any company involved in tar sands, or oil and gas exploration or production inside the arctic circle or the Great Australian Bight. Suncorp's commercial lending portfolio has no exposure to fossil fuels via either extraction or power generation.

C-FS3.3

(C-FS3.3) Are climate-related issues factored into your external asset manager selection process?
Yes, for all assets managed externally

C-FS3.3a

(C-FS3.3a) How are climate-related issues factored into your external asset manager selection process?

	Process for factoring climate-related issues into external asset management selection	Comment
Row 1	Review asset manager's climate-related policies Use of external data on asset managers regarding climate-related risk management Other, please specify (UNPRI Transparency Report)	Suncorp's Investing (Asset Owner) and Investing (Asset Manager) external asset manager selection process activities are managed independently. Suncorp's Investing (Asset Owner) external investment manager due diligence process includes the requirement for the manager to complete extensive proprietary investment and operational due diligence questionnaires as well as multiple face to face meetings with key front and back office personnel. We consider a range of manager policies in our due diligence process including climate related policies. Consideration is given to the manager's UNPRI Transparency Report where available, noting 97% of Suncorp assets currently managed externally are managed by UNPRI signatories. The Investing (Asset Owner) external manager evaluation criteria includes an assessment of the ability of the manager to integrate environmental, social and governance (ESG) factors into their security selection, portfolio management and risk management processes. In this regard climate change is viewed as a key environmental factor. For share portfolios managed under Investing (Asset Owner) activities, Suncorp conducts holdings-based analysis of indicative portfolios using third party software which assesses portfolios on a range fundamental, technical and ESG metrics. Climate change is a key component in the evaluation of the "E" score. Proprietary holding-based analysis of interest portfolios is conducted inclusive of exposure to carbon intensive sectors and fossil fuels. As part of selecting any Investing (Asset Manager) Materials Service Providers for SPSL, the ESG credentials of these third parties are considered by SPSL.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2019

Target coverage
Other, please specify (Suncorp corporate operations)

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Base year
2018

Covered emissions in base year (metric tons CO2e)
28731

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
51

Covered emissions in target year (metric tons CO2e) [auto-calculated]
14078.19

Covered emissions in reporting year (metric tons CO2e)
26459

% of target achieved [auto-calculated]
15.5055583195305

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
We are awaiting release of the SBTi guidance for financial services including Scope 3 emissions, before obtaining formal verification from SBTi. Scope 1 and Scope 2 targets were tested by SBTi and found compatible with the Paris Agreement. Suncorp has previously reported against a reduction in emissions intensity for our industrial operations (Suncorp Insurance Ventures). As this business was sold on 31 October 2019 the intensity-based target for Suncorp Insurance Ventures is no longer relevant and will no longer be tracked.

Target reference number
Abs 2

Year target was set
2019

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Base year
2018

Covered emissions in base year (metric tons CO2e)
41783

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2050

Targeted reduction from base year (%)
100

Covered emissions in target year (metric tons CO2e) [auto-calculated]
0

Covered emissions in reporting year (metric tons CO2e)
39328

% of target achieved [auto-calculated]
5.87559533781682

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
This target represents Suncorp's commitment to the Paris Agreement goal of net zero emissions by 2050.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2020

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Percentage

Target denominator (intensity targets only)
<Not Applicable>

Base year
2020

Figure or percentage in base year
0

Target year
2025

Figure or percentage in target year
100

Figure or percentage in reporting year
0

% of target achieved [auto-calculated]
0

Target status in reporting year
New

Is this target part of an emissions target?
Joining RE100 is part Suncorp's strategy to reduce emissions by 51% by 2030 and be net zero by 2050.

Is this target part of an overarching initiative?
RE100

Please explain (including target coverage)
The RE100 commitment applies to Suncorp Group operations globally. This is currently Australia and New Zealand.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	16	145.77
To be implemented*	25	1807.77
Implementation commenced*	13	1966.47
Implemented*	33	1469.14
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Transportation	Company fleet vehicle efficiency

Estimated annual CO2e savings (metric tonnes CO2e)
539.17

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
980000

Investment required (unit currency – as specified in C0.4)
0

Payback period
4-10 years

Estimated lifetime of the initiative
6-10 years

Comment
Fleet vehicle reduction by 155 vehicles decreasing from 871 down to 716 vehicles. Most replacement vehicles are fuel efficient hybrids. Any additional cost of fuel-efficient replacements are integrated into operating budgets.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
8.82

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
5245

Investment required (unit currency – as specified in C0.4)
0

Payback period
<1 year

Estimated lifetime of the initiative
6-10 years

Comment
Bundaberg Retail Store HVAC Upgrade - Landlord cost at Suncorp's initiation.

Initiative category & Initiative type

Other, please specify	Other, please specify (Relocation / Closure / Refurbishment)

Estimated annual CO2e savings (metric tonnes CO2e)
921.15

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
222176

Investment required (unit currency – as specified in C0.4)
0

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment

Closures 17 Consolidations 4 Refurbishments 16 Relocations 2

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	Building Code Australia determines the minimum standards required to be updated in building fit-out designs
Financial optimization calculations	Suncorp's environmental data management software tracks building energy usage patterns and captures inefficiencies. Analysis and recommendations for improved performance are presented through a business case model inclusive of ROI.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Product

Description of product/Group of products

Home insurance benefits

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Please select

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

Asset classes/ product types

Insurance underwriting	Property & Casualty

Comment

A standard feature of Suncorp, GIO, APIA, and Shannon's home insurance, and AAMI commercial insurance provides cover for costs associated with the purchase and installation of environmental improvements at the insured address such as a rainwater tank, solar system or compost equipment when all of the following apply: (i) Suncorp has accepted a claim for an insured event that has caused loss or damage worth more than 80% of the sum insured; and (ii) the home does not already have the relevant environmental equipment; and (iii) Suncorp is authorising or arranging the repairs to the home; and (iv) the customer has sought Suncorp's agreement prior to purchasing or installing the relevant environmental equipment. Additionally when there is an accepted a claim under these policies for loss or damage to a home, if any alternative green energy generation equipment was lost or damaged by the same insured event and is unable to supply power, Suncorp will cover: (i) any additional electricity costs incurred as a result of green energy generation equipment being unable to supply power, where a customer is living in their home; or (ii) their electricity bill during the time they are in temporary accommodation. Damaged refrigerators, freezers, dishwashers, air conditioners, washing machines and dryers are replaced with minimum three star energy rated goods.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
July 1 2009

Base year end
June 30 2010

Base year emissions (metric tons CO2e)
7140

Comment

Scope 2 (location-based)

Base year start
July 1 2009

Base year end
June 30 2010

Base year emissions (metric tons CO2e)
71619

Comment

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
7984

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
31344

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
<Not Applicable>

End date
<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
516.15

Emissions calculation methodology
GREENHOUSE GAS EMISSION FACTORS FOR OFFICE COPY PAPER, Environmental Protection Agency Victoria, 2013

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Office Paper and marketing material emissions.

Capital goods

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
4698.1

Emissions calculation methodology
Australian Government Department of Climate Change (August 2018) National Greenhouse Accounts (NGA) Factors

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Transmission and Distribution losses for electricity and natural gas. Extraction losses for stationary and transport fuels.

Upstream transportation and distribution

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1445.64

Emissions calculation methodology
Australian Government Department of Climate Change (August 2018) National Greenhouse Accounts (NGA) Factors

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0.98

Please explain
Captures Suncorp Australia landfill emissions. Suncorp New Zealand has not been included as the data was not available. 2% of emissions were resulting from estimates for where actual data was not available.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
7250.1

Emissions calculation methodology
DEFRA 2018 with Radiative Forcing and WTT (Well To Tank) emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Captures Suncorp Australia and New Zealand air travel emissions. The emissions were calculated using the DEFRA 2018 emission factors that includes RF and WTT emission factors.

Employee commuting

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Upstream leased assets

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Downstream transportation and distribution

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Processing of sold products

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Use of sold products

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

End of life treatment of sold products

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Downstream leased assets

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Franchises

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (upstream)

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000002528

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
39328

Metric denominator
unit total revenue

Metric denominator: Unit total
15560000000

Scope 2 figure used
Location-based

% change from previous year
7

Direction of change
Decreased

Reason for change
There have been significant efforts to reduce emissions via real estate consolidations, implementation of energy efficiency measures, and efforts to improve transport fleet efficiency.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	492.5	Decreased	1.2	Changes to grid renewable energy production and installation of some rooftop solar
Other emissions reduction activities	726.83	Decreased	1.7	Data centre energy efficiency improvements, vehicle fleet efficiency, LED lighting upgrades and building management system improvements
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions	1235.23	Decreased	3	Changes changes from relocation and closure.
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?
Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?
More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	199.14	33996.84	34165.98
Consumption of purchased or acquired electricity	<Not Applicable>	9166.1	29738.59	38904.68
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	9365.24	63705.43	73070.66

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Energy usage

Metric value
2251

Metric numerator
Electricity consumed (kWh)

Metric denominator (intensity metric only)
Headcount (full-time equivalent)

% change from previous year
3.35

Direction of change
Decreased

Please explain
Australian core operations

Description
Energy usage

Metric value
130

Metric numerator
Litres of fuel used in company vehicles

Metric denominator (intensity metric only)
Headcount (full-time equivalent)

% change from previous year
10.34

Direction of change
Decreased

Please explain
Australian core operations

Description
Energy usage

Metric value
1952

Metric numerator
Air travel distance (km)

Metric denominator (intensity metric only)
Headcount (full-time equivalent)

% change from previous year
12.37

Direction of change
Decreased

Please explain
Australian core operations

Description
Waste

Metric value
444

Metric numerator
Paper weight (tonnes)

Metric denominator (intensity metric only)
n/a

% change from previous year
28.16

Direction of change
Decreased

Please explain
Paper used for print and offices. Australian core operations

Description
Waste

Metric value
49

Metric numerator
% waste diverted from landfill

Metric denominator (intensity metric only)
n/a

% change from previous year
3.92

Direction of change
Decreased

Please explain
Proportion of office waste diverted from landfill. Australian core operations

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Description
Energy usage

Metric value
1314

Metric numerator
Electricity consumed (kWh)

Metric denominator (intensity metric only)
Headcount (full-time equivalent

% change from previous year
40

Direction of change
Decreased

Please explain
New Zealand core operations.

Description
Energy usage

Metric value
7153

Metric numerator
Electricity consumed (kWh)

Metric denominator (intensity metric only)
Headcount (full-time equivalent

% change from previous year
12.74

Direction of change
Decreased

Please explain
Suncorp Insurance Ventures core operations.

Description
Energy usage

Metric value

2027

Metric numerator
Air Travel distance (km)

Metric denominator (intensity metric only)
Headcount (full-time equivalent

% change from previous year
33.28

Direction of change
Decreased

Please explain
New Zealand core operations.

Description
Waste

Metric value
55

Metric numerator
Paper Weight (tonnes)

Metric denominator (intensity metric only)
n/a

% change from previous year
22.68

Direction of change
Decreased

Please explain
Paper used for print and offices. New Zealand core operations.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
CDP Limited Assurance Final.pdf

Page/ section reference
1

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
CDP Limited Assurance Final.pdf

Page/ section reference
1

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Wind Power Project at Chitaradurga

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
3261

Number of credits (metric tonnes CO2e): Risk adjusted volume
3261

Credits cancelled
Yes

Purpose, e.g. compliance
Other, please specify (Low carbon product development)

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify (Savanna Burning)

Project identification
West Arnhem Land Fire Abatement

Verified to which standard
Emissions Reduction Fund of the Australian Government

Number of credits (metric tonnes CO2e)
615

Number of credits (metric tonnes CO2e): Risk adjusted volume
615

Credits cancelled
Yes

Purpose, e.g. compliance
Other, please specify (Low carbon product development)

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify (Human induced regeneration)

Project identification
Colodan Great Barrier Reef

Verified to which standard
Emissions Reduction Fund of the Australian Government

Number of credits (metric tonnes CO2e)
200

Number of credits (metric tonnes CO2e): Risk adjusted volume
200

Credits cancelled
Yes

Purpose, e.g. compliance
Other, please specify (Low carbon product development)

C11.3

(C11.3) Does your organization use an internal price on carbon?
Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Drive low-carbon investment
Stress test investments
Supplier engagement

GHG Scope
Scope 3

Application
The investment assessment of individual securities or assets as investment opportunities is the responsibility of external managers appointed by Suncorp. Managers are required to incorporate a shadow carbon price (SCP) into their analysis of investee companies and consequently their decision to buy and hold securities. The purpose of the shadow carbon price is to manage and reduce the risk of exposure to stranded assets in the transition to a net-zero emissions economy.

Actual price(s) used (Currency /metric ton)
32

Variance of price(s) used
The shadow carbon price is reviewed every year with reference to the objectives of the Paris Agreement on Climate Change. The price is presented in USD. Commencing at US$10/ton in 2018 the price was increased to US$25/ton in 2019 and will increase to US$32/ton from 1 July 2020.

Type of internal carbon price
Shadow price

Impact & implication
The shadow carbon price is applied to all relevant investment portfolios, (cash, fixed income, share, listed property) The impact of the SCP has been to exclude from portfolios all companies in the thermal coal and consumable fuels sector, as well as the least efficient – measured as tons CO2 per British Thermal Unit (BTU) – oil & gas producers. In other sectors, such as materials and industrials, the impact of the shadow carbon price has been to tilt portfolios to lower emission sub-industries and producers.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, our investee companies

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Included climate change in supplier selection / management mechanism

% of suppliers by number
99

% total procurement spend (direct and indirect)

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
This represents the suppliers covered by our Supplier Code of Practice, in the last year 99% of new Suppliers accept the Supplier Code of Practice. Suppliers that are not covered by the Code of Practice often have their own code with equivalent consideration to environment and climate change.

Impact of engagement, including measures of success
Impacts of engagement are currently not formally measured, however work is underway to explore possible impact measurement approaches on selected categories. Suncorp has been successful in engaging with electricity and waste management suppliers to offer climate friendly options. This has resulted in major commercial facilities managers now offering organic waste and coffee cup recycling to all tenants, and data centre asset managers actively developing the ability to offer renewable electricity to tenants.

Comment
Suncorp is committed to assessing the environmental, social and governance risks and opportunities throughout its business and value chain. This includes introducing both a Responsible Investment Policy and an updated Supplier Code of Practice in 2018. The updated Code, introduced in 2018, is available at: suncorpgroup.com.au/corporate-responsibility/sustainable-growth/managing-risk-in-supply-chain We are continuing to implement improvements to our procurement services that will improve the Group's view of suppliers and standards. Our Real Estate operations in particular have made significant progress in ensuring resource efficiency and climate change is a consideration of supplier selection and onboarding. This approach has influenced our procurement behaviours across a range of key categories such as motor vehicle fleets, property leasing, electricity procurement, cleaning contractors, concierge and facilities management, and waste management.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Other, please specify (Cyclone Resilience Benefit)

Details of engagement
Other, please specify (Cyclone Resilience Benefit)

% of customers by number
100

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
Unknown

Please explain the rationale for selecting this group of customers and scope of engagement
100% of eligible Suncorp Insurance customers who have reported mitigation measures recognised within the Cyclone Resilience Benefit have received a reduction in their premium. Suncorp launched our Cyclone Resilience Benefit in 2016. Our Cyclone Resilience Benefit recognises specific property features and mitigation measures which can help reduce damage to a property during a cyclone, as well as the likelihood of making a claim. Eligible customers whose properties have these features and measures receive a reduction to their premium compared to what they would pay if they did not have the features or mitigation measures. Our Cyclone Resilience Benefit was developed using extensive claims analysis and research in partnership with the Cyclone Testing Station (CTS) at James Cook University (JCU).

Impact of engagement, including measures of success
Our Cyclone Resilience Benefit has been designed to reward both customer behaviour as well as investment in structural improvements which strengthen homes against cyclones. Customers who report that they only carry out cyclone preparation activities around the home (such as trimming trees) and/or minor non-structural improvements qualify for the lower levels of the Cyclone Resilience Benefit and as a result receive only a small premium reduction. In order to qualify for the highest levels of the Cyclone Resilience Benefit, a customers' house must be built before 1980, have an upgraded roof and potentially upgrades to building openings such as windows and doors. As of November 2019, 18% of the more than 40,000 Suncorp customers who receive the Cyclone Resilience Benefit have reported these structural upgrades and are receiving an average reduction of more than $300.

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investee companies.

Type of engagement
Information collection (Understanding investee behavior)

Details of engagement
Included climate change in investee selection / management mechanism

% of investees by number
20

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

Portfolio coverage
Majority of the portfolio

Rationale for the coverage of your engagement
Appointed external managers engage with companies on a variety of issues including climate-change related issues. Managers are required to include details of engagement activities in regular reporting schedules. Focus of climate change is typically company specific but common themes are: • TCFD disclosures • Alignment of strategy with Paris Agreement • Shareholder sponsored proxy voting resolutions • Carbon emissions • Physical risk Additionally, Suncorp participates in a Sustainalytics led program which engages with Steel and Concrete companies on the transition to a zero-carbon economy. This program aims to build shareholder support to accelerate the transition to zero emissions. Suncorp will occasionally engage with companies directly, typically in relation to proxy voting issues.

Impact of engagement, including measures of success
Impacts vary depending on the type of engagement activity. In regard to the Sustainalytics Climate Transition program, a proprietary framework 'scores' investee companies on preparedness and there has been demonstrated improvement in all companies engaged with over the course of the program In relation to external manager and direct engagement, impacts have included improved transparency and disclosure. Engagement has informed proxy voting decisions.

Type of engagement
Engagement & incentivization (changing investee behavior)

Details of engagement
Exercise active ownership

% of investees by number
20

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b

Portfolio coverage
Majority of the portfolio

Rationale for the coverage of your engagement
Suncorp votes all proxy interests according to the Suncorp Proxy Voting Principles and the Suncorp Responsible Investment Policy. In relation to climate change, Suncorp will support shareholder proposals that promote greater transparency in relation to climate change risk(s) and seek to align investee company strategy with the objectives of the Paris Agreement to limit global warming to well below 2 degrees C.

Impact of engagement, including measures of success
Strong support for shareholder resolutions on climate change provides a strong signal to investee company boards and executives in relation to shareholder expectations and incentivises companies to take stronger action. Suncorp tracks support for shareholder sponsored climate change resolutions and notes the extent to which company behaviour adjusts in line with shareholder expectations. To read Suncorp's most recent Proxy Voting Summary, please visit: suncorpgroup.com.au/uploads/2019-20-Proxy-Voting-Report-Final.pdf

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C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Funding research organizations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Adaptation or resilience	Support	Suncorp has been a leading advocate of the need for improved natural disaster resilience since 2011. Suncorp continues to call on governments at all levels to increase the level of funding allocated to adaptation activity. Suncorp has commissioned research that proves the role of insurance payouts following natural disasters in speeding recovery and maintaining economic output. Suncorp has developed partnerships with experts in cyclone, flood and bushfire resilience planning and design. Senior leaders conduct regular site visits as part of Suncorp's recovery processes to improve their understanding of local issues. Suncorp continues to contribute to the policy debate through government inquiries including the ACCC's Inquiry into Northern Australia Insurance, as well as Federal and State Government inquiries into natural disasters and the most recent bushfire season. Through Suncorp's Cyclone Resilience Benefit, more than 40,000 customers receive a reduction on their home insurance premiums to recognise efforts to strengthen homes against cyclones. Suncorp is a member of the Queensland Government's Queensland Climate Adaptation Strategy Partner Group, which includes representatives of local government, business, industry and community, as well as environmental stewards. The group identifies climate change risks and collaborates to increase Queensland's resilience and adaptation to the effects of climate change.	Increasingly intense weather, sustained economic growth, urbanisation and population shifts towards coastal regions have combined to increase exposure to natural hazard risks throughout Australia. To date, the policy responses to these changes have been insufficient. Suncorp believes that improved natural disaster risk management is crucial to safeguarding communities from the devastating emotional, social and economic impacts of extreme weather. Suncorp continues to advocate for meaningful reforms that could help to lower risk and alleviate pressures on insurance premiums. This includes increased funding towards natural disaster resilience infrastructure and development, appropriate land use planning and building code improvements. To this end, Suncorp welcomed the announcement of $50 million per year for resilience measures included in the Federal Government's Emergency Response Fund Bill 2019. Suncorp believes all levels of Government have a role to play in protecting communities, however other sectors including the finance sector, need to continue to invest in responses that encourage and foster climate adaptation initiatives (i.e. insurance products which recognise natural hazard resilience).
Climate finance	Support	As above, Suncorp continues to be involved in relevant inquiries and initiatives to help increase resilience – this includes considerations for how programs and funding could be financed. Suncorp, is founding member and core partner of ClimateKIC Australia along with the NSW, Victorian, South Australian and Queensland Governments. Suncorp will work with ClimateKIC and other core partners to explore and pursue tangible climate change mitigation and adaptation initiatives together.	Suncorp would support policy responses from the Australian Government that fund and facilitate adaptation initiatives - such as community infrastructure (i.e. levees) and household retrofits.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
Insurance Council of Australia (ICA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The members of the Insurance Council of Australia (ICA) accept the international scientific consensus presented by the Intergovernmental Panel on Climate Change and supported by the CSIRO. The members of the ICA support the ratification of the United Nations Framework Convention on Climate Change Paris Agreement by the Australian Government, including commitments to significantly reduce emissions below 2005 levels before the year 2030. The role of general insurance is to assist policyholders to recover from losses, such as those caused by extreme weather events. With expertise in risk management developed over hundreds of years of operation, general insurers play a critical role in communicating, managing and responding to the risks that many policyholders face today, as well as how those risks may evolve under a changing climate. To achieve this, the ICA has established a Climate Change Action Committee (CCAC) which will operate as a member working committee reporting as required through ICA management to the Board of the ICA. A senior Suncorp executive currently holds the position of Chair of this Committee. The mandate of this committee is to: 1) Support the insurance industry to embed climate change issues and insights into decision making. 2) Work with stakeholders to raise awareness of climate change and the impacts of climate change, manage risk and develop solutions including awareness of disaster preparedness in communities, and improve disaster response and recovery. 3) Work with governments, regulators and other key stakeholders to promote action on climate change and other environmental issues. 4) Support industry disclosure of climate risks and opportunities.

How have you influenced, or are you attempting to influence their position?
As one of the largest insurers in Australia, Suncorp continues to play an important and influential role in the ICA. Senior Suncorp staff participate in a range of ICA working groups to contribute to the development of positions at an industry level. Suncorp was an active contributor to the ICA's Climate Change Policy, which was approved by the ICA Board in 2016 and updated in 2019. Suncorp was also instrumental in setting up a dedicated ICA working group on climate change, as well as the establishment of the ICA's Climate Change Action Committee. This committee is currently chaired by a senior Suncorp staff member.

Trade association
Carbon Market Institute (CMI)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Carbon Market Institute (CMI) is dedicated to helping business seize opportunities in rapidly evolving carbon markets. Independent and non-partisan, the CMI is the peak industry body for climate change and business. The CMI believes that market-based solutions are the most efficient policy mechanism to address the challenge of climate change. The CMI shares knowledge and facilitates connections between business, policy makers and thought leaders to drive the evolution of carbon markets towards a significant and positive impact on climate change. Engaging leaders, shaping policy and driving action, the CMI connects insights and catalysing opportunities in the transition to a zero-emissions economy. The CMI is committed to: - Being an impartial and independent voice on market- based climate policy and industry views. - Developing realistic and long term carbon market solutions in conjunction with business leaders and policy makers. - Aligning, connecting and informing today's decision makers and educating tomorrow's leaders. - Researching and analysing the impact of global carbon market developments on Australian business. - Providing insights on global market trends and bringing international expertise to Australian business. - Working with the government of the day to develop and implement effective market-based climate policy.

How have you influenced, or are you attempting to influence their position?
Suncorp is an active member of the CMI and participates.in policy and market working groups hosted by the CMI with other corporate members, industry events, and has commercial interaction with other members.

Trade association
Australian Banking Association (ABA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The ABA supports the view that climate change is a material, foreseeable, and actionable risk which will present challenges to the Australian economy if action is not taken. Banks have a key role to play in the management of physical and transition risks associated with climate change. Each ABA member is undertaking specific actions tailored to the individual characteristics of their bank to address climate change. The banking industry in Australia supports the goals of the 2015 Paris Climate Agreement.

How have you influenced, or are you attempting to influence their position?
As one of the larger regional – or non-major banks - Suncorp is an influential member of the ABA and sits on multiple working groups including the Corporate Sustainability Working Group.

Trade association
Business Council of Australia (BCA)

Is your position on climate change consistent with theirs?
Mixed

Please explain the trade association's position
The Business Council supports the development of an integrated, national and bipartisan energy and climate change policy framework that can deliver the following four key goals: • Secure and reliable energy supply • Affordable energy supply • Strong, internationally competitive economy • Meet current and future absolute emission reduction targets. The Council believes that to achieve our emissions reduction goals, Australia will need a suite of durable climate change policies that are integrated with broader energy policy and are capable of delivering Australia's emission reduction targets, at lowest possible cost, while maintaining competitiveness and growing Australia's future economy.

How have you influenced, or are you attempting to influence their position?
Suncorp is a member of the BCA's Energy and Climate Change Working Party. Suncorp representatives are also participating in the relevant working groups as part of update of the BCA's energy and climate change policies, and is strongly advocating for action on natural hazard resilience building as well as carbon emission reduction.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The Climate Change Action Plan includes a commitment to increasing community resilience by helping our communities reduce climate change risk, adapt and build resilience through our products, advocacy and collaboration with key industry, government and climate stakeholders.

Our dedicated Government Relations team provides expert advice and stakeholder mapping to help Suncorp:

- Work with government to improve the environmental impact of procurement and the resilience of Suncorp's supply chain
- Explore opportunities with government to improve the sustainability and carbon intensity of Suncorp's supply chain
- Continue to work with government and industry groups to support cross industry collaboration and action on climate change issues

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary communications

Status

Complete

Attach the document

FY19-Responsible-Business-Report.pdf

Page/Section reference

Pages 4, 6, 9-11, 13, 25-30, 44

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

Suncorp Climate Change Action Plan_2018.pdf

Page/Section reference

Entire document describes Suncorp's response to climate change and GHG emissions performance.

Content elements

Governance
Strategy
Risks & opportunities

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

Responsible-Investment-Policy.pdf

Page/Section reference

The entire document describes Suncorp's approach to responsible investment.

Content elements

Governance
Strategy

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
SUN0261-Environmental-Performance-Plan-A4L-v7.pdf

Page/Section reference
The document describes the measures put in place to ensure Suncorp meets its emission reduction goals.

Content elements
Governance
Strategy

Comment

Publication
In mainstream reports

Status
Complete

Attach the document
FY19-Annual-Report_1.pdf

Page/Section reference
3, 4, 43, 44, 52

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
2018-19-Suncorp-TCFD-Disclosure-v4-FINAL.pdf

Page/Section reference
The document describes the response to climate related risks in accordance with the TCFD recommendations.

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Principles for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI Principles for Responsible Banking UNEP FI Principles for Sustainable Insurance	
Industry initiative	Principles for Responsible Investment (PRI) UNEP FI Principles for Responsible Banking UNEP FI Principles for Sustainable Insurance Other, please specify (Climate Measurement Standards Initiative)	The Climate Measurement Standards Initiative is developing open-source technical business and scientific standards for climate physical risk projections of future repair and replacement costs of residential and commercial buildings and infrastructure in Australia. To read more information on the Climate Measurement Standards Initiative, please visit: climate-kic.org.au/our-projects/cmsi/
Commitment	Other, please specify (RE100)	Suncorp has committed to purchase 100% renewable electricity for global operations by 2025.

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	No	<Not Applicable>	As explained above, our understanding of climate-related financial risks is still evolving. As we become more informed on this subject, we expected to be able to put in place considerations such as this. However, we are unable to provide a timeframe at this stage.
Investing (Asset manager)	No	<Not Applicable>	Indirectly through the investment in the Suncorp Group Trusts (managed via Investing (Asset Owner) activities) and any associated portfolio level ESG reporting made available to SPSL by SFPL or SCS.
Investing (Asset owner)	Yes	Alternative carbon footprinting and/or exposure metrics (as defined by TCFD Other, please specify (Carbon emissions avoided (green bond portfolio))	Using Sustainalytics data Suncorp calculates the carbon intensity (tCO2e/US$ million revenues) of all share and credit portfolios. Suncorp has appointed AXA Investments to manage a tailored International Green Bond Portfolios. AXA provides reporting aligned with the UN SDG framework. Among other metrics AXA provides an estimate on the tons of CO2 avoided as a result of investee capital deployment.
Insurance underwriting (Insurance company)	No	<Not Applicable>	Suncorp acknowledges the importance of measuring Scope 3 emissions in underwriting and will assess opportunities to measure and reduce scope 3 emissions in line with the development of global industry guidance over coming years.
Other products and services, please specify	Please select	<Not Applicable>	

C-FS14.1a

(C-FS14.1a) What are your organization’s Scope 3 portfolio emissions? (Category 15 “Investments” total emissions)

Category 15 (Investments)

Evaluation status
Not relevant, explanation provided

Scope 3 portfolio emissions (metric tons CO2e)
<Not Applicable>

Portfolio coverage
<Not Applicable>

Percentage calculated using data obtained from client/investees
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Please explain
The absolute value of scope 3 emissions from investment portfolios is a relatively ‘blunt’ metric that does not provide a great deal of insight into how aligned a portfolio is with a less than 2-degree Celsius pathway. It can be impacted by changes in assets under management, changes in product mix and changes in strategic asset allocation. We tend to focus on carbon intensity as a measure, particularly in relation to the carbon intensity of a reference benchmark.

C-FS14.1b

(C-FS14.1b) What is your organization’s Scope 3 portfolio impact? (Category 15 “Investments” alternative carbon footprinting and/or exposure metrics)

Metric type
Weighted average carbon intensity

Metric unit
CO2e/$M revenue

Scope 3 portfolio metric
222.2

Portfolio coverage
More than 90% but less than or equal to 100%

Percentage calculated using data obtained from clients/investees
0

Calculation methodology
Sustainalytics provides issuer level data based on company disclosure or activity-based estimation. Suncorp applies Sustainalytics metrics to portfolio holdings to calculate a weighted average portfolio carbon intensity metric. A weighted average of all portfolios is then calculated. We apply the same methodology on reference benchmark constituent data to determine whether portfolios are more or less carbon intensive than their reference benchmark. Attribution analysis is conducted to identify major contributors to carbon intensity. This is applied to all fixed interest and share portfolios.

Please explain
Suncorp portfolios in aggregate are 7.5% less carbon intensive than the aggregate of their reference benchmarks.

C-FS14.1c

(C-FS14.1c) Why do you not conduct analysis to understand how your portfolio impacts the climate? (Scope 3 Category 15 “Investments” emissions or alternative carbon footprinting and/or exposure metrics)

Suncorp acknowledges the importance of measuring Scope 3 emissions will assess opportunities to measure and reduce scope 3 emissions in line with the development of global industry guidance over coming years.

C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

	Scope 3 breakdown	Comment
Row 1	Yes, by asset class	

C-FS14.2a

(C-FS14.2a) Break down your organization's Scope 3 portfolio impact by asset class.

Asset class	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Other, please specify (Australian Shares)	Weighted average carbon intensity	CO2e/$M revenue	255.4	Benchmark 276.2
Other, please specify (Global shares)	Weighted average carbon intensity	CO2e/$M revenue	81.9	Benchmark 190.2
Other, please specify (A-Reits)	Weighted average carbon intensity	CO2e/$M revenue	123.7	Benchmark 124.1
Other, please specify (Australian Fixed Income)	Weighted average carbon intensity	CO2e/$M revenue	232.11	Benchmark 250.7
Other, please specify (Global Fixed Income)	Weighted average carbon intensity	CO2e/$M revenue	207.2	Benchmark 141.1

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	No	As explained above, our understanding of climate-related financial risks is still evolving. As we become more informed on this subject, we expected to be able to put in place considerations such as this. However, we are unable to provide a timeframe at this stage. In 2020, we strengthened our existing Fossil Fuels Sensitive Sector Guideline to ensure we do not finance new oil and gas projects and phase out any finance of oil and gas by 2025. This builds on our commitment to phase out of existing thermal coal by 2025. As at 30 June 2020, Suncorp's commercial lending portfolio has no exposure to fossil fuels via either extraction or power generation. Suncorp will continue to underwrite, lend to and invest in companies whose business is clearly consistent with the transition to a net-zero emissions economy by 2050.
Investing (Asset manager)	No	
Investing (Asset owner)	Yes	As discussed in previous responses Suncorp excludes all companies classified in the GICS sector 'Coal and Consumable Fuels'. Suncorp also excludes companies involved in the development of new thermal coal mining projects or the construction of new thermal coal electricity generation projects. From 2025 Suncorp will exclude existing thermal coal exposures where the company does not have a strategy clearly aligned with the Paris Agreement on Climate Change. From 1 July 2020, Suncorp will exclude all companies involved in the exploration & production of new oil & gas projects. Suncorp will phase out its exposure to existing oil & gas producers by 2040. Suncorp requires managers to incorporate a shadow carbon price (SCP) in their assessment of investment opportunities. The application of the SCP has seen a material number of fossil fuel companies excluded from portfolios including all tar sand operations and the majority of fracking and coal seam gas operations. The shadow carbon price is adjusted annually in line with a well below 2-degree pathway. Suncorp has entered into a partnership with Monash University-based research house ClimateWorks to provide metrics in relation to a range of climate transition scenarios inclusive of implied carbon prices.
Insurance underwriting (Insurance company)	Yes	Sensitive Sector Guidelines In 2020, we strengthened our existing Fossil Fuels Sensitive Sector Guideline to cease underwriting new oil and gas projects and phase out underwriting oil and gas by 2025. This builds on our commitment to phase out of existing thermal coal by 2025. As at 30 June 2020, fossil fuel extraction and electricity generation activities made up less than 0.1 per cent of general insurance gross written premium. Suncorp will continue to underwrite, lend to and invest in companies whose business is clearly consistent with the transition to a net-zero emissions economy by 2050. Insurance Australia In 2020 Suncorp analysed exposure of commercial insurance portfolios to a 2 degree future. The analysis found Suncorp's portfolios are well diversified with low levels of exposure to industries expected to experience large declines in activity due to a transition to a low-emissions economy. However Suncorp has low exposure to industries expected to experience growth in activity in transition scenarios, that may provide opportunities for strategic business growth.
Other products and services, please specify	Not applicable	

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for all	Suncorp requires appointed external investment managers to include analysis of environmental, social and governance (ESG) issues in their investment processes. Additionally, Suncorp requires managers to incorporate a shadow carbon price in their analysis of investee companies. Suncorp participates in a Sustainalytics engagement program on the theme of climate change transition. Focused on the Steel and Concrete Industries, the program specifically evaluates companies on the degree to which they are prepared to transition to a net-zero emissions economy. Specifically with reference to vertically integrated energy companies and electricity utilities , Suncorp will from exclude from portfolios companies whose strategy does not acknowledge the Paris Agreement on Climate Change and align with the objective of limiting global warming to well below 2 degrees Celsius.
Insurance underwriting (Insurance company)	Yes, for some	Sensitive Sector Guidelines In 2020, we strengthened our existing Fossil Fuels Sensitive Sector Guideline to cease underwriting new oil and gas projects and phase out underwriting oil and gas by 2025. This builds on our commitment to phase out of existing thermal coal by 2025. As at 30 June 2020, fossil fuel extraction and electricity generation activities made up less than 0.1 per cent of general insurance gross written premium. Suncorp will continue to underwrite, lend to and invest in companies whose business is clearly consistent with the transition to a net-zero emissions economy by 2050.
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	Suncorp requires appointed external investment managers to include analysis of environmental, social and governance (ESG) issues in their investment processes. Additionally, Suncorp requires managers to incorporate a shadow carbon price in their analysis of investee companies. SBT's are a frequently raised in relation to emission intensive industries. Suncorp participates in a Sustainalytics engagement program on the theme of climate change transition. Focused on the Steel and Concrete Industries, the program specifically evaluates companies on the degree to which they are prepared to transition to a net-zero emissions economy. SBT's are frequently raised in these engagements.
Insurance underwriting (Insurance company)	No	Suncorp has only recently published its own Scope 1 and 2 science based target. Suncorp acknowledges the importance of measuring Scope 3 emissions in underwriting and will assess opportunities to measure and reduce scope 3 emissions in line with the development of global industry guidance over coming years.
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Senior Advisor, Corporate Responsbility	Environment/Sustainability manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms