

A resilient future

Climate Change Action Plan | September 2021

SUNCORP



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Message from our Chairman

Our purpose of building futures and protecting what matters is at the core of our response to the challenge of climate change.

Helping communities navigate extreme weather

As an insurer and bank to over 9 million households and businesses across Australia and New Zealand, we are at the front line with our customers and communities in navigating the impact of climate change, notably through the changing severity and frequency of weather events.

Over recent years, natural hazard costs have been increasing. While climate change is a growing global challenge, it is testing the strength and resilience of local communities across Australia and New Zealand. Our most immediate and material challenge is community vulnerability to the impacts of natural disasters.

Over the past year, across all corners of Australia and New Zealand, we have seen bushfires, hail, storms, floods and cyclones. The communities and households most impacted by these extreme weather events are often among the most reliant on the services we provide. This is why we continue to advocate strongly for greater government investment in disaster mitigation and community resilience measures. In Australia, just three cents in every dollar is currently spent on mitigating the impact of disasters while the remaining 97 cents is spent on recovery. It is clear more needs to be done to mitigate potential damage before a natural disaster occurs.

A sustainable and climate resilient future

As the impact of climate change is becoming more visible through extreme weather events, we are committed to playing our part in limiting climate change in line with the Paris Agreement. Building a sustainable and climate resilient future for our business and our customers continues to be a priority for the Suncorp Board and leadership team.

Recent findings released by the world's leading climate science body - the Intergovernmental Panel on Climate Change - have found the rate at which temperatures are increasing globally is accelerating. So, any response to this climate crisis needs to be purposeful and swift. To that end, we are accelerating the reduction of our own greenhouse gas emissions against our target to achieve a 51% reduction by 2030. As part of this, we are committed to powering our operations using 100% renewable energy sources by 2025.

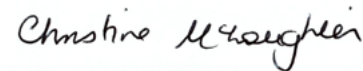
With over 13,500 people employed across Australia and New Zealand, managing around \$8 billion in claim payments last financial year and currently responsible for more than 230,000 loans to support home and business owners, Suncorp is well placed to support our customers, people and supply partners in an orderly transition. While any shift to move economies away from carbon intensive activities and sectors will take time, there is significant global momentum towards a net-zero economy. In line with this, Suncorp will continue to adapt our products to ensure our customers are supported as they transition.

Our Climate Change Action Plan

Taking action on climate is vital to preserve economic stability, maintain vibrant communities and ensure insurance remains affordable. We are proud to update our Climate Change Action Plan following the first publication in 2018. Through this plan we will take an orderly and collaborative approach in partnership with our customers, suppliers, governments and industry to transition to net-zero.

Our approach to climate change is evolving and we now intend to update and publish key priorities and progress against this plan in our Annual Report each year. This iterative and responsive approach ensures we are well placed to keep pace with the latest scientific & public policy developments and international agreements including COP26, the UN Intergovernmental Panel on Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD).

Through the COVID-19 pandemic we have continually been reminded that significant global emergencies require a coordinated and bold response. Confronting the threat of climate change is no different, and even more complex. It necessitates a steadfast commitment from both the public and private sector to work together in navigating how it will change lives and the communities we live in and committing to better outcomes to protect what matters.



CHRISTINE McLOUGHLIN, AM
SUNCORP GROUP CHAIRMAN



Our Climate Change Action Plan-on-a-page

Support the transition

We're supporting our people, customers and community in their transition to a net-zero emissions economy, while helping to strengthen customer and community resilience from the impacts of extreme weather.

Inform and encourage our people, customers and suppliers to transition their households, businesses, communities and industries to a net-zero emissions economy. Share their stories of progress to celebrate and inspire action.

ONGOING

Create opportunities for our people to engage and contribute to our climate response.

ONGOING

Introduce more products and services that incentivise resilience or facilitate the transition to a net-zero emissions economy.

ONGOING

Through our investments portfolio continue to explore and invest in companies and initiatives that are helping to reduce greenhouse gas emissions or can facilitate the transition to net-zero.

ONGOING

Continue to support customers and their communities in navigating the immediate and longer term financial and physical impacts of climate change in alignment with our Natural Hazard Resilience Program.

ONGOING

Reduce our climate impact

We're actively reducing our own climate impact and are set to achieve our 51% emissions reduction target for our own operations before 2030.¹ The next challenge is to build a clearer picture of our Scope 3 emissions.

Accelerate progress against our commitment to a 51% absolute reduction in Scope 1 and 2 greenhouse gas emissions by 2030.

FY22

Explore Scope 3 emissions measurement and pathways to further decarbonise our business, including revising our carbon budget and measuring portfolio emissions intensity.

ONGOING

Set and commit to Scope 3 emission reduction targets for our real estate operations by FY23.

FY23

Source 100% of our electricity from renewable energy sources by 2025.

FY25

Continue progress against our commitment to phase out exposure to thermal coal sectors in underwriting and investments by 2025 and exposure to oil & gas in underwriting by 2025, noting that Suncorp Bank's lending portfolio has no exposure to either sector.

FY25

Partnering with purpose

Effective climate response can't be achieved in isolation so we will partner with experts, leaders and decision makers in continuing to advance our thinking and approach to climate change. This work includes helping to strengthen community resilience in alignment with our Natural Hazard Resilience Program.

Collaborate with the insurance and banking industry, through our industry associations, to ensure our sector is contributing and advocating effectively to the economy-wide changes needed in response to climate change.

ONGOING

Support and collaborate with Suncorp Bank's agribusiness customers to enhance their climate adaptation efforts and revenue streams.

ONGOING

Continue to advocate with communities, government and industry for improved transition and resilience measures in policy and regulation, including climate change insights for building codes, planning and infrastructure as well as inefficient taxes and charges.

ONGOING

Integrate and lift capability

We're driving integrated decision making in relation to climate across the Group to create stronger links across the business between analysis and action.

Review and continue to embed climate governance across our business.

ONGOING

Continue to integrate climate scenario analysis and natural hazard risk research outcomes into strategic & business planning cycles and track progress against metrics.

ONGOING

Review emerging science, international scenario guidance, and further business insight needs to identify and create a roadmap for future climate change scenario analysis.

FY22

Continuously improve climate risk intelligence to support growth and risk management.

ONGOING

Continue to ensure climate-related scenario analysis and financial disclosures are meaningful and robust for our business and stakeholders.

ONGOING

Our approach to climate change is evolving and we intend to update and publish key priorities and progress against this plan in our Annual Report each year. This iterative and responsive approach ensures we are well placed to keep pace with the latest scientific & public policy developments and international agreements (including COP26, UN Intergovernmental Panel on Climate Change, Task Force on Climate-related Financial Disclosures).

¹ Reduction based on a FY18 baseline.

Climate change and our commitment to the Paris Agreement

The impact of climate change is becoming more visible. As one of Australia and New Zealand's largest insurers, we're seeing firsthand how the changing intensity and frequency of these weather events is putting more people and property at risk and is having a lasting impact on our customers and their communities.

The science is clear

The UN's peak scientific body studying and reporting on climate change - the Intergovernmental Panel on Climate Change (IPCC) has found global warming is expected to reach 1.5° Celsius in the early 2030s.

Region specific findings:

Australia's land area has warmed by around 1.4° Celsius between ~1910 and 2020. Australia will be among the most impacted regions globally with parts of the country experiencing hotter summers and colder winters.

New Zealand's land area has warmed by around 1.1° Celsius between ~1910 and 2020, with the most significant impact being extreme rainfall and heat events across parts of the country.

The impacts of climate change can be lessened if decisive action is taken to meet the targets set out in the Paris Agreement. We support the goals of the Paris Agreement to keep global temperature increases well below 2° Celsius and to pursue efforts to limit the temperature increase to 1.5° Celsius above pre-industrial levels.

We continue to play our part in global efforts to transition to a net-zero emissions economy by accelerating the decarbonisation of our business operations and strengthening climate resilience. We do this by better understanding and mitigating climate risks and opportunities - not only for our business but together with our customers and their communities.

Each year since 2018, we have reported in line with the recommendations outlined by the Task Force on Climate-related Financial Disclosures (TCFD). Through aligning with the TCFD, we continue to give our stakeholders a clear and comprehensive understanding of the climate related risks and opportunities facing our business, and how we are taking meaningful action to reach our longer-term targets.

Responding to the challenges presented by climate change is central to fulfilling our purpose as an insurer and bank to millions of households and businesses across Australia and New Zealand. In order to protect what matters, we need to address climate change and build a future that is more sustainable and resilient.

Together to net-zero – enabling the transition

We have a responsibility to help our customers, people and suppliers to transition to net-zero.

The insurance and banking sectors are crucial to enabling the global economic transition to net-zero. At Suncorp we:

- Held approximately \$21bn of invested assets globally, as at 30 June 2021. This included investments in sustainable initiatives including green bonds, renewable energy infrastructure, renewable energy credit and equity securities and energy efficient real estate.
- Paid approximately \$8bn in Home, Motor and Commercial Insurance claims, for the year to 30 June 2021.
- Help more than one million Australians to own their home, run their business or save for the future.

Here's how we are approaching the transition.

To start, we've made good progress in reducing emissions across our own operations and plans to exit fossil fuel extraction and electricity generation.

100% of our electricity will be sourced from renewable energy, by 2025

Reduce GHG emissions from our own operations (Scope 1 & Scope 2) by 51% by 2030 and to net-zero by 2050

Committed to phase out underwriting, investment and lending exposure to thermal coal, oil and gas extraction and electricity generation by 2025 (O&G investments by 2040).

We are on track to achieve these reduction targets and are looking at ways we can accelerate this progress against our Scope 1 & 2 emissions targets over the coming years.

Exploring Scope 3

As a financial institution, our emissions impact comes not only from our day-to-day operations but also through where, how and who we do business with (Scope 3 emissions). Financed emissions (relating to our investments, underwriting and lending activity) and supply chain emissions form a significant part of our Scope 3 emissions. A key area of focus in this refreshed plan is to ensure we begin the process towards accounting, measuring, setting targets and tracking Scope 3 emissions. We believe that what gets measured, gets managed.

We will also work more closely with our customers and suppliers to design products, services and solutions that help them transition their businesses and households to a net-zero economy.

Climate related impacts at a glance

Each year, we conduct scenario analysis to test the strategic and operational resilience of our business to climate change. This includes assessing the potential impacts of extreme weather, and changes to economies and communities. We detail the more technical findings of this analysis in TCFD disclosures as part of our Annual Report.



Heat extremes have increased, **cold extremes** have decreased, and the IPCC expects these trends to continue.



Cyclones are likely to become more intense, and affect coastal regions further south as seas warm away from the equator.



Storms are expected to deliver more **extreme rainfall and flash flooding**, especially in urbanised environments. Riverine areas, especially in coastal areas, are expected to see more frequent flood events.



The number of hotter and drier days raises the risk of **soil contraction** affecting the foundations of a small percentage of buildings.



Thunderstorms are expected to increase across all regions and severe **hail** is expected to increase in temperate climates.



Sea level rise is increasing **storm surge and flooding** risk to coastal properties, with sandy coastlines receding.



Bushfire risk has increased in line with higher frequency of extreme fire weather days. The fire season has become longer in many locations.



Communities already vulnerable to extreme weather will come under increased **cost of living pressure** as extreme weather risk and claims costs increase, and local economies change.



The **built environment**, including current planning, infrastructure and building codes will be insufficient to maintain the resilience of homes, businesses and communities without further action.



As global policy and demand for goods and services reshapes the **Australian and New Zealand economies**, businesses are looking for ways to transition and diversify.



International and domestic government policy and car industry change will increase the number of **electric vehicles** on our roads, requiring our repair supply chain to boost capability.



Through changes to extreme weather, **agribusiness** export markets and consumer demand, farmers and regional communities will look to new revenue streams and ways to increase the resilience and sustainability of businesses and economies.



Our Climate Change Action Journey



Our Climate Change Action Plan – a snapshot



Support the transition

We're supporting our people, customers and community in their transition to a net-zero emissions economy, while helping to strengthen customer and community resilience from the impacts of extreme weather.



Reduce our climate impact

We're reducing our own climate impact and are set to achieve our 51% emissions reduction target for our own operations before 2030.¹ The next challenge is to build a clearer picture of our Scope 3 emissions which we will use to set reduction targets across our supply chain and financed emissions.



Partnering with purpose

Effective climate response can't be achieved in isolation so we will partner with experts, leaders and decision makers to evolve our thinking and approach to climate change. This work includes helping to strengthen community resilience in alignment with our Natural Hazard Resilience Program.



Integrate and lift capability

We're driving integrated climate-related decision making across the Group and creating stronger links across the business between analysis and action.

Our approach to climate change is evolving and we intend to update and publish key priorities and progress against this plan in our Annual Report each year. This iterative and responsive approach ensures we are well placed to keep pace with the latest scientific & public policy developments and international agreements (including COP26, UN Intergovernmental Panel on Climate Change, TCFD).

¹ Reduction based on a FY18 baseline.





Support the transition

We're supporting our people, customers and community in their transition to a net-zero emissions economy, while helping to strengthen customer and community resilience from the impacts of extreme weather.

Inform and encourage our people, customers and suppliers to transition their households, businesses, communities and industries to a net-zero emissions economy. Share their stories of progress to celebrate and inspire action.

ONGOING

Create opportunities for our people to engage and contribute to our climate response.

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Introduce more products and services that incentivise resilience or facilitate the transition to a net-zero emissions economy.

ONGOING

Through our investments portfolio, continue to explore and invest in companies and initiatives that are helping to reduce greenhouse gas emissions or can facilitate the transition to net-zero.

ONGOING

Continue to support customers and their communities in navigating the immediate and longer term financial and physical impacts of climate change in alignment with our Natural Hazard Resilience Program.

ONGOING

With over nine million customers we have regular interactions with households and businesses across Australia and New Zealand so we're in a strong position to help our customers, people and suppliers adapt to a changing climate. We'll do this through supporting them to reduce their emissions, adapt to a net-zero emissions economy and become more resilient and responsive to climate change.

With the right incentives and solutions, we will work with our customers to identify opportunities to increase the uptake of sustainable choices. Similar to our Build it Back Better initiative, we will help and reward our customers to find more sustainable and resilient alternatives.

Our banking team will soon be rewarding new and existing home loan customers for making the transition to more efficient energy in their homes; and we will only issue debit cards made from recycled plastic.

Supporting sustainable and resilient farming practices will be crucial as Australian farmers continue to look for more innovative ways to adapt to the changing climate. So, we're working with agribusiness customers on initiatives to future proof their business including robotics to reduce chemical use, pasture management, stock practices, fencing, establishing solar farms and carbon sequestration projects.

We are enabling the transition through our investment capacity. We held \$321 million of low-carbon investment assets globally, as at 30 June 2021. These investments include green bonds, renewable energy infrastructure, renewable energy credit and energy efficient real estate – environmentally sustainable initiatives. We will continue to invest in infrastructure and energy transformation required to facilitate a global economic transition to net-zero and meet the Paris Agreement's Climate Change goals.

Reduce our climate impact

We're reducing our own climate impact and are working hard to to achieve our 51% emissions reduction target for our own operations before 2030.¹ The next challenge is to build a clearer picture of our Scope 3 emissions which we will use to explore reduction targets across our supply chain and financed emissions.

Accelerate progress against our commitment to a 51% absolute reduction in Scope 1 and 2 greenhouse gas emissions by 2030.

FY22

Explore Scope 3 emissions measurement and pathways to further decarbonise our business, including revising our carbon budget and measuring portfolio emissions intensity.

ONGOING

Set and commit to Scope 3 emission reduction targets for our real estate operations by FY23.

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Source 100% of our electricity from renewable energy sources by 2025.

FY25

Continue progress against our commitment to phase out exposure to thermal coal sectors in underwriting and investments by 2025 and exposure to oil & gas in underwriting by 2025, noting that Suncorp Bank's lending portfolio has no exposure to either sector.

FY25

We recognise the importance of reducing greenhouse gas emissions across our own operations, including our financed and supply chain emissions.

We have committed and are on target to achieve net-zero Scope 1 and 2 emissions by 2050 and will accelerate our progress against this target over the next few years. We have also joined the RE100 initiative, committing to sourcing 100% renewable electricity across our operations by 2025.

For Scope 3 emissions, we have reduced our exposure to emissions intensive industries by strengthening our Fossil Fuels Standard and by applying a shadow carbon price to manage the risk of stranded assets.

We are also exploring the pathway to account for of Suncorp's Scope 3 emissions, including engaging with experts and our supply chain partners.

While we have a good understanding of many aspects of Scope 3 emissions, one of the challenges faced by the financial services industry is that good quality data isn't available to assess and measure these emissions. However, we will work with industry, government and our suppliers to address this so we are in a strong position to set clear boundaries and targets as new information becomes available.

¹ Reduction based on a FY18 baseline.

Partnering with purpose

Effective climate response can't be achieved in isolation so we will partner with experts, leaders and decision makers to evolve our thinking and approach to climate change. This work includes helping to strengthen community resilience in alignment with our Natural Hazard Resilience Program.

Collaborate with the insurance and banking industry, through our industry associations, to ensure our sector is contributing and advocating effectively to the economy-wide changes needed in response to climate change.

ONGOING

Support and collaborate with Suncorp Bank's agribusiness customers to enhance their climate adaptation efforts and revenue streams.

ONGOING

Continue to advocate with communities, government and industry for improved transition and resilience measures in policy and regulation, including climate change insights for building codes, planning and infrastructure as well as inefficient taxes and charges.

ONGOING

Climate change is a shared global challenge that won't be solved by acting in isolation and requires a coordinated and collaborative approach, in partnership with governments, businesses, and individuals working together.

As a large financial services organisation, we hold impactful data and insights into natural hazard risk, vulnerability of the built environment, and future climate risks. Sometimes this is explicit in our models and view of hazard and economic risk, and other times it needs to be enriched with other data and expertise outside our organisation.

We will enhance our a data-led, evidence-based approach to help inform decision making to help our customers and communities at risk be aware, protected, and prepared for natural disasters and a changing climate.

For industry, governments and other organisations, we'll continue to partner and share our data and knowledge where we are able, be focused on material solutions, and ultimately strengthen investment in disaster mitigation and natural hazard resilience in the most vulnerable communities.

With the Insurance Council of Australia (ICA) and other stakeholders, we are working on projects to improve four key areas: resilience in the built environment, land use planning, community risk mitigation and adaptation, and building codes and standards.

Through Suncorp Bank, we will continue contribute to industry initiatives that enhance resilience for farmers. This includes partnership with groups including the Agforce Young Producers Forum, Queensland Farmers Federation and supporting industries including Cotton Australia to enhance best management practice programs across Queensland and the nation. With the Australian Banking Association (ABA) and other partners, we are focusing on ways to improve the sustainability of homes and communities across Australia.

Integrate and lift capability

We're driving integrated decision making in relation to climate across the Group to create stronger links across the business between analysis and action.

Review and continue to embed governance of climate change risk and response across our business.

ONGOING

Continue to integrate climate scenario analysis and natural hazard risk research outcomes into strategic & business planning cycles and track progress against metrics.

ONGOING

Review emerging science, international scenario guidance, and further business insight needs to identify and create a roadmap for future climate change scenario analysis.

FY22

Continuously improve climate risk intelligence to support growth and risk management.

ONGOING

Continue to ensure climate-related scenario analysis and financial disclosures are meaningful and robust for our business and stakeholders.

ONGOING

We're committed to further enabling effective strategic and operational decision-making to ensure we are well placed to manage ongoing climate risks and realise the opportunities of a transition to a net-zero economy.

Each year we analyse the latest science, economic and policy information to shape our strategic and operational decision-making and ongoing management of climate risks and opportunities. These analyses are used to inform our potential for future exposure, concentration across industries and geographies, and provide insight into making current operating practices more efficient.

Given the complexities, we recognise the need to increase the sophistication in our approach to help our business and community best respond to climate change.

Through this plan, we aim to increase our connections outside our business, share our knowledge and identify interventions which can help make communities more resilient to the physical and economic effects of climate change. This includes:

- Equipping our people with the right tools to understand the changing landscape of climate risks and opportunities.

- Refining our natural hazard resilience strategy through better understanding risk and impacts of specific perils.
- Utilising the latest industry guidance and expertise of in-house scientific and actuarial experts, as well as expertise from external partners and national scientific and statistical bodies in Australia and New Zealand.
- Co-designing products and services to support our customers in building more resilient homes and transitioning to a net-zero future.
- Sharing our risk knowledge and insights to help decision-makers better understand risk and impact.
- Working with industry groups, business groups and individual businesses to understand how the changing climate impacts their operations and the communities in which they operate.

We will continue to align our climate change scenario analysis and climate-related disclosures with the TCFD including undertaking Limited Assurance over select disclosures and environmental metrics within the Annual Report.



Glossary of common climate change terminology

Absolute reduction: The amount of decrease in GHG emissions, measured in tonnes of CO₂-equivalent.

Adaptation: The process of adjustment to the actual or expected climate and its effects to moderate harm or exploit beneficial opportunities.

Carbon budget: The maximum amount of GHG emissions that would result in limiting global warming to a given level. In the case of Suncorp, our carbon budget refers to the amount of GHG emissions that we can emit under our emissions reduction target.³

Climate change: A change in the state of the climate that can be identified (e.g. by statistical tests) by changes in the mean and/or variability of its properties, and that persists for an extended period, typically decades or longer.

Emissions intensity: The amount of GHG emissions emitted per unit of measure (e.g. GDP, amount of investment, or number of employees).

Financed emissions: Emissions that result from activities or entities that are financed by Suncorp through our underwriting, lending and investment activities.

Greenhouse gas (GHG): Greenhouse gases are both natural and man-made. They act to trap heat within the earth's atmosphere ('greenhouse effect'), maintaining conditions for life on earth. An increase in the concentration of GHGs leads to an enhancement of the greenhouse effect changing the nature of the climate and life on earth. GHGs include water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and ozone (O₃).

Intergovernmental Panel on Climate Change (IPCC): The scientific body established by the United Nations Environment Programme and the World Meteorological Organisation which helped inform the science behind the Paris Agreement. The IPCC reviews and objectively assesses the most recent scientific, technical, and socioeconomic work relevant to climate change, but does not carry out its own research.

Net-zero: Condition in which GHG emissions are balanced by an equivalent amount of GHG avoided or removed over a specified period.

Physical risk: Risks related to the physical impacts of climate change, which can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for companies, such as direct damage to assets and indirect impacts from supply chain disruption.⁴

Pre-industrial levels (of carbon dioxide): The levels of carbon dioxide in the atmosphere prior to the start of the Industrial Revolution. These levels are estimated to be about 280 parts per million (by volume). The current level is approximately 420ppm.

Renewable energy: Renewable energy is energy created from sources that can be replenished in a short period of time – the five most common sources are: solar, wind, biomass (such as wood and biogas), the movement of water, and geothermal (heat from within the earth).

Resilience: The ability of systems (i.e. Suncorp, customers and communities) to anticipate, absorb, accommodate, or recover from the effects of climate change or natural hazards in a timely and efficient manner.³

Responsible Banking & Insurance Policy: Suncorp's approach to ensuring the long-term sustainability of our business and portfolios, including the management of environmental, social, and governance (ESG) risks and opportunities. The Policy will help Suncorp make balanced and informed decisions, and help lead and support customers and stakeholders to minimise and manage their impacts.

Scenario analysis: The purpose of scenario analysis is to consider and better understand how a business might perform under different future states (i.e. its resiliency/robustness). In the case of climate change, climate-related scenarios allow an organisation to explore and develop an understanding of how the physical and transition risks and opportunities of climate change might plausibly impact the business over time, both favourable and unfavourable. Scenarios are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments – they are hypothetical constructs, not forecasts or predictions nor are they sensitivity analyses. A 2° Celsius scenario provides a common reference point that is generally aligned with the objectives of the Paris Agreement.

³ Adapted from the Intergovernmental Panel on Climate Change. Sixth Assessment Report

⁴ Adapted from the Task Force on Climate-Related Financial Disclosure. Guidance on Risk Management Integration and Disclosure



Glossary of common climate change terminology continued

Science-based targets (SBTs): Science-based targets to reduce GHG emissions are considered “science-based” if they are in line with the level of decarbonisation required to keep global temperature increases below 2° Celsius compared to preindustrial temperatures. The required level of decarbonisation has been determined by the Intergovernmental Panel on Climate Change. Science-based target methods can vary depending on the type of entity disclosing.

Scope 1 emissions: Scope 1 are direct emissions from sources owned or controlled by Suncorp (e.g. emissions from manufacturing, burning of diesel fuel in trucks).

Scope 2 emissions: Scope 2 are indirect emissions from Suncorp’s consumption of purchased electricity or other sources of energy generated by another upstream organisation (e.g. electricity purchased from energy companies).

Scope 3 emissions: Scope 3 are indirect emissions caused by the operations of an organisation not owned or controlled by Suncorp – these include upstream emissions generated by other organisations in the course of Suncorp’s business and sale of products and services (e.g. business travel, waste, vehicle parts, employee commuting); as well as downstream emissions that occur in the life cycle of a product/service after the sale (e.g. investments, emissions from sold products, end-of-life treatment). Scope 3 emissions also include financed emissions.

Shadow carbon price: A theoretical or assumed cost per ton of carbon emissions used to better understand the potential impact of external carbon pricing on the profitability of a project, a new business model, or an investment.⁵

Stranded assets: Assets that may suffer from unanticipated or premature loss in value as a result of climate change-related policies and regulations.

Supply chain: Supply chain refers to sourcing, procurement and logistics in the production and sale of Suncorp’s products and services.

Transition risks: Risks related to the transition to a net-zero emissions economy. This may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.⁴

Value chain: Value chain includes supply chain, as well as other business operations and downstream impacts which enhances customer, shareholder, or community value, including Suncorp’s underwriting, lending and investment portfolios. In climate change terms, value chain links to the measurement and improvement of Scope 1 (direct), and Scopes 2 and 3 (indirect) emissions.

Weather: The state of the atmosphere regarding temperature, cloudiness, rainfall, wind, and other meteorological conditions. It is not the same as climate which is the average weather over a much longer period.

⁴ Adapted from the Task Force on Climate-Related Financial Disclosure. Guidance on Risk Management Integration and Disclosure

⁵ Adapted from The Gold Standard. CARBON PRICING: Setting an internal price on carbon