

SUPPLIER SELECTION GUIDELINES

A. BACKGROUND

Insurance Australia Group (Insurance Australia) is committed to the principles of sustainability.

Sustainability for Insurance Australia means operating all aspects of our business in a way that builds value for our shareholders whilst also creating value for society and the communities in which we operate. It means pursuing commercial success in ways that uphold ethical values, improve the quality of life for employees and the community, as well as protect and enrich the natural environment.

Specifically, Insurance Australia is committed to environmental excellence, as well as to an internal and external culture of safety. Our commitment to safety encompasses helping our employees, customers and the community reduce the risk of exposure to crime, accidents, damage, injury and other misfortunes and calamities.

Insurance Australia recognises that our business has many impacts on society, the environment and the wider economy. An integral part of sustainable business practices means acknowledging that these impacts may include the impacts of our suppliers, vendors and contractors.

These Supplier Selection Guidelines ("the Guidelines") reflect Insurance Australia's commitment to procuring products and services in ways that are socially responsible, meet the community's expectations of us as a good corporate citizen and reflect our values.

B. APPLICATION

"Suppliers" include contractors, suppliers and vendors of goods and services.

These Guidelines set out:

- (a) **mandatory requirements:** These are requirements framed in language such as "*We require ...*" or "*We will not deal with suppliers who ...*".

Insurance Australia will not knowingly deal with suppliers who fail to meet these mandatory requirements and we require our supplies to maintain that compliance at all times.

- (b) **desired performance criteria:** These are criteria framed in language such as "*We believe in doing business with suppliers that ...*".

These criteria are not mandatory for doing business with Insurance Australia, but the degree of a supplier's compliance with them will be taken into account when IAG selects suppliers. Insurance Australia believes in doing business with suppliers who demonstrate continuous improvement in relation to the desired performance criteria.

A material breach of the mandatory requirements in these Guidelines may, in Insurance Australia's discretion, constitute grounds for the termination of our relationships with the offending supplier.

C. SUPPLIER SELECTION GUIDELINES

1. Legal Compliance

Insurance Australia requires its suppliers to comply with all applicable laws and regulations wherever they do business. We will not knowingly deal with suppliers who violate the law, including laws relating to employment practices, discrimination, environment and OH&S.

2. Environment

Insurance Australia believes in doing business with suppliers who share our concern for, and commitment to, the environment. At a minimum, we require our suppliers to:

- (i) meet all applicable environmental laws and regulations;
- (ii) promptly develop and implement plans and programs to correct any non-compliant practices.

Insurance Australia believes in doing business with suppliers who actively seek ways of minimising the impact of their operations on the environment ("environmental performance"), including identifying environmental risks and implementing an environmental management system to address those risks.

When offering goods or services to Insurance Australia, we expect our suppliers to draw attention to those good and services that offer a higher-level of environmental performance.

3. Employment Practices

(a) Equity and Discrimination

Insurance Australia values all of its employees and their contributions in every aspect of its operations. We are committed to ensuring that all of our employees are treated with respect and dignity.

Insurance Australia expects its suppliers to comply with all applicable anti-discrimination and equal employment opportunity laws. As a minimum, we require our suppliers to ensure that

- (i) no person in their employment or prospective employment is subject to any adverse discrimination in employment, including recruitment, hiring, remuneration, benefits, advancement, discipline, termination or retirement on the basis of gender, race, social or ethnic origin, culture, religion, age, disability, sexual orientation, nationality or political opinion;
- (ii) no employee is subject to physical, sexual, psychological or verbal harassment or abuse; and
- (iii) recognise the responsibilities of employees to their families and provide for maternity leave, paternity leave and compassionate leave.

Compliance with these requirements may be demonstrated by the existence of internal management system or process that address breaches of the requirements.

Insurance Australia believes in doing business with suppliers that:

- (i) provide equal pay for equal work; and
- (iii) contribute to the continuing education and development of their employees.

(b) Child Labour

Insurance Australia will not knowingly use suppliers who employ child, prison or bonded labour, or use corporal punishment or other forms of mental or physical coercion.

(c) Occupational Health & Safety

Insurance Australia is committed to providing a healthy, safe and clean environment for our people, our customers and visitors. This commitment is implemented through Occupational Health & Safety policies and operational procedures throughout the organisation. As a minimum, we require our suppliers to comply with all applicable OH&S laws and regulations.

We believe in doing business with suppliers who:

- (i) demonstrate concern for, and commitment to, the health and safety of their employees; and
- (ii) implement an effective safety management system in order to prevent workplace injuries and reduce the associated costs, improve overall safety awareness and build a stronger safety culture, and continuously improve safety performance.

4. Human Rights

Insurance Australia believes in the inherent dignity and the equal and inalienable rights of all members of the human family and is committed to the Universal Declaration of Human Rights.

We believe in doing business with suppliers who demonstrate that they share our commitment to fundamental human rights and freedoms.

5. Corporate Citizenship and Social Responsibility

Insurance Australia is committed to being a good corporate citizen.

We believe in doing business with suppliers who demonstrate that they share this commitment to corporate social responsibility by taking an interest in and actively contributing to the betterment of the communities in which they operate.