

TAL Principles for Sustainable Insurance Disclosure

2021

Introduction

Sustainability is vital to all those we work with and care for. With our responsibility as a leading life insurer, an employer and part of the Australian community, we are committed to a sustainable future.

As a signatory to the United Nations' Principles for Sustainable Insurance, we make sure that social, governance and environment concerns are an equal part of every decision we make. We want our belief in the social good of what we do to have a positive impact on all the lives that we touch.

This document provides a brief update on TAL's ESG-related commitments, progress, and key actions during our 2021 financial year calendar year and should be read in conjunction with *Our Contribution Report*.

Principle 1: We will embed in our decision-making environmental, social and governance issues relevant to our insurance business

We understand that Environmental, Social and Governance (ESG) issues are increasingly important to our customers, partners, stakeholders, and people. During 2021, TAL formalised its approach to ESG to create an additional set of pillars and objectives that allow TAL to make a broader contribution and further align to the areas of importance for those we protect.

Major initiatives:

- We undertook a Climate Self Risk Assessment – initiated by APRA using CPG 229 as a benchmark
- We introduced climate change risk scenarios into TAL's suite of Internal Capital Adequacy Assessment Process (ICAAP) capital stress scenarios
- We completed a carbon audit of our investment portfolio
- We began implementing a roadmap for TAL's sustainability objectives into our investment strategy

Other initiatives:

Managing our Impact on the Environment

TAL acknowledges the importance of minimising its impact on the planet and contributing to reducing the impact of climate change for the benefit of all communities.

- We continued our carbon neutrality for our operations, with carbon offsets accredited by the Carbon Reduction Institute and compliant to standards outlined by the World Business Councils for Sustainable Development's Greenhouse Gas

Protocol Corporate Accounting and Reporting Standard, and the international standard ISO 14064.1

- We began a Green House Gas reduction project, to cut emissions in flights and travel by 10% over the next 12 months
- We have further advanced our National Australian Built Environment Rating System (NABERS) office ratings through building upgrades is allowing us to switch to 100% renewable energy for electricity by 2023.
- We continued our commitment to tobacco-free investments through the Tobacco-Free Finance Pledge

Supporting Wellbeing and Mental Health

TAL is committed to improving the health and wellbeing of our customers and people.

- We launched our Health Support Indicator to help our Claims Consultants identify the most appropriate health support services based on customer needs, and TAL Health Connector, offering customers low cost or free support services in their community
- We scaled our online mental health prevention tool, Headlight, to reach more customers to support mental wellbeing
- We continued engagement with stakeholders on TAL's Mental Health White Paper and recommendations.

Supporting Diversity and Inclusion and Customers the Need Extra Help

TAL strives to contribute to social equality through helping customers to access the support they need, and by striving to ensure people at TAL are treated equally.

From a customer perspective:

- We launched our Reconciliation Action Plan and continued to work towards our commitments
- We published our family and domestic violence commitments on our website for all customers, and commenced training to upskill our frontline employees to help impacted customers
- We launched a Natural Disaster Policy as an extension of our Financial Hardship measures. During the 2022 floods, we were able to support 68 flood-affected customers with \$44,752 in premiums being waived. We also donated \$100,000 to the flood relief.

From a business perspective:

- We continued to improve our gender representation in leadership roles so that it is reflective of our commitment to achieve 40:40:20 by 2025

Principle 2: We will work together with our clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.

TAL engages with business partners across a range of ESG topics, with mental health being a key priority. With claims for mental health continuing to grow, so does our understanding of mental health conditions. We see this as an opportunity to create innovative solutions informed by our growing understanding and supported with technology, so that we can promote positive mental health and emotional wellbeing services that support our customers and the broader community. Specifically, we are focused on leading the way in supporting our customers to identify, prevent and treat mental health conditions. We know this is a complex area and we are committed to helping our customers access the best possible support.

Below are some of the highlights of our mental health partnerships this year;

Mental Health Action Group

Our Mental Health Action Group brings together leading mental health experts, including those with lived mental health conditions, to help us drive positive change across our services. Since 2017, TAL's Mental Health team has enabled us to deliver and embed our mental health strategy for our customers, partners and our people. In addition to delivering training for TAL's Claims Consultants, our Mental Health team also provides mental health training and support for TAL employees and our partners. Our partnerships with the University of Sydney, Remedy, and SuperFriend, stimulate and challenge our thinking and allow us to explore ways we can better support the wellbeing of our customers.

Supporting the mental health of superannuation fund members

To support the mental health of our customers and communities, TAL launched Headlight, our online preventative health tool. Developed in partnership with the University of Sydney's Brain and Mind Centre, Headlight asks people simple lifestyle questions to provide a wellbeing score and then gives evidence-based resources that can help them take control of their mental wellbeing.

Headlight is available to all superannuation fund members and has reached almost one million members across our fund partners to date, adding new levels of engagement between members and their superannuation fund.

In 2021, TAL's Mental Health team continued to provide training for superannuation fund partners on topics such as suicide prevention, depression and anxiety disorders, to increase their capability to support members.

TAL also has a strong focus on partnering to help make a difference on key social issues through our Community Foundation. The TAL Community Foundation supports activities in the Australian community through long-term partnerships that give our people opportunities to make a difference and help people to have choices, options and freedoms in their lives. The Foundation coordinates and amplifies the ways that TAL helps the community through monetary donations and volunteering.

Below are some of the highlights of our Community Foundation partnerships this year;

Community Foundation

The Australian Business and Community Network (ABCN) helps students from low socio-economic backgrounds understand the personal, educational and vocational options they have, so they can make sound decisions to support their future. Over the last year, 82 of our people donated 415 hours to mentor students. Together with our partners, we raised \$120,677 for ABCN Foundation scholarships from fees charged for our TAL Risk Academy Masterclasses.

The National Aboriginal Sporting Chance Academy (NASCA) empowers young people from Aboriginal and Torres Strait Islander communities to reach their potential through structured education, sporting and culture-based activities and training. Over the last 12 months, we have worked with NASCA to support capacity building through education, employment and health outcomes while helping us create a culturally safe and inclusive workplace. The partnership has provided our people with opportunities to deepen their cultural competency and awareness through volunteering and engagement events.

Principle 3: We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.

TAL takes pride on engaging with governments and regulators whenever possible to promote action within our industry on ESG issues. Below are some of the key engagements that we undertook in 2021:

Our Consumer Consultation Board

TAL's Consumer Consultation Board is a regular forum with external bodies that represent the interests and voices of Australian consumers. Chaired by our Group CEO, and supported by TAL's Chief Customer and Brand Officer, the Board facilitates ongoing engagement between TAL's senior leaders, consumer groups and industry stakeholders. During TAL's 2021 financial year, the Board discussed topics including the implementation of regulatory reforms delivered through TAL's Customer Excellence Program, TAL's approach to industry changes to individual disability income insurance, and additional support TAL provided to customers during the COVID-19 pandemic.

Industry and regulatory engagement

Government, regulators, industry bodies, thought leaders and consumer groups are all key stakeholders for TAL. In the last year, we actively engaged with policy makers and regulators on issues that are important to our customers, partners and communities. This included with the Australian Government, the Australian Securities and Investments Commission (ASIC), the Australian Prudential Regulation Authority (APRA), the Financial Services Council (FSC), the Association of Financial Advisers (AFA), the Financial Planning Association (FPA), and the Association of Superannuation Funds of Australia (ASFA).

TAL Life Limited

Working with industry for better outcomes

TAL is a signatory to the Financial Services Council (FSC) Life Insurance Code of Practice (the Code). The Code sets out higher standards for our industry, reduces complexity for customers, and makes it easier to engage with our industry. As a key part of the architecture of the life insurance industry, TAL continues to invest in meeting our obligations, with Code responsibilities embedded into our day-to-day business operations and management structures. We recognise that in order for consumers to continue to place their trust in life insurance and be confident they can rely on their policy to support them whenever they need it, the Code needs to evolve alongside customer expectations. TAL has actively supported the FSC's development of a new version of the Code that further strengthens commitments by Australian life insurers in order to meet these expectations.

In FY21, TAL collaborated with other life insurers and the Australian and New Zealand Institute of Insurance & Finance (ANZIIF) to develop the new Professional Standards Framework for the life insurance industry. The Professional Standards outline a consistent minimum standard of skills and competencies for key customer facing roles in the industry. Given our commitment to our customers and our people, we have invested in developing our own TAL Capability and Development Framework and learning programs, designed to supplement the industry standards and provide industry leading learning and development opportunities for our people.

Principle 4: We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the principles.

This overview serves to communicate the progress we have made in implementing the Principles for Sustainable Insurance in 2021. An in-depth review of TAL's activities that support our compliance with the Principles can be found in *Our Contribution Report*.