

Climate risks and opportunities

As an international insurer and reinsurer, we see first-hand the impacts of a changing climate on our customers, communities and partners. This is why we support an orderly and inclusive transition to a net-zero emissions economy.

QBE's ability to meet our net-zero commitments is related to the actions we take in relation to our own operations, our investments and our underwriting portfolios. Our success is reliant on many factors, including the development of new technology associated with carbon removal and emissions reduction. It also depends on the progress individuals, businesses and economies can make to transition to net zero collectively, particularly in developed countries with net-zero commitments. We seek to understand the climate science and the economic and social factors at play and QBE considers three spheres of influence in delivering on our commitments and driving change in the real economy:



Influence

Advocacy with a broad range of stakeholders to support resilient adaptation and emissions reduction



Impact

Engaging and partnering with our customers, investees, suppliers and communities (including through QBE Foundation and QBE Ventures)



Control

Being responsible for our own operations



Climate risks and opportunities continued

Driving change where we have control

We continue to reduce the direct impact of our operations on the climate. This year, we extended our commitment to net-zero emissions across our operations to include material Scope 3 (as well as Scope 1 and 2) emissions by 2030. In line with our commitment to the Climate Group's RE100, 100% of our electricity came from renewable sources.

i Further information can be found in our [data book](#) and the [Operational excellence](#) chapter.

Opportunities to impact our stakeholders

Our approach to responsible investing and underwriting is consistent with our signatory status to the United Nations Environment Programme – Finance Initiative's Principles for Sustainable Insurance and the UN Principles for Responsible Investment. We are also signatories to the [Net-Zero Asset Owner Alliance](#) (NZAOA), [Net-Zero Insurance Alliance](#) (NZIA), and a supporter of the [Climate Change Roadmap Towards a Net-Zero and Resilient Future](#) (Roadmap) of the Insurance Council of Australia (ICA) in our home market.

In 2020, QBE became the first Australian-headquartered insurance company to become a member of the NZAOA, joining an international group of institutional investors committed to transitioning their investment portfolios to net-zero greenhouse gas emissions (GHG) by 2050. In 2021, we established interim targets for 2025, in line with the Target Setting Protocol of the NZAOA and our commitment to transition our investment portfolios to net-zero emissions by 2050. In 2022, we invested in the data, systems and people required for, and made the expected progress against, these interim targets.

In 2022, QBE became the first Australian-headquartered insurance company to become a member of the NZIA, committing to net-zero emissions across our underwriting portfolio by 2050. In 2022, QBE was a member of the working group developing the first [Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions](#) with the Partnership for Carbon Accounting Financials. In 2022, and in 2023, we have invested or are investing in the data, systems and people required to estimate and automate the measurement of insurance-associated emissions across our portfolio. This is key to informing the development of interim targets in line with the NZIA Target-Setting Protocol. We will then commence formal engagement with priority commercial customers.

QBE creates value primarily through providing a wide range of insurance products, across many industry sectors and countries. When set, our NZIA targets will complement our initiatives to develop products and solutions to insure the transition.

Our customers vary considerably, from large publicly listed entities, other insurance companies, non-listed entities, small-to-medium enterprises and individual consumers. To have an impact on the transition of the real economy to net zero, we recognise we have a role to play in engaging with our customers and insuring the transition. There are many approaches to achieving climate action and our positions, which include exclusions, are codified in the [Environmental and Social Risk Framework](#) in relation to sensitive sectors.

In 2022, we also began considering how we can foster an orderly and inclusive transition through our supply chain. We extended our operational targets to include a commitment to formal engagement on net-zero progress with large suppliers, with the goal of setting targets for those large suppliers by 2025.

100%

renewable electricity used for our operations globally¹

QBE became the first Australian-headquartered insurance company to become a member of the NZIA, committing to net-zero emissions across our underwriting portfolio by 2050



Refreshed QBE Foundation strategy

In 2022, we further embedded a strategy that is aligned to climate resilience and inclusion. Through the review of existing local partnerships, and the renewal of the [Global Disaster Relief and Resilience Partnership with Red Cross and Save the Children](#), QBE seeks to support the communities in which we operate in alignment with our purpose.

i Further information can be found in our [Customer and community](#) chapter.

¹ Based on RE100 Materiality Threshold guidance which excludes countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity.



We are committed to complying with the legislative requirements relevant across our operations and our internal policies such as our [Group Environmental Policy](#), that sets out the global minimum standards for our management of environmental issues. We recognise there are important social implications associated with climate risk and the transition. Our [Group Human Rights Policy](#) outlines our commitment to respecting human rights and avoiding human rights harm wherever we operate. We are committed to adhering to internationally recognised human rights norms and principles to elevate the importance of dignity and equality for all our employees, customers, communities and suppliers. Our policies are regularly reviewed as part of our governance processes.

In 2022, we further embedded the refreshed QBE Foundation strategy that is aligned to climate resilience and inclusion. Through the review of existing local partnerships, and the renewal of our Global Disaster Relief and Resilience Partnership with Red Cross and Save the Children, QBE seeks to support the communities in which we operate in alignment with our purpose. Further information can be found in our Customer and community chapter.

Influencing through industry advocacy

QBE also seeks to influence through advocacy, either directly or through industry alliances. Our actions have a focus on influencing the reduction of real-economy emissions and other material topics identified through our materiality assessment.

QBE has played key roles on the ICA's Climate Change Action Committee (CCAC) that is focused on greater advocacy for more resilience to extreme weather, and for emissions reduction by the insurance industry, to help address insurance affordability and accessibility. The climate resilience series of technical reports developed by CCAC have underpinned successful advocacy for resilient investment from the Australian government in 2022. In advance of COP27, the release of the industry net-zero Roadmap was the culmination of broad engagement across ICA membership to increase literacy on the net-zero transition and implications for the Australian insurance sector. The development of this Roadmap informed the development of policy recommendations for the Australian Government to accelerate climate action alongside the Roadmap.

Nature and biodiversity

Biodiversity loss has been identified as a key ESG risk theme for QBE and we are developing our understanding of nature-related risks and opportunities relevant to our business through our involvement in various industry forums.

Our [Environmental and Social Risk Framework](#) outlines QBE's approach to addressing key environmental and social risks across our underwriting and investment activities, including those relating to biodiversity and protected areas.

i For further information, see the [Climate change section in the Annual Report](#).

