



# Sustainable insurance



## Responsible underwriting

QBE's purpose is to enable a more resilient future. Integrating sustainability into our business is vital to achieving our purpose.

In 2022, we successfully progressed our key sustainable insurance commitments associated with further embedding ESG risk management practices, collaborated with our stakeholders towards achieving our priority SDGs, and further addressed the risks and opportunities related to climate change.

**i** See the [Climate change section in the Annual Report](#).

Since 2018, our Group Underwriting Standards (GUS) have incorporated our responsible underwriting principles, reflecting our position on environmental and social risks. The Group Underwriting Committee (GUC), chaired by our Group Chief Underwriting Officer (GCUO), with membership from across the enterprise, oversees adherence to the GUS and corporate strategy. This role has oversight of our material sustainability topics through a position on the Environmental and Social Group Executive Committee sub-committee, Executive Risk Committee and ESG Risk Committee. The [E&S Risk Framework](#) outlines our approach to addressing key environmental and social risks across our underwriting and investment activities. Underwriting training was delivered throughout 2022 to further embed ESG risk management, and drive consistent application of the E&S Risk Framework's sensitive sector positions. This training supports operational adherence to our commitments and policies, including the GUS, [Group Environmental Policy](#), [Group Human Rights Policy](#), and E&S Risk Framework. Our GCUO and Group Chief Risk Officer monitor our referral process, and preventative and detective controls. To date, there have been no known cases of non-adherence to the E&S Risk Framework. If a case is detected, QBE has effective processes to rectify this by working with impacted parties.

Throughout 2022, we continued to build our capability to progress our own sustainable insurance strategies alongside our contribution to the development of the UN-convened NZIA's industry guidance on measuring insurance-associated emissions, and its Target-Setting Protocol. We continue to evolve our internal sustainable insurance procedures, tools, data and metrics. We also actively contributed to industry consultation on developing sustainability-related standards including the International Sustainability Standards Board's Exposure Draft IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.



## Principles for Sustainable Insurance

We continuously strive to integrate ESG issues relevant to our business in our decision-making across our underwriting, investments, operations and enabling functions. Since 2015, QBE has been a signatory to the United Nations Environment Programme – Finance Initiative's [Principles for Sustainable Insurance \(PSI\)](#), a global framework to address ESG risks and opportunities.

We continue to integrate and embed the PSI's four principles into how we deliver on our three sustainability focus areas. We do this through the lens of priority topics most material to our stakeholders, working with our customers and partners for innovative, sustainable and impactful solutions, working together with governments, regulators and other key stakeholders to promote widespread ESG action, and demonstrating accountability and transparency in our disclosures.



## Fostering an orderly and inclusive transition to a net-zero economy

This focus area recognises that the transition is key to reducing the extreme weather risks that impact our customers, business, communities and economies. It also recognises that a successful transition takes the collective effort of governments, regulators, the finance sector, businesses, individuals and communities.

Our transition analysis highlights the importance of an orderly transition. One that:

- considers the broader risks to the economy and society;
- attracts investment into renewable energy; and
- promotes resilience and adaptability

to provide greater economic stability, business confidence, and lower risk of business failure. We believe that a thriving economy through the transition is a better outcome for all.

We recognise the significance of an inclusive transition. One that considers the importance of the social implications and potential impacts, and that brings people and communities with us on the journey. The energy transition is likely to materially affect communities and businesses linked to non-renewable energy production, and it is important that they are not left behind. It is also critical to recognise that the physical risks of climate change will disproportionately impact developing and island nations and/or those individuals or communities within less secure socioeconomic groups. This is likely to have global economic, physical and food security, and migratory implications over time. Reducing

inequality, ending poverty, and enabling decent work and economic growth and more sustainable cities and communities, are all SDGs aligned with our actions within this sustainability focus area.

Our net-zero focus provides a purpose-led reason to bring our enterprise together. Several projects this year have required cross-functional and enterprise-wide collaboration, involving the building of connection and the sharing of stories and ideas to foster greater innovation, consistency, and efficiency.

These projects included:

- the net-zero insurance-associated emissions project to estimate our baseline emissions profile where a methodology was developed; and
- the net-zero sprints held to consult on our sustainability strategy and define the net-zero opportunities.

In October, we again brought together cross-functional and enterprise-wide team members to share knowledge and expertise from existing investment and procurement engagement practices. This wider group will continue to participate in our Australia Pacific Large Supplier engagement pilot. This pilot is planned to continue into 2023, and seeks to establish a consistent approach across the enterprise. We have had success in the past with piloting divisional projects before implementing enterprise-wide, and plan to continue with this approach in relation to sustainability-related opportunities.



### Enabling a resilient future

At QBE, we're driven by our purpose of enabling a more resilient future. Integrating sustainability in our business will help us to achieve that future.

Major sustainability challenges, including climate change, human rights abuses, and biodiversity loss, can weaken resilience because they create new risks, or magnify existing ones, with potentially devastating consequences.

Integrating sustainability into how we do business means we are shifting the concept of "business as usual" to include consideration of material non-financial issues that reduce risk, and support our people, customers, society, and the environment.

We believe that progressing our sustainability commitments can enable QBE to attract and retain talent, customers, and capital, into the future. These factors are essential to maintaining QBE's financial stability and, by extension, the stability of the insurance sector and the economies in which we live and work.

## Partnering for growth through innovative, sustainable, and impactful solutions

Our vision is to be the most consistent, and innovative, risk partner. This sustainability strategy focus area enables our business to explore the opportunities arising from a range of sustainability challenges that we face today.

Our ESG materiality assessment points to material issues that are of the highest priority to our business, and to our customers. In many cases, these issues deliver challenges that cannot be addressed by any individual organisation alone. We constantly seek ways to collaborate and partner with others, where our interests are aligned, to:

- create value for our customers, and our business;
- reduce and/or better manage risk; and
- contribute to sustainable development for greater resilience.

The nature of our partners across the insurance ecosystem is broad. This focus area encompasses a wide range of partnerships that extends beyond our brokers and intermediaries, to [QBE Ventures](#), to partnerships across our supply chain, our capital and reinsurance providers, and our investors. Finding solutions to our priority material issues may extend beyond our insurance value chain to include our strategic partnerships through the [QBE Foundation](#), and engagement with governments, regulators and other stakeholders.

While innovation is often linked to how we offer insurance to customers, it also plays a role in improving efficiencies across our business, and of those with which we work, to reduce our reliance on increasingly scarce resources. In 2023, our divisions will continue to explore, and identify, opportunities to grow our sustainable solutions, in relation to our products and services as well as our operations.

### 100%

of our green-benefit LMI premium is allocated to QBE's Premiums4Good initiative

### Green LMI

QBE seeks to enable a more resilient future through our partnerships, innovative offerings, and by investing in opportunities that make a positive community contribution. One way we are delivering on this commitment is through the launch of our first-to-market green benefit for Lenders Mortgage Insurance (LMI). This allows consumers who purchase, or refinance, a home with a green mortgage offered by one of our exclusive partners, to receive a 5% premium reduction on the LMI provided by QBE; enabling consumers to access better terms when buying, building or renovating, a sustainable home. Further, 100% of our green-benefit LMI premium is allocated to QBE's [Premiums4Good](#) initiative, supporting social and environmental impact investments to make a real difference to the environments, and communities, in which we live and work.







## Collaborating with partners

We believe that our strong culture, and our focus on sustainability enables stronger collaboration and more consistent knowledge sharing across the enterprise. We consider that uplifting our people's knowledge of sustainability, and what it means to their role, supports resilience, and enables the development of innovative, sustainable and impactful solutions.

### Industry collaboration

QBE contributes to, or is a member of, multiple industry collaborative bodies. We are growing the sustainability capabilities of our people while contributing to progressive

action, and advocacy, for a more sustainable insurance industry. We operate with strong awareness of antitrust principles, and the need to preserve competition.

In addition to our memberships within the United Nations initiatives discussed in this Report, we contribute to collaborative initiatives including the Partnership for Carbon Accounting Financials (via NZIA), International Underwriting Association's Climate Risk Committee and its new ESG Committee, Lloyd's Market Association's Sustainability Committee, ClimateWise Nature and Insurance Task Group, Insurance Council of Australia's Climate Change Action Committee and Australian Sustainable Finance Institute.

### Partnering on psychological first aid

QBE has partnered with Australian Red Cross to support its psychological first aid work in communities affected by disasters such as the 2019-2020 summer bushfires and the widespread 2022 floods. Recently, Red Cross ran special training sessions for QBE's Short Tail Claims leaders to help our people learn how to deal sensitively with customers facing catastrophic events

and identify their challenges. The sessions equipped our people with the basic tools and knowledge to recognise and respond to people suffering from the impacts of disasters. They also received tips and support for their own well-being and resilience.

## ESG risk management

Given the importance of ESG issues, we continue to embed ESG into our broader risk management approach. To help mitigate ESG-related risks across the enterprise, we set out a number of minimum standards that we adhere to in our [Group Environmental Policy](#), [Group Human Rights Policy](#), and [E&S Risk Framework](#).

### Our approach

ESG risk sits within strategic risk in our Risk Management Strategy, and is governed by our ESG Risk Standard, which outlines our process for identifying and managing ESG risks across our business. The ESG Risk Committee, chaired by the Group Chief Risk Officer, oversees our approach to our priority ESG risks. For 2022, these included climate risks and opportunities, human rights and modern slavery, biodiversity and sustainable procurement.

Our Board Risk & Capital Committee supports the Group Board, overseeing active risk management in line with our risk appetite, strategy and business plans. Further detail on our approach to climate risk management is available in the [Annual Report](#).

### ESG risk training

This year, training modules were developed and rolled out Group-wide on ESG risk, human rights and climate change risk. These are voluntary, and available to all employees, with the aim of raising awareness of ESG risks, and QBE's approach to identifying and managing them.

Our Group Board and senior executives participate in regular training, including education sessions and deep dives, to enhance their awareness of, and capability surrounding, ESG issues, including climate-change risk.