



Premiums4Good™

Investment Impact Report

Half Year 2023



At a glance

About QBE

QBE is an international insurer and reinsurer offering a diverse portfolio of commercial, personal and specialty products, as well as risk management solutions. We are listed on the Australian Securities Exchange (ASX) and headquartered in Sydney. We employ more than 12,000 people in 27 countries and have more than \$26bn in assets under management in 2023.

We are driven by our purpose - to enable a more resilient future - and we strive to make a positive contribution to the economies and communities in which we operate.

About Premiums4Good

Premiums4Good is an industry-first initiative started by QBE in 2016 where we allocate a portion of customer premiums to impact investments that aim to create positive environmental and/or social change, alongside a financial return.

We take a globally consistent approach across our North American, Asian, European and Australia Pacific operations, where we direct a portion of all eligible customer premiums to Premiums4Good. To help us grow Premiums4Good and drive more capital into investments that aim to make a difference, select customers in North America, Asia, Europe and Australia Pacific can also choose to opt-in 100% of their premium.

Our ambition is to grow our impact investments to USD 2 billion by 2025 and we're on track to achieve this.

About our Premiums4Good investment approach

Premiums4Good supports our belief that we can deliver attractive risk adjusted returns, while also seeking to deliver positive social and environmental impact.

Our investments include green, social and sustainability (GSS) bonds, social impact bonds, and impact investment funds, supporting a range of projects and programs.

From renewable energy initiatives to programs that aim to support vulnerable people and communities. At no extra cost to customers, it's just another way we help in enabling a more resilient future.

About this report

We're changing how we report on our impact investments at QBE. From 2024, we will report at the end of each calendar year. This report provides an update on our latest figures and highlights a selection of our impact investments.

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Premiums4Good snapshot

Ambition to grow our impact investments to

USD 2 billion

by 2025

USD 1.56 billion

invested as a part of Premiums4Good as of 30 June 2023

102 securities

Invested in as a part of Premiums4Good as of 30 June 2023

11 impact areas



Key areas of geographical impact

The map below indicates the geographical regions where our investments have been made



Impact investing and the QBE process

QBE's Impact and Responsible Investments approach guides our investment decision-making processes.

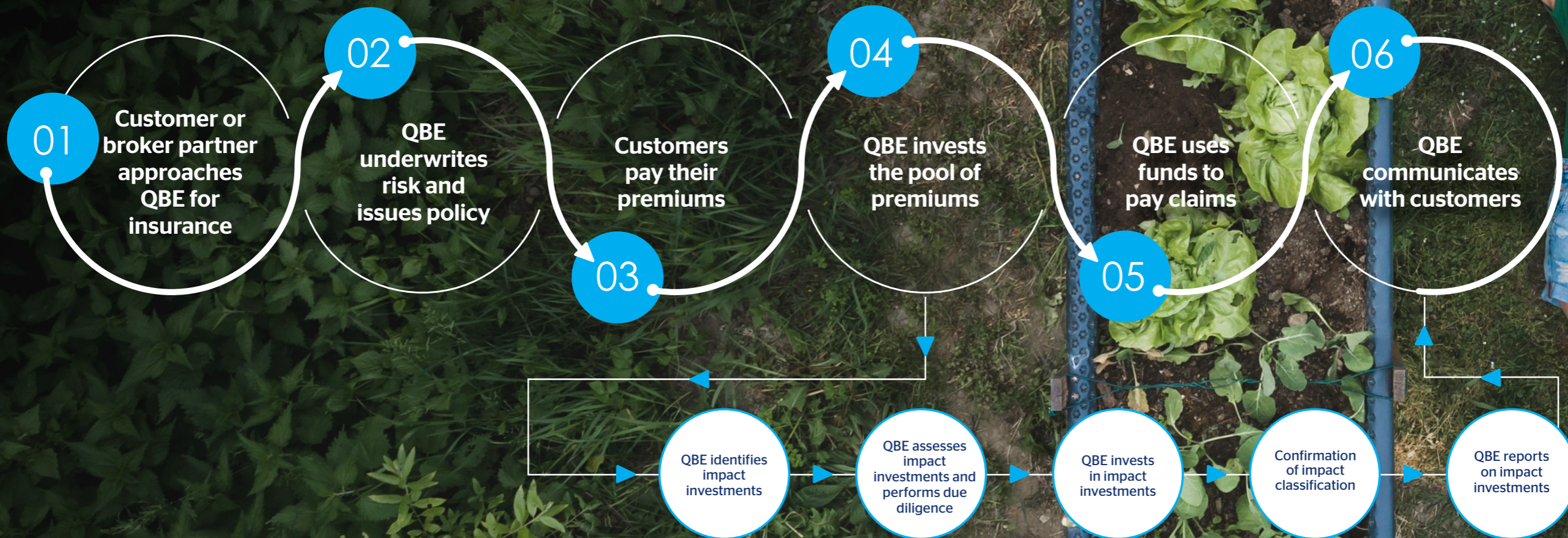
Our aim is to scale our impact investments with integrity through credible impact governance, investment selection, systems and reporting. Our dedicated internal Impact and Responsible Investments team and portfolio managers jointly source investment opportunities.

All eligible Premiums4Good investments are classified as Moderate, High or Deep impact, informed by Impact Frontiers' Impact Classes Matrix and research by the Global Impact Investing Network.

We aim to continually iterate and mature our impact management practices with the development and harmonisation of global impact measurement and management standards.

Through Premiums4Good, a portion of all customer premiums are invested to help create real social and environmental impact, alongside a financial return. We also work with select customers to opt-in 100% of their premium.

How does it work?



Impact areas

Through Premiums4Good, we invest in 11 impact areas that help to address some of the world's most pressing environmental and social needs.

As an international insurer and reinsurer with a local presence in 27 countries, QBE provides its customers around the world an innovative way to align their financial spend with their values around sustainability. These impact areas align with the United Nation's Sustainable Development Goals (SDGs) and our process maps each investment against the SDGs.

Environmental



Sustainable Energy

Expanding renewable energy infrastructure and improving energy efficiency

Examples of our Investments

- BNP Paribas Equity Link Green Bond
- European Investment Bank Climate Awareness Bond



Resource Efficiency, Recycling, Re-use, and Conservation

Supporting improved waste and resource management practices to help facilitate a stronger circular economy

Example of our Investments

- Colgate-Palmolive Sustainability Bond



Food and Agriculture

Improving access to quality food, supporting sustainable land management, and bolstering resilient infrastructure in support of agriculture

Example of our Investments

- Starbucks Corporation Sustainability Bond



Urban and Community Development

Facilitating inclusive and sustainable community development through affordable, accessible, safe and resilient infrastructure

Examples of our Investments

- Queensland Treasury Corporation Green Bond
- Australia & New Zealand Banking Group Sustainability Bond



Water

Expanding access to clean water, improving water resource management, and supporting sustainable marine practices

Examples of our Investments

- World Bank Sustainable Development Bond (highlighting Oceans & Water)

Social



Housing and Social Real Estate

Helping provide suitable and secure places to live and build community resilience for under-served people

Examples of our Investments

- Aspire Social Impact Bond
- Kāinga Ora Homes and Communities Wellbeing Bond Health



Education and Employment

Increasing suitable educational opportunities and employment pathways for vulnerable, marginalised, long-term unemployed or under-employed groups

Examples of our Investments

- Foyer Central Social Impact Bond
- Inter-American Development Bank 'EYE' (Education, Youth, Employment) Bond



Social Inclusion, Diversity and Gender

Helping to facilitate equitable social, economic and political inclusion across gender, race, religion, sexual orientation, disability or socio-economic background

Examples of our Investments

- Asian Development Bank Gender Thematic Bond
- Inter-American Development Bank Sustainable Development Bond



Financial Inclusion

Supporting the provision of targeted financial products and services that address income inequality and poverty to help improve social and economic wellbeing

Examples of our Investments

- International Finance Corporation Social Bond
- Mobility Operations Group Social Bond



Health

Expanding access to affordable healthcare, services and facilities

Examples of our Investments

- Resolve Social Benefit Bond
- Asian Development Bank Health Thematic Bond



Social Care and Provision of Community Services

Services to improve quality of life for vulnerable, marginalised, long-term unemployed or under-employed groups

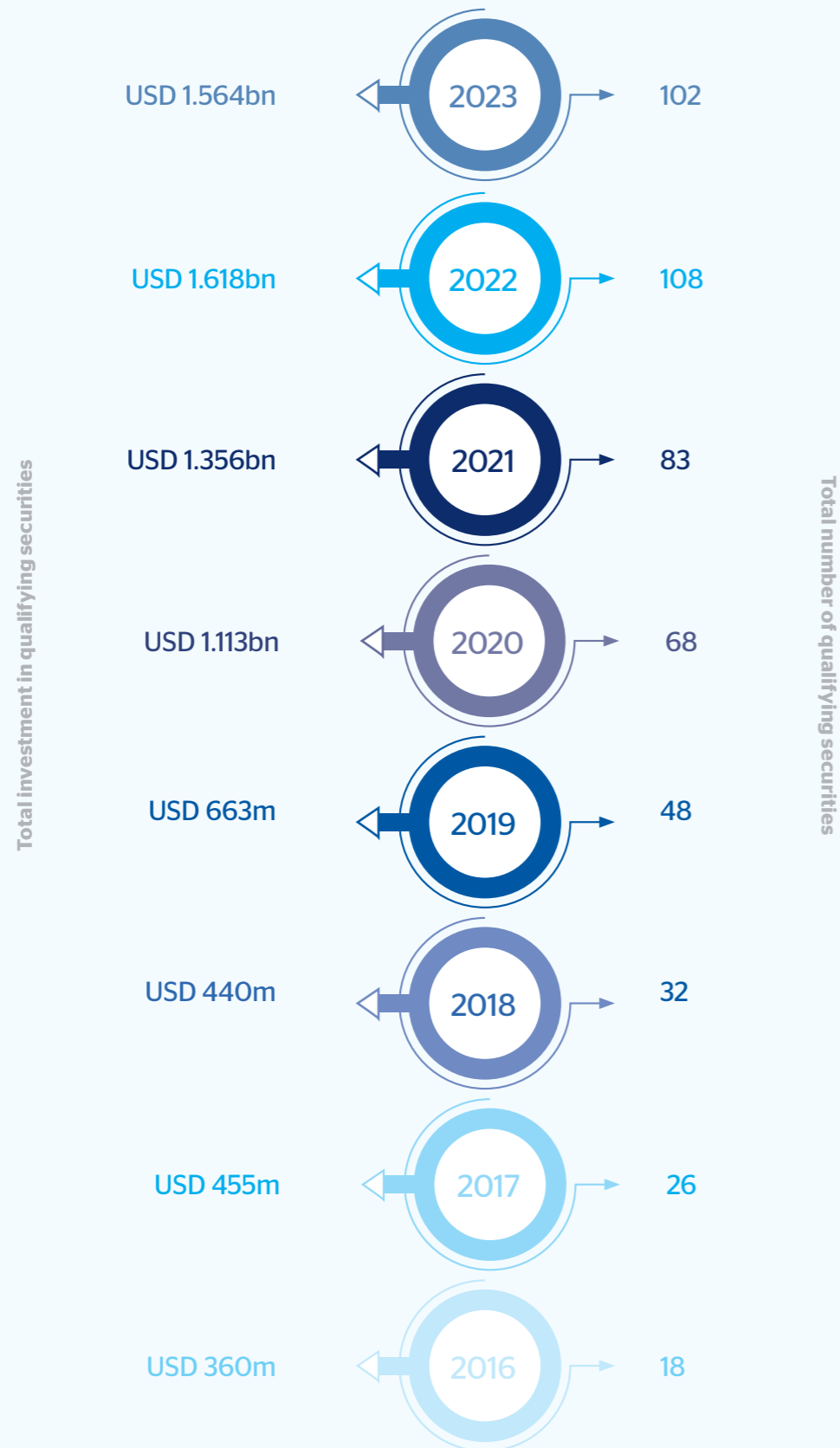
Examples of our Investments

- The Ford Foundation Social Bond
- Salt Lake County: Pay for Success initiative

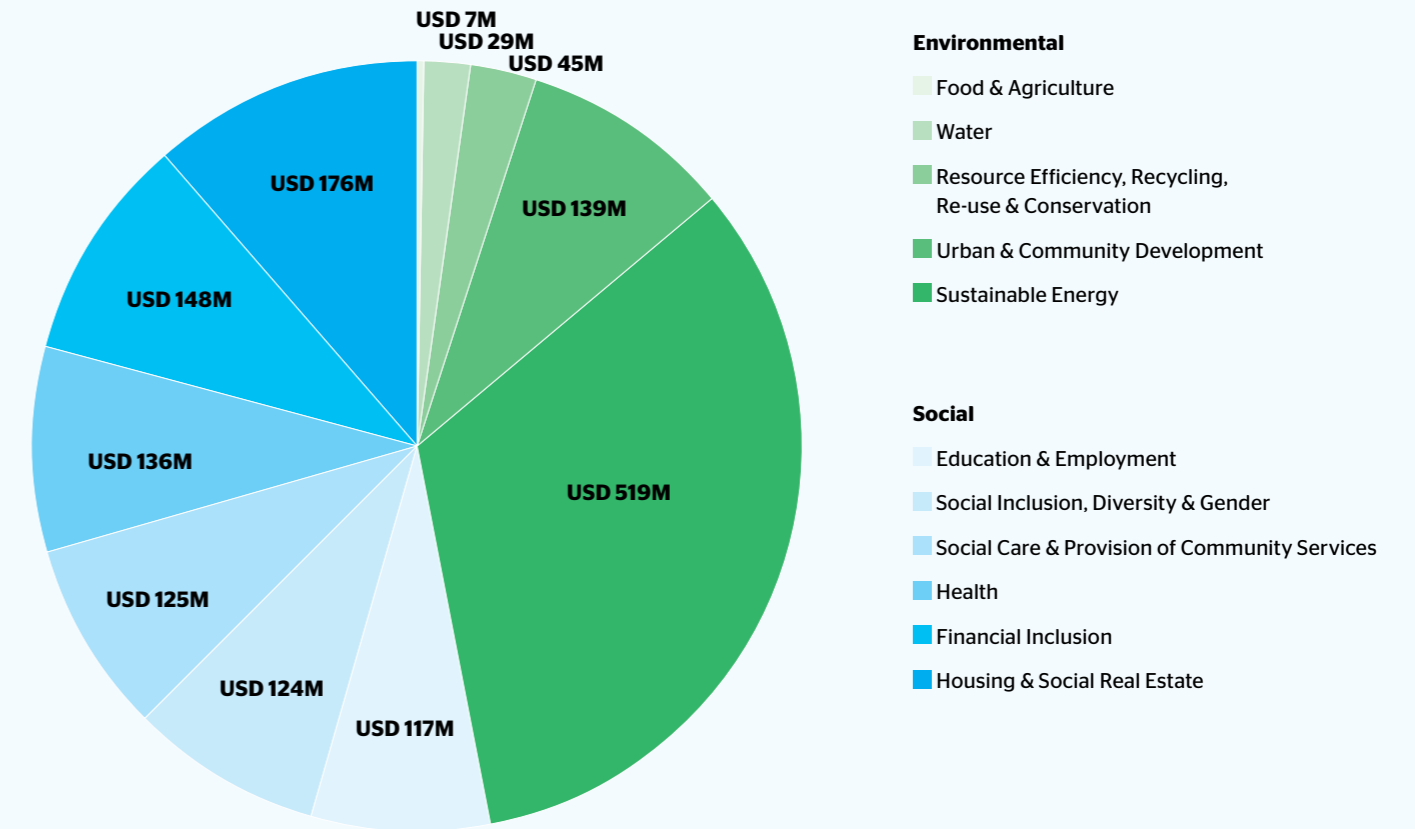
Premiums4Good investments

Securities and investment totals 2016-2023

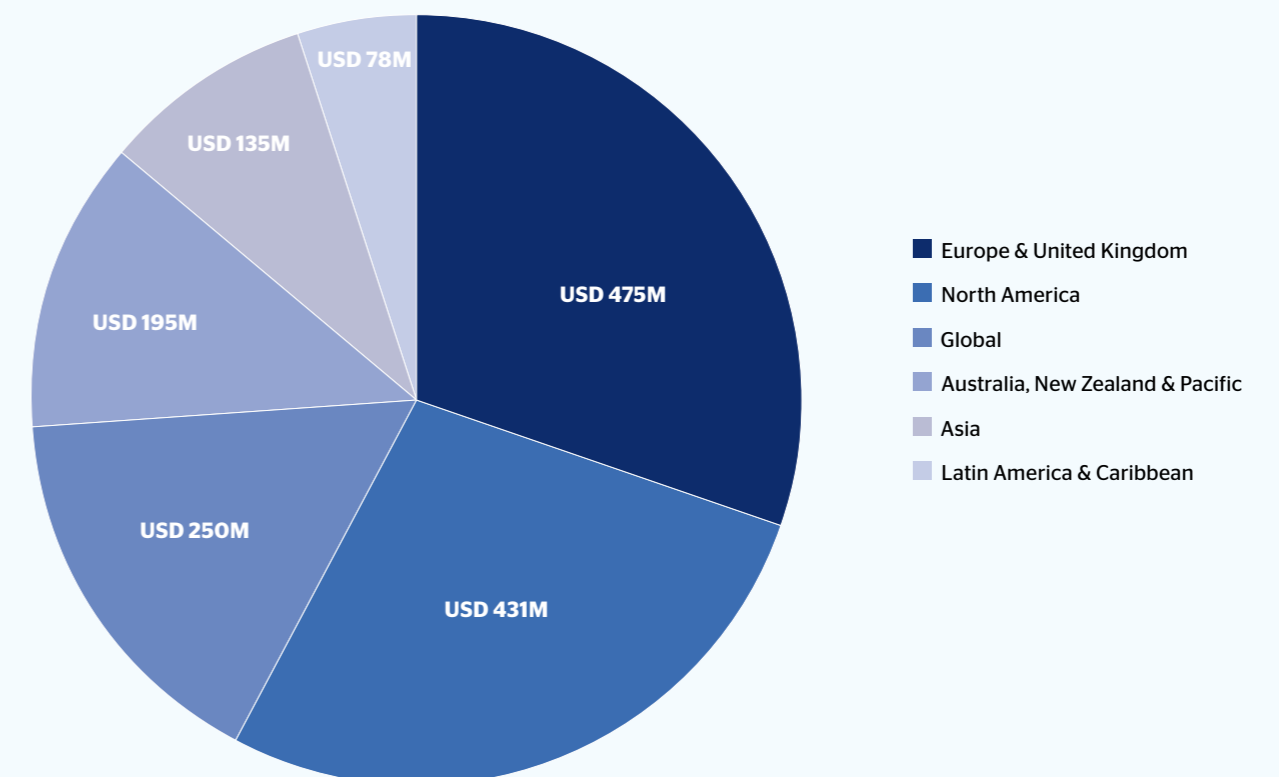
All of the below figures are as at 30 June 2023



Impact area



Region of impact



Queensland Treasury Corporation Green Bond

Impact area
Urban & Community Development

Impact classification:
Moderate

Region of impact:
Australia

Type of Investment:
Green Bond

SDG alignment:



Gold Coast Desalination Plant, image from Seqwater.

The Queensland Treasury Corporation (QTC) Green Bond program aims to support Queensland's pathway towards a climate-resilient and environmentally sustainable economy. The Gold Coast Desalination Plant within QTC's Green Bond asset pool uses advanced reverse-osmosis technology to produce clean drinking water from sea water, for the Gold Coast, Logan, and southern Brisbane.

QTC is the central financing authority for the Queensland Government in Australia. The net proceeds of QTC's Green Bonds are notionally allocated to eligible projects and assets that have an environmental benefit associated with the State of Queensland. Eligible projects and assets could range from renewable energy and efficiency initiatives to low-carbon transportation, infrastructure, and drought resilience initiatives.

In Queensland, most of the water for agricultural, industrial and urban use has traditionally been sourced from rainfall or groundwater resources such as dams, weirs, or bores.¹ This leaves the main water supply for more than 3 million South-East Queenslanders susceptible to impacts of extreme weather events, such as drought and flooding.²

The process of water desalination, however, operates independently of rainfall and has emerged as a crucial and climate-resilient source of water.³

1. www.business.qld.gov.au/industries/mining-energy-water/water/industry-infrastructure/supply-planning/sources-queensland
2. www.seqwater.com.au/sites/default/files/2019-08/2017%20Fact%20sheet%20Gold%20Coast%20Desalination%20Plant.pdf
3. www.seqwater.com.au/sites/default/files/2019-08/2017%20Fact%20sheet%20Gold%20Coast%20Desalination%20Plant.pdf



133 million litres

of pure water can be produced each day

Supplies drinking water for

600,000 people



Wivenhoe Dam, South-East Queensland's largest water storage. Image from Getty.

Case study from Queensland Treasury Corporation Green Bond⁴

The Gold Coast Desalination Plant

The Gold Coast Desalination Plant can produce up to 133 million litres of pure drinking water a day, equivalent to about 15 per cent of the region's daily water use, or 50 Olympic-sized swimming pools.

The plant first supplied water to the main network in 2009. It's designed to operate in standby mode, but if required, can reach full capacity to supply up to 600,000 people with drinking water within 72 hours.

The plant uses energy recovery devices to improve efficiency of the process. This is achieved by reusing the high-pressured salt water, produced in the first part of the reverse osmosis process, to then push water through the reverse osmosis membranes. Approximately 97 per cent of energy is saved through this process.

Eventually, the sea water not converted into drinking water is returned to the ocean through an underground pipe. As a result, thriving artificial reefs have grown, home to a variety of small plants and sea animals. An independent marine-monitoring program shows the plant is operating in compliance with licence conditions which have been developed to prevent environmental impacts.⁵

The plant plays an important role in ensuring a stable and sustainable water supply for the region.

4. www.qtc.com.au/wp-content/uploads/2023/07/2023-QTC-Green-Bond-Annual-Report_Web.pdf
5. www.seqwater.com.au/sites/default/files/2019-08/2017%20Fact%20sheet%20Gold%20Coast%20Desalination%20Plant.pdf

City of New York Social Bond

Impact area
**Housing and Social
Real Estate**

Impact classification:
Moderate

Region of impact:
North America

Type of Investment:
Social Bond

SDG alignment:



Supporting the delivery of affordable housing projects through its first ever social bond transaction, the City of New York's Social Bond will help increase the supply of affordable housing in Brooklyn, the Bronx, Manhattan, and Queens, for low-income earners and those previously experiencing homelessness.

In New York City, homelessness is a social issue that affects many low-income earners. While the paths that lead people into homelessness are complex and unique, there are recurring themes, including people leaving home care, experiencing financial difficulties, mental illness and domestic violence. The continued shortage of housing options further contributes to the ongoing affordability and homelessness crisis, impacting millions of New Yorkers every year.

In a first for New York City, the government has issued social bonds to help accelerate and increase capacity for new housing supply citywide. It will fund the development of more than 3,200 affordable housing units across 16 projects in Brooklyn, the Bronx, Manhattan and Queens.

The sale of these bonds will further the Mayor's "Housing Our Neighbours: A Blueprint for Housing and Homelessness" plan to provide New Yorkers safe, quality and affordable homes.



Help fund the development of
3,276
new units
of affordable housing

**27% of
total units**
will serve those
previously
experiencing
homelessness



Image caption

Case study from City of New York Social Bond Coney Island Phase 2

The share of New York renters who are rent-burdened, meaning they pay more than 30% of their income toward rent, remains the highest on record. In 2021, the typical New York renter paid 34% of their income toward housing costs.⁶

As part of this investment in affordable housing projects across New York City, the next phase of a development project in the Coney Island neighbourhood of Brooklyn will include the construction of a 10-story residential building. The aim is to help people and families earning at or below the Area Median Income and those who were formerly experiencing homelessness.

Each of the 375 rental units will be affordable, with broadband internet access provided to all tenants free of charge. The building will provide 318,000 square feet of residential uses, 9,000 square feet of community facility use and 23,000 square feet of accessory parking, with retail space on the ground floor to enhance the overall pedestrian and community experience. Of the Coney Island units, 15% will serve those who were formally homeless.

These units will be delivered as part of phase 2 of the project, which is expected to be completed by the end of 2023.

6. NYC Housing and Vacancy Survey, 1965-2021 as published in *Housing Our Neighbors: A Blueprint for Housing and Homelessness*.

Governance, reporting and transparency

Governance

The Premiums4Good investment eligibility assessment and classification build on QBE's Impact and Responsible Investments approach, which guides our investment decision-making processes including considerations outlined in QBE's Environmental and Social Risk Framework. Our aim is to scale our impact investments with integrity through credible impact governance, investment selection, systems and reporting. Our dedicated internal Impact and Responsible Investments team and portfolio managers jointly source investment opportunities.

Premiums4Good investment eligibility assessment and classifications are made through an internal framework and confirmed by our Classification of Social and Environmental Investments (COSEI) Committee. The COSEI Committee is comprised of three QBE representatives and three independent advisors, who also support QBE in improving our impact investing approach. All eligible Premiums4Good investments are classified as Moderate, High or Deep impact, informed by Impact Frontiers' Impact Classes Matrix and research by the Global Impact Investing Network. We aim to continually iterate and mature our impact management practices with the development and harmonisation of global impact measurement and management standards.

Premiums4Good COSEI Committee

Sally McCutchan, Executive Director, Breakthrough Victoria

Adrian Enright, Chief Customer Officer, Tasman Environmental Markets

Matt Brunton, Director, Insurance, Banking & Wealth Management Audit, KPMG

James Pearson, Head of Impact and Responsible Investments, QBE

Kate Lyons, Group Head of Sustainability, QBE

Grant Clemence, Head of Insurance Risk and Corporate Insurance, QBE

The Premiums4Good strategy and regional processes are governed and informed by our internal Premiums4Good Global Steering Committee. Our Premiums4Good investment governance process, including the value and number of confirmed Premiums4Good investments, forms part of the annual limited assurance process conducted by PWC as part of QBE's Sustainability Assurance process.

Reporting and transparency

We communicate with our customers and business partners about these investments through reports such as this, and through updates in our annual and half-yearly reporting and on the QBE website. By communicating with customers, partners and peers through Premiums4Good annual investment reports and other channels, we aim to be transparent, and to encourage awareness of impact investing.





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