QBE Insurance Group - Climate Change 2020

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

QBE is an international insurer and reinsurer offering a diverse portfolio of commercial, personal and specialty products, as well as risk management solutions. Our product portfolio includes property, liability/casualty, motor, crop, energy, marine and aviation. In 2019 we employed a team of more than 11,700 people in 27 countries around the world. Our business is listed on the Australian Securities Exchange (ASX) and is headquartered in Sydney. In 2019, we operated primarily in three key geographies: North America, International (UK, Europe, Asia and Canada, Lloyd's syndicates and QBE Re) and Australia Pacific. During 2019, we disposed of our remaining Latin American operations in Colombia and Puerto Rico as well as our insurance operations in Indonesia and the Philippines, following the prior period (2018) disposal of operations in Argentina, Brazil, Ecuador and Mexico.

QBE's purpose is to give people the confidence to achieve their ambitions, and our role as an insurer is to financially protect assets and people, to assist recovery from natural disasters and other risks, and to support economic activity for the communities in which we operate.

As an international insurance underwriter and investor, the physical, transition and liability impacts of climate change are of strategic importance to QBE. We consider climate change to be a material risk for our business as well as a driver of significant opportunities.

We accept the scientific evidence from the Intergovernmental Panel on Climate Change, and we continue to support the objectives of the Paris Agreement and the Nationally Determined Contributions of the countries in which we operate. We understand that reaching these goals will require a rapid reduction in greenhouse gas emissions by the global economy and are continually doing our part to help achieve this. In addition to maintaining our carbon neutrality, in 2019 we announced our commitment to source 100% renewable electricity for our operations by 2025 as we joined some of the world's most influential companies in the RE100 initiative (we became the first Australian-headquartered insurer to join the initiative).

We are fully committed to implementing the final recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations are aimed at helping companies better disclose key climate-related information centred around four core elements: governance, strategy, risk management, and metrics and targets. Our Climate Change Action Plan, included within our 2019 Annual Report, outlines how we will implement the TCFD recommendations and describes our progress in meeting them.

As an institutional investor, we contribute to a low carbon economy by financing renewable energy infrastructure and investing in green finance in both our wider portfolio and through our impact investment program, Premiums4Good. $663 million is already invested across 48 securities, including social impact bonds, green bonds and other social investments. We recently doubled our ambition for this unique initiative to $2 billion by 2025 (from $1 billion by 2021). Our intent is for more than half of this amount to be focused on environmentally impactful investments, particularly renewable energy projects.

In 2019 we published our Group Energy Policy outlining our commitment and continued support of our customers as they transition to a lower carbon global economy. Our policy provides shareholders, customers and the wider community with a clear explanation of our approach to investing in and underwriting energy projects, now and into the future. Our Group Energy Policy confirms our intention to phase out all direct insurance services for thermal coal customers by 2030, at the latest. QBE also maintains zero direct investments in thermal coal.

To further promote resilience and enhance disaster recovery across diverse communities, we have partnered with two of the world's leading humanitarian agencies, Red Cross and Save the Children. Our partnerships support rapid mobilisation of disaster relief in response to catastrophic events, and disaster preparedness and climate resilience initiatives for vulnerable communities. In response to the recent unprecedented Australian bushfires, QBE pledged A$500,000 to these agencies to support bushfire relief and recovery efforts. Additionally, we waived the policy excess for individual customers making bushfire-related claims for their personal insurance and made free counselling available to all our customers in bushfire affected areas.

We continued to report on a calendar year in 2019 (no change from 2018 submission). We also continued to operate on a carbon neutral basis in 2019 and worked towards our commitment to source 100% of our electricity from renewable electricity by 2025, through our RE100 membership.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Australia
Belgium
Bermuda
Canada
China, Hong Kong Special Administrative Region
China, Macao Special Administrative Region
Denmark
Fiji
France
French Polynesia
Germany
Ireland
Italy
Malaysia
New Caledonia
New Zealand
Papua New Guinea
Philippines
Singapore
Solomon Islands
Spain
Sweden
Switzerland
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Vanuatu
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Financial control

C-FS0.7

(C-FS0.7) Which organizational activities does your organization undertake?

Investing (Asset owner)
Insurance underwriting (Insurance company)

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	QBE's Group Board of Directors (Group Board) is the highest-level body with responsibility for climate-related issues. The Group Board oversees the work of all Board sub-committees. Each of the Group Board sub-committees has specific climate-related responsibilities. The Risk and Capital Committee is responsible for climate-related risk management according to our stated risk appetite, strategy and business plans, the Audit Committee is responsible for climate-related financial reporting, the Investment Committee is responsible for climate-related investment risks and opportunities and the Operations and Technology Committee is responsible for climate-related operational risks and opportunities. Responsibilities for climate-related issues have been assigned to the Group Board due to the long-term strategic importance of this topic for QBE's investment and insurance businesses, and operations.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	Climate-related risks and opportunities to our own operations Climate-related risks and opportunities to our investment activities Climate-related risks and opportunities to our insurance underwriting activities	QBE's Group Board of Directors (Group Board) recognises that climate change is a significant risk for the business. Climate-related issues are a scheduled agenda item, with formal quarterly updates to the Group Board. The Group Board is supported by the Board Risk and Capital Committee (BRCC) which met six times in 2019 and receives quarterly updates on climate change. The BRCC oversees risk management and monitoring, including for sustainability and climate-related risks, and serves as an escalation point based on analysis and deliberations within the Group Executive Committee (GEC). The GEC (of which our Group Executive Corporate Affairs and Sustainability is a member) also receives regular updates on climate change. We continue to embed stronger governance of climate-related risks and opportunities in our divisional operations and continue to engage with our divisional boards and committees on this issue. The Board Audit Committee oversees and reviews QBE Group's half-year and full-year reporting. The Group Board has ultimate responsibility for approving the release of climate-related information. QBE is fully committed to applying a disciplined approach to risk management and ensuring that our practices and systems are robust, independent and aligned with global best practice. QBE's Enterprise Risk Management (ERM) framework is outlined in QBE's Risk Management Strategy and is supported by frameworks for each risk class, including strategic, insurance, operational, credit, market and liquidity risks. Climate-related risks are assessed and managed through this integrated framework. The Group Board plays a significant role in the ERM framework and is responsible for ensuring that an effective risk management strategy is implemented and for defining the risk appetite boundaries within which risk must be managed. All risk categories are managed through Board governance, an approved risk appetite set by the Group Board, scenario analysis and stress testing and robust capital management.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO) *QBE's Group CEO along with the Group Executive Committee (GEC) have the highest-level of oversight of climate-related issues. The GEC receives regular updates on our approach and performance in relation to managing climate-related risks and opportunities and is responsible for overseeing decisions taken at the Board level. The Group Chief Risk Officer (CRO) and Group Chief Financial Officer (CFO) have the highest level of day-to-day oversight and responsibility for climate-related issues. The GEC is supported by a senior cross-functional Climate Change Steering Committee (CCSC) which is co-chaired by our Group CRO and Group Financial Controller, as a delegate of our Group CFO. The CCSC consists of senior representatives from our Underwriting, Investments, Finance, Risk, Legal and Operations teams. We also have divisional representatives to ensure that regional impacts are considered for our activities.*	Reports to the board directly	Both assessing and managing climate-related risks and opportunities *The Climate Change Working Groups (liability, physical, transition) provide an integrated view of the risks and opportunities associated with climate change and supports the CCSC. The GEC is also supported by several other governance forums responsible for managing our wider sustainability activities. One of these is the Group Sustainability Committee, which is responsible for delivering the Group's overall sustainability strategy, initiatives and reporting requirements. The Group Sustainability Committee is supported by the Group Sustainability team, and is chaired by the Group Executive Corporate Affairs and Sustainability. The Group ESG Risk Committee, which is supported by a dedicated ESG Risk team and reports to the Group CRO, considers and recommends policy positions on ESG risks that impact underwriting, investment and/or operations across the Group to the Executive Non-Financial Risk Committee (ENFRC).*	Risks and opportunities related to our investing activities Risks and opportunities related to our insurance underwriting activities Risks and opportunities related to our own operations	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

QBE's Group Executive Committee (GEC) is our most senior management committee and has the highest level of management oversight of climate-related issues. The GEC is accountable for implementation of QBE's Climate Change Action Plan and Our Approach to Climate Change and receives and reviews climate change strategy progress updates quarterly. The CEO is Chair of the GEC and a member of the Executive Non-Financial Risk Committee (ENFRC). Responsibilities for climate-related issues have been assigned to our GEC as the Board has identified climate change as a significant risk for the business and relevant to the roles of all QBE senior executives.

In 2019, within the GEC, the Group Chief Risk Officer (GCRO) and Group Chief Financial Officer (GCFO) had the highest level of day-to-day oversight and responsibility for climate-related issues. Our climate governance framework also specifies our Group Chief Operating Officer and Group Underwriting Officer.

The GEC is supported by two cross-functional Committees, the ESG Risk Committee chaired by the GCRO and the Climate Change Steering Committee (CCSC) which is co-chaired by the GCRO and our Group Financial Controller (as a delegate of our Group CFO). Both committees consist of senior representatives from our Underwriting, Investments, Finance, Risk, Legal, Corporate Affairs & Sustainability and Operations teams.

The CCSC provides quarterly updates to the ESG Risk Committee, and is responsible for the delivery of the QBE Climate Change Action Plan. This action plan was developed in 2018 after QBE signed the public Statement of Support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our Climate Change Action Plan report describes our progress in meeting our commitments relating to climate-related risk management. The CCSC also plays a key assessment and aggregation role over the detailed analysis undertaken by the climate-related physical, liability and transition risk working groups.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	A component of our Group Executive Committee's (GEC) short-term incentive (STI) outcome is determined with reference to the achievement against strategic priorities. Specific roles within QBE are responsible for integrating the identification and management of climate-related risks into business processes and developing, managing and implementing the strategy to address the environmental impacts of our operations. The performance objectives for these roles, and their achievement of those objectives, is a key reference when determining incentive outcomes.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Corporate executive team	Monetary reward	Other (please specify) (Strategic performance objectives aligned to QBE's strategic priorities - (1) managing risk and (2) operating sustainably)	A component of our Group Executive Committee's (GEC) short-term incentive (STI) outcome is determined with reference to the achievement against strategic priorities. 75% of our Group Chief Risk Officer's STI outcome, and 35% of the outcome for all other members of the GEC, is determined in this manner. QBE's 2019 strategic priorities include managing risk (including implementation of our Climate Change Action Plan) and operating sustainably (including the effective management of climate-related risks and opportunities).
Chief Risk Officer (CRO)	Monetary reward	Other (please specify) (Strategic performance objectives aligned to QBE's strategic priorities - (1) managing risk and (2) operating sustainably)	75% of our Group Chief Risk Officer's (GCRO's) Short-term Incentive (STI) Plan outcome is determined with reference to strategic performance objectives aligned to QBE's strategic priorities. Operating sustainably and managing risk are business strategic priorities for QBE and therefore directly linked to executive remuneration. Our Group CRO is accountable for embedding climate-related risk into the Group's enterprise risk management (ERM) framework.
Other, please specify (Head of ESG Risk)	Monetary reward	Other (please specify) (Strategic performance objectives aligned to QBE's strategic priorities - (1) managing risk and (2) operating sustainably)	QBE's Head of ESG Risk is responsible for integrating climate-related risks into business processes and delivering and reporting on our Climate Change Action Plan, and has associated KPI's included in their scorecard.
Environment/Sustainability manager	Monetary reward	Emissions reduction target Energy reduction target Efficiency target Supply chain engagement Company performance against a climate-related sustainability index Other (please specify) (Strategic performance objectives aligned to QBE's strategic priorities - (1) managing risk and (2) operating sustainably)	QBE's Head of Environment is responsible for the development and management of our internal environmental management framework to be applied across the QBE Group, including supporting policies, guidelines and/or management system. The Head of Environment works with the business to identify and implement operational environmental management improvement opportunities and oversees the development of associated metrics and targets, including analysis and reporting of environmental metrics on an ongoing basis. The Head of Environment's performance scorecard includes KPIs relating to achievement of our climate-related operational performance targets and our performance against climate-related sustainability indexes.

C-FS1.4

(C-FS1.4) Does your organization offer its employees an employment-based retirement scheme that incorporates ESG principles, including climate change?

	We offer an employment-based retirement scheme that incorporates ESG principles, including climate change.	Comment
Row 1	No, but we plan to do so in the next two years	We seek to align our business with other businesses that have a strong commitment to sustainability, ESG principles (including climate change) and responsible investment and plan to ensure that our employees have access to a responsible investment superannuation fund option as the opportunity to revisit our existing agreement arises.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Climate-related risks and opportunities are present to QBE now and are therefore integrated within our Group business planning process. A three-year plan is formalised annually but reviewed on a regular basis throughout the year.
Medium-term	3	8	This time horizon is aligned to our Group Emerging Risk Standard which defines 'Horizon' risks as ≥3 years. We define emerging risks as new or future risks which are difficult to assess but may have a significant impact on QBE's business or the markets we operate in. The Group Emerging Risk Forum (GERF) - who is responsible for the Emerging Risk Standard - has a responsibility to refer all identified emerging risks relating to environmental, social or governance issues, including climate-related risks to the ESG Risk Committee, who would execute or delegate a risk management process.
Long-term	8		Long-term is defined as ≥8 years in the Group Emerging Risk Standard. See comment above for how the GERF report ESG-related emerging risks. QBE's long-term time horizon considers risks and opportunities arising beyond 8 years. This is linked to the Group Emerging Risk Forum's (GERF) long-term time horizon, specifically around implementing a strategy to manage emerging risks identified and communicated to our Board. Furthermore, the long-term time horizon provides us with an opportunity to identify and manage significant longer-term risks and opportunities.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

As outlined in our Incident and Issue Management Standard, QBE assesses impact through financial and non-financial impacts, across a scale of low, medium, high and critical. The financial impact amount across these scales is considered at a Group level and a Divisional level and the values are adjusted based on factors such as size and complexity. The process is to identify and agree if it's an incident or issue; assign an owner; assess the impact; record within the QBE Risk Management System; manage and remediate; monitor and report and close the issue or incident.

For example, in 2019 our North American business unit returned a greater than expected combined operating ratio as a result of adverse weather conditions for its crop business. The combined operating ratio for North America for 2019 was 106.5% which is outside the Group's target range for 2019 of 94.5% – 96.5%, largely due to the impact of adverse weather on its crop business. This is an example of a substantive financial impact for QBE, as the likely and actual result was significantly outside of the target range, and saw us issue a market announcement ahead of the release of the annual results.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
The process for identifying and assessing climate-related risks is defined within the Group-wide ESG Risk Standard (climate change as a current risk) and through the Emerging Risk Standard (acknowledging that the current climate-related risks may crystallise outside of the current business planning horizons). Both Standards sit with the material risk class, Strategic Risk, one of eight Material Risk Classes in the Risk Management Strategy (RMS). The Risk Management Strategy (RMS) describes our approach for managing risk and the key elements of the Enterprise Risk Management (ERM) Framework that give effect to this strategy, including responsibilities. The Group Board is responsible for ensuring that an effective RMS is established, maintained and implemented across QBE and that risks are managed in accordance with the ERM Framework. The RMS is reviewed on an annual basis, and results are reported to the Group Board Audit Committee and Group Board Risk & Capital Committee. Both the ESG and Emerging Risk Standards follow an identical risk management process with the associated Committees (i.e. the ESG Risk Committee or the Group Emerging Risk Forum) able to activate a climate-related risk, depending on the time horizon it has been identified within. Both Standards define the risk management process in 5 steps. In step (1) Horizon Scanning and Risk Identification, potential new or future risks or trends are reviewed which are potentially disruptive to QBE's strategic priorities and business objectives. The ESG Risk Team reviews a long list of public and private sources, e.g. NGO reports, industry papers, knowledge sources, third party data providers, conducts internal meetings, reviews internal issues and incidents relevant to the subject. In (2) Risk Analysis, a high-level appraisal of the potential materiality of the ESG risk for QBE is conducted and includes the re-assessment of ESG risks on our watch list from previous ESG risk reviews. This forms the basis for prioritisation of ESG risks and those on the watch list for future risk evaluation. We identify risk source, risk event, and potential risk impact. In (3) Risk Evaluation, we evaluate likelihood and severity of identified ESG risks in detail, including time horizon and materiality. For this step we collaborate throughout the business to determine risk exposures. If step 3 results in a high or critical risk rating a treatment plan is developed and implemented in step 4, Risk Treatment. After deciding on a risk response and starting on the implementation of the response, the implementation process is Monitored and Reviewed (step 5), and regular updates need to be provided to the respective committees (ESG Risk Committee and Group Emerging Risk Forum). Implementation issues or changing circumstances can trigger a review of the risk response. Supported by the ESG Risk team, the ESG Risk Committee is responsible for implementing the ESG Risk Standard and consists of senior representatives from our Underwriting, Investments, Finance, Risk, Legal, Communications and Operations teams globally. This committee approves the implementation process and receives updates. Using the same risk management process outlined above, divisional Emerging Risk Teams are responsible for reviewing emerging risks within their operations and markets. These teams contribute to the Group Emerging Risk Forum which meets quarterly. The Forum contains representatives including Underwriting, Risk Management, Claims, Investments, Catastrophe Modelling, Compliance, Legal, and Reinsurance. The Forum is responsible for coordinating the Group's process for identifying, prioritising, communicating and managing emerging risks with the support and alignment of the divisional emerging risk forums. Note: QBE defines risk as the effect of uncertainty on the achievement of our objectives or performance. The effect can be positive, negative, or both, and can address, create or result in opportunities and threats. Examples on how QBE is mitigating climate-related risks and capitalising on climate-related opportunities include: Environment Policy – this sets out our approach and commitments to managing environmental risk associated with our business. It focuses on a range of areas including energy, water, waste, air travel. QBE's Supplier Sustainability Principles set out climate-related aspects for suppliers, these mitigate the risk, for example, of QBE increasing our scope 3 emissions through the supply chain and instead encourage suppliers to set measurable targets to reduce greenhouse gas emissions. Risk is assessed through the second line teams challenging first line teams on the implementation of the Supplier Sustainability Principles. QBE signed the public statement of support for TCFD, and in 2018 conducted a high-level impact assessment of investments and underwriting, which informed our Climate Change Action Plan. Since then we have continued to implement the plan. In 2019 we released the QBE Group Energy Policy which sets out our approach to climate risk in investment and underwriting, and informs the ESG framework in which our investment guidelines operate.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	QBE monitors and considers climate-related regulation because it can affect us directly or indirectly through our investments, underwriting, and operations. The value of assets we are invested in can fluctuate/change and affect our investment strategy or create a loss; operational costs can increase, and the level of underwriting risk can be impacted. Example: We are currently complying with requirements under the UK PRA supervisory statement 3/19 and have developed an implementation plan outlining our approach to enhancing our approach to managing the financial risks from climate change. Within the QBE climate-related risk assessments, we continue to find that the Australian operations do not meet the threshold for reporting under the National Greenhouse and Energy Reporting Act and the UK Operations were out of scope of the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme regulations. However, in the UK we are in scope of the Energy Saving Opportunity Scheme, a mandatory energy assessment scheme for organisations in the UK which meet a qualifying criterion. Also, the ESG Risk team provides quarterly updates to the BRCC, which includes regulatory developments.
Emerging regulation	Relevant, always included	Identifying upcoming regulations provides an early adoption advantage which can reduce costs and increase employee awareness of emerging regulation. The ESG Risk team continues to monitor developments from central banks, supervisors and governments around the world. For example, recently the New Zealand Government have consulted on the possibility of requiring financial organisations to comply with the TCFDs.
Technology	Relevant, sometimes included	QBE considers technology risks relating to climate change on a medium to long term horizon. Technology and technology-related risks are considered in both our ESG Risk assessment process by the ESG Risk Committee in terms of climate-related transition risk and by the Group Emerging Risk Forum applying the emerging risk standard in terms of emerging risk. The ESG Risk Team continues to monitor and assess transition, including technology-driven, risk exposure. We continue to identify risks as well as identify opportunities which we may be able to capitalise on as a result of changes in technology. For example, through our public commitment to the TCFD and our Climate Change Action Plan we also target emission reduction goals and are on our way to use 100% renewable electricity for our operations by 2025. We therefore need to consider technology in our own operations.
Legal	Relevant, always included	Climate-related legal risks are most likely to arise from the transition to a low carbon economy in the short to medium term. We are currently undertaking analysis on QBE's exposure to liability risk as a result of climate change.
Market	Relevant, always included	QBE is considering market risk across all climate-related transition, liability and physical risks and opportunities. As an example, QBE performed an analysis of its exposure to the thermal coal industry, an industry at risk of stranded assets. QBE identified its exposure and defined its risk appetite for the thermal coal industry both in its underwriting business and in its investments in its Energy Policy. QBE investment teams have also started engaging with our highest emitters to understand their transition plans. We expect the growth in the development and deployment of new sustainability technologies will be necessary to achieve the Paris Agreement targets, along with reductions in greenhouse gas emissions.
Reputation	Relevant, always included	Reputational damage can impact among other aspects company value, customer satisfaction and retention and company image. Reputation risk is a sub-category of the Strategic Risk Class, the same material risk class climate-related risk falls within. This makes these two risks inherently interconnected. In QBE's Group Risk Appetite Statement, we declare having no appetite for improper business practices and actions that result in inappropriate outcomes for our customers, breach legal or regulatory requirements or put the organisation at reputational risk. Our ESG Risk Assessment Process considers reputation risk a consequence of an event that can trigger reputational issues and not as a risk event itself. Based on our zero tolerance for reputation risk, we value ESG risks with potential reputation risk higher on our risk assessment. We consider reputation risk when addressing climate-related risks. We use data providers, such as SigWATCH, to track NGO campaigns and activities and apply results in our assessments as a proxy for NGO activity on specific topics and public sentiment. As an example, QBE engages with external campaigning organisations on its investment (divestment) and insurance business of, particularly, thermal coal within the energy sector.
Acute physical	Relevant, always included	Acute risks result from extreme events, such as floods, cyclones or severe storms. These risks may manifest as increased production costs, disrupted supply chains, increased insurance premiums and impacts on production due to impacts on the workforce. By offering insurance products such as property, crop, marine, aviation and lenders' mortgage insurance (LMI), QBE is exposed to these climate-related physical risks which, in line with the scientific evidence from the Intergovernmental Panel on Climate Change, are expected to increase in the long-term (10+ years). With the exception of LMI, QBE's business is primarily written and repriced on an annual basis, which enables us to re-assess our prices to appropriately reflect any expected increases in weather-related natural perils and thereby reduce our exposure to climate-related risks. The annual risk of higher than expected claims is managed through the Group's reinsurance program. LMI policies are for the term of the mortgage, but typically carry minimal risk after 10 years. Our LMI policies exclude the coverage of repairs to buildings from natural perils. If increased natural disasters result in falls in house prices for properties exposed to such events, then the severity of LMI claims may increase. Our LMI business purchases external reinsurance protection to help manage this risk. Over the longer term, QBE recognises that climate change may cause insurance premiums to increase and for properties to become uninsurable, especially for customers in areas more exposed to natural perils. Our role as a global insurance company is to provide our customers insurance coverage and to help them recover from damages quickly. Example: In 2019 we assessed the physical risks related to some of our most material perils. These were hurricanes in North America and tropical cyclones in Australia. QBE is among the participants in the UNEPFI PSI TCFD Insurer Working Group and will use scenarios defined by the working group to further re-assess our exposure.
Chronic physical	Relevant, always included	Chronic risks result from the gradual effects of climate change: rising temperature, rising sea level, changing rainfall patterns. These risks may manifest as increased production costs, disrupted supply chains, increased insurance premiums and impacts on production due to impacts on the workforce. As policy, technology and society respond to these physical risks, markets will be driven by different pressures and influences and economic transition risks will emerge. By offering insurance products such as property, crop, marine, aviation and lenders' mortgage insurance (LMI), QBE is exposed to these climate-related physical risks which, in line with the scientific evidence from the Intergovernmental Panel on Climate Change, are expected to increase in the medium to long-term (6-10+ years). With the exception of LMI, QBE's business is primarily written and repriced on an annual basis, which enables us to re-assess our prices to appropriately reflect any expected increases in weather-related natural perils and thereby reduce our exposure to climate-related risks. The annual risk of higher than expected claims is managed through the Group's reinsurance program. Further, QBE has partnered with Jupiter an emerging leader in predicting and managing climate risk. Jupiter's "ClimateScore" incorporates environmental factors in an integrated, dynamic model to deliver risk-focused solutions. The platform comprises data that analyses and predicts climate risk from one hour to 50 years in the future. Over the longer term, QBE recognises that climate change may cause insurance premiums to increase and for properties to become uninsurable, especially for customers in areas more exposed to chronic physical risks e.g. coastlines and sea level rise. Our role as a global insurance company is to provide our customers insurance coverage and to help them recover from damages quickly.

C-FS2.2b

(C-FS2.2b) Do you assess your portfolio's exposure to climate-related risks and opportunities?

	We assess the portfolio's exposure	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	Climate-related risk is a sub-category of the strategic risk class, which we identify, assess and manage using our Enterprise Risk Management (ERM) framework and ESG business practices. Climate-related risk is implicitly considered within insurance, credit, market, liquidity, operational risk classes. QBE signed the public statement of support for TCFD, and in 2018 conducted a high-level impact assessment of investments and underwriting, which informed our Climate Change Action Plan. Since then we have continued to implement the plan as disclosed in our Annual Report. In assessing and responding to climate-related risks and opportunities QBE use scenario analysis, weighted average carbon intensity and in 2019 released the QBE Group Energy Policy which sets out our approach to climate risk in investment and underwriting, and informs the ESG framework in which our investment guidelines operate.
Insurance underwriting (Insurance company)	Yes	QBE assesses the impact of weather-related events using catastrophe models. Our catastrophe modelling team uses sophisticated computer simulations of natural catastrophes to estimate their financial impact. By allowing for scientific predictions of the impact of climate change under different climate scenarios, we also use those computer models to quantify the financial impact of climate change on weather-related events. One key component of a catastrophe model is the hazard module that generates weather events such as cyclones, flood and hail which are the foundation for simulating damages to the properties we insure and estimating claims under the insurance policies protecting our clients' assets. Through our insurance and investment activities, we are exposed to the risks and opportunities arising from the transition towards a low carbon economy. Some sectors will require a bigger transition than others. We seek to collaborate with government, industry and our customers to support an orderly transition. In 2019, QBE undertook an assessment across its physical, transition and liability risks in relation to insurance underwriting. For physical risks, we assess our exposure to climate-related risks based on weather-related annual average losses, broken down by peril and region. For transition, we look at our exposure to sectors that are likely to be strongly impacted, positively or negatively, by climate change. For liability, we assess our contracts and our exposure, as well as looking at climate-driven legal cases.
Other products and services, please specify	Not applicable	

C-FS2.2c

(C-FS2.2c) Describe how you assess your portfolio’s exposure to climate-related risks and opportunities.

	Portfolio coverage	Assessment type	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	All of the portfolio	Qualitative and quantitative	In identifying, assessing and responding to climate-related risks and opportunities QBE use scenario analysis, weighted average carbon intensity and our Group Energy Policy which sets out our approach and part of the ESG Risk framework which informs our investment guidelines. The Responsible Investment Guidelines operate in line with the ESG Risk Standard; Group Sanctions Policy and Group Energy Policy - which set the over-arching guidance for the QBE Group on specific environment, social and corporate governance factors, as well as sector-specific guidelines. In 2019, QBE developed an ESG Risk Standard, as part of the Strategic Risk Policy, which outlines the process of identifying and managing ESG risks across the business. Scenario analysis In 2019, we undertook both physical and transition scenario analysis to identify the risks and opportunities associated with the transition to a low carbon economy. We focused on three industries which will require significant changes if the world is to meet the goals of the Paris Agreement - energy, transport and heavy industry. We developed two qualitative scenarios consistent with meeting the objective of the Paris Agreement. The first scenario is early and coordinated transition driven by political ambition, regulatory and policy support. The second scenario presented a delayed and uncoordinated transition, with ambitious action around 2025-30. We then held deep dive workshops to identify the risks and opportunities associated with each of the three industries. Weighted average carbon intensity Our focus on materiality brings attention to fixed income assets, which make up 85-90% of AUM. In 2019 we completed an initial carbon footprint of our fixed income (corporate credit) portfolio based on weighted average carbon intensity, including a retrospective analysis which considered the carbon intensity of the corporate credit portfolio for the past five years. This baseline identified that the corporate credit portfolio's exposure to carbon risk is low and so is well-positioned for the transition to a low carbon economy relative to the broader corporate bond market. We established processes for the ongoing monitoring of our portfolio and we continue to engage with issuers identified as the highest emitters in our corporate credit portfolio, as well as in relation to our support for TCFD and to understand their progress to develop a roadmap and disclose in line with TCFD. QBE recognises that the transition to a low-carbon economy will lead to new investment opportunities and we actively look to protect our investments through diversification, including investing in renewable energy infrastructure projects. We have integrated consideration of climate risk and opportunities in our broader investment approach and support the transition to a low-carbon economy by financing renewable energy infrastructure and investing in green finance in both our wider portfolio and through our impact investment program, Premiums4Good. We continued to grow our investment exposure to low carbon investments through Premiums4Good. We announced and enhanced ambition to scale impact investments to $1bn by 2021, and then to $2bn by 2025. Among the measures introduced in 2019 was the publication of the QBE Energy Policy which provides shareholders, customers and the wider community with a clear explanation of the Group's approach to investing in and underwriting energy projects. Due to the high emissions intensity of thermal coal, QBE has maintained zero direct financial investment in thermal coal from 1 July 2019, and we have committed to phase out all direct insurance services for thermal coal customers within the next decade.
Insurance underwriting (Insurance company)	Majority of the portfolio	Qualitative and quantitative	In 2019, QBE undertook an assessment across its physical, transition and liability risks in relation to insurance underwriting. We have approached the assessment from a materiality perspective, starting with our largest portfolios and perils. We identified a range of opportunities and risks across underwriting and investment, both at a high level and at an industry specific level. Opportunities include development of new insurance products, and investment opportunities in renewable energy and low emissions transport. Risks include changes to insurance premiums in declining sectors, stranded assets and regulatory and reputation risks. Transition risks and opportunities- In 2019, we undertook scenario analysis to identify the risks and opportunities associated with the transition to a low carbon economy. We focused on three industries which will require significant changes if the world is to meet the goals of the Paris Agreement – energy, transport and heavy industry. In 2019, we developed a Group Energy Policy to respond to the risks in the energy sector, including targeting zero direct investment in, and phasing out insurance for, the thermal coal industry. We will continue to develop and embed our response to the risks and opportunities identified into our strategy and risk management processes. Liability – As climate change effects become more apparent, parties who have suffered loss and damages from climate change could seek recovery from parties they believe to be responsible. Any successful actions could potentially lead to responsible parties seeking to recover these costs under insurance policies. Climate-related liability claims may arise on professional indemnity contracts where professionals may have failed to take climate change into account when providing advice. The increased frequency or severity of weather-related events due to climate change increases the potential for liability claims. Such indirect liability claims have the potential to arise in the short-term as climate change begins to be more widely understood, but we do not expect this to have a material financial impact in the short-term. In 2019, the liability working group reviewed cases of litigation in the US, and identified our potential exposures by product, economic sector and state. Additionally, the group reviewed our exposure to potential claims outside the US by assessing our products and exposure as well as developing a framework for the ongoing monitoring of claims. We continue to monitor litigation activity and changes in the legislative and regulatory environment that may affect our exposure to climate-related liability risk. Physical risks. In 2019, in partnership with catastrophe modelling firm RMS, we assessed the impact of hurricanes in North America and tropical cyclones in Australia, which represent some of our largest exposures to weather-related events. We considered impacts on our existing portfolio up to 2100 under scenarios consistent with a 2–3˚C global mean temperature rise. This initial analysis did not show material increases in our expected claims costs before 2050. Our initial work supports the strong likelihood of a material increase in tropical cyclone-related claims under all scenarios. Annual claims cost related to hurricanes and tropical cyclones could go up by more than 50% in the second half of the century, with a wide variation in local impact, and a rate of change that will depend on how the global community addresses this critical challenge. However, in the short to medium-term, the impact on tropical cyclone claims will be difficult to assess due to the inherent volatility of cyclones, which have a relatively low frequency and large variability in cost driven by whether or not they make landfall and impact on population centres. While we already have a robust quantification of QBE’s exposure to weather events, this refinement of our models can provide insights into the magnitude and timing of the impact that climate change will have on our business. We also recognise that over the longer-term, climate change will impact our customers and the communities that we serve. This may cause insurance premiums to become unaffordable, especially for customers in areas more exposed to weather-related events, potentially resulting in a loss of revenue. In order to address this risk, QBE is engaging with external stakeholders, including national and local governments, to encourage adaptation and resilience measures against weather-related events.
Other products and services, please specify	<Not Applicable>	<Not Applicable>	<Not Applicable>

C-FS2.2d

(C-FS2.2d) Do you assess your portfolio’s exposure to water-related risks and opportunities?

	We assess the portfolio’s exposure	Portfolio coverage	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No, we don’t assess this	<Not Applicable>	
Insurance underwriting (Insurance company)	No, we don’t assess this	<Not Applicable>	
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS2.2e

(C-FS2.2e) Do you assess your portfolio's exposure to forests-related risks and opportunities?

	We assess the portfolio's exposure	Portfolio coverage	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	No, we don't assess this	<Not Applicable>	
Insurance underwriting (Insurance company)	No, we don't assess this	<Not Applicable>	
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS2.2f

(C-FS2.2f) Do you request climate-related information from your clients/investees as part of your due diligence and/or risk assessment practices?

	We request climate-related information	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	As a listed insurance organisation, and through our membership of various bodies such as Investor Group on Climate Change (IGCC), and RE100, we acknowledge climate risk as a material and strategic risk for QBE, the industry and our customers, and through this we support adoption of TCFD by others. We have initiated dialogue with our external managers, and with issuers in which we invest, in regards to TCFD. QBE requires external manager compliance with the QBE Group Energy Policy and engages with issuers identified as the highest emitters in our corporate credit portfolio, to understand their progress in developing a roadmap and disclose in line with TCFD. External manager reviews In 2018 we strengthened our external fund manager reviews and annual ESG review for all existing managers which are informed by Principles for Responsible Investment due diligence tools. In 2019, we continued our ESG reviews and engagement with our external managers, including understanding their progress on TCFD disclosures, and more detailed analysis on specific issue areas and asset classes. Weighted average carbon intensity for the credit book Our focus on materiality puts attention to fixed income assets, which make up 85-90% of AUM. In 2019 we completed an initial carbon footprint of our fixed income (corporate credit) portfolio based on weighted average carbon intensity, including a retrospective analysis which considered the carbon intensity of the corporate credit portfolio for the past five years. This baseline identified that the corporate credit portfolio's exposure to carbon risk is low and so is well-positioned for the transition to a low carbon economy relative to the broader corporate bond market.
Insurance underwriting (Insurance company)	No, but we plan to do so in the next two years	
Other products and services, please specify	Not applicable	

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation	Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

Reputational risk

Company-specific description

Reputational risk is the risk that QBE's key stakeholders have a negative perception of QBE's brand resulting in damage of QBE's reputation that threatens QBE's performance and strategic objectives. Reputational risk can arise from multiple sources including, but not limited to, environmental and social impacts. This includes association with high risk, or perceived high risk, industries from a climate-risk perspective such as coal, oil and gas. For example, at the 2019 and 2020 AGM, QBE faced shareholder resolutions related to our exposure to coal, oil and gas. In 2019 we developed a Group Energy Policy which outlines our commitments in relation to underwriting and investing in thermal coal. This will help to minimise our exposure to transition risk arising from the phasing out of thermal coal.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The impact has not been quantified financially.

Cost of response to risk
0

Description of response and explanation of cost calculation

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Increased insurance claims liability

Climate risk type mapped to traditional financial services industry risk classification
Other non-financial risk

Company-specific description
Climate change will increase the frequency and severity of acute weather-related events such as floods, bushfires, tropical cyclones, hail, storms and coastal inundation, as well as lead to chronic changes such as sea level rise, increased heat waves and droughts over time. During 2019, we saw severe drought and extensive bushfires across Australia and wildfires in North America, as well as severe flooding in the UK. As an international provider of insurance such as property, crop, marine and aviation, QBE is exposed to these risks. In 2019, in partnership with catastrophe modelling firm RMS, we assessed the impact of hurricanes in North America and tropical cyclones in Australia, which represent some of our largest exposures to weather-related events. We considered impacts on our existing portfolio up to 2100 under scenarios consistent with a 2–3˚C global mean temperature rise. This initial analysis did not show material increases in our expected claims costs before 2050. Our initial work supports the strong likelihood of a material increase in tropical cyclone-related claims under all scenarios. Annual claims cost related to hurricanes and tropical cyclones could go up by more than 50% in the second half of the century, with a wide variation in local impact, and a rate of change that will depend on how the global community addresses this critical challenge. However, in the short to medium-term, the impact on tropical cyclone claims will be difficult to assess due to the inherent volatility of cyclones, which have a relatively low frequency and large variability in cost driven by whether or not they make landfall and impact on population centres.

Time horizon
Long-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The impact has not been quantified financially.

Cost of response to risk
0

Description of response and explanation of cost calculation

We have started to adjust our catastrophe models to factor in the expected impacts of climate change until 2100. While we already have a robust quantification of QBE's exposure to weather events, this refinement of our models can provide insights into the magnitude and timing of the impact that climate change will have on our business. In the short-term, QBE will manage the high volatility of natural catastrophe claims by considering a wide range of event frequency and severity in our capital planning, and by deploying a comprehensive Group catastrophe reinsurance program. Over the long-term we anticipate that the physical impacts of climate change – even under scenarios consistent with the achievement of the Paris Agreement – will result in our customers seeking increased insurance for the protection of their assets and the services they provide. We also recognise that over the longer-term, climate change will impact our customers and the communities that we serve. This may cause insurance premiums to become unaffordable, especially for customers in areas more exposed to weather-related events, potentially resulting in a loss of revenue. In order to address this risk, QBE is engaging with external stakeholders, including national and local governments, to encourage adaptation and resilience measures against weather-related events.

Comment
The cost of managing this risk is embedded into business planning and budgeting approach as it is integrated into our day-to-day risk management approach. Based on business plans and our financial results, we make strategic business decisions such as those to either grow, stabilise or retract from different markets.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Legal	Exposure to litigation

Primary potential financial impact
Increased insurance claims liability

Climate risk type mapped to traditional financial services industry risk classification
Policy and legal risk

Company-specific description
Liability risks are a specific type of transition legal risk that impact general insurers. As climate change impacts become more apparent, parties who have suffered loss and damages from climate change could seek recovery from parties they believe responsible. Any successful actions could potentially lead to responsible parties seeking to recover these costs under insurance policies. Legal action on climate change has been most active in the US and primarily relates to regulatory or similar actions against energy companies that are alleged to have not disclosed or managed climate-related risks. In Australia, legal action has been taken against superannuation funds, alleging that the trustees have breached their fiduciary duties by failing to adequately consider climate change risks. Climate-related liability claims may arise on professional indemnity contracts where professionals may have failed to take climate change into account when providing advice. The increased frequency or severity of weather-related events due to climate change increases the potential for liability claims. Such indirect liability claims have the potential to arise in the short-term as climate change begins to be more widely understood, but we do not expect this to have a material financial impact in the short-term. This year, the liability working group reviewed cases of litigation in the US, and identified our potential exposures by product, economic sector and state. Additionally, the group reviewed our exposure to potential claims outside the US by assessing our products and exposure as well as developing a framework for the ongoing monitoring of claims. To date there have been no successful material insurance claims, and we do not anticipate any such climate-related liability claims in the short-term. We continue to monitor litigation activity and changes in the legislative and regulatory environment that may affect our exposure to climate-related liability risk. During 2020 we will consider our underwriting strategy with respect to climate-related claims by reviewing risk selection, underwriting appetite and pricing.

Time horizon
Medium-term

Likelihood
About as likely as not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We are yet to allocate a financial figure to this risk, although work is underway to assess, monitor and manage this specific risk type through the PSI UNEP FI Insurance Pilot and also the QBE Climate-related Liability Working Group.

Cost of response to risk
0

Description of response and explanation of cost calculation
We are in the process of assessing exposure to this risk at a regional level, commencing with North America. We are keeping abreast of the increased focus of work in this space e.g. reports from LSE, Columbia Law School Sabin Centre etc. Further, as participants in the PSI UNEP FI Insurance TCFD Pilot, Liability related risks are also being assessed.

Comment
The cost of managing this risk is embedded into business planning and budgeting approach as it is integrated into our day-to-day risk management approach. Based on business plans and our financial results, we make strategic business decisions such as those to either grow, stabilise or retract from different industries/markets.

Identifier
Risk 4

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market	Other, please specify (Issuers for whom we hold investments are slow to adapt to climate related risks)

Primary potential financial impact
Other, please specify (Climate-related risks within the credit portfolio.)

Climate risk type mapped to traditional financial services industry risk classification
Other non-financial risk

Company-specific description
Transition risk may arise in our investments where companies within our portfolio are not aligned to the Paris Agreement targets, and so expose QBE to sudden drops in asset values or increased credit risk. In 2018, and again in 2019, we assessed our credit portfolio by applying the 2 Degrees Investing Initiative (2Di) Paris Agreement Capital Transition Assessment Tool (PACTA) to confirm that our credit portfolio is aligned to the Paris Agreement, both now and in five years' time, and is well positioned. This represented approximately 85%–90% of AUM. QBE manages a multi-asset, multi-currency portfolio. Our fixed income portfolio represents approximately 85%–90% of our overall investment assets and is mostly managed directly using in-house portfolio managers and analysts. In 2019 we completed an initial carbon footprint of our fixed income (corporate credit) portfolio based on weighted average carbon intensity, including a retrospective analysis which considered the carbon intensity of the corporate credit portfolio for the past five years. This baseline identified that the corporate credit portfolio's exposure to carbon risk is low and so is well-positioned for the transition to a low carbon economy relative to the broader corporate bond market.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
0

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
In applying the PACTA tool we confirmed our credit portfolio is aligned to the Paris Agreement, both now and in five years' time. As such there is not financial impact for the Medium term, although we will look to review this in the future. In conducting carbon footprinting for the corporate credit book, we established that the carbon intensity is low, and with the intent to maintain this low band, is less exposed to risk related, and we continue to review.

Cost of response to risk

Description of response and explanation of cost calculation
In 2018 and again in 2019 we assessed our investment credit portfolio by applying the 2 Degrees Investing Initiative (2Di) Paris Agreement Capital Transition Assessment Tool (PACTA) to confirm that our investment credit portfolio, is aligned to the Paris Agreement, both now and in five years' time. This model assessed QBE's portfolio using the SDS scenario (sustainable development scenario, a 2 degrees scenario) which provides a forward looking projection with a time horizon of 5 years (up to 2023 and up to 2024).

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Downstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
QBE recognises the opportunity to develop new insurance products to respond to new industry opportunities associated with the transition to a lower-carbon economy. We review the structuring of our insurance products on an ongoing basis in line with market expectations and developments, legislation and claims trends and we are exploring product development opportunities arising from the shift towards electric and autonomous vehicles and renewable energy. We have identified product development opportunities through our European Operations business, where QBE is an underwriter to Lumos Global, a Dutch company offering clean and affordable solar power to a market of 1.3 billion potential customers who live off the electricity grid. Lumos Global seeks to enable people in some of the poorest countries in the world to replace hazardous and expensive kerosene generators and lanterns with modern solar electricity that can power lights, cell phones and small electronic devices. Lumos Global offers home and small businesses a simple and affordable way to pay for clean electricity in small instalments using their mobile phones.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
QBE recognises climate change presents opportunities in the products, services, and solutions we offer our customers and regularly reviews the structuring of our insurance products on an ongoing basis in line with market expectations and developments, legislation and claims trends. We are not currently able to disclose the associated financial impact of this opportunity.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
QBE is realising product related opportunities by regularly reviewing the structuring of our insurance products on an ongoing basis in line with market expectations and developments, legislation and claims trends. Examples of this include our work to explore product development opportunities arising from the shift towards electric and autonomous vehicles. We have also identified product development opportunities through our European Operations business, where QBE is an underwriter to Lumos Global, a Dutch company offering clean and affordable solar power to a market of 1.3 billion potential customers who live off the electricity grid. Lumos Global seeks to enable people in some of the poorest countries in the world to replace hazardous and expensive kerosene generators and lanterns with modern solar electricity that can power lights, cell phones and small electronic devices. Lumos Global offers home and small businesses a simple and affordable way to pay for clean electricity in small instalments using their mobile phones. In Asia our renewable energy portfolio continues to expand and includes a range of innovative projects such as floating solar farms across Vietnam and Korea.

Comment
Cost to realise this opportunity relates to increased resourcing across our Risk, Operations and Corporate Affairs & Sustainability functions, which occurred over the 2018 year and continued into 2019. We are not able to disclose the specific cost associated with this opportunity.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Upstream

Opportunity type
Markets

Primary climate-related opportunity driver
Increased diversification of financial assets (e.g., green bonds and infrastructure)

Primary potential financial impact
Increased diversification of financial assets

Company-specific description
QBE recognises that the transition to a low-carbon economy will lead to new investment opportunities and we actively look to protect our investments through diversification, including investing in renewable energy infrastructure projects. We have integrated consideration of climate risk and opportunities in our broader investment approach, and support the transition to a low-carbon economy by financing renewable energy infrastructure and investing in green finance in both our wider portfolio and through our impact investment program, Premiums4Good.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)

356000000

Potential financial impact figure – maximum (currency)
1000000000

Explanation of financial impact figure
At the end of 2018, our Premiums4Good program had 32 investments ($440 million) of which 11 (with a value of $160 million) are related to sustainable energy and investments related to resource efficiency, recycling, reuse and conservation. In 2018, QBE also held circa $200 million in green bonds. We recognise the potential impact is significantly higher than our current investment and have an ambition to have $1 billion invested through Premiums4Good by the end of 2021.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
Our Premiums4Good initiative commenced in 2015. We have expanded our ambition to scale impact investments to $1bn by 2021 and then to $2bn by 2025, and have dedicated resources within our Group Investments team who are focussed on realising this ambition. Our investment team is continuously looking to allocate its asset in accordance with our investment strategy. As such no opportunity cost is associated with this opportunity as it falls within the scope of ongoing work and resourcing and is considered core business.

Comment
We are not able to disclose a cost to realize this opportunity at this point in time.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Upstream

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of climate adaptation, resilience and insurance risk solutions

Primary potential financial impact
Other, please specify (Better competitive position to reflect shifting consumer preferences, resulting in increased revenues)

Company-specific description
QBE is building resilience strategies for its business, well ahead of many industries and private customers. QBE has the potential to be known for its climate-related risks management and its knowledge around the subject. Customer numbers and Gross Written Premium could increase as customers and non-customers seek guidance or look for new products that would cover their climate-related risks.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
QBE recognises that customers numbers and Gross Written Premium could increase as customers and non-customers seek guidance or look for new products that would cover their climate-related risks. However, we are not able to disclose the associated financial impact of this opportunity.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
QBE has increased the number of specialist teams considering climate-related risks, including a new ESG Risk Team in 2018 and a new Head of Environment in early 2019. By signing up to the TCFD in early 2018, and by being transparent about our efforts regarding climate change QBE has shown enhanced initiative. QBE has also published a document called “Our Approach to Climate Change” in March 2019 to inform the public, customers and shareholders about our current efforts and joined RE100 committing to 100% RE by 2025. QBE has additionally joined leading international and national task forces, working groups and committees and is engaging with regulators on the subject.

Comment
Cost to realise this opportunity relates to increased resourcing across our Risk, Operations and Corporate Affairs & Sustainability functions, which occurred over the 2018 year and continued into 2019. We are not able to disclose the specific cost associated with this opportunity.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
IEA Sustainable development scenario	QBE uses stress and scenario testing for both investments and underwriting to better understand our risk profile under a range of different scenarios. Assessing the impact of extreme but plausible events helps us to better prepare for such situations and ensures that our risk exposure is acceptable to the Board. QBE uses a range of modelling techniques to estimate potential losses, manage exposure and assist in making decisions regarding risk management and coverage. This capability is critical to managing our exposure to possible events, such as natural catastrophes and extreme weather events. In 2019 QBE conducted an exploratory climate-related stress test for a 12-month horizon as part of the UK PRA GIST. QBE operates risk forums across the Group to identify and assess the impact of existing risks which develop in new and unexpected ways, and new risks. This helps the Group analyse the potential impact and develop strategies to mitigate or exploit opportunities for these risks. Transition climate-related risks are considered in these forums. We analyse a large catalogue of weather-related events and scenarios, including a number of extreme weather events. We consider the potential impact of warmer sea surface temperature and other climate factors on the frequency of those severe events. Our assessment of the potential impact of severe weather events is considered by the executive and the Board. In 2019, we undertook physical climate scenario analysis for hurricanes in North America and tropical cyclones in Australia. We applied the 2dii (PACTA) tool based on IEA Sustainable Development Scenario (SDS) to our (investment) credit portfolio and found the portfolio to be aligned to the Paris agreement both now and in five years' time. This assessed transition risk. Future plans: Our participation in the PSI UNEP FI Pilot, which aims to address scenario analysis across climate-related transition, physical and liability risks will also support us meet our Climate Change Action Plan.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Climate-related risks and opportunities influence our products and services, including our appetite for exposure to some sub-sectors of the energy sector. In early 2019 we developed our Group Energy Policy, which focuses on support for our customers in the transition to a low carbon economy consistent with the objectives of the Paris Agreement. We do this by providing insurance services and investing in renewable energy and other technologies that support the transition to a low carbon economy. Our Policy will also minimise our exposure to transition risk arising from the phasing out of thermal coal. Our commitments include: • zero direct investment in the thermal coal industry as at 1 July 2019; • no new direct insurance services for new construction projects for thermal coal mines or power stations or thermal coal transport infrastructure, except for statutory or compulsory insurance; and • phasing out all direct insurance services for thermal coal customers by 1 January 2030, except for statutory or compulsory insurance.
Supply chain and/or value chain	Yes	Our Group ESG Policy and Group Energy Policy are part of the risk framework which informs Group Investments policies and approach. Our fixed income portfolio represents approximately 85-90% of our overall investment assets. To integrate climate risk into our business planning we have applied scenario analysis, for both physical and transition risk for our investment portfolio using tools such as PACTA, WACI, and the PRA (Bank of England) General Insurance Stress Test (GIST), the latter which identify three different scenarios. We require 75% of our external managers are PRI signatories (currently this figure is 85%), and actively engage and support their disclosure in line with, at a minimum, TCFD-aligned PRI Climate Change reporting. We engage with external managers on more detailed analysis and evaluation in relation to carbon related assets and specific industry coverage – both risks and opportunities in a low carbon economy. As an investor member of GRESB, we use the tool as one method to understand climate-related risks to our real estate portfolio.
Investment in R&D	Yes	Climate-related risks and opportunities have influenced our strategy around investment in R&D. Developments in technology and data science will have enormous ramifications for the insurance industry in the coming years and at QBE we know that we need to innovate faster than ever before. An example of this is our strategy to help our customers build resilience through risk preparation and mitigation. We provide direct help through on-the-ground catastrophe teams, specialist teams, relief efforts and spending face-to-face time with affected policy holders. In North America, our claims teams continue to innovate in the way we meet the needs of customers experiencing severe weather events. We continue to invest in technology, targeted communications, virtual assistance and 3D modelling to provide better and faster support to our customers when they need it most. We model approaching storm activity to identify where, and when, our customers might be at risk. This allows us to proactively communicate, alerting them to possible dangers. Our targeted email alerts give our customers time to put safety measures in place before a severe weather event hits, as well as providing them with information on how to report a claim.
Operations	Yes	Climate-related risks and opportunities have influenced our operational strategy. Our Group Environmental Policy sets out our commitment to minimising our impact on the environment (including our climate-related impact) as this relates to our operations and supply chain, investment and underwriting activities, as well employee engagement, governance and reporting. This policy is integrated into our business strategy and guide our decision-making. QBE's Environmental Sustainability Plan sets out our program of work to reduce our direct climate-related impact, including through application of best practice property and technology design standards, energy efficiency (15% reduction in energy use by 2021, from 2018 level), reduction of emissions (30% reduction in scope 1 and 2 carbon emissions by 2025 (a science-based target), and transitioning to 100% renewable electricity for our operations by 2025. The bushfires over the Australian summer of 2019–2020 had a devastating impact on many of our customers and their communities and we have worked with them to help them recover and rebuild their lives. In the immediate aftermath of these fires, QBE deployed additional resources to ensure insurance claims could be handled as quickly as possible, while emergency assistance payments and temporary accommodation assistance and mental health support services were also available to our customers. We waived excesses for individual customers making bushfire-related claims for their personal insurance. In addition, QBE pledged A$500,000 to the bushfire support and recovery services of our disaster relief partners, Red Cross and Save the Children.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets Liabilities	Revenues QBE's revenue is impacted by the risks and opportunities associated with climate change, which are factored into our business planning process. QBE's risk appetite is aligned to, and is considered in, all strategic and business planning decisions we make, and we monitor our exposures against the risk appetite on an ongoing basis. QBE's underwriting approach aims to diversify and limit the type of insurance risks accepted and reduce the variability of the expected outcome. The underwriting approach is implemented through QBE's annual business planning process, supported by minimum underwriting standards and delegated authorities. These authorities reflect the level of risk that the Group is prepared to take with respect to each permitted insurance class. We set financial targets in the context of business plans that have been appropriately stress-tested by the Group Chief Risk Officer. We continue to explore climate-related opportunities, such as working with our customers and communities to develop tailored solutions for climate adaptation and mitigation. This provides the potential to develop insurance risk transfer products and solutions, and new revenue streams. Operating costs Our operating costs are impacted by the risks and opportunities associated with climate change. Being an insurance company, claims incurred form a significant portion of QBE's expenses. Risks associated with climate change are factored into planning claims losses across several classes of business and portfolios. Our planned claims expenses are informed by historical experience in terms of frequency and severity of natural perils. In addition, we model our exposure to aggregation of claims associated with major natural peril events, which also informs part of our claims expense plan. We have committed to sourcing renewable electricity for 100% of our electricity needs by 2025. We also purchase carbon offsets to meet our commitment to carbon neutrality. These have an associated operational cost. Capital expenditures / capital allocation Capital management is a key component of QBE's integrated ERM framework and aims to achieve the appropriate balance between our risk appetite and the amount of capital required to support each of our businesses. QBE uses several capital management tools to support the assessment of risk and allocation of capital including our internal Economic Capital Model, analysis of regulatory and rating agency capital models, and a number of bespoke risk assessment tools. Another key capital management tool is QBE's Internal Capital Adequacy Assessment Process (ICAAP) which is supported by both our Economic Capital Model and scenario analysis process. We expect that climate-related risks may determine how we allocate capital. Human capital has already been deployed with the ESG Risk Team and Head of Environment commencing in early 2019. We assess this risk as low, as the increase in human capital and financial capital is being managed. Acquisitions and divestments Climate-related risks and opportunities are integrated as part of our acquisitions and divestments. For example, we seek out partners who can provide access to differentiated technology. In 2019, as part of our QBE Ventures (established in 2017), we partnered CLARA Analytics to the next level with an investment through QBE Ventures. CLARA Analytics improves claims outcomes in commercial insurance with easy-to-use artificial intelligence (AI)-based and machine learning products which have been used in Australia since 2018. This is our sixth investment through QBE Ventures. We assess the risk of acquisition and divestments resulting from climate-related risk as low at this point in time, although this is under review. Access to capital As a global insurance company, our financial strength and long-term sustainability is underpinned by effective risk management. We acknowledge that our access to capital could be impacted by ESG risks across our business, including climate-related risks. We continue to engage with our investors in relation to ESG, including climate risks. Magnitude: We assess the risks associated with access to capital as low at this point in time, although this is under review. Assets Our Board is committed to investing responsibly, recognising that QBE is a significant investor and we take our responsibilities as a capital provider seriously. Since 2017 we have introduced and continuously improved integration of independent ESG measure in the investment portfolio and our credit analysis process. In 2019, we incorporated specific ESG factors into the credit analysis and scoring process. We work with credit issuers with lower ESG-ratings to better understand what drives their scores and, where appropriate, what their plans are for improvement. Since 2018, we have initiated dialogue with the largest greenhouse gas emitters in our credit portfolio in relation to their commitment to implementing the TCFD recommendations. We assessed our credit portfolio by applying the 2 Degrees Investing Initiative (2Di) Paris Agreement Capital Transition Assessment Tool (PACTA) to confirm that our credit portfolio, is aligned to the Paris Agreement, both now and in five years' time. During the year we strengthened our external fund manager reviews and the annual ESG review for all existing managers. We engaged with our external managers in regard to their TCFD related strategy and plans. As an institutional investor, we contribute to a low-carbon economy by financing renewable energy infrastructure and investing in green finance in both our wider portfolio and through our impact investment program, Premiums4Good. Our investments which support the transition to a low carbon economy are $356 million (@ end 2019) and include green bonds, renewable energy projects and sustainable infrastructure. Given our robust approach to managing the risks associated with assets, we assess this risk as low Liabilities As an insurance company, our liabilities may be impacted by climate-related risks and opportunities. At each balance date, the Group assesses net premium liabilities to determine whether the amount provided is sufficient to pay future claims. Our liabilities may be impacted by the changing frequency and severity of natural catastrophes. We factor in costs associated with future liabilities and reinsurance costs as part of our annual business planning process. As trends emerge, such as urbanisation, we have the ability to reprice our policies annually or more frequently. This also takes into account strengthening community resilience to issues such as flooding, storms, bush fires, and other natural perils. We assessed this is as low at the current time, namely because less than 0.5% of QBE's current premium revenue has been impacted by the Energy Policy and the decisions regarding thermal coal customers. We are monitoring this closely.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Please refer to our responses above for information on how climate-related risks and opportunities have influenced our strategy and planning.

C-FS3.2

(C-FS3.2) Are climate-related issues considered in the policy framework of your organization?

Yes, both of the above

C-FS3.2a

(C-FS3.2a) In which policies are climate-related issues integrated?

	Type of policy	Portfolio coverage of policy	Description
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Credit policy Risk policy Sustainable/Responsible Investment Policy Investment policy/strategy Other, please specify (Group Energy Policy)	All of the portfolio	Climate-related risk is a type of strategic risk, which we identify, assess and manage using our Enterprise Risk Management (ERM) framework and ESG business practices. Climate-related risk is implicitly considered within insurance, credit, market, liquidity, operational risk classes. Climate related issues are integrated in credit analysis and credit policies, with external managers, real property assets, infrastructure and other risk assets, and we specifically seek climate related opportunities through impact and responsible investments policy (Responsible Investments Guideline). The Responsible Investment Guideline operates in line with the ESG Risk Standard, Group Sanctions Policy and Group Energy Policy - which set the over-arching guidance for the QBE Group on specific environment, social and corporate governance factors, as well as sector-specific guidelines. In 2019, QBE developed an ESG Risk Standard, as part of the Strategic Risk Policy, which outlines the process of identifying and managing ESG risks across the business. In assessing and responding to climate-related risks and opportunities QBE use scenario analysis, weighted average carbon intensity, and have published the QBE Group Energy Policy which has influenced QBE's investment guidelines. Due to the high emissions intensity of thermal coal, QBE has maintained zero direct financial investment in thermal coal from 1 July 2019, and we have committed to phase out all direct insurance services for thermal coal customers within the next decade. The Group Energy policy is publicly available on our website. Our investments which support the transition to a low carbon economy are $356 million and include green bonds, renewable energy projects and sustainable infrastructure.
Insurance underwriting (Insurance company)	Risk policy Policy related to other products and services Insurance underwriting policy Other, please specify (Group Energy Policy)	Please select	Climate risk is incorporated into QBE's ESG Risk Standard, Group Underwriting Standards, Strategic Risk Policy and Group Energy Policy. Our ESG Risk Standard outlines the process of identifying and managing ESG risks across the business. This standard defines the governance and oversight of managing indirect ESG risks (including climate risk) and associated roles and responsibilities. It also set minimum requirements for managing (identifying, analysing, evaluating, treating, monitoring and reviewing) indirect ESG risks - indirect risks are defined as risks which impact QBE from external sources. Climate risk is one of the risks defined in our ESG Risk standard under the Environment topic (ESG risk is one of our Strategic Risk subclasses). ESG risks can impact on other material risk classes, such as Insurance, Credit, Market, Liquidity, Operational or Compliance risks. It can also arise from QBE's association with activities that are in accordance with all laws, regulations and internal policies but nevertheless may threaten QBE's strategic priorities or business objectives through non-financial or reputational impacts. Each Divisional Chief Risk Officer (CRO) is required to adopt the Group ESG Risk Standard or develop their own standard/s which includes the minimum standards set out within this Standard. Any variations or exceptions to this Standard must be submitted to the Head of ESG Risk and be approved by the Group Chief Risk Officer. In early 2019 we developed our Group Energy Policy, which focuses on support for our customers in the transition to a low carbon economy consistent with the objectives of the Paris Agreement. We do this by providing insurance services and investing in renewable energy and other technologies that support the transition to a low carbon economy. Our Policy will also minimise our exposure to transition risk arising from the phasing out of thermal coal. The Group Energy policy is publicly available on our website.
Other products and services, please specify	Please select	Please select	

C-FS3.2b

(C-FS3.2b) Describe your exclusion policies related to industries and/or activities exposed or contributing to climate-related risks.

Type of exclusion policy	Portfolio	Application	Description
Coal	Insurance underwriting Investing (Asset owner)	Other, please specify (New business/investment for new projects; New business/investment for existing projects ;Existing business/investment for existing projects)	In 2018, QBE performed an internal analysis to assess coal-specific transition risks in the total investment portfolio. We identified investments in companies fitting one or more of the following criteria as coal-related assets: • companies that have expansion plans for coal; • companies that have 30% or more revenue from coal or coal share of power generation; • companies whose annual coal production equals 20 million tons or more; and • companies whose installed coal-fired capacity equals 10,000 MW or more. Following this analysis, in 2019, QBE implemented a new Group Energy Policy. Our commitments include: • zero direct investment in the thermal coal industry by 1 July 2019; • no new direct insurance services for new construction projects for thermal coal mines or power stations or thermal coal transport infrastructure, except for statutory or compulsory insurance; and • phasing out all direct insurance services for thermal coal customers by 1 January 2030, except for statutory or compulsory insurance. In compliance with the Group Energy Policy, QBE divested its thermal coal assets and from 1 July 2019 committed to no direct investments in thermal coal, and overall (including indirect investments) thermal coal will be less than 0.5% of our investments, where companies that have 30% or more revenue from thermal coal or thermal coal share of power generation. At December 2019, we maintained our commitment to deliver on this target and less than 0.5% of thermal coal in the portfolio. The Group Energy policy is publicly available on our website.

C-FS3.3

(C-FS3.3) Are climate-related issues factored into your external asset manager selection process?

Yes, for some assets managed externally

C-FS3.3a

(C-FS3.3a) How are climate-related issues factored into your external asset manager selection process?

	Process for factoring climate-related issues into external asset management selection	Comment
Row 1	Review asset manager's climate-related policies Use of external data on asset managers regarding climate-related risk management Other, please specify (Dialogue with external managers and with issuers on factoring TCFD guidelines into their operations)	As we acknowledge climate risk as a material and strategic risk for QBE, the industry and our customers, through this we support adoption of TCFD by others and, therefore, initiated dialogue with our external managers, and with issuers in which we invest, in regard to factoring TCFD guidelines into their operations. ESG considerations and overt review is included in the external manager selection, appointment and monitoring process. We require at least 75% of external managers to be PRI signatories, effectively screening our new manager selection. We are pleased to note that in 2019, 85% of our external managers are PRI signatories. For existing external managers, and investment monitoring, the annual manager review meetings incorporate ESG review and material ESG issues are raised as needed in investment monitoring. We engage actively to understand climate related exposure at an industry and an asset level within portfolios. When selecting and assessing external managers, a qualitative assessment is made as to their suitability on a range of factors including ESG and climate-risk, along with consideration of the manager's capacity to implement QBE relevant policy such as QBE Group Energy Policy, and other ESG frameworks as they develop and within the scope of the type of fund or mandate. Our external manager selection process in 2019 incorporates ESG and an understanding of managers compliance with the QBE Group Energy Policy.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2019

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Base year
2018

Covered emissions in base year (metric tons CO2e)
29696

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2025

Targeted reduction from base year (%)
30

Covered emissions in target year (metric tons CO2e) [auto-calculated]
20787.2

Covered emissions in reporting year (metric tons CO2e)
12160

% of target achieved [auto-calculated]
196.83908045977

Target status in reporting year

Achieved

Is this a science-based target?
Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

Please explain (including target coverage)
In the absence of agreed target-setting methods, criteria and guidance for financial institutions to set science-based targets across Scope 1, 2 and 3 emissions, QBE has established an informal science-based target for our Scope 1 and Scope 2 greenhouse gas emissions using the Sectoral Decarbonisation Approach. This target was calculated in line with the most ambitious decarbonisation scenario (1.5oC scenario) targeting a 30% absolute in Scope 1 and Scope 2 emissions by 2025 (from a 2018 baseline). In 2019 QBE achieved this target with an overall reduction of 57% in Scope 1 and Scope 2 emissions.

Target reference number
Abs 2

Year target was set
2018

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 3: Business travel

Base year
2017

Covered emissions in base year (metric tons CO2e)
17739

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
80

Target year
2021

Targeted reduction from base year (%)
20

Covered emissions in target year (metric tons CO2e) [auto-calculated]
14191.2

Covered emissions in reporting year (metric tons CO2e)
12160

% of target achieved [auto-calculated]
157.252381757709

Target status in reporting year
Achieved

Is this a science-based target?
No, but we are reporting another target that is science-based

Please explain (including target coverage)
Our target is to reduce business air travel emissions by 20% by 2021 from a 2017 baseline. In 2019, we are achieved our air travel target.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2019

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Percentage

Target denominator (intensity targets only)
<Not Applicable>

Base year
2018

Figure or percentage in base year
0

Target year
2025

Figure or percentage in target year
100

Figure or percentage in reporting year
63

% of target achieved [auto-calculated]
63

Target status in reporting year
Underway

Is this target part of an emissions target?
This target contributes to the achievement of our Scope 1 and 2 emissions reduction target. We set this target through our participation in the RE100 initiative.

Is this target part of an overarching initiative?
RE100

Please explain (including target coverage)
In 2019, we joined some of the world's most influential companies in the RE100 initiative, committing to target 100% renewable electricity across our global operations by the end of 2025. We are making strong progress towards this target, with 63% of our global electricity use sourced from renewable energy sources in 2019.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2019

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	GJ

Target denominator (intensity targets only)
<Not Applicable>

Base year
2018

Figure or percentage in base year
178976

Target year
2021

Figure or percentage in target year
152130

Figure or percentage in reporting year
153296

% of target achieved [auto-calculated]
95.6567086344334

Target status in reporting year
Underway

Is this target part of an emissions target?
Achieving our energy use reduction target will assist us in achieving our science-based emissions target for scope 1 and 2 emissions.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
QBE has established a target to reduce operational energy use by 15% by 2021 (from a 2018 baseline).

Target reference number
Oth 3

Year target was set
2018

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Other, please specify	Other, please specify (Impact Investments - USD million)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2018

Figure or percentage in base year
440

Target year
2025

Figure or percentage in target year
2000

Figure or percentage in reporting year
663

% of target achieved [auto-calculated]
14.2948717948718

Target status in reporting year
Underway

Is this target part of an emissions target?
No

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
As at 31 December 2019 , we invested US$663 million in 48 different investments within the Premiums4Good initiative, this includes investments which are low-carbon or use of proceeds are directed to support avoided emissions. Our investments which support the transition to a low carbon economy are $356 million and include green bonds, renewable energy projects and sustainable infrastructure. We have expanded our ambition to scale impact investments to $1bn by 2021, and then to US$2bn by 2025, of which half would be environmentally impactful.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	8	0
To be implemented*	1	190
Implementation commenced*	12	10665
Implemented*	3	1262
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption	Low-carbon electricity mix

Estimated annual CO2e savings (metric tonnes CO2e)
10577

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
Please select

Comment
To demonstrate our commitment to addressing the climate-related impact of our operations, QBE joined the RE100 in June 2019: we have committed to source 100% of our operational electricity from renewable sources by 2025. In 2019 we had 18,876MWh of Renewable electricity (purchased green power and RE units/certificates) and a saving of 10,577 tCo2eq (please see RE100 annual report attached and p.60 of our Sustainability report) Depending on what is available in each country we operate, we are planning to directly contract renewable electricity or centrally source renewable electricity certificates. In North America we are evaluating the installation of 1MW DC ground mounted system in Sun Prairie, and we are exploring power purchase agreement and other renewable electricity options.

Initiative category & Initiative type

Company policy or behavioral change	Other, please specify (Behavioral change)

Estimated annual CO2e savings (metric tonnes CO2e)
954

Scope(s)
Scope 3

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
708000

Investment required (unit currency – as specified in C0.4)
0

Payback period
Please select

Estimated lifetime of the initiative
Please select

Comment
This initiative relates to targeted communications and improved provision of technology services for employees. North American division achieved a reduction of 30% in domestic air travel (from base year 2017) as a result of increased uptake of web conferencing solution. (Skype is widely used across the organisation). On a global scale QBE has the commitment of 20% reduction in air travel by 2021 (2017 base year), achieved already in 2019 see sustainability report page 58. This initiative started in 2018 and is disclosed since this represents a progress towards the same initiative disclosed last year (more than one-year initiative)

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
5.14

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
11260

Investment required (unit currency – as specified in C0.4)
8260

Payback period
1-3 years

Estimated lifetime of the initiative
Ongoing

Comment
Lighting upgrades to LED lighting in North America offices have been completed for our North America office locations. This initiative is disclosed since this year we completed all the upgrades (last year, 2018, we reported a progress of 72% of office locations completed).

Initiative category & Initiative type

Energy efficiency in buildings	Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)
4.5

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Please select

Annual monetary savings (unit currency – as specified in C0.4)
3606

Investment required (unit currency – as specified in C0.4)
124

Payback period
<1 year

Estimated lifetime of the initiative
Ongoing

Comment
In UK, an independent audit has been performed by a consultancy company to assess the energy performance of our Chelmsford office. Several cost-effective actions have been identified following the audit, which has been conducted in compliance with the Environment Agency's (EA) ESOS Guidance V6, February 2019. In accordance to that report, several initiatives are under investigation and the following one has already been completed. A number of vending machines for use by the staff and visitors which were left switched on 24/7. Since none of the vending machines store perishable goods (therefore could be switched off out of hours), seven-day timers have been fitted to the vending machines and will prevent the units using energy outside of operational hours. This initiative allows for an energy savings of 21,800 KWh/year and an estimated saving of 4.5 ton CO2eq/year.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	We have dedicated energy efficiency budgets across our Divisions, which are used to undertake some of the emission reduction activities outlined above.
Compliance with regulatory requirements/standards	Our UK operations are subject to the UK Energy Savings Opportunity Scheme which requires us to undertake energy efficiency assessments. QBE qualifies for ESOS Phase 2 and undertook energy efficiency assessments (audits) in 2019: one to assess the energy performance of QBE's Chelmsford office, and to identify potential energy conservation measures (ECMs). The other audit was performed to assess UK company car use (leased cars).
Internal price on carbon	We have an internal carbon price that provides an incentive to improve energy efficiency and reduce carbon emissions.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

In 2015 QBE launched Premiums4Good, a unique global initiative that enables a customer to direct up to 25% of their premium to invest in securities with an additional social or environmental objective, such as social impact bonds, social bonds, green bonds, and investments in infrastructure projects with environmental benefits. As QBE bears all the investment risk, there is no cost or risk to the customer. And as premiums grow, demand for impact investment, including low-carbon and climate-positive products, grows. Premiums4Good supports our belief that we can deliver risk-adjusted returns and make a difference. QBE's Premiums4Good offering continued to grow in over 2019 and we announced our ambition to grow impact investment to $2 billion by 2025 (of assets under management of circa $24 billion), of which we aim to ensure half are environmentally impactful and supportive of a low carbon economy. As at 31 December 2019, we invested $663 million in 48 different investments within the Premiums4Good initiative, this includes investments which are low-carbon or use of proceeds are directed to support avoided emissions. Investments which are part of the Premiums4Good program are reviewed for reporting, verification and impact with the Classification of Social Investments (COSI) Committee, which is comprised of QBE representatives and three external impact investment experts. They classify and review investments for an 'additional social or environmental objective' and verify their positive impact.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Green Bond Principles (ICMA)

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

1.5

Asset classes/ product types

Investing	Other, please specify (Corporate Debt, Fixed Income, Infrastructure, Private Equity)

Comment

In 2019, QBE launched a unified global offering to customers, with specific commitment of $100m each by of the QBE Divisions in North America, Europe and Australia and New Zealand Operations to the Premiums4Good pool. The unified offering is offered to the majority of customers globally. In 2019, QBE was a finalist in the Responsible Business category for the Ethical Corporation Awards (UK) a finalist in Banksia Awards (Sustainability Awards) and in 2018, the Premiums4Good program was acknowledged by peers as innovative offering connecting insurance customer premiums to growing awareness of and demand for impact investments. QBE's Premiums4Good was included as a case study in the Global Steering Committee on Impact Investment report in mobilising customer premiums for impact.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2016

Base year end
December 31 2016

Base year emissions (metric tons CO2e)
8686

Comment
QBE's financial year ending 2016 is selected as the base year as this was the first-year limited assurance was obtained on our greenhouse gas emissions data.

Scope 2 (location-based)

Base year start
January 1 2016

Base year end
December 31 2016

Base year emissions (metric tons CO2e)
25155

Comment
QBE's financial year ending 2016 is selected as the base year as this was the first-year limited assurance was obtained on our greenhouse gas emissions data.

Scope 2 (market-based)

Base year start
January 1 2016

Base year end
December 31 2016

Base year emissions (metric tons CO2e)
25155

Comment
QBE's financial year ending 2016 is selected as the base year as this was the first-year limited assurance was obtained on our greenhouse gas emissions data.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Australia - National Greenhouse and Energy Reporting Act
Defra Voluntary 2017 Reporting Guidelines
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
US EPA Center for Corporate Climate Leadership: Direct Emissions from Stationary Combustion Sources
Other, please specify (Refer to C5.2a)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

In addition to the above list, our reporting on environmental data also follows the guidelines outlined in the Global Reporting Initiatives (GRI) Standards' requirements for Emissions Disclosures 305-1, 305-2, 305-3 and 305-4. QBE Group's greenhouse gas emissions reporting is driven by our global insurance operations across the world. We calculate emissions using the energy content and emission factors considered most relevant to each region, based on information sourced from:

• Australian Government Department of Environment and Energy's National Greenhouse Account Factors, 2019;

• UK Government's Department for Business, Energy & Industrial Strategy: GHG Conversion Factors for Company Reporting 2019;

• US Environmental Protection Agency (EPA): Emission Factors for Greenhouse Gas Inventories: Direct Emissions from Stationary Combustion 2018;

• US EPA's: Emissions & Generation Resource Integrated Database (eGRID) 2016 (released in 2018); and

• International Energy Agency: CO2 Emissions from Fuel Combustion, 2019.

C6. Emissions data

C6.1

(C6.1) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
6600

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
Scope 1 emissions are direct emissions related to company car fuel consumption and mileage, and natural gas heating where we have operational control.

C6.2

(C6.2) Describe your organization’s approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
16729

Scope 2, market-based (if applicable)
6172

Start date
<Not Applicable>

End date
<Not Applicable>

Comment
QBE Group operates in 27 countries, and our reported scope 2 emissions reporting is driven by our global insurance operations across the world. In 2019 we sourced a significant proportion of electricity from renewable sources which resulted in lower Scope 2 market-based emissions.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
5

Emissions calculation methodology
Volume of office paper purchased for the year, multiplied by DEFRA's emissions factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
98

Please explain
98% of data used to calculate the related emissions was obtained from third party suppliers. The reduction in emissions is attributed to Australian operations purchasing carbon neutral and sustainably sourced office paper and North American operations implementing secure print paper saving technology.

Capital goods

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE is an insurance company and capital goods are not applicable to insurance products.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE is an insurance company and only fuel consumption from company vehicles, natural gas used for heating and electricity consumption are relevant to QBE operations. These activities are included in Scope 1 and Scope 2 emissions.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE is an insurance company. Upstream transportation and distribution are not applicable to QBE's operations.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
249

Emissions calculation methodology
Emissions from general waste to landfill and recycled waste. Waste is estimated for several of our premises based on volume of waste bins collected monthly multiplied by the DEFRA's emissions factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
26

Please explain
Emissions from general waste to landfill, organic food waste and recycled waste. Waste is estimated for a number of our premises based on volume of waste bins collected monthly multiplied by the relevant emission factors. North American, Australian and European Operations were able to source waste information from reports provided by waste collection contractors. The remaining businesses estimated operational waste based on volume of waste bins.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
14439

Emissions calculation methodology
Business travel in kilometres includes air, bus, rail and rental car/taxi travel. Data on air, bus and rail business travel are sourced from travel management companies. Rental car and taxi travel are sourced from the general ledger. Emissions are calculated by applying DEFRA's emissions factors to KM travelled and include DEFRA's required distance uplift and exclude radiative forcing for air travel.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
98

Please explain
The reporting boundary of Scope 3 emissions sources is for QBE's global activities and operations. Business travel includes travel by air, rail and land by QBE employees. This is the most material source of Scope 3 emissions for QBE, contributing to 89% of our Scope 3 emissions. In 2018 we made a target to reduce air travel by 20% by 2021 from a 2017 baseline. In 2019 we already achieved 31% reduction in associated emissions.

Employee commuting

Evaluation status
Relevant, not yet calculated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE operates in 27 countries with 11,000+ employees. Currently it is not feasible to collect data on employee commuting. Employee's choose method of commuting and this is outside of QBE's control.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE is an insurance company and majority of our offices are leased offices. Upstream leased assets are not applicable to QBE's operations.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE is an insurance company and downstream transportation and distribution are not applicable to our insurance products and operations.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE is an insurance company and processing of sold products is not applicable to our insurance products and operations.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE provides insurance products. Use of sold products is not applicable to our business.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE provides insurance products. End of life treatment of sold products is not applicable to our business.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE is an insurance company and majority of our offices are leased offices. Downstream leased assets are not applicable to QBE's operations.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
QBE is not a franchise company.

Other (upstream)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
192

Emissions calculation methodology
Emissions from water consumption. Water consumption (cubic metre) is sourced from water invoices where possible, otherwise estimated based on number of employees in each office location. Emissions are calculated by applying DEFRA's emission factors to cubic metre of water consumption.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
40

Please explain
The reporting boundary of scope 3 emissions sources is for QBE's global activities and operations. As a general insurance company, our predominant footprint is with our office buildings. Operational water consumption is one contributor of greenhouse gas emissions from office buildings. Water data is sourced from utility providers invoices or property managers where possible. This represented 40% of the data collected in 2019. The remaining data was estimated based on the number of employees in each office location.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
No other applicable Other downstream activities.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.96

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
12772

Metric denominator
unit total revenue

Metric denominator: Unit total
13257

Scope 2 figure used
Market-based

% change from previous year
57

Direction of change
Decreased

Reason for change
The decrease in Scope 2 emissions of 57% is mainly due to continued consolidating major office space across regions and purchased renewable electricity (63%). The metric denominator is reported in Million USD.

C7. Emissions breakdowns

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	10557	Decreased	45	QBE's first renewable electricity purchase was made in 2019. No renewable electricity purchased in previous years.
Other emissions reduction activities	4653	Decreased	20	The reductions is due to benefits of energy efficiency initiatives implemented by QBE across several regions including the conversion of major offices in North America, Australia and Europe to energy-efficient LED lighting and occupancy sensors and reduced floor space occupancy. The benefits of the initiatives have rolled into 2019 reducing the emissions by 20%.
Divestment	233	Decreased	1	During 2019 QBE disposed of our insurance operations in Colombia, Puerto Rico, Indonesia and some operations in the Philippines.
Acquisitions	0	No change		No change.
Mergers	0	No change		No change.
Change in output	0	No change		No change.
Change in methodology	0	No change		No change.
Change in boundary	0	No change		No change.
Change in physical operating conditions	0	No change		No change.
Unidentified	1481	Decreased	6	Unidentified reduction in Scope 1 emissions.
Other	0	No change		No change.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	Please select			
Consumption of purchased or acquired electricity	<Not Applicable>	18876	11304	30180
Consumption of purchased or acquired heat	<Not Applicable>	0	12402	12402
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	18876	23706	42582

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Waste

Metric value
2235

Metric numerator
Tonnes of waste generated.

Metric denominator (intensity metric only)

% change from previous year
11

Direction of change
Decreased

Please explain
The amount of waste generated decreased by 11% due to improved recycling facilities and signage, as well as an improved waste estimation methodology.

Description
Other, please specify (Office paper purchased)

Metric value
248

Metric numerator
Tonnes of office paper purchased.

Metric denominator (intensity metric only)

% change from previous year
27

Direction of change
Decreased

Please explain
Paper use decreased due to improved availability of technology solutions to support digital communications.

Description
Other, please specify (Water use)

Metric value
182502

Metric numerator
Kilolitres of water.

Metric denominator (intensity metric only)

% change from previous year
2

Direction of change
Increased

Please explain
Despite moving to new, more water efficient office fit-outs, reported water use increased due to an improved estimation methodology.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
QBE 2019 Sustainability Report - Assurance.pdf

Page/ section reference
Pages 71-73 of the 2019 Sustainability Report

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
QBE 2019 Sustainability Report - Assurance.pdf

Page/ section reference
Pages 71-73 of the 2019 Sustainability Report

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
QBE 2019 Sustainability Report - Assurance.pdf

Page/section reference
Pages 71-73 of the 2019 Sustainability Report.

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Waste generated in operations

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
QBE 2019 Sustainability Report - Assurance.pdf

Page/section reference
Pages 71-73 of the 2019 Sustainability Report

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
QBE 2019 Sustainability Report - Assurance.pdf

Page/section reference
Pages 71-73 of the 2019 Sustainability Report

Relevant standard
ASAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C3. Business strategy	Other, please specify (Current Premiums4Good investments, Security and investment total (count of securities and US$))	ASAE3000	Deloitte has conducted a limited assurance engagement in accordance with ASAE 3000 over our current Premiums4Good investments, security and investment total (count of securities and US$).

C11. Carbon pricing

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Crow Lake Wind Emission Reduction Project Farm (USA). Crow Lake Wind is a wind farm located in South Dakota. The project consists of 108 1.5MW wind turbines and displaces electricity generated from fossil fuel, resulting in net reduction of CO2 emissions.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
2000

Number of credits (metric tonnes CO2e): Risk adjusted volume
2000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify (Carbon Farming)

Project identification
Colodan Great Barrier Reef Catchment (Australia). Colodan is an environmental project working on forest regeneration, restoring biodiversity, water management, saving the Great Barrier Reef habitat.

Verified to which standard
Emissions Reduction Fund of the Australian Government

Number of credits (metric tonnes CO2e)
1470

Number of credits (metric tonnes CO2e): Risk adjusted volume
1470

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Other, please specify (Land Fire Abatement)

Project identification
North East Arnhem Land Fire Abatement (NEALFA). The Yirralka Rangers (hosted by Laynhapuy Homelands Aboriginal Corporation) operate the NEALFA project in north east Arnhem Land within the Laynhapuy Indigenous Protected Area (IPA). The NEALFA project uses both aerial prescribed burning (incendiary pellets dropped from helicopters) and ground burning during the early dry season to reduce fuel loads and establish a mosaic of cool burns around and within the project area.

Verified to which standard
Emissions Reduction Fund of the Australian Government

Number of credits (metric tonnes CO2e)
30

Number of credits (metric tonnes CO2e): Risk adjusted volume
30

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Tamil Nadu Wind Power (India).

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
15099

Number of credits (metric tonnes CO2e): Risk adjusted volume
15099

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Wind

Project identification
Balanbanli Wind Farm (Turkey).

Verified to which standard
Gold Standard

Number of credits (metric tonnes CO2e)
1500

Number of credits (metric tonnes CO2e): Risk adjusted volume
1500

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
Solar

Project identification
Negro Island Solar (Philippines) project involves the installation of 32MW La Carlota Solar Power PV Plant and 48MW Manapla Solar Power Plant. The power generated is replacing anthropogenic emissions of GHG estimated to be approximately 66,039tCO2e per year.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
5000

Number of credits (metric tonnes CO2e): Risk adjusted volume
5000

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase

Credit purchase

Project type
Wind

Project identification
Satara Wind Power Project, Maharashtra, India.

Verified to which standard
VCS (Verified Carbon Standard)

Number of credits (metric tonnes CO2e)
23901

Number of credits (metric tonnes CO2e): Risk adjusted volume
23901

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?
Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Stakeholder expectations
Change internal behavior
Drive energy efficiency
Identify and seize low-carbon opportunities
Supplier engagement

GHG Scope
Scope 1
Scope 2
Scope 3

Application
A uniform carbon price is applied to each region in which we operate.

Actual price(s) used (Currency /metric ton)
5

Variance of price(s) used
Nil variance. Uniform pricing is applied - a single price that is applied throughout the company independent of geography, business unit, or type of decision.

Type of internal carbon price
Internal fee
Offsets

Impact & implication
The cost of carbon offsets purchased to maintain our carbon neutral position is internalised and an internal fee is charged to each Division (contributing to the operational expenditure of each Division and providing an incentive to reduce Divisional carbon emissions).

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers
Yes, our investee companies
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number
1

% total procurement spend (direct and indirect)
1

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
75% of our global scope 3 emissions relate to air travel. Qantas is our preferred airline for our Australian Division and Group Head Office function and partnered with us to deliver an impactful global employee engagement strategy across our Group. This included selection of offset projects in each of the key geographies in which we operate, to support employee connection to the individual offset projects and provide hands-on employee engagement within each Division. For example, we arranged for one of our AUSPAC Executives and an employee to participate in the Babinda Reef experience, which involves the rehabilitation of native rainforests and wetlands, which act as a natural water filter protecting the Reef from run off. We plan to undertake similar engagement initiatives with employees in our other divisions. Through the Qantas Future Planet program, we have also been provided opportunities to send employees on the Earthwatch Scientist for a Day program, providing them with opportunities to support climate-related scientific research and build awareness of climate-related impacts and solutions. Feedback from our employees has been extremely positive and has been shared widely through Yammer and our internal communication channels. Our global engagement strategy to support our carbon neutral commitment also included a personal email to every employee from our Group CEO, articles on our Group intranet page and Divisional intranet pages, follow up articles featuring specific offset projects and the environmental and broader societal benefits that the projects are delivering to local communities, and presentations in a number of our offices by the Qantas sustainability team in conjunction with the QBE's Group Head of Sustainability and Head of Environment, to open up a broader conversation with employees about our climate-related impact and steps we are taking as an organisation to minimise it. The partnership and our activities to address our climate-related impact is one our employees feel passionately about and that we continue to celebrate. It should also be noted that the above % total procurement spend represents percentage of global procurement excluding Claims supply chain spend.

Impact of engagement, including measures of success
QBE has set targets to (1) become carbon neutral globally through the Qantas Future Planet program, and (2) reduce air travel by 20% by 2021 (from a 2017). The program and associated engagement activities have been extremely successful, delivering a 30% reduction in global air travel (kilometres travelled) in 2019 from 2017 levels. Our partnership and engagement with Qantas (in conjunction with our air travel reduction target and internal engagement) has supported us in reducing our most material scope 3 emissions source.

Comment
Our partnership and engagement with Qantas (in conjunction with our air travel reduction target and internal engagement) has supported us in reducing our most material scope 3 emissions source. QBE’s Supplier Sustainability Principles outlines our minimum expectations of suppliers doing business with QBE in relation to environmental considerations, human rights, workplace diversity and community engagement. We understand that our purchasing decisions don’t only affect our performance, reputation and risk profile, they affect the economy, environment and communities in which we operate. As part of our broader approach to sustainability, we seek to engage suppliers and partners who share this understanding and commitment, and who can work with us to achieve our objectives. Our Supplier Sustainability Principles were released in early 2018 and we continue to monitor the impact of our engagement with our supply chain.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number
80

% of customer - related Scope 3 emissions as reported in C6.5

Portfolio coverage (total or outstanding)
Majority of the portfolio

Please explain the rationale for selecting this group of customers and scope of engagement
Premiums4Good is a unique global initiative that enables a customer to use a portion of their premium to invest in securities with an additional social or environmental benefit, such as social impact bonds, green, social and sustainability bonds and investments in infrastructure such as renewables. In 2019, we announced a global unified offering across QBE global divisions. Every insurance premium across QBE is contributing to QBE’s global Premiums4Good investment pool. Select customers can elect to contribute more. QBE customers can direct up to 25 per cent of their premiums into socially responsible, impact investments through Premiums4Good. By doing so, we raise awareness among our customers of climate-related investment product, and their choice to find additional value through their insurance premium.

Impact of engagement, including measures of success
Our measure of success for Premiums4Good is to achieve our ambition to have $1 billion in investments by 2021 and in this year we expanded our ambition to USD2bn by 2025, with more than half being environmentally impactful. As at 31 December 2019, we reached, having invested $663mmillion in 48 different investments within the Premiums4Good, up from 32 investments at 31st December 2018. More than 350m of $663m are directed to environmental outcomes.

C-FS12.1c

(C-FS12.1c) Give details of your climate-related engagement strategy with your investee companies.

Type of engagement
Engagement & incentivization (changing investee behavior)

Details of engagement
Encourage better climate-related disclosure practices among investees

% of investees by number

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b
15

Portfolio coverage
Minority of the portfolio

Rationale for the coverage of your engagement
QBE's investment portfolio is approximately 70-85% fixed income and 15% growth assets. We invest both direct and through external managers. In growth or risk assets these are largely through external managers. In 2018, when QBE signed the public statement of support for TCFD, we initiated dialogue with our external managers, to understand their approach to TCFD and climate related financial disclosures, their engagement with portfolio companies and fund reporting. In 2019, we continued this in annual reviews with all existing fund managers. We further embedded ESG and TCFD related reporting in manager selection and monitoring To understand their organisational process, and their engagement with portfolio companies and their progress on climate related disclosures.

Impact of engagement, including measures of success
In 2019, we strengthened our external fund manager reviews and annual ESG review for all existing managers. This includes understanding their progress on TCFD disclosures, more detailed dives on specific issue areas and asset classes, while also reviewing and identifying progress and development in manager disclosures related to climate-risk. During the year, we further engaged with external fund managers on material ESG issues at investor meetings, and on an investor-fund manager relationship level. We actively seek improvements in investment-level monitoring and performance, and work with our fund managers to improve organisational performance and culture. This is in line with our commitment to responsible investing.

Type of engagement
Engagement & incentivization (changing investee behavior)

Details of engagement
Initiate and support dialogue with investee boards to set Paris-aligned strategies

% of investees by number
4

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b
4

Portfolio coverage
Minority of the portfolio

Rationale for the coverage of your engagement
As a largely fixed income investor, we have progressed ESG and climate-related analysis first in fixed income – both in carbon footprinting (below), and in engagement with the issuers that contribute the greatest to the carbon intensity in the portfolio. Since 2018, we have we engaged with issuers identified as the highest emitters in our corporate credit portfolio – to communicate our support for TCFD; to understand their progress to develop a roadmap and disclose in line with TCFD; and to understand their strategy and plans in relation to the transition to a low-carbon economy.

Impact of engagement, including measures of success
Our engagement, year on year, with issuers which contribute the greatest emissions towards our portfolio has continued to advance, and to understand issuers progress towards in climate related disclosures, their broader strategy for transition, as well as those issuers (select sectors) that have already set and communicated Science based targets (SBT). QBE requires external manager compliance with the QBE Group Energy Policy and engages with issuers identified as the highest emitters in our corporate credit portfolio, to understand their progress in developing a roadmap and disclose in line with TCFD.

Type of engagement
Engagement & incentivization (changing investee behavior)

Details of engagement
Initiate and support dialogue with investee boards to set Paris-aligned strategies

% of investees by number

% Scope 3 emissions as reported in C-FS14.1a/C-FS14.1b
80

Portfolio coverage
Majority of the portfolio

Rationale for the coverage of your engagement
In 2019 we completed an initial carbon footprint of our fixed income (corporate credit) portfolio based on weighted average carbon intensity, including a retrospective analysis which considered the carbon intensity of the corporate credit portfolio for the past five years. Our focus on materiality puts attention to fixed income assets, which make up 85-90% of AUM.

Impact of engagement, including measures of success
This baseline identified that the corporate credit portfolio's exposure to carbon risk is low and so is well-positioned for the transition to a low carbon economy relative to the broader corporate bond market. The analysis supports monthly investment monitoring, as well as and selection, and informs our TCFD related engagement practices with issuers.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

We engage and work with a range of other partners in the value chain on climate-related topics, including governments, regulators, broker partners, other participants in the financial services sector and employees. We regularly consult with industry experts through face to face meetings and collaborative projects and attend conferences and events to stay informed of emerging trends and their potential impact on our business, customers and stakeholders. These initiatives include:

· Collaborating with finance sector participants to establish a roadmap for realigning our sector to support improved environmental, social and economic outcomes (the Australian Sustainable Finance Initiative).

· Collaborating on climate change and participating in the Climate Measurements Standards Initiative to develop standards for measuring the physical risk impact of climate change.

· Collaborating with the Energy Storage Systems (ESS) working group in Singapore to add value to our customers as ESS technology expands.

· Advocating for greater infrastructure mitigation funding and broader climate resilience measures, including through the recent Senate Finance Committee hearing on the 2019/20 Australian bushfires.

We are also involved in a range of initiatives, allowing us to contribute our expertise, support the development of our strategic climate responses and advocate for climate mitigation and resilience measures on behalf of our customers. This includes participating in the Insurance Council of Australia's Climate Change Action Committee and Actuaries Institute Climate Change Working Group. As a member of the Investor Group on Climate Change, we participate in member meetings and initiatives, including the Low Carbon Working Group.

Throughout the year, QBE representatives also engaged with partners in the value chain by attending and speaking at business roundtables, seminars and events on sustainability. Topics included climate change, international carbon markets, resilience and sustainable finance. Examples include:

· Participating in a workshop convened by the International Association of Insurance Supervisors and Sustainable Insurance Forum, focused on implementing the recommendations of the Taskforce on Climate-related Financial Disclosures within the insurance industry.

· Attending several Climate Week events in New York on renewable energy sourcing, sustainable finance and insurance and innovation in built environment technologies designed to support the transition to a low carbon economy.

· Attending the second Annual Climate and ESG Asset Owner Summit presented by the CFA Society New York in New York to connect with and share knowledge with other asset owners.

We also engage business partners and employees to raise awareness of climate-related issues, manage risks and develop solutions. We offer events, seminars, tools and publications that help our clients, brokers and employees build and develop their risk management knowledge and sustainability awareness.

In 2019 we also promote climate and sustainability awareness and engagement in the following ways:

· Across our divisions, we published market leading insights on sustainability-related topics such as extreme weather events (including through our Resilience Series articles and guides for customers and broker partners).

· In collaboration with global insurers, reinsurers, brokers and academics, we are part of the core project team developing the first industry standard on integrating sustainability in insurance underwriting. We are also part of the UNEP FI PSI TCFD Pilot Group with the objective of building scenarios and approaches for insurers and reinsurers to assess climate-related risks and opportunities.

· We ran an ideation process encouraging our employees to identify an existing or emerging sustainability topic and to suggest a new way to support our customers to manage that challenge – through a risk or opportunity lens. The Global Challenge created a platform for our employees to innovate on a range of topics faced by our customers such as climate change, building more resilient cities, transition and liability risks. We received 155 submissions and the final round saw four teams present their ideas with one team focused on climate-related transition risks. The business is committed to supporting the finalists' ideas with seed funding. In addition to the Global Challenge, throughout the year, we continued to raise awareness of sustainability across our business by running topic-specific events. We invited external speakers to present at lunch-and-learn sessions on a range of topics including carbon neutrality and climate.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Mandatory carbon reporting	Neutral	The New Zealand Ministry for Environment and Ministry for Business, Innovation and Employment were consulting on mandatory climate-related financial disclosures. QBE took part in the consultation.	The proposed legislative solution is mandatory climate-related financial disclosures.
Adaptation or resilience	Support	QBE is a member of the Council of Australian Governments (COAG)'s ANZEMC time-limited working group (WG) to develop the National Action Plan (NAP) to support implementation of the National Disaster Risk Reduction Framework.	This does not presently involve legislation.
Other, please specify (Environmental Risk Guidelines)	Support	The Monetary Authority of Singapore asked us to provide feedback on their proposed Environmental Risk Guidelines (including climate change). We also provided a presentation to MAS in October 2019 on our approach to climate change and sustainability risk management.	Future Environmental Risk Guidelines to be issued by MAS.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Insurance Council of Australia

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The ICA recognises the existence of climate change, and represents the industry in efforts to: - Maintain prudential foundations so insurers are able to respond to future large-scale events - Provide practical and innovative risk-transfer solutions - Increase community resilience to extreme weather events - Reduce vulnerability and exposure through sensible planning controls and local mitigation - Ensure that risk-based pricing delivers competitive price signals and informs policy responses - Assist policy-makers to understand the long-term implications of climate risk.

How have you influenced, or are you attempting to influence their position?

Our position on climate change is consistent with the ICA's position and we have consequently not attempted to influence its position. In January 2019, the ICA established a Climate Change Action Committee, which we actively participate on in order to set strategy for the ICA on climate change, and to help develop and implement that strategy.

Trade association

Business Council for Sustainable Development Australia (BCSD Australia)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The Business Council for Sustainable Development Australia (BCSD Australia) is the national peak body representing forward-thinking companies and organisations that are working towards the transition to a sustainable Australia. Its mission is to accelerate this transition by making sustainable business more successful, and it is the Australian partner of the World Business Council for Sustainable Development (WBCSD). The BCSD Australia's climate change position provides a foundation for sustainable business strategies. BCSD Australia is committed to addressing critical industry issues, sharing best practice and bringing different sectors and stakeholders together to develop a blueprint for action on energy, industry, the built environment, transport, infrastructure, ICT, agriculture, forestry systems and finance that: - Meets societal development needs by ensuring adequate provision for basic needs for all people, respecting human rights and creating good and decent jobs for an appropriately qualified labour force; - Drives the necessary structural transformation needed to ensure emissions reach net zero in a timeframe supporting achievement of the Paris Agreement goals of limiting temperature rise to well below 2°C and preferably 1.5°C; - Builds resilience and adaptation to expected and likely changes in climate; and - Provides a framework for disclosure, reporting and accountability.

How have you influenced, or are you attempting to influence their position?

Our position on climate change is largely consistent with the BCSD Australia's position and we have consequently not attempted to influence its position.

Trade association

Association of British Insurers

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The ABI's work on climate change is focusing on both adaptation and mitigation, and includes: • The creation of Flood Re to safeguard affordable flood insurance for those living in high flood risk areas. • Working with the Government and insurance industry regulators to ensure that buildings and communities are resilient to the effects of climate change in the long term. • Promoting ways in which the insurance industry can support the growth of the low carbon economy, for example insuring renewable energy generation, or investing in green infrastructure. • Supporting ClimateWise, a global insurance industry collaboration which focuses on driving forward action on climate change risk. The ABI was a founding member of ClimateWise in 2007 and has operated on the Managing Committee ever since. ClimateWise members commit to action against the ClimateWise Principles and are independently reviewed against these annually.

How have you influenced, or are you attempting to influence their position?

Our position is largely consistent with the ABI's and we have not attempted to influence ABI's position. We are actively involved in ABI's engagement activities and contributed to the ABI's response to the UK's Prudential Regulation Authority's consultation paper CP23/18 'Enhancing banks' and insurers' approaches to managing the financial risks from climate change'. The ABI submission was supportive of the proposed regulations, which have since come into force. We also contributed to ABI's response on the Bank of England's Biennial Stress Tests 2021.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our climate change strategy and policy-related engagement is led by our Group Risk function who consult regularly with Group Corporate Affairs and Sustainability, and Government Relations. Our internal process outlines that our Government Relations and Industry Affairs team is responsible for preparing policy submissions in conjunction with our climate subject matter experts, and that submissions should be reviewed by Government Relations and Industry Affairs and approved by our CEO (or delegate) prior to submission. Our processes also outline that Government Relations and Industry Affairs should be informed of planned top-level engagement with government such as ministers, advisers, politicians and senior government officials, to ensure we are adopting a coordinated approach to our engagement with government and that we are providing consistent messaging focusing on our key objectives. This process is communicated to employees via internal communications including our internal website.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
QBE-Annual-Report-2019.pdf

Page/Section reference
Please refer to pages 32 - 40 of our 2019 Annual Report, attached.

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
Our Task Force on Climate-related Financial Disclosure (TCFD) reporting is incorporated into our 2019 Annual Report. In addition to reporting on Governance, Strategy, Risk and Opportunities, Emissions Figures and Targets, our report includes Other Metrics that outline our progress towards achieving 'Zero direct investment in thermal coal by 1 July 2019' (achieved) and '$2 billion in impact investments by 2025' (on track).

Publication
In voluntary sustainability report

Status
Complete

Attach the document
QBE 2019 Sustainability Report.pdf

Page/Section reference
Please refer to pages 14 - 15, 24-31, 58 - 61 of our 2019 Sustainability Report, attached.

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
Additional details relating to climate and broader sustainability Governance, Strategy, Risk and Opportunities, Emissions Figures and Targets can be found in our Sustainability Report. Our report also includes performance against Other Metrics including our progress towards achieving 'Zero direct investment in thermal coal by 1 July 2019' (achieved) and '$2 billion in impact investments by 2025' (on track).

Publication
In voluntary communications

Status
Complete

Attach the document
QBE our approach to Climate change.pdf

Page/Section reference
Please refer to Our Approach to Climate Change, attached. The entire document is relevant.

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other, please specify (Climate partnerships for impact, employee engagement and education)

Comment
Our Approach to Climate Change sets out our commitment to addressing climate impact right across multiple facets of our business operations, including through how we partner with others to drive awareness and impact.

Publication
In voluntary communications

Status
Complete

Attach the document
QBE Group Environmental Policy May 2019.pdf

Page/Section reference
Please refer to pages 2-3 of our Group Environmental Policy, attached.

Content elements
Governance
Strategy
Risks & opportunities
Other, please specify (Our Group Environmental Policy outlines our commitment to managing our environmental impact, risks and opportunities for our business and across our value chain.)

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Group-Energy-Policy.pdf

Page/Section reference
Please refer to Our Group Energy Policy, attached. The entire document is relevant.

Content elements
Strategy
Risks & opportunities
Other metrics
Other, please specify (Our Group Energy Policy includes our commitment to target zero direct investment in, and phase out insurance for, thermal coal.)

Comment

C-FS12.5

(C-FS12.5) Are you a signatory of any climate-related collaborative industry frameworks, initiatives and/or commitments?

	Industry collaboration	Comment
Reporting framework	Principles for Responsible Investment (PRI) Task Force on Climate-related Financial Disclosures (TCFD) UNEP FI Principles for Sustainable Insurance Other, please specify (Actuaries Institute Climate Change Working Group, Australian Sustainable Finance Initiative (ASFI))	Principles for Responsible Investment (PRI) QBE is a member of (UNEP FI) and is a signatory to both the Principles for Sustainable Insurance (PSI) and the Principles for Responsible Investment (PRI). In 2019 we attended the PRI in Person global conference in Paris as well as the UNEP FI-PRI Australia Conference: Towards a resilient and sustainable economy in Melbourne. Task Force on Climate-related Financial Disclosures (TCFD) In 2018 QBE signed the public Statement of Support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our Climate Change Action Plan, reported in our Annual Report, outlines how we will implement the TCFD recommendations and describes our progress in meeting them. Actuaries Institute Climate Change Working Group Since its inception in January 2016 the Climate Change Working Group (CCWG) has worked hard to support the Institute's public policy position on climate change and promote actuaries' involvement in assessing the financial implications of climate change. During 2019 QBE's Head of ESG Risk convened the CCWG. Australian Sustainable Finance Initiative (ASFI) QBE is part of a collaboration called the ASFI, initiated in 2018 by UNPRI, RIAA, and IGCC among others. It was established to set out a roadmap for realigning the finance sector to support improved social, environmental and economic outcomes for the country. ASFI brings together leaders from Australia's major banks, superannuation funds, insurance companies, financial sector peak bodies and academia to develop a Sustainable Finance Roadmap. The roadmap, to be launched in 2020, will recommend pathways, policies and frameworks to enable the finance sector to contribute more systematically to the transition to a more resilient and sustainable economy, consistent with the SDGs and the Paris Agreement on climate change. QBE employees participated in the Steering Committee, and all technical working groups, and co-chaired Technical Working Group 3.
Industry initiative	Institutional Investors Group on Climate Change (IIGCC) UNEP FI TCFD Pilot Other, please specify (Climate Measurement Standards Initiative, Responsible Investment Association of Australia (RIAA), CRO Forum and GRESB)	Investor Group on Climate Change (IGCC) The IGCC is a collaboration of Australian and New Zealand investors focusing on the impact that climate change has on the financial value of investments. It aims to encourage government policies and investment practices that address the risks and opportunities of climate change, for the ultimate benefit of superannuants and unit holders. QBE joined the IGCC in 2018 and our employees participate in a number of committees. UNEP FI TCFD Pilot QBE is part of the UNEP FI PSI TCFD Pilot Group with the objective of building scenarios and approaches for insurers and reinsurers to assess climate-related risks and opportunities. Climate Measurement Standards Initiative QBE is participating in the Climate Measurements Standards Initiative to develop standards for measuring the physical risk impacts of climate change on property damage. QBE employees participate in the Steering Group, all Committees and lead the Secretariat function. Responsible Investment Association of Australia (RIAA) Through our membership of the RIAA, we are part of the Human Rights Working Group. QBE also co-chairs the Impact Management & Measurement Community of Practice, a group established to facilitate sharing leading practice knowledge and resources for impact management and measurement. CRO Forum QBE is a member of the 'CRO Forum', a high-level discussion group for the chief risk officers of major European insurers, that aims to identify and benchmark best practice in risk management and share ideas with the wider industry through publications. We are currently participating in a working group focused on carbon foot-printing. GRESB QBE is an investor member of the Global Real Estate Sustainability Benchmark (GRESB) the leading ESG benchmark for real estate and infrastructure investments across the world, and we review the ESG performance of our real estate portfolio managers. Based on GRESB real estate benchmarks, the weighted average for our property portfolio continues to be GRESB 4 Star, which is top quartile performance. During the year, we further engaged with external fund managers on material ESG issues at investor meetings, and on an investor-fund manager relationship level. We actively seek improvements in investment-level monitoring and performance, and work with our fund managers to improve organisational performance and culture.
Commitment	ClimateWise Principles Other, please specify (RE100)	ClimateWise Principles ClimateWise supports the insurance industry to better communicate, disclose and respond to the risks and opportunities of climate change. Representing a global network of leading insurance organisations, ClimateWise helps align members' expertise to directly support society as it responds to climate change. QBE is a member of ClimateWise, participates in its initiatives and reports annually against the ClimateWise Principles. RE100 In 2019, we joined some of the world's most influential companies in the RE100 initiative, committing to target 100% renewable electricity across our global operations by the end of 2025. We are the first Australian-headquartered insurance business to do so. We are making good progress towards this target, with 63% of our global electricity use coming from renewable sources in 2019.

C14. Portfolio Impact

C-FS14.1

(C-FS14.1) Do you conduct analysis to understand how your portfolio impacts the climate? (Scope 3 portfolio impact)

	We conduct analysis on our portfolio's impact on the climate	Disclosure metric	Comment
Bank lending (Bank)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	Alternative carbon footprinting and/or exposure metrics (as defined by TCFD	In 2019 we completed an initial carbon footprint of our fixed income (corporate credit) portfolio, which makes up 85-90% of AUM, based on weighted average carbon intensity, including a retrospective analysis which considered the carbon intensity of the corporate credit portfolio for the past five years. This baseline identified that the corporate credit portfolio's exposure to carbon risk is low and so is well-positioned for the transition to a low carbon economy relative to the broader corporate bond market. We also established processes for the ongoing monitoring of our portfolio and we continue to engage with issuers identified as the highest emitters in our corporate credit portfolio, as well as in relation to our support for TCFD and to understand their progress to develop a roadmap and disclose in line with TCFD. We also support adoption of TCFD by others. As part of supplementary analysis, as an investor member of Global Real Estate Sustainability Benchmark (GRESB) our analysis in 2019, indicated we maintain GRESB 4 Stars weighted average for our property portfolio. We continue to advance our climate analysis of the portfolio.
Insurance underwriting (Insurance company)	Yes	Other, please specify (Exposure to thermal coal)	We are a member of the CRO Forum which has explored the development of a carbon footprinting (carbon intensity) methodology for insurance underwriting. In 2019 we developed our Group Energy Policy, and committed to no new direct insurance services for new construction projects for thermal coal mines or power stations or thermal coal transport infrastructure, except for statutory or compulsory insurance; and phasing out all direct insurance services for thermal coal customers by 1 January 2030, except for statutory or compulsory insurance.
Other products and services, please specify	Not applicable	<Not Applicable>	

C-FS14.1a

(C-FS14.1a) What are your organization's Scope 3 portfolio emissions? (Category 15 "Investments" total emissions)

Category 15 (Investments)

Evaluation status

Not evaluated

Scope 3 portfolio emissions (metric tons CO2e)

<Not Applicable>

Portfolio coverage

<Not Applicable>

Percentage calculated using data obtained from client/investees

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Please explain

QBE does not calculate total emissions for scope 3 (investments). Instead QBE evaluates impact based on alternative carbon metrics mentioned in question 14.1b: WACI, GRESB, PACTA 2 degrees tool, and fuel exposure to carbon related assets within our infrastructure portfolio.

C-FS14.1b

(C-FS14.1b) What is your organization's Scope 3 portfolio impact? (Category 15 "Investments" alternative carbon footprinting and/or exposure metrics)

Metric type
Weighted average carbon intensity

Metric unit
CO2e/$M revenue

Scope 3 portfolio metric

Portfolio coverage
More than 70% but less than or equal to 80%

Percentage calculated using data obtained from clients/investees

Calculation methodology
CO2e/$M revenue per MSCI, WACI Portfolio exposure to carbon-intensive companies, expressed in tonnes CO2e / $M revenue

Please explain
In 2019 we completed an initial carbon footprint of our fixed income (corporate credit) portfolio based on weighted average carbon intensity (WACI), including a retrospective analysis which considered the carbon intensity of the corporate credit portfolio for the past five years.

Metric type
Exposure to carbon-related assets

Metric unit
Percentage portfolio value

Scope 3 portfolio metric

Portfolio coverage
More than 10% but less than or equal to 20%

Percentage calculated using data obtained from clients/investees

Calculation methodology
Percentage portfolio value and $m portfolio value

Please explain
Thermal Coal: As at 31 December 2019, we continue to be compliant with this Policy by maintaining zero direct investment in thermal coal. We continue to maintain less than 0.5% of total funds under management in the thermal coal industry to allow for exposures through our indirectly managed investments, such as through equity index funds Infrastructure: QBE uses implied investment (% fund weight of the infrastructure investment * QBE's total fund investment) to understand the exposure to fossil fuel related companies of our infrastructure portfolio. Fossil Fuels: QBE has begun to consider investment exposure (percentage portfolio value and $m portfolio value.) In relative terms, our overall exposure to oil and gas (including distribution) represents less than 2.5% of the assets under management (March 2020). QBE reviews include GICS and MSCI third party data for screening and identification of fossil fuel related assets.

Metric type
Other, please specify (GRESB Star weighting)

Metric unit
Please select

Scope 3 portfolio metric

Portfolio coverage
More than 0% but less than or equal to 10%

Percentage calculated using data obtained from clients/investees

Calculation methodology
GRESB

Please explain
Initial review of the portfolio using GRESB real estate benchmarks, the weighted average for our property portfolio continues to be GRESB 4 Star, which is top quartile performance.

Metric type
Other, please specify (PACTA 2 degrees tool)

Metric unit
Please select

Scope 3 portfolio metric

Portfolio coverage
More than 70% but less than or equal to 80%

Percentage calculated using data obtained from clients/investees

Calculation methodology
PACTA

Please explain
QBE has used PACTA to understand exposure of corporate credit portfolio to transition risk, which includes emissions intensive industries, now and in 5 years time. Our review in 2018 and 2019 identified the portfolio is well positioned. In addition, QBE conducted other scenario analysis in 2019, which supports physical and transition risk assessment,

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C-FS14.2

(C-FS14.2) Are you able to provide a breakdown of your organization's Scope 3 portfolio impact?

	Scope 3 breakdown	Comment
Row 1	Yes, by asset class	

C-FS14.2a

(C-FS14.2a) Break down your organization’s Scope 3 portfolio impact by asset class.

Asset class	Metric type	Metric unit	Scope 3 portfolio emissions or alternative metric	Please explain
Corporate debt	Weighted average carbon intensity	CO2e/$M revenue		WACI - Our analysis of carbon risk exposure in the portfolio, using WACI, enables us to identify the industry sectors which most contribute to carbon intensity, relative to sectoral investment weightings, and to track that exposure over time. This analysis supports and informs our investment decisions, engagement with the highest emitters in the portfolio, and our intent to maintain a low carbon intensity for the corporate credit portfolio. Covers financial and non-financial (materials and industry) issuers. In 2019 we completed an initial carbon footprint of our fixed income (corporate credit) portfolio based on weighted average carbon intensity, including a retrospective analysis which considered the carbon intensity of the corporate credit portfolio for the past five years. This baseline identified that the corporate credit portfolio's exposure to carbon risk is low and so is well-positioned for the transition to a low carbon economy relative to the broader corporate bond market While not disclosing a specific number, the WACI of the corporate credit portfolio is low and this is consistent with current and retrospective analysis.
Other, please specify (GRESB)	Other, please specify (GRESB Star Rating)	Please select		Annual baseline of the portfolio using GRESB real estate benchmarks, the weighted average for our property portfolio continues to be GRESB 4 Star, which is top quartile performance We continue to use GRESB as a tool to understand climate risk and performance for property portfolio, and to engage with our property managers, as we advance analysis of the portfolio.

C-FS14.3

(C-FS14.3) Are you taking actions to align your portfolio to a well below 2-degree world?

	We are taking actions to align our portfolio to a well below 2-degree world	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes	QBE signed the public statement for support for TCFD in 2018 and supports the objectives of the Paris Agreement to a below 2 degrees world. We continue to execute on our TCFD Roadmap and disclosed our progress in our annual report (see QBE 2019 Annual Report). We will continue to disclose our progress in the 2020 Annual Report. We conducted scenario analysis for transition and physical risk using the PACTA tool and GIST in 2018 and 2019. QBE invests in low carbon and climate resilient products. Our investments which support transition to a low carbon economy are USD356million and include green bonds, renewable energy projects and sustainable infrastructure. Additionally, unlisted property portfolio assessment for 2019 indicated the weighted average for our property portfolio is GRESB 4 Star, with many managers making net zero by 2050 commitments. These actions inform our approach and investment decisions consistent with our support for the Paris Agreement, and alignment of our portfolio to a below 2 degrees world. In 2018/19 we applied the 2° Investing Initiative (2°ii) Paris Agreement Capital Transition Assessment Tool (PACTA) to confirm our credit portfolio is aligned to the Paris Agreement, both now and in five years' time. Our reviews in 2018 and 2019 identified the portfolio is well positioned. An example of stress testing conducted in 2019 is the UK PRA GIST analysis. In 2019, the PRA/Bank of England General Insurer Stress Test 2019, initiated a project for insurers to model and quantify their investment portfolio's exposure to 3 different climate risk scenarios. We conducted stress testing for the QBE UK Insurance Plc portfolio, which represents approximately 30% of the AUM.
Insurance underwriting (Insurance company)	Yes	Our 2019 Group Energy Policy focuses on support for our customers in the transition to a low carbon economy consistent with the objectives of the Paris Agreement. We do this by providing insurance services and investing in renewable energy and other technologies that support the transition to a low carbon economy - and minimise our exposure to transition risk arising from phasing out thermal coal. Our commitments include: • zero direct investment in the thermal coal industry as at 1 July 2019; • no new direct insurance services for new construction projects for thermal coal mines or power stations or thermal coal transport infrastructure, except for statutory or compulsory insurance; and • phasing out all direct insurance services for thermal coal customers by 1 January 2030, except for statutory or compulsory insurance.
Other products and services, please specify	Please select	

C-FS14.3a

(C-FS14.3a) Do you assess if your clients/investees' business strategies are aligned to a well below 2-degree world?

	We assess alignment	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	We have actively engaged our managers in TCFD plans, strategy and disclosures, and more detailed review of carbon-related assets, in order to understand the climate-related risks in the portfolio. In our corporate credit portfolio, we continue to engage with issuers identified as the highest emitters; to communicate our support for TCFD and to understand their progress to develop a roadmap and disclose in line with TCFD. We strengthened our external fund manager reviews and extended the annual ESG review for all existing managers - 85% of our external managers are signatories to the Principles for Responsible Investment (PRI).
Insurance underwriting (Insurance company)	No	This is not currently part of our approach.
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C-FS14.3b

(C-FS14.3b) Do you encourage your clients/investees to set a science-based target?

	We encourage clients/investees to set a science-based target	Please explain
Bank lending (Bank)	<Not Applicable>	<Not Applicable>
Investing (Asset manager)	<Not Applicable>	<Not Applicable>
Investing (Asset owner)	Yes, for some	QBE support the objectives of the Paris agreement, the move to a well below 2 degrees world, and the use of science-based targets. Our engagement with issuers and external managers is supportive of the objectives of TCFD and the use of science-based targets. The QBE 2018 and 2019 Annual Report provides the TCFD Roadmap and additional detail of the action across the group, including in investments. Although QBE has not drawn hard lines with external managers adopting science-based targets, QBE encourages external managers to develop a roadmap in line with TCFD. We initiated dialogue with our external managers, and with issuers in which we invest, in regard to TCFD. In 2018 in manager selection and monitoring, we strengthened our external fund manager reviews and annual ESG review for all existing managers. In 2019, we continued our ESG reviews and engagement with our external managers, including understanding their progress on TCFD disclosures, and more detailed dives on specific issue areas and asset classes. We also established processes for the ongoing monitoring of our portfolio and we continue to engage with issuers identified as the highest emitters in our corporate credit portfolio, as well as in relation to our support for TCFD and to understand their progress to develop a roadmap and disclose in line with TCFD.
Insurance underwriting (Insurance company)	No	
Other products and services, please specify	<Not Applicable>	<Not Applicable>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Nil.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms