Environmental and Social Risk Framework

Effective date: 1 January 2026

Version 1.3

As a general insurance and reinsurance company, QBE's purpose is to enable a more resilient future. We continue to integrate sustainability across our business, in support of our purpose.

Our commitments

QBE's Environmental and Social (E&S) Risk Framework outlines the minimum criteria to which we are committed as a business with respect to human rights and the environment for our investment and underwriting business.

All actions taken will be in strict compliance with applicable laws and regulations and this requirement will override all other underwriting assessment decisions. Without limiting this, all actions and underwriting decisions for customers in the United States will be based on an ordinary insurance business purpose, which may include the application of sound actuarial risk and underwriting principles.

Scope

Conditions apply as set out in this scope section. QBE reserves the right to change the E&S Risk Framework.

Investments

The E&S Risk Framework applies to direct investments. It does not apply to: indirect investments (i.e., when QBE does not have discretion to determine the underlying investment exposures, such as ETFs and unlisted funds); derivatives including foreign exchange; cash and money market securities; direct property; semi-government; sovereign; exchange traded commodities; and asset backed securities.

Underwriting

The E&S Risk Framework applies to QBE's own definitions and criteria at the time of release of a bindable quotation.

The E&S Risk Framework is applied to relevant facultative product lines and direct insurance where QBE knowingly and directly underwrites, prices, quotes, and issues a contract directly to the customer, rather than through third-party distributors or coverholders. The E&S Risk Framework may not apply to, among others: treaty reinsurances business; compulsory / statutory classes of business (such as worker's compensation or third-party motor); personal injury insurance (such as accident & health, travel); insurances offered through Federal Crop Insurance Program or similar; Joint Venture business; where QBE may be indirectly exposed (have no direct contractual relationship) to a company including their subsidiaries; where related to services (e.g. contractors, sub-contractors, labour hire companies, ancillary services); or decommissioning fossil fuel activities.

Revenue is defined as the gross annual revenue evaluated at a parent company level unless stated otherwise in the sensitive sector position.

Sensitive sectors

Biodiversity and protected areas

Protected areas, such as World Heritage Sites, are recognised for their global environmental and cultural significance and/or biological diversity, and for the important economic, social and environmental benefits they provide to people. These sites deliver critical environmental services such as stabilising soils, preventing floods and capturing carbon, all of which increase our resilience to the most harmful impacts of a warming climate. QBE also recognises the importance of cultural heritage for current and future generations and seeks to protect areas of significant cultural heritage and value from the adverse impacts of project activities. QBE recognises that customer activities may have material impacts on protected areas that could substantially harm the biodiversity and cultural value of these sites.

QBE will not knowingly and directly provide project-specific insurance in severe risk sectors (oil and gas, mining and large-scale hydropower dams that generate greater than 20 MW of electricity) located in natural or mixed World Heritage Sites or their buffer zone, unless there is a prior permit issued by Government and no UNESCO objections have been raised publicly at the time of underwriting.

For projects in high risk sectors (logging, commercial fishing, agriculture, plantations and large-scale infrastructure such as pipelines, roads and mega-ports) located in natural and mixed World Heritage Sites or their buffer zone, QBE will consider potential impacts on the World Heritage Site, taking into account criteria recommended by UNESCO, including any mitigations to limit the risks associated with potential impacts when making an underwriting decision.

Fishing

Pirate, or illegal, unreported and unregulated fishing is a significant environmental risk as it contributes to overfishing and the destruction of vital marine habitats and ecosystems. Such activity may also be linked to increased claims, fraud and other crimes.

QBE will not knowingly insure or facilitate the marine insurance of vessels that are blacklisted on the Illegal, Unreported, and Unregulated Fishing Vessel List for pirate fishing.

Forestry, mining, and large-scale hydropower dams

QBE recognises there are concerns with projects associated with negative environmental impacts on the ecological systems in which a project is constructed and connected to, as well as social impacts on the surrounding communities.

For projects associated with primary activities of forestry (logging), large-scale hydropower dams that generate greater than 20 MW of electricity, and mining, where QBE knowingly and directly provides project-specific insurance, our due diligence approach considers the following:

- Environmental and social impact assessments;
- Health, safety and environment plans; and
- Any significant local opposition or controversies.

Defence

Firearms

We will not knowingly and directly insure or directly invest in:

- Any existing or new insurance customer or company which sells and/or manufactures firearms or ammunition, where revenue from the manufacture and/or sales of firearms or ammunition represents more than 30% of revenue of the insured customer or company (regardless of its position in the corporate structure); or
- Any corporate entity or political organisation which has as its principal activity or purpose of conducting or in any way promoting activities involving the use of firearms to harm or kill people, or to carry out other intentional acts of wrongdoing.

Exemptions:

Companies that meet one or several of the below criteria are exempt:

- Sold and/or manufactured for the exclusive use of the military or security forces of a country not prohibited by sanctions laws;
- Used by the military or security forces, or a legitimate national or state law enforcement agency, of a country not prohibited by sanctions laws;
- Used by a legitimate bodyguarding or security operation that has received enhanced underwriting scrutiny in accordance with QBE internal procedures;
- Sports shooting clubs that are primarily used as sports training facilities or associations; or
- Used in connection with the rescue of individuals in any territory covered by a valid Kidnap and Ransom policy issued by QBE.

Controversial weapons

QBE is concerned with the indiscriminate and disproportionate harm caused by specific weapons and weapon systems on humans and the environment. The E&S Risk Framework applies to the development, production or sale of controversial weapons. Controversial weapons are defined as:

- Cluster weapons;
- Anti-personnel mines (landmines);
- Biological weapons;
- Chemical weapons;
- Weapons carrying depleted uranium; and
- Nuclear weapons.

QBE will not knowingly and directly insure or directly invest in companies currently involved in the:

- Development, production, or sale of controversial weapons;
- Development, production, or sale of nuclear weapons, unless they are produced for the benefit of the armed forces of a nuclear-weapon state according to the Treaty on Non-Proliferation of Nuclear Weapons of 1 July 1968; or
- Production of arms in countries prohibited by sanctions laws.

Energy

Coal

QBE will:

- Not directly invest in companies that derive more than 5% of revenue from thermal coal;
- Not directly invest in utility companies that generate or have the capacity to generate more than 5% of their power from thermal coal;
- Not provide any new direct insurance services for new construction projects for thermal coal mines or power stations or thermal coal transport infrastructure; and
- Phase out all direct insurance services for companies that derive more than 30% of revenue and/or power generation from thermal coal by 1 January 2030.

QBE will continue to invest in and provide insurance for metallurgical (or coking) coal companies. There are currently no industrial-scale alternatives to metallurgical coal for the manufacture of steel, which is vital for future economic development and for the construction of renewable energy assets.

Conventional oil and gas, oil sands and Arctic drilling

QBE recognises that the oil and gas industry is responding to the challenge of transitioning to a lower carbon future. We will continue to work closely with our customers to support them through developing risk management and insurance solutions for new technologies needed for transition.

Investments

- QBE will not directly invest in companies which derive more than 30% of their revenue from oil and gas (upstream, midstream, and downstream).
- QBE will not directly invest in utility companies that generate or have the capacity to generate more than 30% of their power from oil and gas.
- QBE will not directly invest in companies that derive more than 5% of revenue from the extraction or production of oil sands and/or Arctic drilling.

Underwriting

- QBE will not provide insurance for construction of new oil sands extraction projects.
- QBE will assess the transition maturity of in-scope customers who we knowingly and directly insure.

  Where:

(i) QBE defines in-scope customers as:

  a. Oil and gas customers who generate >60% or more revenue from oil and gas extraction. This threshold will be reduced to >30% from 1 January 2040.

  b. Customers who generate >30% revenue from oil sands and Arctic drilling.

(ii) Oil and gas extraction, oil sands extraction, Arctic drilling is defined as companies undertaking the direct exploration, extraction and drilling for oil and gas. This does not apply to consultants undertaking these activities.

QBE will commence roll-out of the customer transition maturity assessment process from 1 January 2026. Our assessment will consider customers' emissions performance and where relevant, additional factors such as decarbonisation goals. QBE expects that the transition maturity assessment will evolve over time in line with emerging best practice and learnings from our implementation.

QBE will engage with customers assessed as low transition maturity and/or their brokers. QBE will reassess these customers on an annual basis. If after 3 years the customer continues to be assessed as low maturity, then QBE will consider if there are any justifications for the customer's position and decide whether to decline or to continue to provide insurance services to that customer.