



# Sustainable insurance



## 2021 Sustainability scorecard achievements

### Address the risks and opportunities related to climate change

Embedded climate risk  
analysis into our risk  
management and strategy **page 16**

### Continue to embed consideration of ESG risks into our Group-wide risk management framework

Integrated ESG considerations  
into our Group Underwriting  
Standards with reference to  
our Environmental and Social  
Risk Framework **page 19**

### Collaborate with industry, government and civil society to support the achievement of our priority United Nations Sustainable Development Goals

Participated in a range of  
partnerships and initiatives  
to address topics including climate  
change and the SDGs **page 23**

**i** View our 2022 Sustainability  
scorecard on [page 72](#).

#### Key for progress symbols:

✓ Achieved      ⬅️ Behind  
 ⏸️ On track      🔄 Refreshed



We continuously strive to integrate ESG issues relevant to our business in our decision-making. As a signatory to the United Nations Environment Programme – Finance Initiative’s (UNEP FI) Principles for Sustainable Insurance (PSI), we take an active risk management approach, seeking to deliver solutions tailored to our customers’ needs. We continue to strive for accountability and transparency in disclosing our progress in implementing the PSI.

### Integrating ESG into risk management

Our risk management processes and systems remain robust and aligned to global best practice. As a UNEP FI member and a PSI signatory, we continually work to integrate sustainability, and current and emerging ESG risks and opportunities in our decision-making processes.

As part of our Risk Management Strategy (RMS), we categorise risks into eight classes, with ESG risks across the business classified as strategic risks.

Our Group ESG Risk Standard, which forms part of our Strategic Risk Policy, outlines the process we use to identify and manage ESG risks across our operations. ESG risks are reported to the Group Chief Risk Officer (CRO) regularly, with our ESG Risk Committee focusing on ESG risks deemed material. Following these discussions, the committee proposes actions to the Executive Risk Committee (ERC). In 2021, material topics included climate change, human rights, modern slavery, mining practices and biodiversity.

Our newly formed Group Executive Committee Environmental and Social sub-committee focuses on QBE’s management of environmental and social risks and opportunities, with a particular focus on climate change.

Our Group Board seeks to ensure that we maintain an effective RMS across our operations, and that the business manages risks effectively in line with our Enterprise Risk Management Framework. This framework incorporates our key risk management processes determining:

- risk appetite;
- stress and scenario testing;
- governance, reporting and monitoring;
- risk identification, measurement and mitigation;
- risk management systems; and
- monitoring of our risk culture.

Consistent with its charter, the Group Board remains responsible for overseeing our social, ethical and environmental responsibilities across the business. Our Board Risk & Capital Committee (BRCC) supports the Group Board, overseeing active and appropriate risk management in line with our risk appetite, strategy and business plans. The BRCC reviews the RMS annually, with results reported to the Group Board. The ERC supports the business in managing risks as well as to understand and meet relevant legal and regulatory requirements relating to non-financial risks.

**i** Refer to Risk - our business in the 2021 Annual Report for further information about our risk management processes.

### Environmental and Social Risk Framework

In 2021, we focused on implementing our Environmental and Social Risk Framework across our investment and underwriting processes, which came into effect on 1 January 2022. The framework was developed to promote informed decision-making that is consistent with our commitment to sustainable insurance and investment. It outlines the minimum human rights and environmental criteria for our investment and underwriting business which we are committed to adhering to. Our framework specifies detailed commitments for a range of sectors that we have identified as higher risk, such as biodiversity and protected areas, fishing, mining and large-scale hydropower dams.



### Biodiversity

According to the Taskforce on Nature-related Financial Disclosures, nature loss poses both financial risks and new business opportunities. More than half of the world’s economic output is moderately or highly dependent on nature. Biodiversity loss has been recognised as a material ESG risk in 2021.

## Sustainable insurance (cont)

### Emerging risks

The risk landscape continues to shift and evolve. We define emerging risk as new or future risks that are difficult to assess but may have a significant impact on QBE's business or the markets in which we operate. Emerging risks can significantly impact QBE achieving our strategic or business objectives and may not be adequately captured within other risk classes, or risk sub-classes, in our RMS unless appropriately identified and analysed. Emerging risks are governed by the Emerging Risk Standard, which forms part of our Strategic Risk Policy.

Our Emerging Risk Forums bring together experts across the business to identify, assess and develop management approaches to these risks.

**i Refer to Risk - our business in the [2021 Annual Report](#) for further information about our risk management processes.**

During 2021, supply chain disruption and changing consumer preferences were identified as material emerging risks to the Group. Broadly, these risks and our associated actions are discussed below:

- **Supply chain disruption** - QBE utilises a significant number of third parties to supply technology solutions, identify and manage talent and provide appropriate facilities, among other supplier relationships. Failure to operate with the support of an integrated, efficient and effective supply chain may create strategic, operational, credit and compliance challenges, including failure to meet obligations to our customers; breaching relevant licence obligations or authorisations; failure to provide acceptable returns to our stakeholders; and losses spanning strategic, operational, credit and compliance material risk classes. There are numerous controls and monitoring mechanisms in place to mitigate supply chain disruption risk across all of QBE's operations and geographies.

- **Changing consumer preferences** - New technologies and ways of working are accelerating innovation and changing the risks customers face, and their expectations in terms of delivery, product experience and timeliness. Our ability to adapt to new technologies and expectations and the impact of these on our customers' preferences will significantly impact our long-term success. Actions to mitigate this risk include our Customer@QBE program, which seeks to ensure a globally consistent approach that delivers value to customers in a responsible, accountable way and supports long-term sustainable relationships. In addition, QBE Ventures monitors new technology and the impact this may have on both our customers and our business.

We continue to collaborate with the [CRO Forum](#), a forum for chief risk officers of global insurers to advance global risk management practices. We participate in the CRO Forum's Emerging Risk Working Group and Sustainability Risk Working Group. In 2021, we contributed to the CRO Forum's paper *Mind the Sustainability Gap - integrating sustainability into insurance risk management*, which demonstrates the CRO Forum's commitment to, and support for, building a more resilient, inclusive and sustainable world.

### Responsible underwriting

Our Group Underwriting Standards demonstrate our continued commitment to responsible underwriting. These standards include:

- strict adherence to compliance and regulatory obligations underpinning global efforts to combat terrorism, corruption, corporate and organised crime and human rights violations;
- identifying and integrating ESG issues into risk management and underwriting decision-making processes;

- developing products and services with a positive impact on ESG and conduct issues; and
- working with our customers and business partners to raise awareness of ESG and conduct issues, manage risk and develop impactful solutions.

In 2021, we developed due diligence and risk management processes to implement the requirements set out in our Environmental & Social Risk Framework.

We also participated in a working group to address new climate requirements issued by the Prudential Regulation Authority of the United Kingdom, which includes running scenario analysis on high-emitting portfolios and developing climate considered business strategies.



### UN-convened Net-Zero Insurance Alliance

In 2022, QBE joined the UN-convened Net-Zero Insurance Alliance (NZIA), bringing together the world's leading insurers and reinsurers to play our part in accelerating the transition to net-zero emissions economies. As part of our membership, we commit to transition our underwriting portfolio to net-zero greenhouse gas emissions by 2050. The statement of commitment by signatory companies requires the setting of intermediate targets subsequent to the publication of a NZIA target-setting protocol.



## Promoting sustainability to customers, business partners and employees

We work closely with our customers, partners and employees to raise awareness of sustainability issues, manage current and emerging risks and develop impactful solutions. We offer workshops, tools and publications to help our customers, brokers and employees build and develop their ESG risk management knowledge and sustainability awareness.

### Q Academy

To enable our business to keep educating and supporting our customers, partners and brokers during the COVID-19 pandemic, our Australia team developed Q Academy. Q Academy delivers leadership resources, e-learning and on-demand learning sessions. We launched two new e-learning modules and delivered 44 webinars across 2021 on topics related to leadership, industry, risk insights, people risk and insurance products. Sustainability-themed events included a webinar on climate risks and another on sustainable business practices for small and medium-sized enterprises (SMEs). Over 9,900 people attended our sessions, with 44% of participants attending more than one session and over 25% attending three or more. Research suggests smaller and medium-sized businesses may not have access to tools of this kind and are often more limited in terms of budgets and resources for sustainability.



### Sustainability self-assessment tool

In North America, we developed a sustainability self-assessment tool to help our customers integrate sustainability into the way they do business. Our new tool helps businesses to understand their current and emerging ESG risks and opportunities. Customers are asked a series of questions about their business and industry and, upon completion, receive a comprehensive, customised sustainability assessment outlining the environmental impacts of their business, their key sustainability motivations and recommendations across facilities, employee behaviour, supply chain, marketing and communications regarding potential practices to make their organisation more sustainable. The tool seeks to further embed sustainability into our own business processes, enabling us to share our passion and expertise for sustainability with our customers.

### Framework for managing sustainability

In Europe, QBE developed an ESG risk management framework for our customers. We recognise that while many larger businesses may have been proactive in addressing sustainability objectives, due to increasing disclosure requirements and stakeholder demands, SMEs are likely to lag behind as the business impetus is not as immediate or limited financial and human resources need to be channelled elsewhere. QBE's framework provides a template to help SMEs identify, set goals for and manage a wide range of ESG issues that may impact their business, giving them the quick start they need to begin contributing immediately to global sustainability goals. You can find out more on our [website](#).

## Our sustainable products and solutions

Through our products, services and publications, we continue to help our customers identify and address sustainability issues. We strive to embed ESG considerations in our product design and decision-making processes, giving our customers access to sustainable solutions and products.

### The Demex Group

As a business, we are always looking at ways to increase our climate resiliency and support our customers through our partnerships and investments. For that reason, QBE Ventures made a strategic investment into the Demex Group, a United States-based start-up that has built a world-leading parametric platform for analysing, pricing and transferring climate-linked risks.

We strongly believe that minimising the gap between an adverse event and getting compensation to people and businesses, while also democratising access to climate data, are important pillars in an ecosystem of resilience-building tools for extreme weather.



### Encouraging online health treatments

In 2021, we continued to adapt our customer services to align with the large-scale transition to a new hybrid working model. With rolling national and local lockdowns affecting availability of in-person treatment, QBE worked closely with our suppliers to transition physiotherapy and psychological treatments to remote provision to ensure claimants continued to receive timely rehabilitation. In February, we launched a digital musculoskeletal pilot for motor claims allowing claimants injured in road traffic accidents to access digital physiotherapy assessment and treatment at all hours, every day of the year. The digital assessment determines potential treatment pathways for a claimant, which may be in the form of digital advice and guidance, remote physiotherapy provision or face-to-face physiotherapy treatment. This digital service is still in pilot phase, but we already have plans to make remote and digital therapy treatments available across all our rehabilitation products and services, where clinically appropriate.



### Awards

Across our business, we received multiple awards for our work in simplifying our customers' journeys during 2021 and these included the:



*Innovation in Injury & Disability Management Award for our Connect & Care Program awarded by the Personal Injury Education Foundation.*

### Family recovery assistance

Our Risk Management Support team provides comprehensive support to various New South Wales (NSW) government agencies and communities, including sourcing innovative solutions to prevent and reduce the complexities of injuries. Our risk management investments and project management support are designed to ensure that our solutions are tested and deliver tangible outcomes for these NSW agencies and the community. One of our initiatives is our partnership with NSW Ambulance and Sana Psychology to create a bespoke Family Support and Recovery and Resilience Program. The e-learning modules are provided to injured NSW Ambulance workers to support their recovery and provide support and guidance to their partner and/or family as well.





## MyRecovery

MyRecovery, launched in 2020, is a people-centred innovation used in our Workers' Compensation and Compulsory Third-Party Motor claims business that focuses on providing support to injured workers and their employer through interactive and personalised videos. The program aims to deliver early intervention treatment, personalised support, and improve risk modelling and recovery management. In 2021, MyRecovery won the *Excellence in injury management Award* in the WorkSafe Tasmania Awards 2021.



## Virtual claims process

In the UK, we reinvented our motor claims process by investing in technology that enables our claims handlers to better assist our customers personally. Our new approach creates a virtual production line workflow for claims. Teams monitor the process in an automated production line, personally handling aspects that are too complex for automated processes to handle. The new environment gives our handlers more time to focus on value-adding tasks and assisting customers personally. The success of this has been reflected in our positive employee engagement scores, with an 18% increase in engagement, alongside a 14% increase in enablement, compared to 2020. In recognition of our ground-breaking Bionic Claims program, we were awarded the *Commercial Lines Claims Excellence Award* at the 2021 Insurance Times Claims Excellence Awards.



## Promoting action on sustainability

We work together with governments, regulators, key stakeholders and customers to promote action on sustainability initiatives with ESG risks and issues in mind. We regularly consult with industry experts and participate in roundtables and seminars, both locally and globally, to promote sustainability; endeavouring to stay well-informed and influential on emerging trends and risks.

### UNEP FI

In 2021, QBE co-hosted an event with the Insurance Council of Australia to introduce its members to the PSI, an initiative of UNEP FI. This event provided insights into the evolving industry and regulatory landscape for insurers ahead of COP 26 and included an overview of the UN-convened Net-Zero Asset Owner Alliance and NZIA.

### Engaging on carbon neutrality

In Hong Kong, the Green and Sustainable Finance Cross-Agency Steering Group was established to help transition the financial ecosystem toward carbon neutrality. In 2021, the steering group launched the Centre for Green and Sustainable Finance. This initiative, supported by organisations including the Hong Kong Insurance Authority, demonstrates Hong Kong's position as a leader in green and sustainable finance.



### Association of British Insurers' Climate Biennial Exploratory Scenario Working Group

We are a member of the Association of British Insurers' (ABI) Climate Biennial Exploratory Scenario Working Group. The ABI works closely with its over 200 member companies to ensure an effective response to the growing regulatory interest in climate change. This has included responding to a series of consultations, and organising roundtables, on Taskforce on Climate-related Financial Disclosures implementation. The working group has also engaged with the Bank of England on its 2021 Biennial Exploratory Scenario: Financial risks from climate change, which explores the resilience of the United Kingdom's financial system to the physical and transition risks associated with different climate pathways. A response developed by the working group helped to ensure a more proportionate approach to several aspects of the exercise.