

14 December 2018

Mr J Vincent
Executive Director
Market Forces
Via email: julien@marketforces.org.au

Dear Julien,

Thank you for your letter of 5 December, regarding QBE's exposure to the proposed Adani Carmichael coal mine.

I appreciate you taking the time to write to us, on behalf of a number of environmental groups, and your advocacy on the global challenge of climate change.

At QBE, we believe climate change is a significant risk for the world, for our industry and for our business. As well as the physical risks and opportunities associated with climate change, we are cognisant of the potential transition risks associated with the global shift towards a lower-carbon economy consistent with the 2015 Paris Agreement.

QBE contributes 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 also own green bonds to support our QBE Green Bond to the value of US\$199 million.

We are a signatory to both the Principles for Sustainable Insurance and Principles for Responsible Investment and we are active members of a range of groups including the Investor Group on Climate Change. Just last month, we joined with the United Nations Environment Programme Finance Initiative (UNEP FI) and 17 other global insurers in a new pilot to develop analytical tools to pioneer insurance industry climate risk disclosures that are in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

You will recall that earlier this year, QBE also signed a public Statement of Support for the TCFD recommendations. In August, we published our action plan that describes the steps we are taking to implement those recommendations across our business. That plan commits QBE to a number of important steps across four thematic areas, representing the core elements of how companies operate: governance, strategy, risk management and metrics and targets.

I am pleased to advise this work is well advanced. In 2018, we committed to review our investment portfolio to look at our exposure to thermal coal. This work has now been completed and I can advise that our exposure across our ~\$24 billion investment portfolio is approximately 0.5% and declining. Further detail will be provided through our Annual Report in early 2019.



Consistent with our plan, in 2019 we will also complete detailed analysis of climate-related risks and opportunities in priority underwriting portfolios and review our underwriting strategy.

While QBE's general position is not to discuss specific customer relationships, I can confirm that we do not provide insurance services to the proposed Carmichael mine and rail construction project and we do not intend to do so in the future.

I trust this satisfactorily addresses your inquiries and wish you all the best for the festive season.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Peter Grewal".

Peter Grewal
Group Chief Risk Officer