



# **QBE European Operations**

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**ClimateWise Reporting  
2008/9**

**June 2009**

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## **Introduction and Scope**

This document details actions taken by QBE European Operations against the ClimateWise principles during the 2008/9 reporting year.

This statement is the second such annual statement and is produced in accordance with QBE European Operations commitment, as a ClimateWise signatory, to publish a statement as part of its annual reporting. The format and content of the report are intended to follow the ClimateWise Guidance for Reporting.

## **Principle 1 - Lead in Risk Analysis**

### **1.1 Support and Undertake Research**

*QBE European Operations (QBE EO) makes full use of the latest available scientific data and risk modelling techniques to protect our stakeholders' and customers' interests.*

#### **Sample Publications reviewed:**

- Marsh Report, Climate Change: Business Risks & Solutions volume v, issue 2, Apr 06;
- European Wind Energy Association (EWEA) Report - Delivering Offshore Wind Power in Europe;
- European Wind Energy Technology Platform – Strategic Research Agenda – Market Development Strategy, 2008 – 2030 (July 08);
- British Wind Energy Association (BWEA) Report – Wind Energy in the UK: A BWEA State of the Industry Report (Oct 08); and,
- Paul J Fox, Dept of Geology & Geophysics, Texas A&M University - Climate Changes: The Secret from the Sea, Nov 08.

#### **Research we undertake internally:**

1. Annual review of QBE's Probable Maximum Loss (PML) methodology for property wind catastrophe for peak zones to review any major developments or changes in opinion on potential major wind catastrophe losses;
2. Review exposures to ensure that QBE has limited exposure to common law and Directors and Officers claims should we exclude climate change exposures for customers who do not take prudent steps to prevent the relevant losses. This takes into account current activity of certain US states in suing car manufacturers and the power generation industries (and probable downstream to coal miners and oil companies);
3. Consider introducing climate change questions into the underwriting processing for at risk industries to ensure that the underwritten companies have a pro-active approach to assessing climate change to ensure they have a defensible position in the event of future litigation; and,
4. Consideration to offering products to the new carbon trading markets.

QBE EO ensures that we have a consistent approach to climate change in our operations around the world.

Further activities are exhibited through the creation of the Emerging Risks Group. Remitted with the co-ordination of QBE EO's process for identifying and managing emerging risks, its responsibilities to the Group include:

1. Consideration and discussion of new and emerging trends;
2. Formally identify the key emerging risks and their relative priority;
3. Consideration of potential for new types of claims arising out of emerging risks and their impact on portfolios / QBE EO;
4. Direct further work required from technical researchers, including identification of improvements to policy terms and conditions where applicable;
5. Ensure communication on emerging risks throughout QBE EO, including the escalation of any issues to the Risk Management Committees;
6. Ensure suitable representatives are involved in any technical research as appropriate; and,
7. Raise awareness of the importance of emerging risks.

Emerging risks are those that are perceived to be potentially significant but which may not be fully understood or allowed for in insurance terms and conditions, pricing, reserving or capital setting. Such risks include but are not limited to:

- Climate change;
- Nanotechnology;
- New technologies in food production;
- Modern methods in plant breeding and effects on diversity; and,
- Green revolution e.g. recycling and bio-waste processing.

QBE's Emerging Risk Group (ERG) will better co-ordinate the process for identification and management of emerging risks.

The Financial Services Authority (FSA) and rating agencies consider the processes for identification, review, action and communication in respect of emerging risks as part of their evaluation of insurers' risk management.

Lloyd's have strengthened their processes in respect of emerging risks controls. As part of the process a Lloyd's Emerging Risks Working Group has been set-up, which includes a representative from QBE European Operations.

A summary of the status of the emerging risks priorities and actions being taken will be submitted to the Risk Management Committees on a quarterly basis, and relevant underwriting and other forums as appropriate.

## 1.2 Support more accurate forecasting

In relation to catastrophes, through the specifically designed Realistic Disaster Scenario (RDS) programme, QBE EO analyses the estimated maximum cost of simulated catastrophes. Whilst this is a requirement of both Lloyd's (for our syndicates) and Group (for the whole of EO); we run the programme twice each year – to check that our reinsurance arrangements are achieving what we intended; and to model a wider range of scenarios.

Using data supplied by the Business Units, on whose help we rely to do this job, we are required to analyse the estimated cost of a series of specified scenarios.

Our comprehensive systems and modelling of realistic disaster scenarios and property aggregate accumulations include assessment of the potential impacts of climate change related risks. The models used are regularly updated to incorporate the latest scientific evidence in relation to emerging climate change scenarios such as population shifts, changing property values, extra costs incurred for goods and services from demand surge and short-term to long term seasonal weather forecasts.

At a group level, QBE applies a rigorous methodology to assessing potential catastrophe claims including the use of realistic disaster scenarios, commercial catastrophe loss models and in-house catastrophe loss assessment tools.

The outcomes of these assessments help to set the level of reinsurance required by QBE and, in conjunction with QBE's risk appetite and tolerance, determine the amount of risk that is retained by the Group in any one geographic region for a particular peril. An important input into setting the risk tolerance is the planned allowance for large individual risk and catastrophe claims in the business plan. This is the level of claims that QBE can afford to fund in any one year without affecting the planned profit of the Group.

### **With regards to supporting national and regional forecasting:**

- QBE continue to participate on the Association of British Insurers (ABI) Property Committee, to:
  - Ascertain research and risk data from Environment Agency regarding impact of climate change on flood risks;
  - Understand reservoir / dam burst risk and impact from property risks; and,
  - Lobby government for increased spend on flood defences and planning policy and guidance in flood prone areas.

- QBE engage with the Cambridge Institute in respect of our asset protection product line;
  - Enlist the services of the British Occupational Health Foundation for advice;
  - Participate on the Lloyd's Emerging Risk Group as well as creating one specific to QBE; and
  - QBE is a signatory to a United Nations Environment Programme (UNEP) statement of environmental commitment.
- Being a signatory, QBE is committed to sustainable development, environmental management and public communication.

### **1.3 Use research to inform pricing, capital and reserves**

One of the Operational risks for QBE and the general insurance and reinsurance industry is the potential for increased claims costs due to the impact of climate change scenarios such as those identified by the Intergovernmental Panel on Climate Change. An inherent strength of the QBE Group is a high level of product and geographical diversification which mitigates the potential impacts of extreme weather events in any one part of the world.

This is evidenced by the strength of the Group's financial results notwithstanding extreme weather related events in recent years. The potential for increased frequency and/or severity in damaging weather related occurrences has and will continue to result in changes to the underwriting and retention of insurance risk.

### **1.4 Evaluate risks of New Technologies**

As mentioned in the above sections, QBE has established an Emerging Risk Group (ERG) in order to better co-ordinate the process for identification and management of emerging risks. This includes review of new technologies e.g.

- Nanotechnology;
- New technologies in food production;
- Technology & pervasive systems;
- Modern methods in plant breeding and effects on diversity; and,
- Technology & compulsion disorders.

Our review process follows specific phases:

1. Emerging risks are identified and recorded in matrix;
2. High 'threat' and 'impact' risks are prioritised for further review, where required;
3. Information gathering process are instigated using questionnaires to business units or other appropriate methods;
4. Collate and analyse information, identifying where action is required and move to Phase 5. If no further action - place on hold;

5. Plan of action put in place by business units, to mitigate potential threat and/or impact;
6. Business units present mitigation plans to Emerging Risks Group;
7. Emerging Risk Group review plans identifying issues that require attention by the Chief Underwriting Officer (CUO);
8. CUO reviews any issues raised, agreeing actions or advising alternative actions; and,
9. Actions put in place by Business Units and subsequently reviewed by Emerging Risks Group.

## **1.5 Share Research with Others**

Whilst the risk management area believes there are no specific direct threats, the team has highlighted potential opportunities to advise clients on climate issues. To this end, the team will seek to identify areas where they can provide a service in respect of climate change.

QBE has made general comments on climate change submissions as part of a larger industry document via the Washington State Climate Change Risk Survey and participation in National Association of Insurance Commissioners (NAIC) discussions on reporting by insurers on climate change. QBE will be participating in NAIC's Insurer Climate Risk Disclosure Survey in 2010.

Additionally QBE provided an overview of its risk management activities, including climate change in its annual report for the year ending 31 December 2008.

Finally, QBE also provides details to the Sustainable Asset Management (SAM) Group as part of their sustainability assessment for the Dow Jones Sustainability Index (DJSI).

## **Principle 2 - Inform Public Policy Making**

### **2.1 Work with policy makers nationally and internationally**

QBE continue to participate in the Association of British Insurers (ABI) Property Committee, to:

- Ascertain research and risk data from the Environment Agency regarding impact of climate change on flood risks;
- Understand reservoir / dam burst risk and impact from property risks; and,
- Lobby Government for increased spend on flood defences and planning policy and guidance in flood prone areas.

QBE is a signatory to a United Nations Environment Programme (UNEP) statement of environmental commitment.

- QBE is committed to sustainable development, environmental management and public communication.

### **2.2 Promote and actively engage in public debate**

QBE collate and report information relating to our 'carbon footprint'. This exercise is undertaken in accordance with The Greenhouse Gas Protocol.

QBE seek to promote and engage in public debate through participation in initiatives such as the Carbon Disclosure Project and ClimateWise.

### **2.3 Support work on emissions (carbon) reduction targets**

At present, the insurance and financial services industries are not subject to specific emission limits. QBE's products and services are insurance contracts which do not produce direct greenhouse gas emissions through use of disposal of physical assets. Emissions relating to external distribution or logistics are relatively small, but we seek to actively manage these to reduce adverse environmental impacts.

QBE monitors and reports its key environmental impacts, and where practical, Group companies develop and adopt practices that are energy efficient and designed to reduce adverse environmental impacts such as greenhouse gas emissions.

Measurement of the Group's environmental impact has, to date, focussed on three key greenhouse gas emission metrics: business air travel, car fleet and electricity usage. The Group's estimated greenhouse gas emissions (CO<sub>2</sub>e) for 2008 were 47,420 tonnes. The 2008 increase was predominantly due to the US acquisitions made during that year.

The CO<sub>2</sub>e was calculated using the tools available from the Greenhouse Gas Protocol initiative – see Section 5 below.

QBE does not currently participate in emissions trading schemes.

## **2.4 - Support Government action towards resilience**

See response to 2.1 – QBE participates in the ABI Property Committee to lobby Government for increased spend on flood defences and planning policy and guidance in flood prone areas.

## **2.5 - Work with emergency services**

See response to 3.2 – QBE has developed ‘Realistic Disaster Scenarios’ for situations such as extreme weather predictions, this allows us to maintain a commercial presence in countries and regions, including developing countries that may be at heightened risk from the impacts of climate change.

## **Principle 3 – Support Climate Awareness Amongst Customers**

### **3.1 Inform customers of climate risk and provide tools**

Not directly. See response 3.2 below.

### **3.2 - Encourage customers to adapt to climate change and reduce emissions through insurance products and services**

QBE is market leading provider of general insurance and reinsurance to the commercial sector including carbon intensive industries such as Property, Marine & Energy, Aviation and Manufacturing, and organisations which operate motor vehicle fleets. QBE is well placed to monitor emerging trends and service the changing needs of our customer base in any transition to alternative energy technology, products and services.

The prevalence of energy-intensive sectors such as property, manufacturing, marine and aviation among our client base could potentially expose us to a future decline in demand for carbon-intensive products and services. Our market-leading position, however, means we are well placed to monitor emerging trends and provide support in to new and emerging energy technology products and services e.g. wind, wave motion and solar power generation.. We also perceive opportunity in growing risk-awareness in a future in which climate change encourages a greater incidence of insurable events.

The potential impacts of climate change may also create opportunities for the Group. QBE's significant presence and expertise in the global commercial insurance and reinsurance market, particularly the Marine and Energy sectors, will create a platform to provide insurance support for emerging alternative energy technologies, products and services.

#### **Product line specific assessment/information:**

- Aviation - Understand that there is currently Class Action in California, under Article 65 relating to airlines negligently polluting the air. This does not impact our Aviation syndicate as the action pre-dates the inception/commencement of the aviation division. QBE would not take any risk in providing pollution cover due to its long tail and potential scope.
- Asset Protection – Potential threats are being monitored in particular relating to possible increased residual value depreciation of 'environmentally unfriendly' assets and the resultant insurance losses. The Cambridge Institute has been appointed to monitor the situation and advise the team. There are some opportunities in respect of maintained availability insurance for renewable energy (i.e. focus on generation risk rather than credit risk).

- Property - No opportunity currently identified, however, due to the changing weather patterns and increased risk; QBE will:
  - Embed risk assessment using weather related models, such as Risk Management System Catastrophe Modelling;
  - Develop more sophisticated UK flood underwriting tools for UK Property i.e. break down risk by inland, coastal and surface water flooding; and,
  - Continue participation on the ABI Property Committee (see 2.1 above).

It should be noted that underwriters already utilise results from aggregate modelling using information provided by the Government containing up-to-date flood and subsidence exposure. Additionally, a new geographical risk evaluation tool is being developed.

- Motor – No additional risk or opportunity from the effect of climate change;
- Credit & Bonds – No current threats identified for this area of the business as yet. Originally there was an expectation that the carbon trading market could be quite large. However, there has been an almost insignificant level of business. It is now believed that it will take 2 – 3 yrs before tradable (carbon credits) will require significant level of credit insurance. However, Munich Re has been identified as a partner when the time is right;
- Casualty – there has been an increase in the number of requests for cover relating to firms engaged in carbon capture or development of renewable energy. Underwriters have always been aware of the exposure from any financial liability extension; and,
- Marine & Energy – Reviewing the possibility of specific moves into renewable energy insurance, however results of the research conducted were not favourable to the current renewable energy insurance market.

Further information is available regarding the initiatives of QBE Australia / Americas and Asia Pacific, if required.

### **3.3 Increase sustainable repairs and manage waste material**

No information available at this time.

### **3.4 Consider how to use expertise to help developing world**

See response to 3.2 – QBE has developed ‘Realistic Disaster Scenarios’ for situations such as extreme weather predictions, this allows us to maintain a commercial presence in countries and regions, including developing countries that may be at heightened risk from the impacts of climate change.

QBE Group's involvement in the community is encouraged and is structured along divisional lines with initiatives being generated from the ground up. A common element is that QBE's community and social involvement is based around local initiatives about which employees are highly engaged and passionate. As well as donations by the Group and the divisions to numerous local charitable and other community organisations, QBE employees also make contributions through payroll deductions and giving of their time to local community volunteer projects.

The QBE teams around the world have identified various nominated charities including Mission Australia, Create Foundation, and the Lloyd's community programme in the UK; and, in the Americas, QBE staff engaged with a number of organisations across multiple states with a focus on three main areas including disaster prevention.

## **Principle 4 - Incorporate Climate Change into Investment Strategies**

### **4.1 Consider implications of climate change for company performance and shareholder value**

QBE EO believes that climate change presents both potential threats and opportunities for our industry. We monitor emerging developments very closely and will continue to adapt our business planning and evolve risk-mitigation strategies in response. In particular we are making extensive use of the best available risk modelling and aggregate accumulation techniques to help define our risk appetite. To the extent that climate change could impact us on the asset side, QBE adopts a low-risk absolute return strategy.

The prevalence of energy-intensive sectors such as property, manufacturing, marine and aviation among our client base could potentially expose us to a future decline in demand for carbon-intensive products and services. Our market-leading position, however, means we are well placed to monitor emerging trends and provide support in to new and emerging energy technology products and services. We also perceive opportunity in growing risk-awareness in a future in which climate change encourages a greater incidence of insurable events.

Such growing awareness could also reduced claims costs by promoting more active risk prevention among our insureds. Overall we remain vigilant and are cautiously optimistic that the QBE business model of diversification by product and geographical location – combined with stringent risk management discipline – provides a secure foundation for our business going forward.

Further details of our consideration of the implications of climate change for company performance is outlined in the previous section.

### **4.2 Encourage disclosure on climate change by companies**

QBE seek to promote and engage in public debate through participation in initiatives such as the Carbon Disclosure Project and ClimateWise. We believe that adoption of recognised best practice and public disclosure serves to increase 'peer pressure' on those organisations not currently publicly reporting greenhouse gas emissions and hence encourage future disclosure.

### **4.3 Encourage improvements in energy efficiency and climate resilience of property investments**

General insurance companies also face asset risk relating to potential climate change impacts on the value of their investment portfolios.

QBE adopts a low risk, absolute return on investment strategy and at 31 December 2008, around 94% of the Group's investment comprised high quality and very liquid fixed interest and cash with equities representing less than 6% of total investments and cash.

### **4.4 Communicate investment strategy to investors and shareholders**

The Group Chief Risk Officer and Group Chief Actuarial Officer are responsible for monitoring and managing ongoing risks and opportunities relating to climate change in order to mitigate any adverse effect in QBE's business and to protect shareholders' funds.

See Response to Principal 5.

### **4.5 Share assessment of impacts with pension fund trustees**

No information available at this time.

## **Principle 5 – Reduce the Environmental Impact of Our Business**

Corporate Real Estate Services (CRES EO) has primary responsibility for identifying, monitoring, reducing and reporting on environmental impacts from physical assets and the internal activities of QBE European Operations.

QBE commissioned an external environmental consultant in Jan 2008 to undertake an Initial Environmental Review (IER) of the company's principal London offices in order to identify key environmental aspects and impacts associated with our activities.

The findings of this IER were used to inform and support the development and implementation of standardised reporting procedures and infrastructure for collecting and collating Environmental Key Performance Indicator (EKPI) data for the company's European offices on an on-going basis. This provides the data for identification of opportunities, informed decision making and public reporting.

### **5.1 Processes for sustainable procurement**

QBE European Operations has identified the 'most significant' products and services purchased as including: business travel, freight, paper and waste management. Environmental impacts associated with these products and services have been identified and guidelines for consideration of sustainability issues during procurement are being developed and will be implemented during 2010. Implementation of this guidance will, in part, be dependent upon the time table for contract renewal with existing suppliers, but will at a minimum including consideration of:

- Specification of Paper: recycled content / FSC sourced wood pulp, method of bleaching etc.;
- Freight shipment: provision of accurate information relating to weights of freight carried, origin/destination and associated GHG emissions, offsetting of greenhouse gas emissions;
- Waste Management Services: compliance with the principles of the waste management hierarchy and proximity principle; and
- Travel: Where appropriate consideration will be given to the use of the least carbon-intensive mode practical i.e. train travel for national travel.

Examples of purchasing decisions that have involved the informal consideration of sustainability issues include:

- Purchase of electricity derived from a renewable source at our European Head Office (London); and,
- Use of FCS certified office paper at all UK offices.

## 5.2a Measurement of environmental impact

QBE EO has compiled EKPI data on a quarterly basis since Q1 2008.

The scope of reporting covers direct environmental impacts associated with 79 QBE sites / offices located in seventeen countries with c.2, 600 employees. Reporting excludes impacts associated with the activities of home workers.

Environmental Key Performance Indicators (EKPIs) reported include:

- Energy consumption (kWh);
- Water consumption (m<sup>3</sup>/year); and,
- GHG emissions (kg CO<sub>2</sub>e).

The quarterly reports collate, review and summarise available data and are produced with the support of an external environmental consultant.<sup>1</sup> Reports are based on information provided by the reporting offices and identify data gaps, limitations and actions required as part of an on-going programme to monitor and reduce environmental impacts and achieve wider project objectives.

Data is collated annually and submitted to the company's Australian head office for integration with EKPI data from other regions to provide data on the company's global environmental impact which is publicly reported in the company's Group Annual Report and Accounts.

QBE is currently considering expanding the range of environmental key performance indicators used to include data collection against the following EKPIs during 2009/10:

- Paper consumption (kg and kg/FTE/year); and,
- Waste Management (total waste arisings kg and kg/FTE/year, % recycling rate).

## 5.2b Evaluation of steps to reduce environmental impact

During 2008, CRES European Operations established a system for monitoring and reporting EKPIs. Over the last year, this system has been improved with steps taken to close gaps in the reporting process and improve data quality. The information obtained is now being used to support decision making and identify opportunities to improve environmental performance for example through internal and external benchmarking.

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<sup>1</sup> Dr David Smith, Head of Resource and Environment Group at Scott Wilson Ltd.

Key achievements during 2008/9 include:

1. Green alternatives for Stationary CRES EO are working with our supplier to offer more environmentally friendly alternatives against our standard stationary supplies. This includes changing our photocopying paper to a product that comes from a sustainable source and is approved by the Forestry Stewardship Council (FSC);
2. Energy Management Lighting Systems, time based / movement detectors installed in London and Chelmsford offices;
3. Use of sustainable materials where possible during Chelmsford data room expansion;
4. Renewable Energy contract entered into for electricity supply for our European Head office;
5. Office Paper Recycling, one supplier servicing all QBE UK premises to improve access to and quality of data;
6. Improved employee communications through the development of an Environmental Intranet with dedicated email;
7. Development and implementation of an EKPI monitoring and reporting system, including Methodology Guidance and Reporting Spreadsheet distributed to all European offices to standardise environmental reporting; and,
8. Corporation of London, Clean City Awards, QBE achieved a ‘Merit’ for the second consecutive year.

During 2009 QBE CRES EO will be looking at a number of initiatives to reduce QBE’s environmental impact and will continue to work closely with QBE New Media team and Corporate Communications to inform and report on the progress of a broad range of environmental initiatives.

Key initiatives for 2009 include:

1. Company Car Fleet Management, CRES EO will review how environmental data from car fleet suppliers is recorded and collated, so that we can produce more accurate reports;
2. Waste Strategy, CRES EO is working with the City of London on its municipal waste strategy. This is giving us access to new ways of reducing our waste in the London offices as well as to potential partners to help us achieve this;
3. Improved Waste Management, we are currently working to improve the system of monitoring and managing general waste. This will include provision of infrastructure to support the recovery / reuse or recycling of large items of office waste, recycling of printer and photocopier toners and recycling plastic cups. Where possible revenue raised through recycling will be donated to charities;
4. Improved employee engagement, throughout 2009 we will be running a “Did you know campaign” which will highlight key fact and figures to employees and raise awareness of ways to help reduce our Carbon footprint; and,

5. EO Environmental Web pages, further enhancements will be made to our intranet web pages including a dedicated area that takes a closer look at what our suppliers are doing in ClimateWise and Corporate Social Responsibility (CSR).

Whilst QBE has taken a number of steps to reduce the environmental impact of its activities over recent years 2008 was the first year that the company has collected and collated EKPI data for all our European Operations, The data set obtained provides baseline data which will be used to inform future decision making. The baseline data will be reviewed to better understand our impacts and support internal and external benchmarking of performance and identification of further opportunities to improve performance. This process will ultimately allow the identification of SMART targets to reduce environmental impacts.

### **5.3 Evidence of disclosure of direct GHG emissions**

QBE European Operations has committed to publicly disclosing direct emissions of greenhouse gases in accordance with a globally recognised standard.<sup>2</sup>

QBE EO collects and collates data provided by the company's European offices on a quarterly basis, producing internal reports summarising EKPI performance, identifying data gaps, limitations and actions required as part of an on-going programme to reduce adverse environmental impacts and wider objectives including:

- Voluntary external reporting of direct greenhouse gas emissions associated with QBE's European offices in accordance with the WBCSD/WRI Greenhouse Gas Protocol; and,
- Collection and collation of robust data to support decision making and identification of opportunities to improve environmental management through an on-going 'rolling programme'.

The quarterly reports are submitted to the company's Australian Head Office for integration with EKPI data from other regions. EKPI data for the company's global activities is publically reported in the company's Group Annual Report and Accounts

Three carbon-based metrics: business air travel, car fleet use and electricity usage were reported in the Group Annual Report and Accounts, with the Group's global carbon emissions for 2008 estimated at 47,420 tonnes.<sup>3</sup>

Greenhouse gas (GHG) emissions associated with the company's direct business activities (i.e. Operation of offices and business travel) are reported in accordance with the requirements of the World Business Council for

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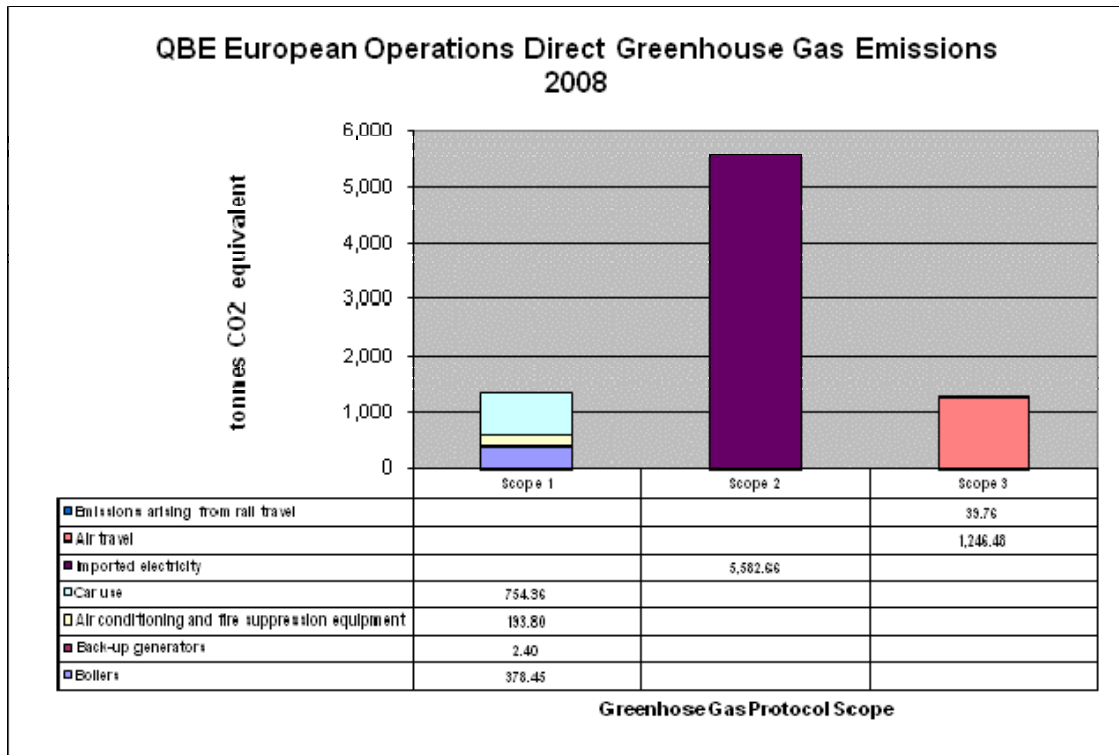
<sup>2</sup> [http://www.lloyds.com/360\\_risk\\_project/Climate\\_change/ClimateWise/ClimateWise.htm](http://www.lloyds.com/360_risk_project/Climate_change/ClimateWise/ClimateWise.htm)

<sup>3</sup> QBE European Operations Insurance Group, Annual Report December 2008, page 18, <http://oneintranet.qbe.eo/ourbrand/results/Pages/report2008fullyear.aspx>

Sustainable Development / World Resources Institute Greenhouse Gas Protocol.

- QBE’s UK European offices are generally leased with shared tenancy. Building services such as boilers, back-up generators and centralised cooling systems are generally managed and controlled by the landlord or landlord’s agent under a service contract. Associated emissions are therefore not QBE European Operations Scope 1 emissions; and,
- Indirect emissions from QBE’s business travel are considered to be ‘material’ and are therefore included within the scope of reporting.

Total direct GHG emissions from QBE European Operations during 2008 were 8,200 tonnes CO<sub>2</sub>e. The breakdown of emissions by source is summarised in the graph and table below.



## **5.4 Description of steps taken to engage employees**

QBE produces an in-house magazine 'Link' which includes topical environmental features e.g. 'How Green are We?'(February 2008). QBE also has an Environmental Intranet with dedicated email, which is accessible by all employees and includes links to:

- The in-house magazine 'Link';
- The climate change section of the company's Annual Report;
- Quarterly environmental KPI reports, with details of environmental performance at all European locations; and,
- The ClimateWise website.

The Intranet is updated on an on-going basis with new actions and initiatives as they happen throughout the year.

The webpages were improved during January 2009 and additional enhancements will be made during 2009 including a dedicated area that takes a closer look at what our suppliers are doing in ClimateWise and Corporate Social Responsibility (CSR).

Throughout 2009 we will be running a "did you know campaign" which will highlight key facts and figures to employees throughout EO additionally highlighting ways to help reduce our Carbon footprint.

## **Principle 6 – Report and be Accountable**

### **6.1 Board level sponsor for climate change strategy**

Considerations of environmental impact are a key component in business strategy and planning at Group level and within QBE EO. The Group level QBE's chief risk officer and chief actuarial officer have been appointed as the senior executives responsible for monitoring and managing risks and opportunities relating to climate change on an ongoing basis in order to mitigate any adverse effects on our business. The QBE board member responsible for the company's climate change strategy is David Cooney, QBE EO Operations Director.

QBE's Emerging Risk Group (ERG) was created to co-ordinate the processes for identification and management of emerging risks such as climate change.

Over the last year the company has invested in external support to establish not only baseline emissions for 2008/9, but also support the development of a robust system for the on-going monitoring of environmental KPIs. The data obtained through this process is being used to identify opportunities for improvement and support public reporting (see Principle 5.3).

QBE has also invested in the creation of an intranet to engage with and inform employees – climate change is a key issue of the environment page (see Principle 5.4).

### **6.2 Annual Statement**

This report constitutes a statement of actions taken by QBE in response to its commitments under ClimateWise. This report will be submitted to ClimateWise during June 2009 and posted on the QBE Environmental Intranet to support employee engagement.

The Environment Intranet is updated on an on-going basis with new actions and initiatives as they happen throughout the year.