



Premiums4Good™

Supporting the environment

Made possible





We are grateful
to our customers who
have shared their
concerns for the future
of our environment.

Being a (re)insurance company places us in a unique position that allows us to understand how the world of risk and the environment is connected and interdependent today. Our automotive customers have been engaged in a dialogue with us for some time making it clear they recognise their responsibility for the environment. When they told us that they want to make better environmental choices, we listened. It has been by getting to know them and the business environment they operate in that has encouraged us to increase the contribution we make to minimising climate disruption.

We are grateful that our customers entrust us with the responsibility for their financial protection that insurance provides but we know that our duties do not end there. We are also being entrusted with the added authority to make sure that our investment decisions contribute positively to the public, social and environmental good.

As well as being committed to minimising significant adverse environmental impacts resulting from our operations, our investment in green bonds, via our groundbreaking Premiums4Good initiative, is a conscious, proactive choice to make a difference. Our customers' support and their engagement with the environmental impacts that affect us all have been an inspiration. Please feel free to share this P4G report as widely as you wish with your employees and other interested parties.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Pryce', with a stylized flourish at the end.

Richard Pryce
Chief Executive Officer
QBE European Operations

*“When they told us that
they want to make
better environmental
choices, we listened”*



Validation committee

QBE is transparent in its commitment to invest allocated premium in line with the Premiums4Good mandate. To give customers assurance, we have established an independent committee to confirm those investment decisions as being appropriate for the product.

The inaugural meeting for the Classification of Social Investments (COSI) committee was held 9 December 2015. The committee comprises six members; three from QBE and three from external organisations (Big Society Capital, Philanthropy Australia and Impact Investing Australia).

Investments can only count toward our Premiums4Good total if confirmed by this committee. All of the investments we highlight in this update have been validated by that independent committee.

As at 31 July 2016, the value of our investments is as follows:

High Impact:	US\$268m
Moderate Impact:	US\$59m

To date the total pool of investments classified by the committee with "Additional Social Objectives" is US\$327m.

Customer participation in the Premiums4Good program at QBE has seen approximately US\$18.1m from insurance premiums allotted to the program. This is expected to increase with additional customer participation and the extension of the program to other divisions.

IFC Green Bonds

International Finance Corporation (IFC), is a member of the World Bank Group that helps developing countries achieve sustainable growth by financing private sector investment, mobilising capital in international financial markets and providing advisory services to businesses and governments. IFC launched its green bond programme in 2010 and has been a regular issuer of benchmark green bonds.

As of November 2015, IFC has issued US\$4.3bn in green bonds through 48 transactions in 10 currencies. The proceeds from IFC's green bonds are designated for investing exclusively in renewable energy, energy efficiency and other climate-smart projects in developing countries. All of IFC's green bonds have been verified by the University of Oslo's Climate Centre (CICERO).

Green Bond facts: did you know?

The global green bond market continues to grow rapidly. Non-existent eight years ago, there is now an estimated US\$118bn worth of labelled green bonds globally.



ANZ Green Bond

Last year ANZ Bank issued an A\$600m (US\$464m) green bond to finance green property and renewables. Proceeds of the ANZ Green bond will refinance low carbon workplaces and environmentally friendly offices (green property), and wind energy and solar energy loans in Australia, New Zealand and parts of Asia. Some specific projects being funded by bond proceeds include Taiwan's Miaoli Wind Farm, and Australia's Collgar Wind Farm and Brookfield Tower Place which is a low-carbon building.

The green credentials of the bond have been certified by EY under the Climate Bonds Standard, and EY will also do annual check-ups to ensure that the ANZ bond continues to comply with the Standard. Notably, the bond is the world's first certified under the new Low Carbon Buildings criteria for the Climate Bonds Standard.

The Climate Bonds Standard is a Fair Trade-like labelling scheme for bonds designed to make it easy for investors to identify low carbon and climate-resilient investments. Having a bond certified under the Standard means that a Climate Bonds approved verifier – in this case EY – certify that the use of proceeds of the bond complies with a set list of criteria, developed by scientists and industry experts.

Green Bond facts: did you know?

The U.S. State of Massachusetts issued both a regular corporate bond and a green bond in 2013. Both issues were priced identically, yet the green bond was 30 percent oversubscribed while the regular bond was undersubscribed.

NAB Green Bond

The National Australia Bank (NAB) climate bond is Australia's first certified under the Climate Bonds Standard. Its compliance with the Standard was verified by the approved verifier DNV-GL. The bond closed on the 8th December 2014 after doubling in size due to strong investor demand.

Funds are dedicated to wind and solar energy project finance loans. From the investors' point of view, these are high quality investment grade bonds, fully backed by NAB. The only difference is that the proceeds are earmarked for green investment.

Proceeds of the A\$300 million bond will fund a portfolio of 17 wind and solar energy farms.

14 of these are operational and three are under construction. The assets will total an aggregate installed capacity of 1.5 gigawatts of electricity across Victoria, South Australia, Tasmania, Western Australia, NSW and the ACT.

Green Bond facts: did you know?

Green bonds could entail projects for environmental clean-up, water treatment, and even eco-friendly real estate or park development. Green bonds have also been used to retrofit streetlights to use LED bulbs, which not only draw less power, but reduce maintenance costs and provide better visibility.



TenneT

The green bond issued by TenneT, a leading European electricity transmission operator with activities in the Netherlands and Germany, is 100% owned by the Dutch government.

Proceeds from this bond will be exclusively used for projects that transmit renewable electricity from offshore wind power plants into the onshore electricity grid using direct current technology or alternating current technology.

The bond has been verified by oekom research AG, a rating agency for sustainable investments.



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