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SIX
SUSTAINABLE INVESTMENT EXCHANGE

QBE climate shareholder resolutions

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March 2026



Vote FOR these resolutions

Context

- These resolutions reflect a proportionate escalation following extensive engagement with board and management, and first-year mandatory disclosures that do not yet meet investor needs.

Advantageous to investors

- Seeks decision-useful disclosure of material financial risks under mandatory climate reporting.
- Helps avoid weak floor as companies consider discretionary elements of reporting.
- Stronger governance for better policy decisions, not micromanagement.

Non-prescriptive and non-onerous

Group/segment level; ranges allowed; no counterparty disclosure; based on information management already uses (no new modelling required).

The asks

- Resolution 1, constitutional change
- **Resolution 2**, disclose climate risk:
 - a) proportion of GWP at risk of withdrawal/reduced capacity/material repricing from physical climate risk
 - b) climate impacts to QBE through macroeconomic channels.
- **Resolution 3**, disclose governance adequacy:
 - a) incentive misalignments
 - b) board interlocks.

What you are voting on

Two non-prescriptive, advisory resolutions focused on disclosure and governance

Disclosure of climate risk

- The ask is for QBE to provide more comprehensive disclosure on how climate risk impacts the company.
- Specifically, the resolution seeks disclosure of the proportion of current Gross Written Premium at risk because of physical climate risk.
- It also seeks qualitative disclosure of how the macroeconomic impacts of climate change will impact its prospects.
- The aim is to give investors clearer, more practical information about the real financial impacts of climate change so they can better understand and price the company's long-term risks.

Clarity on questions of governance

- The ask is for QBE to demonstrate it has appropriate governance mechanisms in place to manage the potential for misaligned interests to adversely influence decision making.
- The aim is to give investors confidence that strong governance processes are in place to identify and manage these influences, so decisions about oil and gas underwriting are made in the best interests of the company.

Why it's reasonable (non-prescriptive, non-onerous)

The resolutions do not require disclosure of commercially sensitive information, nor do they create an onerous reporting obligation:

- No new modelling required
- Based on information management already uses
- Group / segment-level only
- Ranges explicitly allowed
- No disclosure related to specific counterparties

The resolutions request the disclosure of more meaningful and realistic information about climate risk and governance, to help investors better assess whether QBE is being well-managed for long term success.

Resolution 2 Climate disclosure: Why it matters

An opportunity for investors to raise disclosure standards

- QBE is now reporting under Australia's mandatory climate reporting framework, AASB S2 (ISSB-aligned), which requires disclosure of anticipated financial effects of climate-related risks and opportunities.
- QBE's first AASB S2 climate statement in its FY2025 Annual Report leaves unanswered material investor questions about climate risk.
- These resolutions give investors an opportunity to:
 - encourage disclosures that meet the intent of AASB S2 and ISSB — namely, to provide decision-useful information, comparable across the market
 - reduce the risk of a weak market floor emerging as companies exercise discretion under the standard.
- Investors need to look at substance over form. Where disclosures produce conclusions that appear implausible given the scale of physical and macroeconomic climate risks, investors have a critical role to play in testing those conclusions and the underlying approach.

QBE's disclosed climate risk appears implausibly low

QBE suggests climate has limited financial impact on the business

QBE estimates that Annual Average Loss increases by only ~20% by 2090 and its business is generally resilient.

By contrast:

- *Allianz SE (Board level):* climate risk challenges the foundations of insurance and capital allocation.*
- *Allianz Global Insurance Report 2025:* the insurability of natural catastrophe is increasingly in question in a ~3°C world.**
- *Institute and Faculty of Actuaries:* modelling suggests severe macroeconomic disruption under current climate trajectories, once tipping points and feedbacks are considered.***

What is missing

While Annual Average Loss is useful, this:

1. does not translate into what investors price, such as revenue or growth, and
2. excludes broader macroeconomic impacts of physical climate change that are likely to affect QBE's prospects.

The disclosures sought in Resolution 2 seek to overcome these shortcomings

This matters for investors

Where disclosed conclusions appear difficult to reconcile with the scale of physical and macroeconomic climate risk, investors have a responsibility to test this rather than accepting positive conclusions at face value.

Physical climate risk already constraining revenue — but scale not disclosed

How QBE manages physical climate risk

- QBE manages physical climate risk through repricing, portfolio optimisation and market exits.
- This manages for claims risk but directly constrains revenue and growth.

What this means for revenue and growth

- QBE has already exited portfolios due to climate-amplified risk.
- This reduced the company's Gross Written Premium by ~ US\$600 million (2024) and ~ US\$250 million (2025).*
- While offset to date by growth elsewhere, future growth options may narrow as the pool of insurable assets shrink.

Current disclosure is inadequate

Investors can't currently assess:

- the proportion of QBE's current underwriting portfolio likely to become unviable due to physical climate risk
- the limits to future portfolio substitution as the pool of insurable assets shrinks.

Resolution 2 seeks disclosure to quantify this risk.

*See QBE [2024](#) and [2025](#) Annual Reports

Macro-economic climate risk pathways and scenario comparison not disclosed

Climate risk affects insurers through top-down pathways

- Physical climate risk affects insurers through **macro-economic channels** not captured by catastrophe loss modelling alone.
- These include **GDP growth, inflation, interest rates, risk premia and volatility**, flowing through to GWP, claims inflation, reinsurance pricing and availability, investment income and capital costs.

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- *NBIM found bottom-up climate scenario analysis produced implausibly low loss estimates, even under higher-temperature scenarios, and therefore complemented it with top-down macro-economic analysis.**

QBE's reporting does not consider top-down impacts

- No explanation of how macro-economic impacts (GDP, inflation, rates, risk premia) translate into QBE's prospects
- No comparison of lower- and higher-warming scenarios
- Reporting focuses on Annual Average Loss impacts under a single scenario, with only high-level acknowledgement of other impacts

Current disclosure is inadequate

Investors can't currently assess:

- how climate risk affects QBE's prospects, and how those impacts change under different climate scenarios
- whether board and management have visibility of these impact pathways and understand the limits of existing models.

Resolution 2 seeks disclosure to articulate this risk

Resolution 3 Governance: Why it matters

QBE's oil and gas underwriting policy

- Permits continued unrestricted insurance of new and expansionary oil and gas projects for an extended period
- Positions QBE as an outlier relative to peers
- Is misaligned with its climate commitments
- Raises social licence risk

APRA recognises that insurance affordability stress may undermine insurer's social licence. This may be particularly acute for QBE as one of the few insurers that is both withdrawing insurance from those most exposed to climate risk and exacerbating risk by facilitating oil and gas expansion.

Why governance assurance matters

- Investors need confidence this strategic decision was made through robust conflict-managed process.
- At the time QBE's policy was updated, a QBE director was also on the board of an actual or potential client, that stood to benefit or lose from this policy decision. At QBE's 2025 AGM, in response to investor questioning, this director confirmed that they do *not* recuse themselves from board-level discussions about QBE's oil and gas policy.
- The underwriting profit opportunity in oil and gas lines can create potential incentive misalignments between group and divisional levels. For example, premium growth goals and incentives may not be aligned with QBE's broader strategic and reputational considerations.

Governance disclosure does not address these concerns

Investors cannot currently assess:

- Whether board interlocks influenced this policy decision
- Whether divisional incentives may bias decisions toward short-term underwriting profits
- Whether existing governance safeguards are sufficient

Resolution 3 seeks disclosure to assess these governance risks

QBE's oil and gas underwriting policy is an outlier relative to peers

Large global insurers have introduced clearer restrictions and credible transition-linked conditions on new oil and gas underwriting

- **Allianz:** restrictions on new oil & gas projects + requires net-zero commitments including for scope 3
- **Aviva:** no insurance for new or expanded oil & gas fields
- **AXA:** exclusions for new upstream projects unless company has time-bound action plan that pivots assets, operations and business model to align with climate science recommendations
- **Zurich:** exclusions for new upstream oil & gas projects post-2022

Of top 30 global insurers QBE fell from 9th to 17th for aligning O&G underwriting policy with Paris Agreement*

QBE's oil and gas underwriting policy has no meaningful restrictions

QBE's Environmental and Social Risk Framework (updated in 2025) permits continued insurance underwriting of new and expansionary oil and gas projects, and the companies developing them, without restriction until:

- at least 2029 for companies deriving >60% revenue from oil and gas extraction, and
- at least 2040 for companies deriving >30% revenue from oil and gas extraction,

after which services *may* be declined if a customer is assessed as 'low transition maturity'.

This divergence heightens the importance of investor confidence that QBE's policy decision was made through robust, conflict-managed governance processes.

| System-level investing lens



These resolutions matter for investors voting through a system lens

QBE's underwriting policies are real-economy levers

- As a major insurer, QBE helps determine which projects can proceed. Projects that cannot obtain insurance generally cannot proceed.

Firm-level risk management does not eliminate system-level risk

- QBE can manage and exit its own oil and gas underwriting exposure as transition risks rise. However, the insurance coverage provided today can enable projects that lock in emissions for decades, increasing physical climate risk across the economy.

Why this matters for diversified portfolios

- QBE can likely manage its exposure to transition risk, but its contribution to physical climate risk will have impacts across diversified portfolios.
- For universal owners, like QBE and many of its investors, protecting long-term returns requires influencing companies whose policies and practices externalise costs onto the economy — before those costs are locked in.

How these resolutions may address system-level risk

- While the resolutions do not prescribe a specific underwriting outcome, by requiring that climate risk is properly understood and disclosed, and by seeking assurance that high-stakes climate-related policy decisions are not distorted by misaligned interests, they narrow the range of defensible policy options.

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Thank you.

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