



# 2021

Sustainability  
Report

QBE INSURANCE GROUP LIMITED





# QBE at a glance

## Who we are

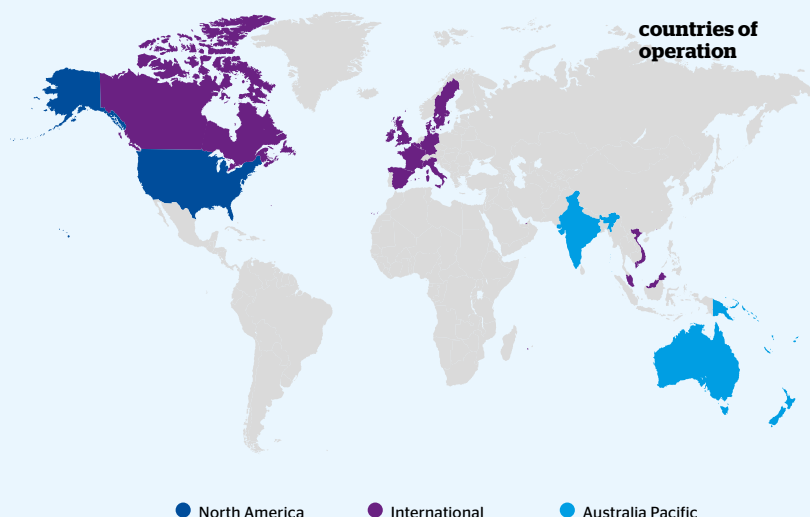
QBE Insurance Group Limited (QBE) is listed on the Australian Securities Exchange and headquartered in Sydney. We employ 11,651 people with insurance operations in 27 countries.

QBE is an international insurer and reinsurer offering a diverse portfolio of commercial, personal and specialty products, as well as risk management solutions. Our diverse product portfolio includes property, motor, crop, public/product liability, professional indemnity, workers' compensation, energy, marine and aviation. We operate in three segments being North America, Australia Pacific, and International (the United Kingdom, Europe, Asia, Canada and through our Lloyd's syndicates).

In January 2022, we launched our new purpose and vision. Our purpose, enabling a more resilient future, and vision, to be the most consistent and innovative risk partner, highlight how sustainability is integral to QBE. Our purpose and vision help to integrate and drive our sustainability agenda through all facets of our business. Further information about our operations can be found in the [2021 Annual Report](#).

## Where we are

**27**<sup>1</sup>  
countries of operation



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## About the cover

This is a field of yellow mustard located in the small farming community of Carter, north central Montana, grown for human use by one of our crop insurance agents at NAU Country, Diane (Dee) and her husband Ron.

Mustard is a deep-rooted crop that breaks up hardpans in soil, improving water drainage and releasing phosphorus in the soil, supporting the year it is grown and the following crop. It is non-genetically modified, attracts pollinators and is drought tolerant, making it suitable to the semi-arid climate and leaves tall stubble, sheltering the ground for the following crop.

<sup>1</sup> QBE's Group Shared Services Centre in the Philippines provides a comprehensive range of insurance services to QBE's customers and brokers across North America, Australia, New Zealand, the Pacific Islands, Europe and Asia such as underwriting support, policy servicing, claims, control and customer service. It also provides knowledge processing services such as Finance, Technology, HR Delivery, Data Analytics and Reporting to QBE businesses globally.





As a company that helps people and businesses protect themselves from risk, QBE has a focus on sustainability. The identification of current and emerging environmental, social and governance (ESG) trends is an integral part of achieving our purpose, understanding the needs of our customers and ensuring the sustainability of our own business.



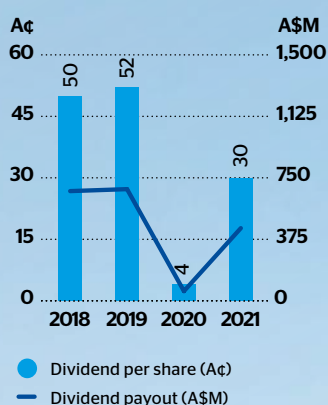
# 2021 snapshot<sup>1</sup>

## Shareholder highlights

### Dividend payout (A\$M)

# 443

⬆️ 651% from 2020



### Return on average shareholders' equity - adjusted cash basis

# 10.3%

2020 (10.9)%

### Basic earnings (loss) per share - adjusted cash basis (US¢)

# 54.6

2020 (60.7)

### Dividend per share (A¢)

# 30

2020 4

## Sustainability highlights

### Transitioning to net-zero

# 2025

Set intermediate targets for our investment portfolio

# 2030

Committed to net-zero emissions across our global operations

# 2050

Committed to net-zero emissions across our underwriting and investment activities<sup>2</sup>

### Met RE100 target



Used 100% renewable electricity for our operations globally<sup>3</sup>

### Inclusion of diversity

**Awarded Gold Employer Status in the Australian Workplace Equality Index**



**Women in leadership**

# 35.9%

2020 34.8%

**Included on the 2022 Bloomberg Gender-Equality Index**



**Launched new global QBE Foundation strategy**

Creating strong, resilient and inclusive communities

<sup>1</sup> Financial information above is extracted or derived from the Group's audited financial statements on pages 81 to 162 of the Annual Report. The Group Chief Financial Officer's report provides out further analysis of the results.

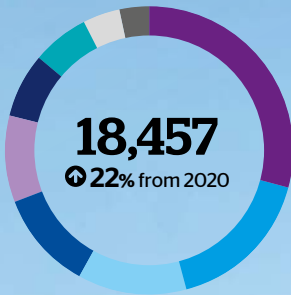
<sup>2</sup> Commitment to net-zero emissions in investment portfolio made in 2020 by joining the UN-convened Net-Zero Asset Owner Alliance.

<sup>3</sup> In 2021, we aligned our reporting to the RE100. RE100's calculations (as per RE100 Materiality Threshold guidance) exclude electricity use from countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity. The exclusion equated to 0.5% of our global electricity use in 2021.



# Statutory financial highlights

## Gross written premium by class of business (US\$M)



	2021 %	2020 %
Commercial & domestic property	29.4	30.4
Agriculture	16.6	14.1
Public/product liability	12.1	11.9
Motor & motor casualty	11.1	12.1
Professional indemnity	9.8	9.2
Marine energy & aviation	7.2	8.2
Workers' compensation	6.3	5.8
Accident & health	4.3	4.8
Financial & credit	3.2	3.2
Other	-	0.3

## Net earned premium (US\$M)

**13,408**

↑ 10% from 2020

## Net earned premium by type

**90%** direct and facultative insurance

**10%** inward reinsurance

## Combined operating ratio

**93.7%**

2020 **104.2%**

## Insurance profit (loss) (US\$M)

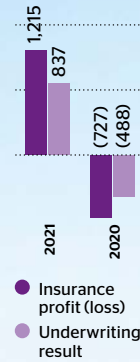
**1,215**

2020 **(727)**

## Underwriting result (US\$M)

**837**

2020 **(488)**



## Net profit (loss) after tax (US\$M)

**750**

2020 **(1,517)**

## Ex-cat claims ratio

Group

Segment

**59.4%**

2020 **59.3%**



## Catastrophe claims (US\$M)

**924**

↑ 3% from 2020

## Catastrophe claims ratio

**6.9%**

2020 **7.7%**

# Operational highlights

## Gross written premium growth

↑ **22%**

2020 **10%**

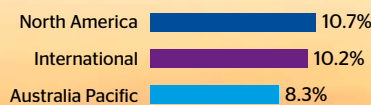
## Average renewal premium rate increase

Group

Segment

**9.7%**

2020 **9.8%**



## Premium retention

**84%**

2020 **82%**



## GROUP CEO MESSAGE

# Building on our commitment to sustainability

I was honoured to join QBE on 1 September 2021, and quickly recognised the importance of QBE's committed and integrated approach to sustainability. We will continue to build on this commitment, ensuring we further integrate sustainable practices into our business and continually improve our approach.

It has never been more important to drive long-term sustainability measures in our business to achieve a more sustainable future for our customers, people, stakeholders and the communities in which we live and work.

### Our purpose and sustainability

In January 2022, we launched our new vision and purpose. Our vision is to be the most consistent and innovative risk partner and our purpose is to enable a more resilient future. Our approach to sustainability remains an essential part of our ability to deliver on our purpose and make a positive and impactful contribution to the environments, economies and communities in which we operate. Our six new strategic priorities have been shaped by our organisational purpose and vision and include portfolio optimisation, sustainable growth, bringing the enterprise together, modernising our business, and our people and culture. These strategic priorities are outlined in more detail in our [2021 Annual Report](#) on page 9.

How we integrate sustainability into all facets of our business is foundational to our strategic priorities and future success. We believe that our commitment to greater consistency in how we plan and deliver performance, an enterprise mindset, and continually evolving the experience we

provide to our customers and partners, will support our future success.

QBE's Sustainability Framework helps us drive performance, manage risks and identify opportunities across the areas of sustainability that are most important to our business, customers and stakeholders. Our framework comprises six pillars: sustainable insurance; impact and responsible investments; operational excellence; people and culture; customer and community; and governance. This report outlines our performance for the year and initiatives underway related to the focus areas of our Sustainability Framework.

We strongly support the aims and objectives of the United Nations Sustainable Development Goals (SDGs), which seek to address the world's most urgent economic, environmental and social challenges. Our sustainability agenda continues to align with, and support, the advancement of the SDGs.

As a global insurer and reinsurer, we recognise our industry has a critical role in supporting the transition to a net-zero economy. In 2020, we were proud to be the first Australian-based insurer to join the UN-convened Net-Zero Asset Owner Alliance, committing to transition our investment portfolio to net-zero greenhouse gas emissions by 2050. In January 2022, we also joined the UN-convened Net-Zero

Insurance Alliance, which seeks to accelerate the transition to net-zero emissions economies through the use of science-based decarbonisation targets.

Consistent with this, we recently set a new target to achieve net-zero emissions (Scope 1 and 2) for our global operations by 2030, remaining focused on our commitment to reduce our overall energy use. In 2021, we met our RE100 target, sourcing 100% of our electricity from renewable sources<sup>1</sup>.

As part of our efforts to support the transition to a net-zero economy, over the past year, we continued to further develop and integrate our new Environmental and Social Risk Framework across our business. The framework outlines QBE's approach to addressing key ESG risks across our investment and underwriting activities, increasing transparency for our customers and stakeholders. The framework includes our commitment to phase out all direct insurance services for thermal coal customers by 2030. We continue to maintain zero direct investments in thermal coal.

We are delighted that our impact investment initiative, Premiums4Good, now has \$1.4 billion invested in 83 securities across our key impact areas. Our ambition is to grow our impact investments to \$2 billion by 2025.

<sup>1</sup> In 2021, we aligned our reporting to the RE100. RE100's calculations (as per RE100 Materiality Threshold guidance) exclude electricity use from countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity. The exclusion equated to 0.5% of our global electricity use in 2021.





In June 2021, we published QBE's Group Human Rights Policy, outlining our continued commitment to respecting human rights in our role as an employer, insurer, investor and business partner. We continue to integrate human rights considerations across the business according to international principles. Our annual Modern Slavery and Human Trafficking Statement will be released in due course, outlining the steps taken to identify and address modern slavery risks across our operations and supply chain. In 2022, we will continue to enhance our human rights and modern slavery programs of work.

### Continuing our focus on customers and community

Customer@QBE is our global approach to delivering value to customers in a responsible and accountable way, seeking to ensure long-term sustainable relationships. Our approach focuses on three key elements - mindset, insight, and how we deliver - which help us better understand how we can support our customers and bring value to every interaction. To enable this, our global sales approach unifies our people to drive more customer-focused behaviours across our policy cycle. We constantly strive to develop innovative solutions that will positively impact our customers and the communities in which we operate. Customer@QBE builds on our QBE DNA to provide an aligned approach across our business, leveraging shared resources and best practice, and enabling flexibility within local markets.

We are honoured to have the opportunity to support communities around the world and, in 2021, our QBE Foundation celebrated its 10th birthday. To mark the anniversary,

we launched a new strategic framework and guiding principles for the QBE Foundation, focusing our efforts towards addressing climate resilience and greater inclusion for communities. We believe our renewed focus can contribute to greater access to opportunities, more resilient communities, improved financial stability and better outcomes for those in need. Our new strategy draws on our Group-wide Sustainability Framework, priority SDGs and annual materiality assessment to seek to achieve greater impact and directly address the areas where we can make the greatest contribution.

### Evolving our culture

Culture has been a strategic focus for our business throughout 2021. We built on our QBE DNA, further defining the type of culture we want to create, mapping this against where we are, then working through a blueprint for change to guide our focus over coming years. Our people are at the heart of our culture, and they shape the path forward. We have undertaken a comprehensive culture review by engaging with our people through a global survey, interviews with more than 150 senior leaders, and workshops with over 1,000 employees across the business. In 2021, we established a Global Culture Advisory group of 20 leaders and a Culture Connectors group of 120 employees. These groups will continue to shape how we better foster and embed a culture that embraces an inclusive and respectful workplace, and collectively build an innovative risk-based and high-performing culture reflecting our new vision across our global enterprise.

To help our people understand expected behaviours, we refreshed our QBE DNA with the aim of improving clarity. Our QBE DNA

comprises seven, interlinked cultural attributes that are fundamental to who we are and how we operate to achieve success. We introduced shared language for calling out behaviours - both those which are positive and those which do not align with our values - to help everyone live our QBE DNA in their interactions with others.

Central to our cultural efforts has been an ongoing focus on inclusion of diversity. We conducted a global maturity assessment, established a new global Inclusion of Diversity community of practice, and launched our refreshed Inclusion of Diversity Policy in January 2022.

Our Group Executive Committee consists of 45% women and reflects our genuine commitment to diversity. We continued to make progress on our pledge to have 40% women in leadership by 2025, with an increase over last year from 34.8% to 35.9%.

The wellbeing of our people remained a key priority for us during 2021. Our people continued to experience upheaval and uncertainty due to the ongoing impacts of COVID-19, and we continued to support them and their families through initiatives including virtual events; providing people leaders with relevant tools to support their teams; the refresh and relaunch of our Flex@QBE principles globally; and implementation of a robust, global COVIDSafe plan that was tailored to fit local conditions, as required.

Our purpose, culture and commitment to an inclusive and more sustainable future underpins our 2021 Sustainability Report, which we are honoured to share with you now.

**Andrew Horton**  
Group Chief Executive Officer



# About this Report

This Sustainability Report (Report) provides transparency on sustainability topics in our business and relationships. It provides an overview of initiatives underway across the pillars of our Sustainability Framework and is aligned with the SDGs. All financial figures in this Report are in US dollars unless otherwise stated. This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, *core option*.

The Report covers the activities of QBE across its business during the financial year ended 31 December 2021 in alignment with our financial statements.

The information in this Report is validated by subject matter experts across the business and is supported by evidence, including by documenting the various sources of information and consultation undertaken within QBE or with external parties. The information is then reviewed by senior management with the knowledge and skills to verify the accuracy and completeness of the information provided. The Report is approved by the Group Board. QBE

also uses an independent assurance engagement to confirm that certain data sets have been prepared and presented appropriately in all material aspects.

We engaged Deloitte Touche Tohmatsu (Deloitte) to work with us to enhance the rigour behind our sustainability reporting. Deloitte conducted independent limited assurance over QBE's global greenhouse gas (GHG) emissions data and environmental indicators, workforce-related metrics and the total number of Premiums4Good impact investment projects and associated financial contributions, for the year ended 31 December 2021. In

addition, Deloitte performed qualitative assurance procedures over five material topics from the Report.

This limited assurance engagement has been undertaken in accordance with the Auditing and Assurance Standards Board's Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

The purpose of this was to provide QBE management with limited assurance over the reported data, calculated in accordance with selected disclosure requirements outlined in the GRI Standards and QBE's Sustainability Reporting Framework, including its GHG Reporting Framework. The full limited assurance statement, which includes a summary of the specific reporting criteria used for each of the selected metrics, is available at the end of this Report [here](#).



**i** For questions, comments or suggestions about this Report, please [Contact us](#).



## Our approach to sustainability

# Sustainability Framework



As an international insurer and reinsurer, strong corporate governance, sustainable business practices, providing a great place to work and making a positive and impactful contribution to our customers' lives, and the economies and communities in which we operate, underpin everything that we do.

Sustainability is integrated throughout our strategic priorities, where we remain focused on meeting our climate, and broader sustainability, commitments. Our priorities around customer, talent and culture are also intrinsically linked to our sustainability approach. We strive to build current, and emerging ESG considerations into our decision-making processes to help our customers, partners and

communities manage risk through our products and services. Our holistic, integrated approach to risk seeks to create long-term value for our stakeholders and supports the ongoing success and sustainability of our business. Our Sustainability Framework continues to help us drive performance, manage risks and identify opportunities across the areas of sustainability that are most important to our business, customers and stakeholders.

This Report outlines our performance for the year, and initiatives that are underway in the focus areas of our Sustainability Framework.

**i** Our [2022 Sustainability scorecard](#) provides a summary of our commitments, initiatives and targets that enable us to remain focused on our sustainability priorities, address our material topics and drive improved ESG outcomes.

**i** Further information about how sustainability is governed and managed can be found on our [website](#).

# Sustainability governance and management

## Oversight and accountability

Consistent with its charter, the Group Board is responsible for overseeing QBE's social, ethical and environmental responsibilities across the business. The Board is supported by the Board Risk & Capital Committee (BRCC), comprised of independent directors, which oversees and guides our sustainability approach, initiatives and reporting. The Group Corporate Affairs & Sustainability team updates the BRCC on our sustainability performance and activity at each of its meetings (six meetings were held in 2021).

Our Group Executive Committee (GEC) reviews and approves our sustainability agenda and priorities, receiving updates on these throughout the year. During 2021, we also created a new GEC Environmental and Social sub-committee meeting regularly. It includes our Group Chief Risk Officer (CRO), Group Chief Financial Officer, Group Chief Underwriting Officer, Group Executive Corporate Affairs and Sustainability and Group Chief Information Officer. Our Executive Risk Committee (ERC) also supports the GEC in managing ESG risks.

## Integrating sustainability across our business

### Group Sustainability team

The Group Sustainability team, led by the Group Head of Sustainability, reports to the Group Executive Corporate Affairs and Sustainability, a GEC member. The team drives sustainability across our business, including development and implementation of our sustainability approach and initiatives, stakeholder

engagement and communications, performance management and reporting.

### Group ESG Risk team

The Group ESG Risk team reports to the CRO, a GEC member. The team supports the identification, analysis and management of ESG risks and integration into our risk management practices and systems. The team acts as secretariat to the ESG Risk Committee and the Climate Change Working Group.

### Group Impact and Responsible Investments team

Our Group Impact and Responsible Investments (IRI) team reports to the Group Chief Investment Officer (CIO) and the Group Chief Financial Officer, a GEC member. The IRI team seeks to integrate ESG considerations into our investment decision-making process. The team's activities are also overseen by the BRCC and, where appropriate, the Board Investment Committee. The Group CIO and the Head of IRI participate in numerous sustainability-related committees including the ESG Risk Committee and Climate Change Working Group.

### Sustainability Committee

The Sustainability Committee supports the business in the delivery and effectiveness of our sustainability strategy, initiatives and reporting. It comprises senior representatives from across the Group who are involved in the day-to-day management of sustainability issues. These representatives come from business units including Risk, Compliance, Underwriting, Finance, IRI, Investor

Relations, People and Culture, Company Secretariat and Operations.

The Sustainability Committee is chaired by our Group Executive Corporate Affairs and Sustainability, a GEC member.

### ESG Risk Committee

The ESG Risk Committee supports the ERC in the management of ESG risks across the group according to the ESG Risk Standard, as part of the QBE Group Enterprise Risk Management Framework. The committee oversees actions to identify and review ESG risks and develop appropriate treatment plans and strategic responses to recommend to the ERC.

### Other governance forums

We have a range of other internal governance forums and working groups whose members possess the specialist skills required to understand and address current and emerging sustainability issues. These include our:

- [Divisional Emerging Risk Forums](#);
- [ESG Risk Committee](#);
- [Climate Change Working Group](#);
- [Group Underwriting Committee](#);
- [Global Privacy Council](#);
- [Premiums4Good Global Steering Committee](#);
- [Inclusion of Diversity Community of Practice](#);
- [Health and Safety Working Group](#); and
- [QBE Global Foundation Committee](#).

**i** Further information about these can be found throughout this Report under the relevant sections.



# Sustainability Governance Framework

## Highest level of oversight

Group Board of Directors

Board Risk & Capital Committee

## Accountability for sustainability

Group Executive Committee

Executive Risk Committee

GEC Environmental and Social Sub-Committee

## Integrate sustainability across our business

Group  
Sustainability  
team

Group  
ESG Risk  
team

Group  
Impact and  
Responsible  
Investments  
team

Sustainability  
Committee

ESG Risk  
Committee

## Drive strategy in focus areas

Divisional  
Emerging Risk  
Forums

Climate Change  
Working Group

Group  
Underwriting  
Committee

Global Privacy  
Council

Premiums4Good  
Global Steering  
Committee

Inclusion of  
Diversity  
Community  
of Practice

Health and Safety  
Working Group

QBE  
Global Foundation  
Committee

# Materiality



The results of our materiality assessment inform our sustainability approach, strategic priorities and reporting. In 2021, we undertook a comprehensive materiality assessment, with the assistance of a third-party consultant, to ensure continued independence and rigour in our process.

Our approach to materiality considers how our business creates value for all stakeholders across the short, medium and longer-term horizons. Aligned to the GRI Standards, we assess our economic, environmental and social impacts across the value chain (including positive, negative, actual and potential) on stakeholders, society at large and on our business.

## Identification

Sustainability topics were identified using both internal and external inputs. This involved gathering perspectives from a wide range of sources and included internal and external stakeholder engagement. We continue to align our materiality process to:

- the GRI Reporting Principles for defining report content and report quality including Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness;
- AccountAbility's AA1000 *AccountAbility Principles (AA1000AP) 2018* of Inclusivity, Materiality, Responsiveness and Impact; and
- the United Nations SDGs.

As part of the process, we engaged a diverse range of stakeholders including investors, employees, community groups, industry associations, business partners, suppliers and think tanks. Our stakeholders

were selected to ensure balance and coverage between themes and topics.

Stakeholders participated in one-on-one interviews with an independent facilitator, enabling a discussion of the issues ranked as most significant by each stakeholder. The process enabled us to understand our stakeholders' unique needs, expectations, perceptions or concerns.

As part of our broader approach to sustainability, we also regularly consult with our stakeholders to help us identify risks and opportunities to gain the insights we need for our strategy, initiatives, products and services to meet their needs. Refer to our [website](#) for further information about our major stakeholder groups and our engagement process.

The sustainability topics identified were mapped to our Sustainability Framework to ensure coverage of the risks and opportunities relevant to us as an international insurance and reinsurance company.

## Prioritisation

The identified topics were reviewed, consolidated and prioritised. The results of this review were used to update our materiality matrix.

Each topic was positioned on our revised materiality matrix consistent with the three different stages of relevance and maturity:

- **Prioritise** - Topics of high importance to our stakeholders, with a significant

impact on the environment, economy and society. These require significant management and strategic focus.

- **Maintain** - Topics of strategic significance for which we have well-established management processes. Stakeholder interest in these topics may vary.
- **Monitor and manage** - Topics of increasing relevance to us, or of significance to particular stakeholder groups, warranting further analysis and management.

## Validation

On completion of the revised materiality matrix, an internal validation workshop was held with the Sustainability Committee, and other senior internal stakeholders, to test and validate the assumptions used, and the outcomes. This considered the impacts of each topic in the short, medium, and longer-term and the potential influence on stakeholders' perception.

The final outcomes were then presented to, and approved by, the GEC and BRCC.





Overview

Sustainable Insurance

Impact and responsible investments

Customer and community

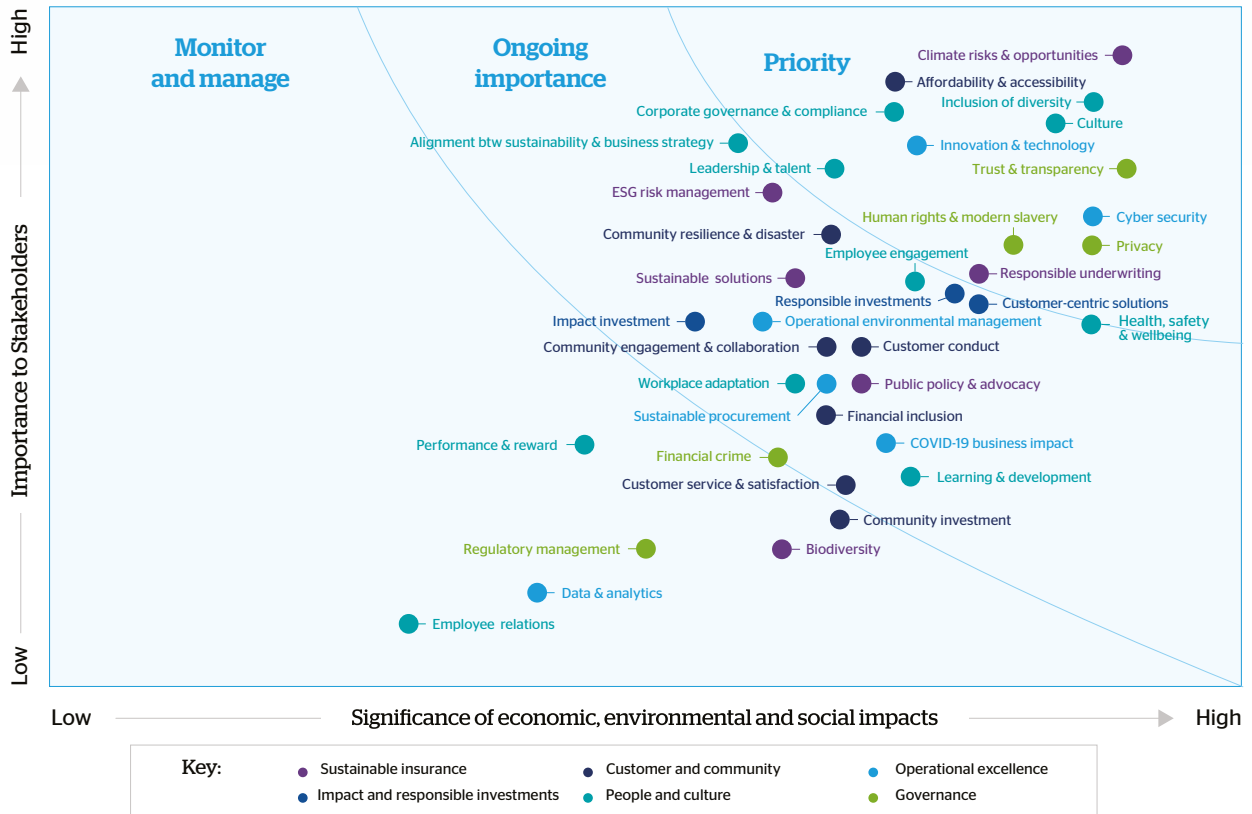
People and culture

Operational excellence

Governance

Performance

# Materiality matrix



# Methodology overview

Desktop research	Peer benchmarking	Investor discussions	Stakeholder engagement	Employee survey	Validation
Included relevant media reports, regulatory guidance, industry standards, principles and benchmarks focused on megatrends and emerging risks and opportunities for the local and global insurance sector	Considered the key topics being prioritised and reported on by our local and global peers as well as key broker partners	Meetings with a wide range of institutional investors, seeking their views on key sustainability topics, and perceptions of QBE's performance	In-depth interviews with internal and external stakeholders	Identified the most significant topics for QBE from our employees' perspective through an internal global survey	Stakeholders from across the business (including Sustainability Committee members) participated in a workshop to support decisions about the significance of impacts for QBE. The matrix was reviewed and approved by the GEC and the BRCC

# Material topics

for 2021 Based on the materiality approach outlined earlier, our 'priority' material topics included:

## Affordability and accessibility

We seek to contribute to providing affordable and accessible insurance products and services that promote customer and community resilience. We acknowledge community concerns about affordability and availability of insurance, and are actively working with governments, and contributing to policy discussion, to address this.

### Aligned to SDGs

1, 2, 3, 6, 7, 10

- Refer to [Impact and responsible investments](#) and [Customer and community](#) for further information on how we are addressing this topic.

## Climate risks and opportunities

As a leading international insurer and reinsurer, we have a significant role to play in understanding and managing the potential risk exposures and opportunities related to climate change across our entire value chain. In addition to the physical impacts of climate change, we are also aware of the potential transition risks (e.g. policy, technology, market) and liability risks. We are well-positioned to use our industry expertise to help customers, partners and communities build resilience and understand and navigate the changing risk landscape and the transition to a net-zero economy.

### Aligned to SDGs

1, 7, 11, 14, 15, 17

- Refer to [Climate change](#), [Sustainable insurance](#), [Customer and community](#), [Operational excellence](#) and our [2021 Annual Report](#) for further information on how we are addressing this topic.

## Corporate governance and compliance

We are committed to the highest standards of corporate governance across our global operations. This includes the Board providing guidance and oversight to support ethical behaviour, transparency and accountable decision-making. QBE seeks to take all reasonable steps to minimise compliance risk - not only because it is required, but to continue to do the right thing by our stakeholders. This topic also encompasses the integration of robust, impartial and independent whistleblowing and grievance procedures into all operations.

### Aligned to SDGs

8, 16, 17

- Refer to [Governance](#) and the [2021 Corporate governance statement](#) for further information on how we are addressing this topic.

## Culture

We are committed to maintaining an organisational culture that enables us to achieve our purpose and strategy in an ethical and responsible way. Our Group Ethics and Code of Conduct (Code) helps guide our people to act ethically, and with honesty and integrity, to promote QBE's reputation and create a positive organisational culture where employees feel safe and supported to speak up. Our QBE DNA and Code underpin our culture, helping us to deliver on our strategic plan and priorities.

### Aligned to SDGs

3, 4, 5, 10, 16

- Refer to [People and culture](#), [Governance](#) and our [2021 Annual Report](#) for further information on how we are addressing this topic.

## Cyber security

Cyber security continues to be one of the greatest threats shaping today's risk landscape. As an escalating, rapidly evolving business risk, cyber security has the potential to impact our operations, business, customers, communities and other key stakeholders. We employ a global approach to effectively manage internal and external threats to the confidentiality, integrity and availability of our customer and corporate data. We proactively monitor and respond to known and emerging threats across all our divisions and invest in innovation and digital transformation to benefit our customers and shareholders. We manage and mitigate emerging threats, including cyber threats, by seeking to adhere to all legislation relevant to our business and our Code.

### Aligned to SDGs

9, 16, 17

- Refer to [Sustainable insurance](#) and [Operational excellence](#) for further information on how we are addressing this topic.

## Inclusion of diversity

A core part of our culture agenda is the maintenance of a diverse, innovative, supportive, inclusive and performance-driven workplace, aligned to local and international standards. Underpinned by our refreshed Global Inclusion of Diversity Policy, and strategy aligned to business priorities, this includes fostering diversity in gender, ethnicity, ability, thinking and ideas. We continue to focus on initiatives that contribute to greater work-life balance for our employees and contractors, such as flexible working, carer's leave and domestic violence leave.

### Aligned to SDGs

4, 5, 8, 10

- Refer to [People and culture](#) and the [2021 Corporate governance statement](#) for further information on how we are addressing this topic.





## Innovation and technology

We embrace technology and innovation, including automation and digitisation, to improve customer service and efficiency. We seek to adapt to changes and to embrace the opportunities for new product development, including that spurred by COVID-19, which has seen rising consumer demand for seamless digital transactions and greater personalisation.

**Aligned to SDGs**  
9, 10, 11, 12

- Refer to [Sustainable insurance](#), [Customer and community](#) and [Operational excellence](#) for further information on how we are addressing this topic.

## Leadership and talent

Developing and empowering our people to be strong and effective leaders and agents for change, and building a diverse talent pipeline, are critical to how we develop and maintain an effective organisational culture. This includes helping our people develop the appropriate skills to deliver our strategic priorities.

**Aligned to SDGs**  
4, 5, 8, 10, 16

- Refer to [People and culture](#) for further information on how we are addressing this topic.

## Human rights and modern slavery

Wherever we operate, we take action to respect, protect and remedy human rights through QBE's activities and decisions, and our response to various laws and regulations regarding human rights, including modern slavery. We take measures to integrate human rights considerations across our business in our role as an employer, insurer, investor and business partner and in our interactions with customers and communities. QBE seeks to comply with modern slavery, labour and human rights laws and regulations applicable to our operations globally, and we provide annual reporting on the risks of modern slavery in our operations and supply chain.

**Aligned to SDGs**  
1, 2, 3, 8, 10, 16, 17

- Refer to [Sustainable insurance](#) and [Governance](#) for further information on how we are addressing this topic.

## Privacy

We are committed to respecting our customers' privacy, protecting their personal data from misuse or unauthorised disclosure and compliance with privacy laws. Our Global Privacy Framework defines the core principles of our privacy program that are the foundation for QBE's ongoing compliance with privacy laws globally.

**Aligned to SDGs**  
8, 9, 16

- Refer to [Governance](#) for further information on how we are addressing this topic.

## Trust and transparency

A greater focus on trust in the financial services sector, with increased regulatory scrutiny and community expectation, has driven the need for enhanced transparency and disclosure around key customer issues, ESG risks and opportunities, and tax transparency. We do this through disclosure of our management practices, business performance, and plans for continuous improvement in relation to material sustainability topics.

**Aligned to SDGs**  
8, 10, 16, 17

- Refer to [Climate change](#), [Sustainable insurance](#), [Customer and community](#) and [Governance](#) for further information on how we are addressing this topic.

## Responsible underwriting

Our Group Underwriting Standards outline our commitment to responsible underwriting and integrate current and emerging ESG considerations into our underwriting and pricing (including our models, decision-making processes and systems). This includes the implementation of QBE's Environment and Social Risk Framework in our underwriting and investment portfolio.

**Aligned to SDGs**  
1, 8, 9, 13, 17

- Refer to [Sustainable insurance](#) for further information on how we are addressing this topic.

# United Nations Sustainable Development Goals (SDGs)

We strongly support the aims and objectives of the SDGs which seek to address the world's most urgent economic, environmental and social challenges. As a universal agreement to work towards a better and more sustainable future, the SDGs closely align with our new purpose - *enabling a more resilient future*. Our sustainability agenda continues to align to and support the advancement of the SDGs.



We acknowledge that all of the SDGs are relevant to our business in some way. However, we can contribute to the achievement of some SDGs more directly than to others. In 2021, we continued to address our five priority SDGs, which reflect the areas that most closely align to our purpose and strategic business priorities. This is where we believe we can

have the greatest impact given our role as an international insurer and reinsurer, and these SDGs are also reflected in our material topics.

Our five priority SDGs, the initiatives we are undertaking to address them and their relationship with our material topics, are described on the next page.

**i** Refer to our [website](#) for further information about our SDGs analysis.

**i** Throughout this Report, we have included a range of case studies and examples to demonstrate how we continued to further contribute to the SDGs in 2021.





# Our five priority SDGs



## GOAL 1 No Poverty

End poverty in all its forms everywhere

Building the financial and risk resilience of our customers is core to our purpose. We protect people, businesses and communities against risks – contributing to their long-term financial wellbeing. An accident, illness or disaster can quickly plunge customers into financial distress. Providing insurance protection for customers and communities helps aid recovery, preventing them from falling into, or deeper into, poverty. In 2021, we launched our new QBE Foundation strategy focused on creating strong, resilient and inclusive communities.

**Material topics:** Climate risks and opportunities, Affordability and accessibility, Responsible underwriting, Human rights and modern slavery



## GOAL 8 Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

With operations in key markets internationally, we believe that inclusive and sustainable economic growth is fundamental to our business and our success. Our strategic focus on innovation and technology enables us to promote economic growth that is impactful. We provide insurance products supportive of decent work, such as our workers' compensation and accident and health solutions. A continued focus on protecting labour and human rights within our business, and across our supply chain, is essential to ensuring that we remain a responsible employer and business partner. In 2021, we released our Group Human Rights Policy outlining the guiding principles we are committed to adhering to as part of our role as an employer, insurer, investor, and business partner.

**Material topics:** Affordability and accessibility, Human rights and modern slavery, Innovation and technology, Corporate governance and compliance



## GOAL 10 Reduced Inequalities

Reduce inequality within and among countries

QBE is committed to an inclusive culture as part of our QBE DNA and aligned to our updated Inclusion of Diversity Policy. We seek to empower and promote equality and the inclusion of all, irrespective of age, gender, ability, ethnicity, origin, religion, economic or other status. Wherever we operate, we respect internationally recognised human rights principles. We retain a strong strategic focus on inclusion of diversity across our business. In 2021, we increased the participation of women in leadership and are on track to achieve our leadership target of 40% by 2025 and our focus on fair remuneration. In addition, our Reconciliation Action Plan solidifies our vision for strong and enduring relationships with Aboriginal and Torres Strait Islander customers, partners, communities and charities.

**Material topics:** Affordability and accessibility, Inclusion of diversity, Culture, Leadership and talent, Innovation and technology, Human rights and modern slavery, Trust and transparency



## GOAL 11 Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient and sustainable

We understand that cities are rapidly changing and under pressure due to increasing urbanisation, changing transport and energy systems, building codes and exposure to climate and health risks. We are committed to building on our existing data, products, services, initiatives and advice, and collaborating with industry, government and other stakeholders to identify sustainable solutions to reduce risk and enhance inclusion, safety and resilience. In 2021, we partnered with AcceliCITY, one of the largest smart and resilient city startup accelerators in the world, to help drive achievement of this goal.

**Material topics:** Climate risks and opportunities, Innovation and technology



## GOAL 13 Climate Action

Take urgent action to combat climate change and its impacts

As a general insurer, we are acutely aware of the risks and opportunities presented by climate change. We are well-positioned to use our industry expertise to help customers, partners and communities mitigate these risks, and support the uptake of new ideas, opportunities and technologies in the transition to a net-zero economy. We are committed to being a net-zero emissions (Scope 1 and 2) organisation across our operations by 2030 and through our investment and underwriting activities by 2050.

**Material topics:** Climate risks and opportunities, Accessibility and affordability, Responsible underwriting, Innovation and technology

# Climate change: working towards a net-zero future

Our approach to climate change is aligned with our commitment to supporting the SDGs, specifically SDG 13, Climate Action.

We acknowledge the goals of the Paris Agreement, which unites 191 countries and the European Union to limiting the global temperature rise this century to well below 2°C, and helping mitigate the impacts of climate change. As an insurer, we recognise our role is to financially protect people and their assets, support recovery efforts in times of catastrophe and reduce the economic and social impacts of climate change on our customers and communities. We accept scientific evidence, and assessments made by the Intergovernmental Panel on Climate Change, and continue to work towards net-zero emissions.

This year saw a significant increase in climate change-related activity globally, including the 26th United Nations Framework Convention on Climate Change Conference of the Parties (COP 26) meeting in Glasgow. Consistent with the key outcomes of COP 26, we believe we must take more rapid action to implement change and support the orderly transition to a net-zero economy.

We remain committed to identifying, managing and disclosing our climate-related risks and opportunities in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our physical and transition scenario analysis implications are considered within

business planning across the Group and in the development of new responsible underwriting strategies.

In 2022, we joined the UN-convened Net-Zero Insurance Alliance, a leading insurers' and reinsurers' initiative to help accelerate the transition to net-zero emissions economies. As part of this, we pledged our commitment to transitioning our underwriting portfolio to net-zero emissions by 2050.

**i** **More detailed disclosures on climate change can be found in our [2021 Annual Report](#).**

As a member of the UN-convened Net-Zero Asset Owner Alliance, an international group of institutional investors committed to transitioning to a net-zero economy, we have pledged to achieve net-zero greenhouse gas emissions in our investment portfolio by 2050. Consistent with this commitment, currently over \$950 million is invested in assets that finance the transition to a net-zero economy. This is 3% of assets under management (AUM) and, in line with our intermediate targets, we aim to grow this to 5% of AUM by 2025.

**i** **Refer to [Impact and responsible investments](#) for further information.**

The QBE Foundation has developed a new strategic framework with the

overarching theme of creating strong, resilient and inclusive communities. Climate resilience is one of two pillars of focus, alongside inclusion.

**i** **Refer to [Customer and community](#) for further information.**

Going forward, our focus for tackling climate change will continue to be on the following areas:

- building resilience for our customers and communities;
- transitioning our business towards a net-zero emissions economy;
- strategic integration of climate change risks and opportunities across QBE;
- aligning our business operations with the actions of our people to reduce our carbon footprint individually, and as an organisation, to support climate action; and
- continued transparency regarding our governance and performance.

## **Insurance Council of Australia (ICA) Climate Change Action Committee**

We continued our involvement in the ICA's Climate Change Action Committee. The committee operates as a member working committee reporting as required through ICA management to the ICA Board. A strong focus of the committee is to collaborate with stakeholders and partners on initiatives





As an international insurer and reinsurer, we see first-hand the impacts of a rapidly changing climate on our customers, communities and partners. We consider climate change to be a material business risk, as well as a driver of innovation and opportunity. We know that climate change gives rise to acute and chronic physical, transition, liability and other risks associated with changes in policy, laws, regulation, technology, markets and societies.

designed to support community resilience in a changing climate and the transition to a net-zero economy. In 2021, the work of the committee resulted in the release of the ICA's Climate Change Impact Series of reports as well as a number of industry engagement forums including a Principles for Sustainable Insurance webinar co-hosted with QBE.

### Renewable energy portfolio

The energy sector has an essential role in supporting the transition to a net-zero emissions economy and the scaling up of existing technology, and in driving the development of new technologies and innovation. We have had a long-standing role in insuring customers that support global energy markets, many of whom have committed to meeting a net-zero pledge by 2050 not only in their own business activities, but also for the end-users of their products. To support our customers in their transition to a net-zero economy, QBE International has launched a Sustainable Energies unit. The unit aligns QBE underwriting capabilities across construction, operational, casualty and Directors & Officers lines, focusing on underwriting the growing range of companies and energy systems that form part of a rapidly changing energy mix throughout the world. Projects include hydrogen, ammonia, hydro, solar, fixed and floating wind power and carbon capture and sequestration. The unit provides further levels of service and support for both new and existing energy customers who are looking to make meaningful changes to their business through an increased focus on sustainability.

### Our global operations

As at 31 December 2021, we met our RE100 target across our global offices based on RE100 Materiality Threshold guidance<sup>1</sup>. We have continued to maintain carbon neutrality and have set a new commitment to achieve net-zero emissions (Scope 1 and 2) across our

global operations by 2030. We also set a new target of a further 25% reduction in energy use by 2025 (from a 2019 baseline).

**i** Refer to [Operational excellence](#) for further information.



### Insuring solar power in Asia

Solar energy is Singapore's most viable renewable energy source. But finding the space for large-scale solar facilities is challenging due to the nation's dense urban landscape and lack of available land. To overcome these issues, Singapore's national water agency is using the country's large expanses of water and reservoirs for floating solar farms that serve the dual purpose of water catchment and electricity generation; positioning Singapore as one of the few countries in the world to integrate green technology with water treatment. Floating solar farms were found to be more efficient than conventional rooftop solar farms due to the cooler reservoir environment. QBE has been involved in this project since inception - working closely with our broking partner and Singapore's leading energy and urban solutions provider.

In response to the liberalisation of solar power in Malaysia, QBE collaborated with a solar photovoltaic (PV) specialist insurance intermediary, Anora Agency, and a leading clean energy company, Solarvest Holdings Berhad, to provide a new product - SolarPro Line-Stoppage insurance - for solar PV energy projects. The policy covers general liability as well as including consequential loss cover, filling a gap in ordinary comprehensive general liability policies. The policy now covers loss such as accidents or damage to the property during and after the installation and construction of the PV system.



<sup>1</sup> In 2021, we aligned our reporting to the RE100. RE100's calculations (as per RE100 Materiality Threshold guidance) exclude electricity use from countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity. The exclusion equated to 0.5% of our global electricity use in 2021.



# 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:

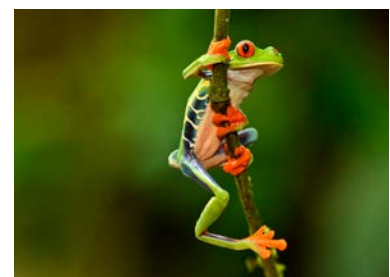
- risk appetite;
- stress and scenario testing;
- governance, reporting and monitoring;
- risk identification, measurement and mitigation;
- risk management systems; and
- monitoring of our risk culture.

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.






# Impact and responsible investments


## 2021 Sustainability scorecard achievements


**Support impact investing as a means to direct capital to address global environmental and social issues while creating financial returns**

83 securities valued at \$1.4 billion<sup>1</sup>  in impact investments as part of Premiums4Good **page 28**



Invested in social impact bonds  opportunities across our global investment portfolio **page 30**

**Take action to address the risks and opportunities related to climate change and a transition to a net-zero economy**

Developed targets to transition  our investment portfolio to net-zero greenhouse gas emissions by 2050 in line with our membership of the UN-convened Net-Zero Asset Owner Alliance (AOA) **page 31**

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

### Key for progress symbols:

 Achieved  Behind  
 On track  Refreshed

<sup>1</sup> Financial value of Premiums4Good was \$1,356 billion.



As a global, multi-asset, multi-currency investor, and a signatory to the Principles for Responsible Investment (PRI), we factor ESG considerations into our investment decision-making processes to seek to manage risk, improve long-term, risk-adjusted financial returns and align our approach with stakeholder expectations. As a responsible global investor, we recognise that our decisions can have a positive impact on the economy, the environment and our communities.

### Our approach

QBE seeks to responsibly invest our proprietary assets, including our premium income, across the globe. We believe that by investing responsibly, we can achieve better risk-adjusted returns with the aim of benefitting the planet and the communities in which we operate.

QBE maintains a multi-asset, multi-currency portfolio with most of the portfolio invested in fixed income. The assets are managed by a mix of in-house portfolio managers, analysts and external fund managers.

Our Investment Philosophy Framework (Framework) and principles are designed to deliver an investment outcome that facilitates the protection and growth of appropriate stakeholder value. The Framework is applicable to all of our assets under management (AUM). It provides an overview of our commitment and approach to responsible investing including:

- our approach to positive and negative screening;
- how we integrate ESG factors into our due diligence;
- how we conduct engagement;
- management of climate-related risks and opportunities; and
- how we provide appropriate transparency and reporting.

We aim to maintain leadership in impact investing, and to support its growth and development, among our insurance peers and other asset owners.

Over the course of 2021, we continued to make progress in impact and responsible investing, including implementing our new Environmental and Social (E&S) Risk Framework, and setting intermediate targets to support our transition to net-zero emissions. Our approach to ESG integration with external fund managers continues to evolve. This year we implemented a new ESG due diligence approach in external manager appointment and selection, as well as improving our ESG integration in external fund manager annual reviews and continuing to grow our impact investments initiative, Premiums4Good.

### Our Responsible Investments approach



Screening

ESG Integration

Engagement

Impact Investing

## Screening



### E&S Risk Framework

In 2020, we developed an E&S Risk Framework to help us identify and mitigate risks in our underwriting and investment portfolios. Our framework specifies detailed commitments for a range of sectors we have identified as higher risk including:

- defence: controversial weapons and firearms; and
- energy: thermal coal, oil sands and Arctic drilling, oil and gas.

The framework, which we fully implemented at the beginning of 2022, was developed to promote informed decision-making consistent with QBE's commitment to sustainable insurance and responsible investment. In line with our commitments to the United

Nations Environment Programme - Finance Initiative's (UNEP FI) Principles for Sustainable Insurance and the PRI, the framework further supports the integration of ESG considerations into our underwriting and investment activities, increasing transparency with our customers and regulators.

All direct investments are subject to the E&S Risk Framework. Over the course of 2021, we progressively implemented and integrated these new requirements across all of our direct investments in the portfolio with the aim of ensuring that we have the systems, processes and training in place for ongoing compliance.

## ESG integration



### In-house fixed income

Our fixed income portfolio represents 90% of our investment assets, with investment grade corporate credit representing approximately half our portfolio. All issuers are subject to our E&S Risk Framework as well as the [Group Sanctions Policy](#). We integrate ESG into the credit analysis process through our internal, proprietary credit assessment framework that identifies suitability and eligibility for our portfolio. Screening for ESG performance is applied to the investment universe for fixed income, which includes a quantitative assessment using independent ESG ratings. Portfolio managers undertake qualitative ESG analysis on each issuer. ESG factors are prioritised based on materiality considerations for the issuer and/or sector. We undertake ongoing monitoring of issuers to identify material ESG developments.

### External fund managers

We also invest across multiple asset classes utilising external fund managers and are committed to ensuring they are aligned with QBE's responsible investment philosophy. ESG considerations form an integral part of our manager selection, appointment and monitoring processes.

In 2021, we refined our due diligence questionnaire and developed a new, robust scoring methodology. This updated approach allowed us to refine our key focus areas, establish baseline scores and identify areas for future engagement. We conduct an annual ESG review of all existing managers, with additional reviews if material issues arise. We have been an investor member of the Global Real Estate Sustainability Benchmark since 2018. Our real estate portfolio's year-on-year sustainability performance has continued to improve, and we are pleased to have received a 5-star rating and top quintile performance recognition, up from 4 star in 2020.





## Engagement

Engagement is our preferred method to effect change in companies, issuers and external fund managers. We believe that having meaningful dialogue with issuers on key ESG considerations is a critical component of our responsibility as an asset owner and in ensuring sustainable financial returns. We adopt targeted engagement, which allows us to understand our exposure to ESG risks and opportunities.

In 2021, this included:

- climate risks and opportunities;
- net-zero emissions transition;
- diversity, equity and inclusion;
- modern slavery;
- the SDGs; and
- cyber security in our real assets investments.

To better understand these material ESG issues, we refined our external fund manager and credit issuers due diligence questionnaires with targeted questions on these key issues. In addition, we developed a new scoring methodology, informed by best practice industry frameworks. This methodology allows us to produce a quantitative indicator score of how our external managers are implementing responsible investment practices and approaching these key ESG areas. The outcome of each assessment enables us to further understand the journey of our external fund managers and lays a strong foundation for engagement in 2022.



A key focus of our external fund manager reviews and discussions was around climate change. Positively, over 75% of our managers are committed to transitioning their investment portfolios to net-zero emissions by 2050 and integrating emissions reduction considerations into key investment decisions.

On the topics of diversity, equity and inclusion, and modern slavery, the variation in legal requirements for our global managers was highlighted as an area of challenge. In Australia, we were pleased to be a part of the shift in conversation which is seeing diversity goals extend beyond gender and LGBTIQ+ representation to also encompass racial diversity, however, challenges remain in geographies where laws can prohibit access to data required to set representation goals or targets. Maturity in approaches to modern slavery is also driven by legal requirements. External fund managers in geographies where modern slavery assessments are legislated have a more in-depth approach in areas such as employee training, supply chain risk awareness and incident management. Understanding how to leverage insights from our external fund managers with mature approaches across all of our thematic areas will be a key focus for 2022 and one that we are excited to explore.

## Impact investing

Impact investments seek to generate appropriate risk-adjusted returns along with a positive, measurable, social and/or environmental benefit. Over the last six years, QBE has sought to maintain leadership in impact investing, and to support its growth and development, among our insurance peers and asset owners.

An integral part of our approach to impact investments is Premiums4Good, which is highlighted in the following pages.



# Premiums4Good

Premiums4Good is our innovative impact investing initiative that sees us invest everyday premiums to make a difference to communities across the globe. Through Premiums4Good, we invest a portion of our customers' premiums into investments that have additional social and/or environmental benefits, at no extra cost to the customer.

Premiums4Good investments are made across many asset classes including fixed income, private equity, sustainable infrastructure, renewable energy initiatives and real estate. We also endeavour to make catalytic investments in alternative assets such as social impact bonds to support a range of projects and programs. These include social services and programs to support vulnerable people and communities, that seek to create positive change.

Premiums4Good evidences our belief that we can deliver attractive risk-adjusted returns and business value, while also seeking to deliver positive social and environmental impact.

**\$2B**

by 2025

Our 2025 ambition is to grow our impact investments to \$2 billion

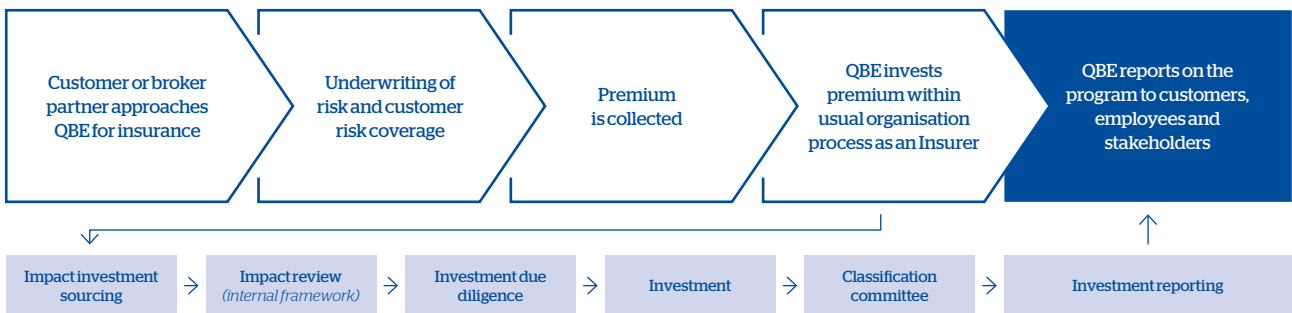
**83** securities

invested in by QBE as part of Premiums4Good at 31 December 2021, up from 68 in December 2020

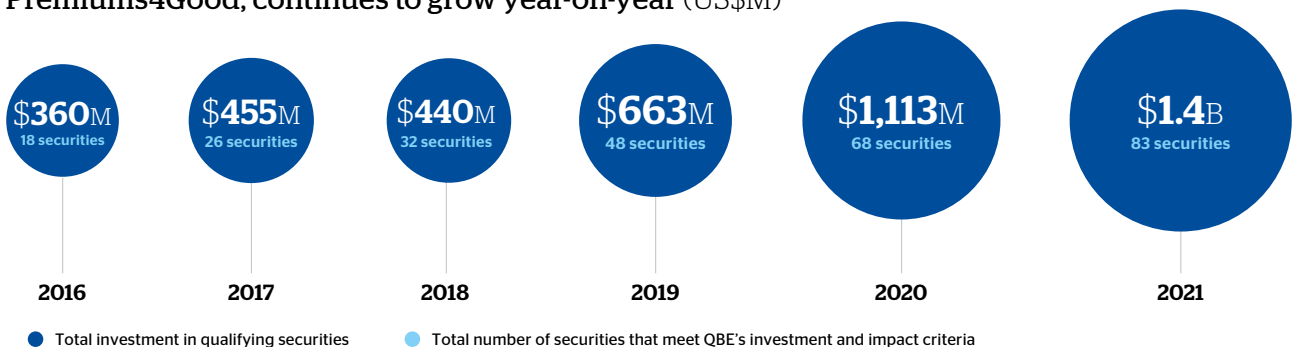
**\$1.4B**

Financial value invested in Premiums4Good as at 31 December 2021, up from \$1.1 billion in December 2020

## How it works



## Premiums4Good, continues to grow year-on-year (US\$M)





# Premiums4Good Investments

## Impact area and location of impact as at 31 December 2021

	GLOBAL	AUSTRALIA AND NEW ZEALAND	EUROPE AND UK	NORTH AMERICA	SOUTH ASIA	DEVELOPING MARKETS	TOTAL
<b>Environment</b>							
Food and agriculture						1	<b>1</b>
Resource efficiency, recycling, re-use and conservation							<b>0</b>
Sustainable energy	2	7	15	11	1		<b>36</b>
Water	2						<b>2</b>
<b>Total</b>	<b>4</b>	<b>7</b>	<b>15</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>39</b>
<b>Social</b>							
Education and employment		2	3			2	<b>7</b>
Financial inclusion	1		4			1	<b>6</b>
Health	3	1		1		1	<b>6</b>
Housing and social real estate		6	1	4			<b>11</b>
Social care and provision of community services	1	1	1	3			<b>6</b>
Social inclusion, diversity and gender					3		<b>3</b>
Urban and community development		2		3			<b>5</b>
<b>Total</b>	<b>5</b>	<b>12</b>	<b>9</b>	<b>11</b>	<b>3</b>	<b>4</b>	<b>44</b>
<b>Grand Total</b>	<b>9</b>	<b>19</b>	<b>24</b>	<b>22</b>	<b>4</b>	<b>5</b>	<b>83</b>



Primary impact areas, geographies and SDGs in this report are mapped and categorised by QBE in line with our QBE impact investment definitions and classifications. Please note that individual investments or investees may classify these differently.



# 11

## impact areas

Invested in by QBE as part of Premiums4Good in 2021



Resource efficiency,  
recycling, re-use and  
conservation



Sustainable  
energy



Food and  
agriculture



Education and  
employment



Financial  
inclusion



Health



Housing and  
social real estate



Social inclusion,  
diversity and  
gender



Social care  
and provision  
of community  
services



Urban and  
community  
development



Water

### Governance and reporting

Our aim is to scale our impact investments with integrity through good impact governance, investment selection, systems and reporting. Governance of our Premiums4Good investments includes oversight from our Classification of Social Investments Committee, which includes external impact experts, and the Premiums4Good Global Steering Committee.

### Customer communication through our Investment Impact Report

We communicate with our customers, business partners and peers about our impact investments through our annual [Investment Impact Report](#). By communicating with key stakeholders in this way, we aim to be transparent and encourage awareness of the benefits of impact investment. We work to continuously improve our processes, reflecting the development and increasing harmonisation of impact management and standards across the globe.

### Foyer Central Social Impact Bond

In 2021, as part of Premiums4Good, we invested in the Foyer Central Social Impact Bond,<sup>1</sup> which aims to address the significant problem of youth homelessness in New South Wales, particularly, young people leaving out-of-home care (OOHC). Through this investment, working capital is provided for the delivery of the Foyer Central Program. This is the first time the program has been entirely funded by a community housing organisation and its partners.

Drawing on their collective experience supporting vulnerable young people, the Foyer Central Program is delivered by Uniting and St George Community Housing (SGCH). SGCH brings deep expertise in community housing, development and tenancy management. The program supports young people at risk of, or experiencing, homelessness upon leaving OOHC.

Young people spend up to two years at Foyer Central, with onsite and dedicated Youth Development Coaches:

- developing life skills;
- transitioning to stable accommodation; and
- gaining employment and vocational education skills.

Through this social impact bond, investors provide financing towards the program and are repaid based on the successful achievement of agreed social performance outcomes. Alignment of interests is crucial to generate measurable positive changes.



<sup>1</sup> The Foyer Central Social Impact Bond is managed by not-for-profit organisation Social Ventures Australia.

## Net Zero 2050 intermediate targets

### Carbon intensity reduction

**25%** by 2025

of our Scope 1 and 2 emissions  
in our equity portfolio

### Engagement

All external managers

across our  
investment portfolio

**20 highest  
emitters**

in our investment grade  
corporate credit portfolio

### Financing the transition

**5%** by 2025

of AUM in climate solutions  
investments

# Transitioning to Net Zero 2050

## Carbon intensity reduction

QBE will target a 25% reduction in the carbon intensity of our developed market equity portfolio by 2025, relative to a 2019 baseline. Over the coming years, in line with the AOA Target Setting Protocol, we will expand the asset classes where reduction targets are set, continuing to align our investment portfolio with the transition to net-zero emissions by 2050. We will also continue to communicate our strategy, approach and achievements.

## Engagement

Engagement is our preferred method to effect change in companies and external fund managers. We believe that having meaningful dialogue on key ESG considerations is a critical component of our responsibility as an asset owner and in ensuring sustainable financial outcomes. We adopt targeted engagement for insight into integration of material ESG issues, which allows us to understand our exposure to ESG risks and opportunities for improvement.

Engagement on climate-related risks and opportunities is a key target of our commitment to the AOA. Since 2018, we have continued to engage with issuers that are identified as the highest emitters in our investment grade corporate credit portfolio regarding their progress towards reducing emissions and advancing to a net-zero economy. We are pleased to have set a target to engage with the top 20 highest emitters in that portfolio as well as all our external fund managers.

## Financing the transition

Along with providing risk management solutions, the insurance industry is one of the largest investors in assets globally, with trillions of dollars of AUM. Accordingly, our industry has the ability to align investment decisions with ESG factors and, through impact investing, reorient significant capital towards assets that will finance the transition. Consistent with this commitment to make a positive impact, currently over \$950 million is invested in assets that finance the transition to a net-zero economy. This is 3% of AUM and, in line with our intermediate targets, we aim to grow this to 5% of AUM by 2025.



## Net Zero 2050

Aligning with our broader climate strategy and our commitment to responsible investments, QBE became the first Australian-headquartered insurance company to become a member of the AOA in 2020, joining an international group of institutional investors committed to transitioning their investment portfolios to net-zero greenhouse gas emissions by 2050.







# Customer and community



## 2021 Sustainability scorecard achievements

### Implement our Vulnerable Customer approach for Australia Pacific

Delivered on our Financial Inclusion Action Plan commitments to improve financial inclusion, resilience and wellbeing across key areas including products and services, understanding financial vulnerability, financial capability and economic security ↔ **page 36**

Embedded and enabled our principles-based approach to support customers experiencing vulnerability including delivering mandatory training to Australia Pacific employees ↻ **page 36**

### Support customers and communities to prepare for, anticipate and respond to disasters through the QBE Foundation

Activated our Global Disaster Relief and Resilience partnership in 16 countries across our global operations ↻ **page 37**

### Elevate our Group-wide community engagement strategy to create outcomes and impact

Maintained QBE Foundation spend of 0.5% of 2020's cash profit after tax ↻ **page 41**

Launched new global QBE Foundation strategy focused on climate resilience and inclusion ✓ **page 37**

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

#### Key for progress symbols:

✓ Achieved      ↔ Behind  
↔ On track      ↻ Refreshed



QBE has a strong history of customer and community service. We offer a diverse range of products and services to personal, business and institutional customers, all designed to meet their existing and emerging needs. Our customers underpin our decision-making, and we continue to focus on innovation and accessibility so that our products and services reflect community values and expectations.

**i** Refer to [Sustainable insurance](#) for further information on how we provide innovative products and solutions for our customers.

We aim to be at the forefront of technological change to understand and address trends and risks that may impact our customers and the broader community. We also contribute to the communities in which we operate through the QBE Foundation, our local and Global Disaster Relief and Resilience partnership, by engaging in thought leadership, advocacy and mentoring, and by providing online resources for customers and business partners.

### Customer@QBE

We continue to take a customer-centric approach to treat our customers fairly and understand their needs. Customer@QBE is our globally consistent approach to delivering value to customers in a responsible and accountable manner to seek to ensure long-term sustainable relationships. Our approach focuses on three key elements: mindset, insight and delivery. Customer@QBE builds on our QBE DNA to provide an aligned approach across our business - one that leverages shared resources and best practice - while providing flexibility within local markets.

To enable this, our Global Sales Approach unifies our underwriting and distribution employees to drive more customer-focused behaviours across our customers' insurance journey. We constantly strive to develop innovative solutions that will have a positive impact for our customers and communities. Across 2021, we delivered 1,659 hours of Global Sales Approach content to 704 QBE employees globally.

In 2021, we initiated the Customer@QBE development program across the business, designed to strengthen our differentiating customer-focused



approach that is central to our strategy. Eight skill-based customer online 'learning bites' were offered globally with 3,295 completions across 1,487 learners, equating to 824 learning hours. Live customer-focus panels were conducted quarterly aligned with mindset, insight and delivery, attracting 1,377 participants from across QBE, a further 1,688 hours of training.

In Australia Pacific, our program explored the mindset and skill set required to deliver a customer-focused experience. The program comprises

four engaging and interactive virtual sessions, including small-group activities where participants practice applying the practical tools needed to deliver customer-focused outcomes. We delivered 11 six-hour programs to 248 participants in Australia Pacific. In total, between global and divisional training we have delivered over 5,500 hours to uplift the knowledge and capability around customer-focus and help embed a customer-focused mindset across our business.

## Customer and community (cont)

### Digital solutions to support our customers

We continued to support our customers by developing our digital capabilities and offerings and automating simple processes, increasing the capacity of our people to work more closely with our customers. Our use of technology has allowed for better workflow management and increased our operational predictability. In both Australia and Hong Kong, our Digital Claims teams have been using Google Analytics to build, measure and learn with a goal to improve the customer experience. Google Analytics has helped them identify negative user experience and do predictive analysis on the impact.

As part of their drive to offer more digital solutions to customers, our European Claims team launched a pilot for an online motor first-notification solution. The Telematics QR code allows drivers and third parties to report an incident or accident more rapidly. The QR code, launched in the United Kingdom in

2021, was designed to give our customers additional channels to choose from, especially for users uncomfortable with calling and not wishing to upload another app on their phone.

Across our operations in Australia, our Claims functions have introduced the use of Lifecycle Analytics, to efficiently assign claims from our suppliers and partners, improving the overall lifecycle of a claim. The system allocates claims to the right employee, tracking the changes in complexity and intensity of a claim, maintaining the balance of claim allocation across employees. The system helps our employees prioritise their matters by selecting the next most important thing for them to work on, improving our customer service and increasing customer satisfaction levels. Further information about awards and our recognition for digital solutions can be found in [Operational excellence](#).

### Cyber protection product

With an increase in digitisation and programs and services delivered online or remotely, we have seen that even institutions with advanced information technology defence systems are falling victim to cyber attacks, with disruptive, costly and potentially long-term consequences. Our observations have led to vital discussions across the business around the repercussions of a cyber attack, including the attendant risks of litigation, reputational damage and the impact

on IT systems. Our research shows that more than half of small and medium-sized enterprises (SMEs) in Hong Kong and Singapore are not fully aware of growing cyber risks. While 93% of SMEs in Hong Kong and 89% of SMEs in Singapore have purchased some form of business insurance protection in the past 12 months due to the pandemic, the majority do not have the appropriate coverage to address their specific protection concerns.



### Partner Portal for lodging home claims online

To assist our brokers and Elders Insurance agents in lodging QBE home claims, we have launched a new digital claims lodgement tool within our Partner Portal in Australia Pacific. It provides a quick and easy way to lodge QBE home claims online, enabling our brokers to support our customers more effectively. Our digital claims capability delivers a quick and intuitive lodgement experience that can be used by brokers and their employees with no upfront training. The system boasts an integrated capability that will triage, suggest a supplier and provide a claim number in one simple step.



## Mid-Sized Company Risk Report

For the last two years, we have released a Mid-Sized Company Risk Report, which discusses the macro and micro risks that most concern North American mid-sized company executives. The report assists mid-sized businesses by highlighting emerging risks, whether companies have risk management plans in place to address them, and their top needs for reducing their risk exposure. In 2021, financial, digital, business interruption and pandemic concerns were the top four most concerning macro risks for mid-sized company leaders. Compared to 2020, concerns about risks related to climate change increased significantly, but still ranked as the least concerning.

## 5-Star Excellence Award for Workers' Compensation - Insurance Business America

QBE works hard to offer meaningful risk management solutions across a variety of industries and niche markets. In workers' compensation, we recently leveraged artificial intelligence technology via a mobile app to analyse videos of common activities undertaken by workers, such as stocking shelves, to identify and address stress points that could lead to injury. Based on broker feedback for our overall work, we earned the 5-Star Excellence Award for Workers' Compensation from Insurance Business America.

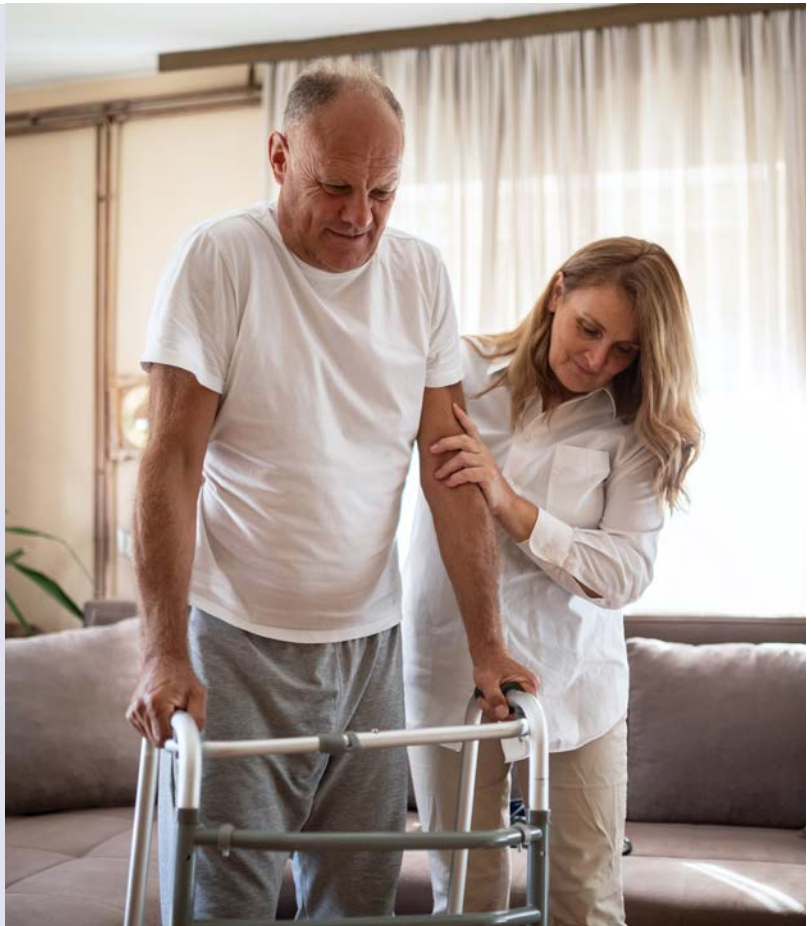


5-Star Excellence Award for Workers' Compensation

## Supporting injured people

In Australia, our People Risk Claims team has partnered with Perx Health to offer injured customers access to a health-based app that uses behavioural economics to drive positive behaviours. The Perx app uses reminders and rewards to positively motivate and engage injured people to take required medication and complete scheduled exercises daily.

QBE and Perx are working on an expanded scope using the same principles of behavioural motivation, while optimising the digital experience to provide injured people with a full self-service app to support a positive recovery and claims experience.





## Supporting our vulnerable customers

We have continued to deliver on our [Financial Inclusion Action Plan \(FIAP\)](#) program commitments in 2021, which are aimed at improving financial inclusion, resilience and wellbeing for Australians. QBE's Foundation FIAP contains 29 initiatives designed to improve financial inclusion and well-being for our customers, community partners, suppliers and employees. The key action areas of the FIAP program relate to products and services, understanding financial vulnerability, financial capability and economic security.

In relation to products and services, we have established 12 initiatives that contribute to providing fair, affordable and accessible insurance products and services. One example is the simplification and modernisation of our home and motor insurance products to promote accessibility. In addition, we have focused on the broader customer experience, seeking to ensure that all our documentation, and digital content generally, is clearer and easier to understand, and that we are delivering a simpler customer experience at point of sale.

In 2021, we continued to focus on embedding and enabling our approach to supporting customers experiencing vulnerability. This is a principles-based approach that is focused on recognising when a customer may be experiencing vulnerability, responding respectfully with care, empathy and sensitivity, and referring customers to specialist internal or external resources for further assistance where required. Through the application of these principles, we can tailor responses to each customer based on their needs and circumstances, recognising the specificity and sensitivity of their circumstances. This approach is underpinned by our [Supporting Customers Experiencing Vulnerability Policy](#) and [Family and Domestic Violence Customer Support Policy](#), both of which were launched in 2020.

To further embed and enable the approach underpinning our policies, mandatory training was rolled out for all our Australia Pacific employees to raise awareness and uplift capability with respect to customer vulnerability. Training on vulnerability was delivered to over 700 claims employees and over 780 service suppliers for the benefit of our customers, including those impacted by a catastrophe. We have also conducted an internal review of the financial hardship process for our customers, which resulted in a new target operating model and the identification of uplift opportunities to enhance the process and the customer experience.

To support our Australian customers through the prolonged impacts of the COVID-19 pandemic and climate-related events through 2021, we further extended a range of our

2020 initiatives including access to free counselling services for those impacted by these events. We also supplied ex gratia payments (where policy coverage fell outside the terms and conditions), waived or deferred premium instalments and excess payments, provided emergency payments and extended coverage under some circumstances for both personal and SME business customers.

We also developed the Frontline Support App in partnership with the Navigator Group to support frontline employees through the challenges caused by COVID-19. The app, which has been piloted in hospitals across Australia, provides routine screening for signs of excessive stress and deploys resources to address these. The app also contains stress management resources and curated content aimed at improving day-to-day functioning for frontline workers.





# Community

## Celebrating 10 years of the QBE Foundation with the launch of a new strategy

In 2021, our QBE Foundation celebrated its tenth anniversary by recognising a decade of vital work by our partners and the contribution of our people in fundraising, volunteering and advocacy, across a range of important issues. To mark the occasion, we launched a new global strategy that signals the direction of the QBE Foundation into the future. Our new strategic framework and guiding principles were developed by the QBE Foundation Global Committee and draw on our Group-wide Sustainability Framework, priority UN SDGs and annual materiality assessment to achieve greater business alignment and impact.

An extensive consultation process was undertaken to map the impact of our QBE Foundation across the Group in the communities in which we operate. Our goal is to unite behind a globally cohesive strategy that is relevant and meaningful to our people at a local level, while demonstrating impact and value for the wider community and our business.

The new strategic framework is based on the theme of community resilience and supports our purpose - enabling a more resilient future. We have selected two pillars - climate resilience and inclusion - with financial resilience incorporated into each as an enabler.

## Emergency response to COVID-19

The ongoing challenges presented by COVID-19 globally have had a heavy toll on communities and local economies. International trade has been disrupted, tourism has evaporated, and donations have been curtailed. These impacts have been compounded further by the ongoing effects of climate change and weather-related disasters.

The QBE Foundation has continued our focus on supporting communities to respond to, and recover from, the effects of the pandemic in 2021 as described below. For further information, please see our [website](#).

- Asia Pacific COVID-19 Appeal - provided essential services support such as health, water, sanitation and hygiene services to people who are most vulnerable to the COVID-19 pandemic.
- Singapore Red Cross' Young Hearts program - provided food and education for underprivileged school children.
- Save the Children India Appeal - North America division raised funds to increase awareness of handwashing, social distancing and wearing masks to prevent the spread of the virus.
- Save the Children Philippines - provided support to revive the livelihoods of people impacted by community quarantine measures.
- COVID-19 Parents' Campus German Red Cross - provided practical and emotional support for parents who gave birth during the pandemic.

## Global Disaster Relief and Resilience partnership

Our Global Disaster Relief and Resilience partnership with Red Cross and Save the Children continues to be critical to our ability to support communities to prepare for, and respond to, disasters. Across our global operations, we are working with our partners to support our strategic intent and create local initiatives that support climate resilience and/or inclusion priorities.

**i** Refer to our [website](#) for further information on our new community strategy.



## Climate resilience

The QBE Foundation intends to provide support and mitigation options for communities to become more resilient and prepared for climate impacts. We aim to do this through partnerships that focus on building an understanding of the physical and financial risks of climate change, increasing capacity to prepare, respond and invest in innovative solutions that help the transition to a net-zero emissions economy.

### QBE AcceliCITY Resilience Challenge

Each year, in North America, QBE Foundation partners with Leading Cities to run the QBE AcceliCITY Resilience Challenge, a global competition seeking entrepreneurs whose ventures drive resiliency in cities. In 2021, we expanded the program to our Australia Pacific, Group Head Office and Asia operations. Employees in the expanded regions had the opportunity to evaluate entrants' innovation and impact and place a vote in the People's Choice Award.

In 2021, cleantech company, Pharem Biotech of Sweden, won the challenge's grand prize, receiving the \$100,000 grant to help bring its safe, innovative and cost-efficient water treatment and biotechnology products to the international market, with the aim of building more sustainable societies. By utilising its water treatment expertise, Pharem Biotech's mission is to develop efficient water treatment solutions to remove hazardous organic pollutants and pharmaceutical residues in water environments; a serious environmental issue which affects wildlife, our food sources and human health.



### New Zealand Hazard App

QBE Foundation in New Zealand entered a partnership with New Zealand Red Cross as the primary supporter of its Hazard App. This empowering and educational free app has already been downloaded by 200,000 New Zealanders and allows users to identify and respond to hazards and emergencies including floods, earthquakes, tsunami, fire, weather and biosecurity risks. It guides users through preparing an emergency response kit and planning what to do during an emergency. It also offers step-by-step information to help people recover from emergencies. Users have control over the locations, types of hazard and levels of alerts they wish to receive. QBE's support will help to maintain and continuously improve the Hazard App while encouraging more people to download this excellent resource.



### Living Reefs Foundation

Living Reefs Foundation, a not-for-profit organisation based in Bermuda, is dedicated to active coral restoration and sustainable conservation of the Atlantic's northernmost reef ecosystem. The foundation works with government, and locally based, like-minded non-governmental organisations, with the aim of actively mitigating reef damage caused by human impact. The foundation's work includes research, coral planting and developing a long-term tourism/conservation partnership for sustainable coral conservation.



**i** Refer to our [website](#) for further information.



# Inclusion

The QBE Foundation intends to increase access to opportunities and resources for groups currently excluded or marginalised in society as part of our focus on financial inclusion and resilience.



## Save the Children ‘Spark of Life Summer Program’ (Hong Kong)

Low-income families living in sub-divided flats in Hong Kong were badly impacted by the COVID-19 pandemic, suffering financial hardship and overcrowding, adding to their stress and anxiety. This resulted in a higher incidence of estranged family relationships and increased risks of violence and abuse. With costs of day care services and summer holiday activities out of reach, in 2021, the QBE Foundation supported 400 children and young people and 60 caregivers, to attend Save the Children Hong Kong’s ‘Spark of Life Summer Program’. The program worked with children and their families to maintain and improve learning ability during the school holidays and helped them develop communication, logical thinking and social intelligence skills.



## QBE Scholarship for Diversity and Inclusion at St. John’s (New York)

The QBE Scholarship for Diversity and Inclusion in Insurance at St John’s University, New York, was designed to inspire and empower LGBTQ+, people of colour, veterans and female-identifying students who have demonstrated a commitment to pursuing careers in insurance. It assists in protecting vulnerable communities, enabling financial resilience and education. In 2021, ten high-performing students in need who demonstrated a commitment to diversity and inclusion, and had aspirations of improving their community’s access to insurance, were offered a \$5,000 scholarship each. Some of these scholarship recipients will move forward to participate in a QBE internship program.

Awards are designated for undergraduate students earning a Bachelor of Actuarial Science or Bachelor of Risk Management and Insurance, or Masters or M.B.A. Program students studying the disciplines of Actuarial Science, Risk Management, Risk Analytics or Enterprise Risk Management.



## Afghanistan & Central Asian Association (United Kingdom)

In the United Kingdom, the QBE Foundation provided grant funding to the Afghanistan & Central Asian Association, which helps newly arrived Afghan and Central Asian refugees to successfully resettle in the United Kingdom. With the QBE Foundation’s support, the grassroots charity supports migrants, refugees and asylum seekers with resettlement skills and greater inclusion in the local community. This includes help with housing, English language classes, support groups, drop-in and telephone advice, work skills and volunteer placements and access to key services (such as medical, trauma-related or educational services).



## Customer and community (cont)



### Innovation Room (Philippines)

To support STEM (science, technology, engineering and math) learning and provide a better learning environment, QBE Foundation Group Shared Services Centre (GSSC) has transformed Bagong Lipunan Elementary School's three damaged and un-utilised rooms into a state-of-the-art learning facility called the 'Innovation Room'. The room is fully equipped with a mini library, computers, advanced learning tools and audio-visual facilities. This one-of-a-kind space in a Cebu City public school will help prepare the students for their chosen stream of study even before they enter secondary education. Despite the hardships and challenges brought about by the pandemic, QBE Foundation GSSC remains steadfast in its commitment to education and is working closely with Philippine Business for Social Progress to support, equip and protect these students as they undergo the 'new normal' of learning.



### Barnardos Australia 'Beyond Barbed Wire' mentoring and support program

Barnardos Australia's 'Beyond Barbed Wire' mentoring and support program helps vulnerable and disadvantaged Aboriginal mothers that are leaving jail to live in Western New South Wales. QBE Foundation has specifically supported First Nations' mothers leaving prison, by offering community mentoring to assist with budgeting, financial planning, life and interview skills, training and employment pathways in order to break the cycle of incarceration for these women.





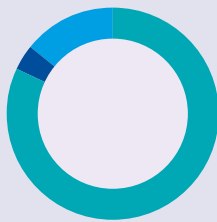
# Our corporate community investment<sup>1</sup>



The total value of our social and community investment programs in 2021 was over \$6 million. This includes financial contributions through our community partnerships and local grants, employee volunteering, workplace giving, management costs and in-kind giving arising out of volunteered time, services or office space.

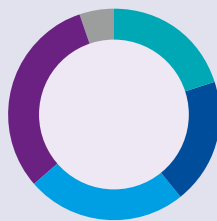
TYPE OF CONTRIBUTION	2021 US\$000	2020 US\$000	2019 US\$000
Financial contributions <sup>2</sup>	<b>5,281</b>	4,335	4,544
Time: employee volunteering <sup>3</sup>	<b>110</b>	61	551
In-kind giving <sup>4</sup>	<b>26</b>	2	48
Management costs <sup>5</sup>	<b>618</b>	572	518
<b>Total community contribution</b>	<b>6,035</b>	4,970	5,661

## Corporate community investment



Community investment	82
Commercial initiative	4
Charitable donation	14

## Total community contribution by SDG<sup>7</sup>



SDG1: No poverty	20
SDG3: Good health & wellbeing	19
SDG10: Reduced inequalities	25
SDG11: Sustainable cities and communities	31
SDG13: Climate action	5

Through the QBE Foundation, our support has reached<sup>6</sup>

**135,962**  
people through

**630**  
community organisations



Our people got involved over

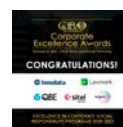
**3,600**  
times in QBE Foundation activities  
e.g. volunteering, fundraising



Our employees have donated

**\$205,000**  
of their own money towards charities

We were recognised for our work through the QBE Foundation with six award nominations and five awards across our divisions.



<sup>1</sup> Data has been verified by Corporate Citizenship using B4SI (formerly LBG) international standard for measuring and benchmarking corporate community investments.

<sup>2</sup> Financial contributions: Total financial contributions for disaster relief, grants, community partnerships commercial sponsorships with a community benefit and employee matching for employee fundraising efforts and/or payroll deductions from pre-tax salary.

<sup>3</sup> Time: employee volunteering: The equivalent financial cost of time volunteered by employees as logged in our HR system to various community initiatives across our divisions.

<sup>4</sup> In-kind giving: In 2021, we have maintained our process to capture in-kind giving across our divisions by using financial proxy values as estimates.

<sup>5</sup> Management overheads or administrative costs: This includes costs associated with communications and marketing, overheads and administration of our divisional QBE Foundation Committees.

<sup>6</sup> In 2021, the QBE Foundation improved the robustness of reporting, seeing an increase in data capture across all metrics including inputs and outputs.

<sup>7</sup> Total contribution split by SDG does not include management costs.








# People and culture


## 2021 Sustainability scorecard achievements

### Continue to strengthen and build our workplace culture


Launched our Culture Accelerator in 2021 and continued to embed our QBE DNA  **page 43**


Launched comprehensive 'Voice of Employee' program to drive continuous improvement in employee experience  **page 44**


Refreshed and relaunched our Flex@QBE principles  **page 47**


Continued to enhance our focus on learning and development for our employees including our leaders  **page 48**


### Elevate our focus on diversity and inclusion in the workplace

Refreshed our Inclusion of Diversity Policy  **page 45**





35.9% of women in leadership  **page 46**

33.3% of women on Group Board  **page 46**

Maintained fair remuneration on a like-for-like role basis  **page 50**

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

#### Key for progress symbols:

 Achieved       Behind  
 On track       Refreshed

Our people are essential to our business' long-term success. Everything we do is underpinned by our QBE DNA: seven cultural attributes that describe who we are, what we stand for, and how we conduct ourselves. The framework sets out expected behaviours for the whole Group, and is central to the Group's Code of Ethics and Conduct.

In 2021, we refreshed our QBE DNA to provide clearer objectives, expected behaviours and guardrails for each attribute. Our QBE DNA is foundational, helping us respond to current and emerging risks and opportunities, and our stakeholders' needs. We continue to bring our QBE DNA to life across the organisation and in our actions.

**Our QBE DNA is what connects us.**

We are <b>customer-focused</b>	We are <b>technical experts</b>	We are <b>inclusive</b>
We are <b>courageous</b>	We are <b>fast-paced</b>	We are <b>a team</b>
We are <b>accountable</b>	No matter the role or country, or whether a QBE employee works in one of our offices or in a hybrid environment, our <b>QBE DNA</b> is what connects us all.	

**Our culture**

In 2021, we continued to progress our 'Culture Accelerator', a Board-sponsored program that reinforces our culture and recognises that it must evolve and adapt in order to support our people and enable our future goals. We continue to advance our measurements of culture, and have developed a 'culture dashboard' across the Group. The dashboard aligns to our target culture attributes and considers our progress on related initiatives, with business metrics and perception indicators. Through our culture program of work, we are committed to the continual strengthening of our workplace environment with a forward-looking,

consultative approach designed to refine and embed our QBE DNA.

To further enhance the program, we engaged our employees globally in a 'Culture Hack' that provided innovative ideas and initiatives to help support and renew our culture. For DNA Day in 2021, we launched a shared language - one of the winning Culture Hack ideas - a set of phrases to support the calling out of positive and negative behaviours, with custom-made GIFs for use in virtual settings.

An integral part of our culture is fostering an environment where everyone feels safe to speak up on

matters, large or small, and raise ideas. We believe this is crucial to our ongoing success; not only to ensure we're calling out ethical and conduct issues of concern but, more importantly, because encouraging a 'speak up' environment boosts innovation, reinforces diverse thinking and drives collaboration. These are all essential attributes aligned to our DNA that support a stronger QBE. Through our ongoing work on culture, we are aiming to unleash the full potential of our people; embracing inclusion of diversity, including diversity of thought and lived experience, with all the richness that they bring.



## Employee engagement

We are committed to continuously improving our employee experience, wellbeing, safety and workplace environment.

In 2021, we changed the way we listen to our people across QBE. Our annual Voice engagement and enablement survey evolved into a more comprehensive 'Voice of Employee' program. We replaced our once-a-year engagement survey with shorter, sharper and more frequent tailored Pulse Surveys, putting meaningful data directly in the hands of our people leaders. For 2021, these surveys focused on four key dimensions: wellbeing, respect, inclusion, and risk. In 2021, we had a response rate of 81%<sup>1</sup> across our business, up from 76% in 2020. This new approach will allow for genuine and continuous improvement in our people's experience at work and drive the culture we want to see at QBE.

As part of our new listening approach, the way we measure employee engagement has also evolved. Our previous engagement approach gave us a single engagement score, which was an average score gained across five engagement questions. With our new approach, our overall employee engagement index is the percentage of employees who responded as 'engaged' or 'highly engaged' across six engagement questions.

Our 'Engaged Employee Index' in 2021 was 59%, which indicates that 59% of employees are either engaged or highly engaged. We reported a further 33% that were engaged in some areas, however, highlighting other opportunities for improvement.

Our two 2021 Pulse Surveys enabled us to set the baseline of our culture and to gather important insights into how our people are feeling. Key insights were:

- A majority of our people are feeling a positive sense of wellbeing, despite the continued global impact of the pandemic. We also saw strong favourable results for respect at work, Flex@QBE, inclusive leadership and 'Safety to Speak up'.
- Our October Pulse results indicated that our people feel they have the skills and knowledge required to assess risks related to their work and are able to identify and monitor risks and take appropriate actions to address



them. Our people leaders are also perceived as ethical and showing integrity in their work. These results are particularly important, as having a strong risk culture is fundamental to our success.

- Even in the short time between our August and October Pulses, employees responded more favourably regarding wellbeing (+3% to 76%), inclusion (+2% to 79%) and feeling respected at work (+2% to 85%).

Overall, employee sentiment during 2021 has been favourable, demonstrating our strong and cohesive culture and that our people, including our leaders, continuously live our QBE DNA. One area for future improvement is our people's sense of feeling valued and of belonging. We will continue to monitor this and look for ways to actively foster a sense of inclusion and belonging among our employees, wherever they are located.

<sup>1</sup> Based on % of survey respondents. Total survey invitations = 11,243. Total survey respondents = 9,102.





# Inclusion of Diversity

The diversity and lived experiences of all our people is essential to our business; with different perspectives, backgrounds and ways of working contributing to our ability to innovate, challenge and support each other, and serve our diverse customer base.

In 2021, we refreshed our approach to 'Inclusion of Diversity' and moved to this new terminology. We recognise that to foster and realise the benefits of all the ways we are different, it is essential to create an environment where everyone is, and feels that they are, included.

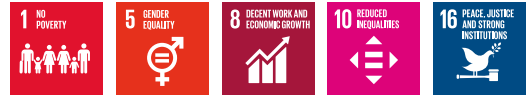
This change signals our aspiration to be a positive influence for the inclusion of diversity. We embrace this idea both within, and beyond, the boundaries of our organisation, which brings a sense of belonging and fairness and enables everyone to contribute. We support our people to do their best work in a flexible and modern environment.

The refreshed approach was supported by an extensive maturity assessment of inclusion of diversity at QBE, which informed the development of a contemporary Policy and strategy. These were launched in early 2022, along with a more extensive and globally consistent approach to creating a diversity dataset. The Board People & Remuneration Committee oversees our strategy and progress, with the Group Executive Committee (GEC) driving our agenda collectively and across our divisions. We report our progress publicly through our [2021 Corporate governance statement](#).

## QBE Pride network

Our global QBE Pride network, now consisting of over 600 members, continues to make an impact in LGBTIQ+ inclusion, across our business globally, connecting employees working from home through virtual events and campaigns. In 2021, QBE Australia was awarded Gold Employer status in the Australian Workplace Equality Index for the third year in a row.

In June 2021, QBE Australia Pacific also celebrated Pride Month and our 2021 'Family Friendly Workplaces' accreditation, with a special 'Rainbow Families' panel event exploring key themes, lived experiences and challenges for Rainbow LGBTIQ+ families. Over 200 employees, external stakeholders and business partners attended.



In support of

### WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

These icons denote integration of the WEPs



 Refer to the [WEPs website](#) for icon descriptors.

## Removing barriers for disability

We became members of the Business Disability Forum (BDF) in the United Kingdom. The BDF's objective is to remove barriers in business structures and government that prevent disabled people from thriving and contributing to the social and economic health of our societies. This reinforces our commitment to creating an inclusive and diverse workplace that respects and provides opportunities to all employees.

## Strengthening inclusion

In North America, we are committed to driving change and strengthening the communities in which we live and work, with a focus on addressing inequities experienced by Black and African-American communities in the United States. We are also a founding member of the Insurance Industry Charitable Foundation's IDEA Council (Inclusion, Diversity, Equity, Accessibility) - a collaborative structure of inclusion of diversity officers, programs and resources that aims to serve as the premier body for advancing diversity best practices and inclusive leadership development throughout the insurance industry.

## People and culture (cont)



### Equality in recruitment

During 2021, we commenced our transition to an in-house recruitment model with one of the key goals being to advance our Inclusion of Diversity agenda. We enhanced our targeted sourcing approach including partnering with dedicated diversity job boards to access broader talent pools that reflect the communities within which we operate. We enhanced our education and Australia Pacific policy, seeking to reduce overall bias in the selection process and support prospective employees from diverse groups. We have committed to programs such as internships for university students from under-represented groups including First Nations peoples and people living with disability.

### Women in leadership

In 2021, we maintained 33% women on the Group Board, just below our target of 40% by 2025. Across QBE, we continued to make progress during 2021 towards our target of 40% women in leadership, with an increase over last year from 34.8% to 35.9%. The presence of women in the GEC also increased from 33% to 45%. We continue to identify opportunities for further progression, and to develop targeted initiatives to address attraction, progression and retention of women in leadership at QBE.

### Equileap

We were honoured to be recognised in the 'Top 100 Companies for Gender Equality Globally' in Equileap's 'Gender Equality Global Report & Ranking' 2021, for positively progressing our gender equality agenda. Equileap, the leading organisation for data and insights on gender equality in the corporate sector, ranks over 3,500 public companies worldwide across 19 criteria, including gender pay gap, work-life balance and parental leave policies.

### Parental leave

Parental leave is offered to statutorily-required levels in all locations, with the majority of our employees offered 12 or more weeks for primary parental leave.

#### 'Share the Care'

Our gender-equal, flexible, paid parental leave policy, 'Share the Care', in Australia and New Zealand, is inclusive of all parents and family situations and extends to permanent foster care, surrogacy arrangements or a stillbirth. Over a quarter of those who have accessed paid parental leave are men; a truly encouraging figure. We have sought to make caring and flexibility equitable for all families, as we can only achieve gender equality in the workplace when people of all genders have equal opportunities to thrive in their career, and at home.


#### Supporting parents returning to work

ReConnect is a confidential one-on-one coaching program to help parents successfully transition back to work following a new addition to the family. Delivered to our people by external partner, Parents At Work, the program provides holistic guidance and advice from qualified and expert coaches to boost and sustain the careers of those returning to work with us, and general family wellbeing for those located in the Australia Pacific region.

QBE understands that interruptions in childcare happen and we offer back up childcare options through our external partner to support our caregivers' needs. Each employee in North America receives 20 days to utilise each year.

#### Adoption-Friendly Workplace

In 2021, QBE North America was recognised in the 100 Best Adoption-Friendly Workplaces.

 Refer to [Customer and community](#) for further information about our contribution to gender equality and women's empowerment through community initiatives.



# Health, safety and wellbeing

We continue to support the health, safety and wellbeing of our people.

## Health and safety

We have robust work, health and safety (WHS) controls across the business and adopt a proactive safety culture of early reporting and intervention, with risk assessment and control plans mitigating WHS hazards and a group policy governing our standards. Dedicated teams in each division manage the WHS obligations for their region. WHS processes, which may vary based on need or local guidance, are extensive and include ergonomic assessment and support, such as provision of equipment as appropriate, specialised workers' compensation personnel, a suite of psychological health initiatives, online mandatory training, regular site safety inspections, workplace incident, near-miss and claims registers, first aid, mental health and domestic violence support training, free flu injections, health checks and online counselling. Local and global WHS committees and specialised working groups convene to share initiatives, trends and best practice, and provide regular updates to the Group Board covering global WHS developments and risks.

During 2021, QBE continued to implement its COVID-19 safety and return-to-office plans and adapted to developing conditions and government guidance. A database for recording and tracking COVID-19 cases was maintained by each division and a comprehensive suite of COVID-19 policies and safety and wellbeing programs were developed and implemented, assisted by independent expert guidance. Initiatives included thermal scanning at site entries, mask wearing, social distancing, pre-attendance health validations, shuttle services to sites, QR code check-ins, rapid antigen testing, on-site health clinics, split shift and reduced capacity arrangements, bespoke COVID-19 safety training for field employees, employee care packages, delivery of work-from-home

equipment and COVID-19 leave. QBE strongly encouraged but did not mandate COVID-19 vaccinations for its employees, other than in compliance with local government requirements. QBE assists employees with seeking vaccination when eligible, including providing time off as necessary.

## Wellbeing

To continue supporting our people through the ongoing change and uncertainty caused by COVID-19, in 2021, we engaged resilience experts Alison Earl in Australia Pacific and Jenny Evans in North America, to deliver a virtual series for employees providing tools to help build resilience. Each series is available for employees to watch any time.

In North America, people leaders were also invited to training with clinical social workers to help them understand varying employee needs.

In Europe, we launched a new partnership with The Resilience Formula to deliver personalised 1:1 wellbeing coaching and awareness sessions across topics including digital stress, understanding stress and anxiety and personal responsibility for work-life balance.

Wellbeing Leave remained available to permanent Australia Pacific QBE employees with longer than two years' tenure, which provides five additional paid leave days, subject to certain eligibility criteria. Wellbeing Leave demonstrates the benefits of taking regular leave and acts as a supplement for those with low leave balances.

## Flex@QBE

We are committed to supporting a diverse and inclusive workforce by recognising and responding to people's

needs at different stages of their lives. Taking flexible working learnings from across our business and from the pandemic, including feedback from our people, we refreshed and relaunched our Flex@QBE principles globally. Under the new principles, we communicated our commitment to hybrid working, where our people will generally spend time working from both the office and home each week. We recognise flexibility looks different for every person, role and team, and we are open-minded about how and when we work.

We offer a range of flexible ways of working including part-time hours, flexible working hours, working from home, job sharing and flexible return from parental leave. Our hybrid way of working is supported by a range of resources, toolkits and supporting guides that are available for all employees and leaders, 24/7, and we have developed global success measures to track the impact of hybrid working from a people risk perspective.

## Family and domestic violence

In Australia, we continued to focus on the systemic barriers that underpin gender inequality by focusing on our 'Family and Domestic Violence (FDV) Workplace Response' and further working towards a workplace culture, for all, of safety, respect and feeling valued. As part of this, we increased FDV leave from 10 to 20 days. Our FDV first responder network of circa 70 QBE employees across Australia and New Zealand is tangible evidence of the strength of, and our commitment to, our FDV framework.



## Developing our people

In November 2021, to support our employees' development needs, we launched a global My Learning platform providing employees with access to over 16,000 on-demand learning experiences, including LinkedIn Learning content. Over 1,000 employees from the Australia Pacific participated in at least one of more than 50 'Learning for All' sessions in 2021, now available to access any time on the platform, on topics including 'Thrive with Change', 'Building Hybrid Team Connections' and 'Digital Meetings that Matter'.

North America employees were offered interactive Unconscious Bias workshops aimed at exploring biases and encouraging curiosity, inclusivity and authenticity with others. Over 25% of employees participated in these workshops. Additional sessions and new modules will be offered in 2022.

### Developing our leaders

During the year, we launched the Lead@QBE in Action program in Australia Pacific, designed for leaders to develop their personal leadership style and presence and build critical skills to lead with confidence in today's hybrid working environment. Delivered through interactive virtual sessions, participants invested time in reflection and learning how to be present, motivating and impactful leaders. They were also provided with practical tools to build their coaching, management and empowerment skills and drive team accountability.

We also offered all people leaders the opportunity to develop skills in holding quality performance conversations through brief virtual sessions in the areas of career and development planning, coaching, giving and receiving feedback and year-end performance conversations. Two hundred and eighty-eight leaders (180 women, 108 men) from 35 business units and 24 locations across Australia and the Pacific participated in 10 programs during 2021.

For our senior leaders (levels 2 and 3), we ran the Leading for Growth: Building a Digital Mindset program, a three-month learning experience designed to develop the leadership attributes, mindsets and capabilities needed to support the delivery of our strategic priorities. The experience included the Leadership Attributes 360 Survey together with an individual development review, formal development centred on digital and transformational leadership, peer learning sets, coaching and participation in a digital challenge. One hundred

and forty-one leaders across QBE globally have completed Leading for Growth since November 2020, including 67 women and 74 men who completed the program in 2021.

Internal talent development programs continued to be delivered across QBE. The General Manager Rotation Job Swap program in the Australia Pacific was designed to create new experiences and build new skills for participating employees. In North America, the Finance and Actuarial Career Development Rotation program encourages talented and motivated employees to engage with other aspects of our business, deepening their experience as both insurance and finance professionals. Through the Aspire Programme in Europe, we support the development and careers of high potential talent through helping to build skills in strategic thinking, team performance, and mindfulness as a leader. We have also developed leader awareness of wellbeing, duty of care and mental health through the Care and Connect program in Europe.





## Performance and reward

Our performance approach at QBE emphasises regular conversations between employees and their People Leader that set and agree quality ‘SMART’ (Specific, Measurable, Achievable, Realistic and Timely) goals for each employee. Our people set individual goals that align to our strategic priorities and will positively contribute to QBE’s success. Our strategic priorities for 2021 were *Modernisation, Performance, Customer Focus and Talent & Culture*. As the year progressed, regular conversations between employees and leaders provided the opportunity to discuss progress against those goals and our QBE DNA behaviours. These conversations also underpinned development planning and career opportunities.

Our annual ‘My Year in Review’ process encapsulates the above approach and provides an overall performance outcome for our employees. This outcome is an input into the ‘Annual Merit Review’, which in combination with QBE’s financial and non-financial performance, determines each employee’s total remuneration package.

Our Minimum Corporate Standards set the minimum standards of behaviour and conduct for all QBE employees. Our people are required to meet these standards and complete a self-declaration during the ‘My Year in Review’ process. Failure to meet the standards may impact the incentive entitlement of an employee in the relevant performance year. In addition, as part of the year-end process, an assessment of each senior executive’s approach to risk management is completed using input from the Group Chief Risk Officer. This process recognises positive and negative risk culture and risk management through upward or downward adjustment of performance ranges, incentive payouts and consequences that can include executives leaving the organisation.

## Recognition and awards



QBE North America placed in the 100 Best Adoption-Friendly Workplaces by the Dave Thomas Foundation for adoption



Insurance Business America 2022 5-star carrier for *Diversity, Equity and Inclusion*



British Insurance Awards 2021 Finalist in the *Best Insurance Employer – Large Employer Award, Digital Insurance Innovation of the Year Award and Business Sustainability/Corporate Social Responsibility Initiative of the Year Award* categories.



Working Families – Best Practice Awards 2021 in the *Best COVID-19 Response* category.



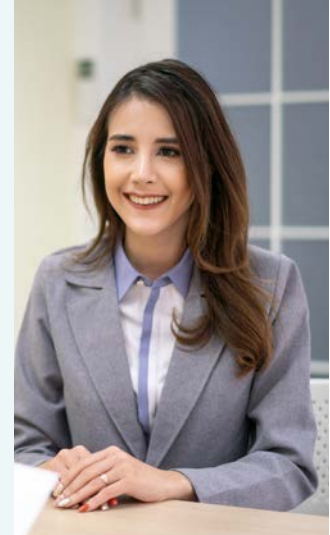
Australia was awarded Gold Employer status in the Australian Workplace Equality Index

## People and culture (cont)

### Pay equity

At QBE, we believe that an inclusive and supportive culture is central to our success, where all our people are valued, and treated fairly. For us, this means equal pay for equal work. We perform an analysis of our workforce to assess pay equity based on the key drivers of pay in our organisation including the role, location and the employee's performance. This methodology is applied across 90% of QBE's workforce and enables us to identify areas for improvement within our annual salary review process.


As an average across these markets, our gender pay equity gap is sufficiently negligible that we are confident our people are paid equally in like-for-like roles. However, we recognise that at an individual level, some pay gaps still exist and we are working to address any identified gaps through our ongoing salary review processes and other initiatives. In Europe, the scope of the pay equity review has moved beyond gender and now includes reviews for both gender and ethnicity. In 2021, we published our first United Kingdom Ethnicity Pay Gap Report and plan to use it to embed positive change.



### Executive remuneration

Non-financial metrics remain an important component of our executive remuneration structure with at least 35% of the executive Key Management Personnel Short Term Incentive targets for 2021 tied to the delivery of strategic priorities. These relate to performance including sustainability and climate commitments, customer focus, modernisation and talent and culture, including our QBE DNA defining desired behaviours and risk culture, diversity and succession.


In 2022, we will be taking a broader view of performance and include overall enterprise financial and non-financial performance including risk, people and strategic measures.

 Further information can be found in our [2021 Remuneration Report](#).



### Diversity in our supply chain

We encourage inclusion of diversity in our global supply chain. Our Supplier Sustainability Principles outline our desire to work with businesses reflecting the diverse nature of the people and communities we serve, including minority and First Nations businesses, disability and social enterprises, female-owned and/or led businesses, our community and global aid partners and other not-for-profit organisations.

 Refer to [Operational excellence](#) for further examples.





# Our workforce

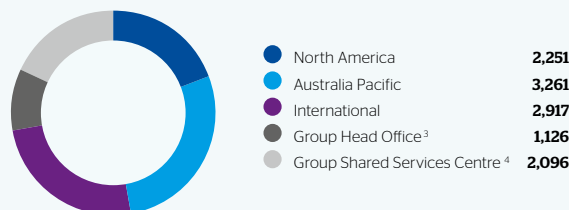
## Overall workforce<sup>1</sup>

**11,651**

Total number of employees<sup>2</sup>

**52.2% Female**  
**47.8% Male**

## Geographic footprint by division (headcount)



## Workforce (%) by employment level and gender<sup>1</sup>

	2021		2020		2019	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Group Executive Committee (GEC)	45.5	54.5	30.0	70.0	27.3	72.7
Level 1	28.3	71.7	25.5	74.5	19.6	80.4
Level 2	32.0	68.0	29.4	70.6	28.8	71.2
Level 3	36.9	63.1	36.3	63.7	35.3	64.7
Level 4	49.2	50.8	48.3	51.7	48.2	51.8
Level 5	56.2	43.8	56.2	43.8	55.5	44.5
Level 6	61.9	38.1	61.9	38.1	64.4	35.6
Female Workforce Total	52.2	47.8	52.0	48.0	52.2	47.8
<b>Total % of women in leadership (GEC–Level 3)<sup>5</sup></b>	<b>35.9</b>	<b>64.1</b>	<b>34.8</b>	<b>65.2</b>	<b>33.7</b>	<b>66.3</b>

## Average tenure by level and gender<sup>1</sup>

AVERAGE TENURE (YEARS)	2021		2020		2019	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Group Executive Committee	2.7	6.3	4.4	5.7	3.4	5.1
Level 1	4.8	9.6	3.7	9.8	4.3	10.2
Level 2	6.2	9.4	6.1	8.9	5.9	8.6
Level 3	7.6	8.5	7.3	8.4	6.8	8.3
Level 4	7.5	7.1	7.4	7.2	7.0	7.0
Level 5	6.5	5.2	6.6	5.2	6.3	4.8
Level 6	6.2	3.9	6.2	3.8	6.0	3.6
<b>Total</b>	<b>6.8</b>	<b>6.3</b>	<b>6.8</b>	<b>6.3</b>	<b>6.4</b>	<b>6.0</b>

### Employees working part-time

**4.2%**

Down from 4.3% in 2020

## Diversity breakdown of workforce

PART-TIMERS	2021	2020	2019
Female	438	455	472
Male	56	52	57
Total	494	507	529
Part time %	4.2	4.3	4.5

<sup>1</sup> This includes permanent and fixed term, excludes casual/temporary and contingent workers not directly employed by QBE.

<sup>2</sup> Total number of full-time equivalent (FTE) workforce in 2021 = 11,857. From 2021, QBE has updated this definition of FTE to include casual/temporary employees as well as contractors not employed directly by QBE, as these form part of our complete workforce.

<sup>3</sup> Group Head Office employees are based across all divisions of operation.

<sup>4</sup> Group Shared Services Centre employees are based in the Philippines.

<sup>5</sup> Women in leadership (i.e. women in senior management) is defined as GEC and levels 1, 2 and 3 employees.

## People and culture (cont)

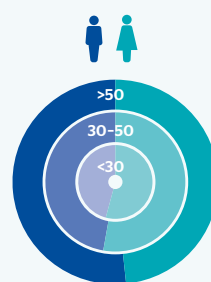
## Workforce by age and gender

Overall workforce by age and gender (headcount)<sup>1</sup>

AGE	2021		2020		2019	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
<30	1,055	884	1,127	959	1,225	1,026
30-50	3,761	3,332	3,731	3,297	3,705	3,231
>50	1,266	1,348	1,222	1,353	1,176	1,338
<b>Total</b>	<b>6,082</b>	<b>5,564</b>	6,080	5,609	6,106	5,595

## Overall workforce by average age

DIVISION	2021	2020	2019
North America	46.9	47.2	47.1
Australia Pacific	41.4	41.4	41.6
International	41.0	40.9	40.9
Group Head Office <sup>2</sup>	42.6	42.5	42.2
Group Shared Services Centre <sup>3</sup>	33.9	33.2	32.4
<b>Overall average age</b>	<b>41.1</b>	<b>40.8</b>	<b>40.5</b>



## HEADCOUNT %

<30		
Female	54.4	
Male	45.6	
30-50		
Female	53.0	
Male	47.0	
>50		
Female	48.4	
Male	51.6	

Attrition<sup>4</sup>

	OVERALL LEAVERS <sup>5</sup>		VOLUNTARY ATTRITION <sup>6</sup> %		INVOLUNTARY ATTRITION <sup>7</sup> %		OVERALL ATTRITION %	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>By gender</b>								
Female	989	681	12.6	8.1	3.9	3.3	16.5	11.4
Male	983	664	13.5	8.4	4.3	3.6	17.8	12.0
<b>Total<sup>8</sup></b>	<b>1,975</b>	<b>1,346</b>	<b>13.1</b>	<b>8.3</b>	<b>4.1</b>	<b>3.4</b>	<b>17.1</b>	<b>11.7</b>
<b>By age</b>								
<30	441	276	21.5	11.6	2.8	2.8	24.3	14.4
30-50	1,128	767	11.8	8.0	4.2	3.0	16.0	11.0
>50	406	303	10.7	6.6	4.5	5.0	15.2	11.6
<b>Total</b>	<b>1,975</b>	<b>1,346</b>	<b>13.1</b>	<b>8.3</b>	<b>4.1</b>	<b>3.4</b>	<b>17.1</b>	<b>11.7</b>
<b>By division</b>								
North America	333	212	11.8	6.4	3.1	3.2	14.9	9.6
Australia Pacific	486	386	12.7	7.8	2.8	5.1	15.5	13.0
International	401	267	12.3	8.9	2.0	1.0	14.3	9.9
Group Head Office	204	111	13.2	8.2	5.1	1.7	18.3	9.9
Group Shared Services Centre	551	370	15.7	9.7	8.8	5.0	24.5	14.7
<b>Total</b>	<b>1,975</b>	<b>1,346</b>	<b>13.1</b>	<b>8.3</b>	<b>4.1</b>	<b>3.4</b>	<b>17.1</b>	<b>11.7</b>

1 This includes permanent and fixed term, excludes casual/temporary employees and contingent workers not directly employed by QBE. The total numbers include employees with gender noted as 'Unspecified'. Total 'unspecified' in 2019 = 3; total 'unspecified' in 2020 = 7; total 'unspecified' in 2021 = 5.

2 Group Head Office employees are based across all divisions of operation.

3 Group Shared Services Centre employees are based in the Philippines.

4 This includes permanent employees, excludes fixed term and casual/temporary employees as well as contingent workers not directly employed by QBE. Leavers are counted on the first day that they are not working at QBE.

5 Overall leavers include both voluntary and involuntary figures.

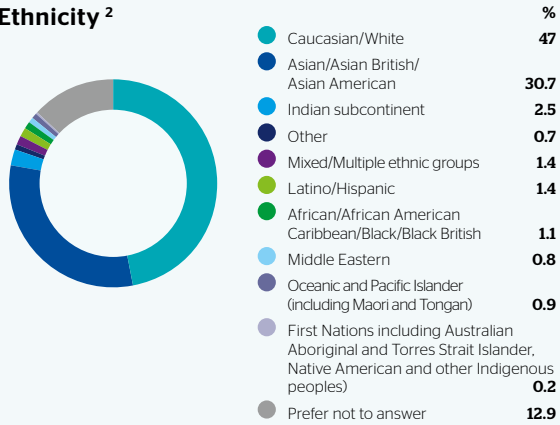
6 Voluntary leavers typically comprise resignations, contract terminations or voluntary retirement.

7 Involuntary leavers principally include those terminated through dismissal or redundancy.

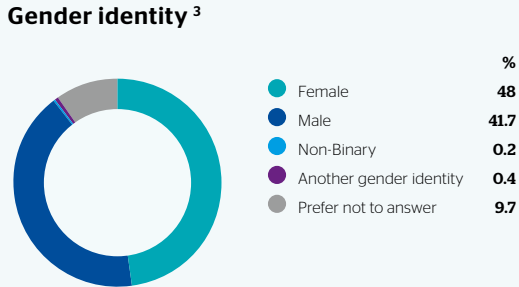
8 The total for 2020 includes one employee and 2021 includes three employees with gender noted as 'Unspecified'.

## Workforce diversity indicators<sup>1</sup>

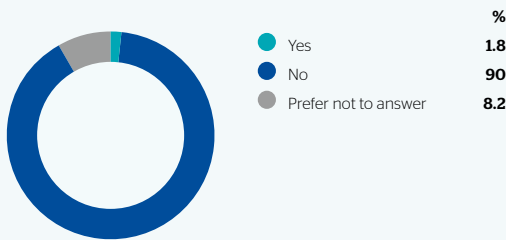
### Ethnicity<sup>2</sup>



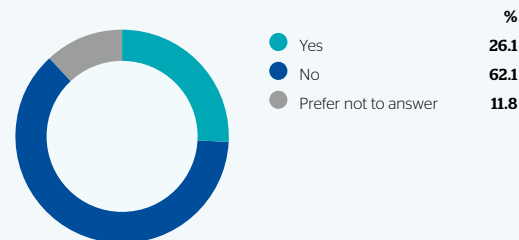
### Gender identity<sup>3</sup>



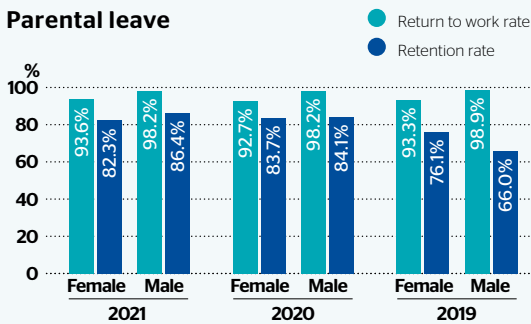
### Disability<sup>4</sup>



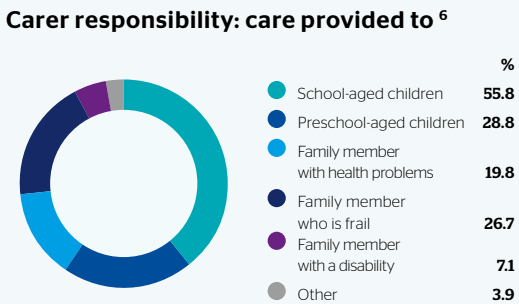
### Carer responsibility<sup>5</sup>



### Parental leave



### Carer responsibility: care provided to<sup>6</sup>



### Return from parental leave (by year due to return)

	2021		2020		2019	
	F	M	F	M	F	M
Total number of employees who didn't return from parental leave	16	2	20	2	18	1
Total number of employees who returned from parental leave	235	112	254	110	251	88
<b>Total number of employees due to return from parental leave</b>	<b>251</b>	<b>114</b>	<b>274</b>	<b>112</b>	<b>269</b>	<b>89</b>

### Retained one year after returning from parental leave (by year of return)

	2020		2019		2018	
	F	M	F	M	F	M
Total number of employees not retained one year after returning from parental leave	45	15	41	14	57	17
Total number of employees retained one year after returning from parental leave	209	95	210	74	181	33
<b>Total number of employees who returned from parental leave in the prior year</b>	<b>254</b>	<b>110</b>	<b>251</b>	<b>88</b>	<b>238</b>	<b>50</b>

<sup>1</sup> The following information is at a point in time, collected confidentially and voluntarily as part of the Voice pulse survey completed in October 2021. Data on sexual orientation was not collected in 2021 due to ongoing legal and privacy compliance reviews of demographic data captured in pulse surveys.

<sup>2</sup> Based on % of survey respondents. Total survey respondents = 8,850. Some countries have been excluded from this question to comply with local legislation.

<sup>3</sup> Based on % of survey respondents. Total survey respondents = 8,662. Some countries have been excluded from this question to comply with local legislation.

<sup>4</sup> Based on % of survey respondents. Total survey respondents = 8,861. Some countries have been excluded from this question to comply with local legislation.

<sup>5</sup> Based on % of survey respondents. Total survey respondents = 9,043.

<sup>6</sup> Based on % of survey respondents. Total survey respondents = 3,354. Respondents were able to select multiple options, therefore the % does not add up to 100%.








# Operational excellence


## 2021 Sustainability scorecard achievements


### Minimise the impact of our operations on the environment

Sourced renewable electricity for 100%<sup>1</sup> of our electricity requirements, up from 97% in 2020 based on RE100 Materiality Threshold guidance.  **page 57**


Reduced our Scope 1 and 2 carbon emissions by 80%  **page 59**


Reduced our air travel by 96%, up from an 85% reduction in 2020  **page 59**


Reduced our energy use by 30%  **page 59**

Maintained carbon neutrality  **page 57**





### Ensure effective engagement and management of our supply chain through the roll-out of Supplier Sustainability Principles

Incorporated the Supplier Sustainability Principles (SSPs) into 75% of new tier one supplier contracts, engaged under QBE's Australian Procurement Policy  **page 56**

In other regions, QBE continues to integrate the SSPs across our new tier 1 suppliers  **page 56**

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

### Key for progress symbols:

 Achieved       Behind  
 On track       Refreshed

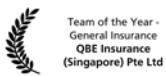
<sup>1</sup> Based on RE100 Materiality Threshold guidance which excludes countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity.

Digital technologies, innovation and analytics help us to drive continual improvements in our products and services, and develop new ones, that are aligned with our customers' changing needs. In 2021, we continued our shift to digital technologies, coupled with the implementation of energy efficient measures and the greater use of renewable energy. This has contributed to a significant reduction in the environmental impact of our operations. We have achieved this through integrating sustainability into our business operations, the design of new workplaces, ongoing optimisation of technology services and the digitisation of paper-based processes.

## Industry recognition

### Digital solutions and innovation awards in 2021

QBE Singapore and QBE Hong Kong were each recognised with two Business management excellence awards 2021 *Team of the year - General Insurance* and *Innovator of the year - General Insurance* for digital customer solutions



QBE Singapore awarded AustCham Business Excellence Award 2021 in acknowledgment of its outstanding performance



Singapore e-Claims platform was awarded *Digital Insurance Initiative of the Year - Singapore*

QBE Hong Kong's digital home e-Claims platform was awarded the *Claims initiative of the Year - Hong Kong* and *Digital insurance initiative of the Year - Hong Kong*



Our e-Claims platform streamlines the customer experience, providing paperless claims submission, faster settlement and the ability to check claims status anytime, anywhere, from any device. The platform is available across all products in Singapore and Hong Kong, enabling users to log, edit and check claims updates.

We have continued to enhance our digital offerings across the insurance ecosystem by expanding our reach and engagement through our end-to-end digital platforms such as eService, Qchat in Hong Kong, and Qnect in both Singapore and Hong Kong. In Malaysia and Singapore, we transitioned our renewal notices and policy documents to electronic distribution, only printing paper documents on client request. In Vietnam, we have completely replaced paper-based invoices with e-invoices and have integrated our payment module with our payment provider's system, reducing our internal paper use. We also launched the digital signature project in Vietnam, allowing all legal documents to be signed electronically for online products.

In 2021, we continued our significant program to digitise customer experience and core processes across Australia Pacific including enhancements to our digital sales and servicing, payment automation and extension of the digital property claims lodgement capabilities to external partners, all of which are underpinned by investments in advanced analytics.

## Use of pricing analytics

In North America, we modernised the data used in our pricing and underwriting models to help us better match our premiums charged to specific sources of risk. Our Crop underwriting models evaluate geospatial soil data and use improved index-based pricing approaches that allow us to respond to changing climate and agricultural conditions. For our Homeowners and Commercial Property teams, we rolled out by-peril rating algorithms which allow us to better customise rating solutions based on dynamic trends for weather, fire and theft.

### QBE Ventures

QBE Ventures invests in and builds alongside exceptional founders that will re-imagine insurance, working to create a more resilient world for our customers, partners, and communities. QBE Ventures is strategically focused on opportunities which have enterprise-wide potential, demonstrating re-usability and leveraging QBE's international footprint, creating a mutual benefit for founders. QBE Ventures works alongside the business, driving a mindset which champions experimentation and collaboration with innovation from outside of QBE and bringing them into our global organisation. More information on QBE Ventures can be found on our [website](#).

**i** Information on how these partnerships help our customers can be found in [Customer and community](#).

## Operational excellence (cont)

### Procurement

Our [Supplier Sustainability Principles](#) set minimum expectations of our suppliers when doing business with QBE. We seek to engage suppliers and partners who share our commitment to sustainability and who will work with us to achieve our objectives.

In Australia Pacific, we launched our Sustainable Procurement Strategy (Strategy), which seeks to build sustainability into the supplier lifecycle, create opportunities to partner with sustainable and diverse businesses and increase QBE's support for, and engagement with, the communities in which we operate (including engagement with Aboriginal and Torres Strait Islander businesses and communities) through our supply chain. The Strategy covers all indirect and claims-related procurement activities across the Australia Pacific division. In our Australian operations, QBE's supplier evaluation and selection process now includes sustainable criteria such as social (including modern slavery, work health and safety and inclusion of diversity) and environmental considerations.

When going to market for new suppliers or when considering new or improved supply solutions, we strive to work with suppliers who demonstrate a commitment to safe, respectful and inclusive workplaces. This may include suppliers who have commitments aimed at supporting First Nations employment or community outcomes; diversity; activities to support and engage minority or disadvantaged Australians, including people with a disability. As part of embedding our Strategy by supporting First Nations businesses, we continue to work with Supply Nation, who provide Australia's leading database of verified Indigenous businesses.

In 2021, we developed the Third-Party Risk Management Framework (TPRM), a consistent framework, set of controls and metrics to help manage our relationships with third parties. The framework provides clarity for relationship owners on what requirements they need to meet when managing an external provider. This includes Information Security, Privacy, Modern Slavery, Financial Crime, Conduct Risk and Financial Crime and Business Continuity. The TPRM will be implemented across our business in 2022.



### Business resilience

The continued need to support remote working during the pandemic highlighted the importance of our investment in technology and collaboration tools over the past three years to increase our operational resilience. We continued our hybrid working-from-home/ office scenario with no disruption to customer service or business operations, allowing efficient movement between environments without compromising security.

Our investment in uplifting security controls across identity and access management, multi-factor authentication, endpoint security and data loss prevention remain critical to support secure remote working. Our Global Security Operations Centre continues to respond to the increased threat posed by cyber criminals exploiting the global shift to remote working and we continuously review and update our cyber security education activities for employees and customers to reinforce secure practices. Throughout 2021, we further matured QBE's cyber capabilities, including the industrialisation of third-party supplier cyber governance processes, patching and vulnerability management, network security, system assurance testing and management of data security risks.

We remain well-positioned Group-wide in our operational response capability through crisis coordination across onshore, offshore and third-party sites and our Group Business Continuity Management Policy ensures a consistent approach to business continuity management across our global operations.





# Operational environmental performance

In line with our commitment to net-zero emissions across our investment and underwriting activities by 2050, this year, we set a commitment to achieve net-zero emissions for our operations globally by 2030. We also refreshed our energy reduction target.

Getting to net-zero will require ongoing work to optimise the energy efficiency of our buildings; transitioning our fleet to hybrid and, when feasible, fully electric vehicles; and transitioning to 100% renewable electricity. We will also need to source a small volume of quality carbon certificates to address our residual emissions.

Our work-required vehicle fleet makes up a large proportion of our Scope 1 emissions and, this year, we started transitioning our Australia Pacific division fleet to hybrid vehicles. We have made significant inroads into reducing our Scope 2 emissions through our ongoing focus on operational efficiency and our shift to renewable electricity, in line with our RE100 commitment to using 100% renewables for our operations by 2025. This year, 100% of our electricity use came from renewable sources, meeting our RE100 target.<sup>4</sup>

We have continued to maintain carbon neutrality for our operations globally. As noted in Environmental performance targets on [page 59](#), we also achieved our 2021 energy use and air travel targets.

We have continued to focus on understanding and addressing our Scope 3 operational emissions. In 2020, we included an estimate of emissions generated by our employees working from home, and this year, by working with our technology partners, we have also been able to source data to include emissions for the data

centres at which our data is processed. This is increasingly important as we commenced a shift to new, third-party operated, energy-efficient data centres in Australia in late 2020 through our data centre co-location strategy. We have selected a technology partner who is also a member of the RE100 and, in 2021, 91% of our partner's electricity use globally came from renewable sources. We continue to account for all on-site data centre emissions within our Scope 1 emissions.

We have also calculated Scope 3 emissions from our technology and claims supply chain and we are working to strengthen the quality of the data that underpins this calculation.

In Australia, we moved into new workplaces in Sydney and Parramatta, where many of our Australia Pacific employees work. Sustainability and resource efficiency have been central to the design of both buildings. Our Sydney office features more than 2,000 plants on an internal green wall that runs through each of the floors, to improve indoor environment quality and employee wellbeing. Additionally, our new offices include gender-inclusive bathrooms and signage, and touch screens at appropriate heights for people who use wheelchairs, to support accessibility and inclusion.

Across North America and Europe, we have further reduced energy use through streamlining office space,

## Our targets

**Transition to 100% renewable electricity by 2025**

**Reach net-zero emissions by 2030<sup>1</sup>**

**Reduce Scope 1 and 2 carbon emissions by 30% by 2025<sup>2</sup>**

**Reduce energy use by 25% by 2025<sup>3</sup>**

**Maintain carbon neutrality**

- 1 Scope 1 and 2 emissions.
- 2 1.5°C trajectory aligned science-based target from a 2018 base year.
- 3 From 2019 levels.

upgrading to LED lighting, sourcing more energy-efficient equipment and optimising the operational hours of air-conditioning and lighting as we embed hybrid working practices across those locations.

Our continued focus on environmental sustainability was again recognised externally, with comparison site Finder naming us the 'Green Insurer of the Year' for the second year running. The Finder Green Awards recognise the companies leading the way on environmental sustainability in the sectors that it compares. We scored particularly well for our renewable energy use, environmental targets and commitment to integrating climate risks into our investment and risk decision-making.

<sup>4</sup> In 2021, we aligned our reporting to the RE100. RE100's calculations (as per RE100 Materiality Threshold guidance) exclude electricity use from countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity. The exclusion equated to 0.5% of our global electricity use in 2021.

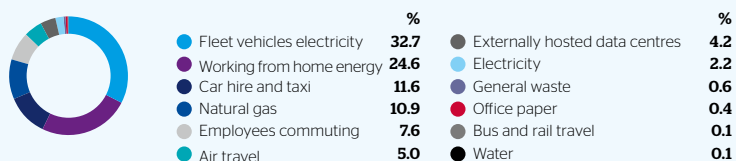
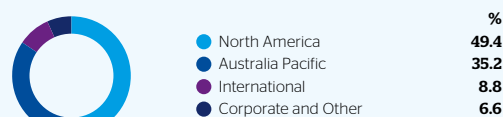
## Operational excellence (cont)

## Greenhouse gas emissions (GHG) by activity

tCO <sub>2</sub> -e GHG EMISSIONS <sup>1</sup>	% CHANGE FROM PRIOR YEAR	2021	2020	2019	2018	2017
<b>Direct emissions (Scope 1)<sup>2</sup></b>						
Business travel - fleet vehicles	6%	4,919	4,628	5,615	6,988	6,631
Stationary energy - gas	-12%	814	920	985	1,326	1,273
<b>Total Scope 1</b>	<b>3%</b>	<b>5,733</b>	<b>5,548</b>	<b>6,600</b>	<b>8,314</b>	<b>7,904</b>
<b>Indirect emissions (Scope 2)<sup>2</sup></b>						
Scope 2 (market-based) <sup>3</sup>	-1%	329	333	6,172	21,382	23,899
Scope 2 (location-based) <sup>4</sup>	-13%	11,989	13,770	16,729	21,382	23,899
<b>Other indirect emissions (Scope 3)<sup>2,5</sup></b>						
Stationary energy - gas indirect	-20%	818	1,022	1,274	1,186	1,570
Externally hosted data centres - electricity usage <sup>6</sup>		639	DNR	DNR	DNR	DNR
Business travel - air <sup>7</sup>	-72%	758	2,717	12,160	14,973	17,739
Business travel - car hire and taxi	8%	1,742	1,612	2,146	2,161	2,158
Business travel - rail and bus travel	-61%	9	23	133	139	133
Working From Home energy - electricity and gas <sup>8</sup>	16%	3,695	3,174	DNR	DNR	DNR
Employee commuting <sup>6</sup>		1,138	DNR	DNR	DNR	DNR
Office paper purchased	-33%	62	93	211	324	574
Waste - recycled and landfill	-88%	85	739	1,002	1,022	1,079
Water	-80%	22	108	192	188	229
<b>Total Scope 3</b>	<b>-5%</b>	<b>8,968</b>	<b>9,488</b>	<b>17,118</b>	<b>19,993</b>	<b>23,482</b>
<b>Total GHG emissions (Scope 1, 2 and 3)<sup>9</sup></b>	<b>-2%</b>	<b>15,030</b>	<b>15,369</b>	<b>29,890</b>	<b>49,689</b>	<b>55,285</b>
Carbon offsets		(15,030)	(15,369)	(29,890)	(49,689)	-
<b>Net GHG emissions (carbon neutral from 2018)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,285</b>

## Key performance indicators - GHG emissions intensity

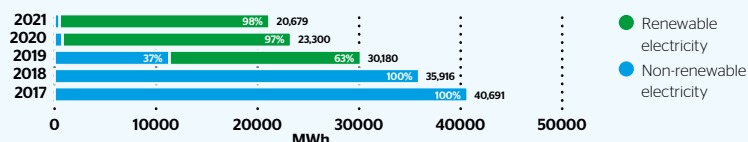
tCO <sub>2</sub> -e GHG EMISSIONS	% CHANGE FROM PRIOR YEAR	2021	2020	2019	2018	2017
Scope 1 and 2 GHG emissions per Gross Earned Premium (GEP) US\$M	-14%	0.36	0.42	0.96	2.11	2.20
Scope 1 and 2 GHG emissions per FTE <sup>10</sup>	-2%	0.51	0.52	1.13	2.45	2.25
GHG emissions per GEP US\$M	-20%	0.88	1.10	2.25	3.54	3.83
GHG emissions per FTE <sup>10</sup>	-7%	1.26	1.35	2.64	4.09	3.91

Emissions profile by source (tCO<sub>2</sub>-e)Emissions profile by region (tCO<sub>2</sub>-e)

## Carbon offset by project type (%)



## Electricity use by source



- GHG emissions data is calculated based on QBE business activities and includes emissions from CO<sub>2</sub>, N<sub>2</sub>O and CH<sub>4</sub>. Emissions from HFCs, PFCs, SF<sub>6</sub> and biogenic activities are not applicable to QBE's operations and therefore have not been reported.
- Estimates have been made for certain office locations and activity data streams where actual activity was not available, and were based on comparable offices/activities in the same region.
- Our market-based emissions take into account that we have bought electricity from renewable sources. We are not able to buy electricity from renewable sources for some of our Pacific Island and Bermuda operations.
- Our location-based emissions provide an indication of what our emissions would be if we had not bought electricity from renewable sources (through our electricity retailers and brokers).
- We have disclosed the carbon intensity of our corporate credit investment portfolio in the *Climate change - our approach to risks and opportunities* section of our 2021 Annual Report.
- As part of our ongoing data improvement, we are reporting the emissions related to externally hosted data centres and employee commuting for the first time 2021.
- Scope 3 emissions from business air travel include The United Kingdom government's Department for Environment, Food & Rural Affairs required distance uplift and exclude radiative forcing due to the significant scientific uncertainty surrounding the quantification of the effect of radiative forcing.
- Due to COVID-19, the majority of our global workforce has been working from home for most of 2020 and 2021. We have estimated the emissions relating to energy use by our employees while working from home.
- Our total emissions are the sum of our Scope 1 emissions, Scope 2 market-based emissions and Scope 3 emissions.
- The emissions intensity indicators for 2021 are per Full-time Equivalent (FTE) including casuals, temporary workers and contractors. Indicators for 2018-2020 are per FTE excluding casuals, temporary workers and contractors. Indicators for 2017 are per number of employees.

## Environmental performance targets

INDICATOR	BASELINE <sup>2</sup>	TARGET	TARGET YEAR	2021 ACTUAL PERFORMANCE	2021 TARGET PERFORMANCE	STATUS
Air travel (tCO <sub>2</sub> e)	17,739	-20%	2021	<b>758</b>	-96%	<b>Achieved</b>
Energy use (GJ)	153,296	-25%	2025	<b>106,673</b>	-30%	<b>Achieved</b>
Scope 1 and 2 emissions <sup>1</sup>	29,696	-30%	2025	<b>6,062</b>	-80%	<b>Achieved</b>
Renewable electricity use (MWh)	-	100%	2025	<b>20,199</b>	100% <sup>3</sup>	<b>Achieved</b>
Net-zero emissions across operations (Scope 1 and 2)	12,772	-100%	2030	<b>6,062</b>	-53%	<b>On track</b>

## Other environmental indicators

	UNITS	% CHANGE FROM PRIOR YEAR	2021	2020	2019	2018	2017
<b>Stationary energy use<sup>4</sup></b>							
Non-renewable electricity	MWh	🟢 -38%	<b>480</b>	771	11,304	35,916	40,691
Renewable electricity <sup>5</sup>	MWh	🟢 -10%	<b>20,199</b>	22,529	18,876	-	-
Electricity use per FTE <sup>9</sup>	MWh/FTE	🟢 -15%	<b>1.74</b>	2.05	2.67	2.96	2.88
Gas - direct	GJ	🟢 -11%	<b>16,145</b>	18,234	19,513	26,231	25,362
Gas - indirect	GJ	🟢 -20%	<b>16,083</b>	20,000	25,133	23,446	31,218
Gas use per FTE <sup>9</sup>	GJ/FTE	🟢 -19%	<b>2.72</b>	3.37	3.95	4.09	4.00
Externally hosted data centres - non-renewable electricity	GJ		<b>2,880</b>	DNR	DNR	DNR	DNR
Externally hosted data centres - renewable electricity	GJ		<b>5,095</b>	DNR	DNR	DNR	DNR
Working From Home energy usage - electricity and gas <sup>6</sup>	GJ	🔴 22%	<b>32,134</b>	26,287	DNR	DNR	DNR
<b>Employee and business travel</b>							
Employee commuting <sup>7</sup>	'000 km		<b>15,007</b>	DNR	DNR	DNR	DNR
Air travel	'000 km	🟢 -64%	<b>5,712</b>	15,787	77,958	95,775	118,192
Fleet vehicles	'000 km	🔴 5%	<b>18,635</b>	17,787	21,619	26,585	25,128
Road travel <sup>8</sup>	'000 km	🔴 8%	<b>10,161</b>	9,406	11,876	11,623	11,831
Rail and bus travel	'000 km	🟢 -67%	<b>289</b>	877	3,240	3,101	2,828
Business travel per FTE (incl. fleet vehicles) <sup>9,11</sup>	'000 km/FTE	🟢 -24%	<b>2.93</b>	3.87	10.14	11.29	11.17
<b>Office paper purchased<sup>4</sup></b>							
Office paper purchased per FTE <sup>9</sup>	kg/FTE	🔴 20%	<b>12</b>	10	22	28	44
<b>Water use<sup>4</sup></b>							
Water use per FTE <sup>9</sup>	kL/FTE	🟢 -56%	<b>4</b>	9	16	15	15
<b>Waste and recycling<sup>4</sup></b>							
Waste to landfill	tonnes	🟢 -72%	<b>395</b>	1,411	2,235	2,522	3,266
Waste per FTE <sup>9</sup>	kg/FTE	🟢 -82%	<b>155</b>	877	1,512	1,536	1,770
Paper recycled	tonnes	🟢 -73%	<b>33</b>	124	198	208	231
Other recycled waste <sup>10</sup>	tonnes	🟢 -57%	<b>187</b>	438	589	844	1,340
Recycling rate	%	🟢 -45%	<b>61</b>	96	134	142	156
			<b>61</b>	38	32	39	46

## How we account for the numbers

Our reporting on environmental data follows the guidelines outlined in:

- the Global Reporting Initiative Standards' requirements for Emissions Disclosures 305-1, 305-2 and 305-3;
- the Greenhouse Gas Protocol's *Corporate Accounting and Reporting and Corporate Value Chain (Scope 3) Accounting and Reporting Standards*; and
- QBE's Greenhouse Gas Reporting Framework which governs our data collection process.

The Group's GHG emissions reporting is driven by our global insurance operations across the world. We calculate emissions using the energy content and emission factors considered most relevant to each region, based on information sourced from the:

- Australian Government's Department of Industry, Science, Energy and Resources: *National Greenhouse Accounts Factors 2021*;
- United Kingdom Government's Department for Business, Energy & Industrial Strategy: *GHG Conversion Factors for Company Reporting 2021*;
- United State's Environmental Protection Agency (EPA): *Emission Factors for Greenhouse Gas Inventories 2021*;
- United State's EPA: *Emissions & Generation Resource Integrated Database (eGRID) 2019* (released in 2020); and
- International Energy Agency: *CO<sub>2</sub> Emissions from Fuel Combustion, 2020* edition.

1 This is a science-based emissions reduction target calculated in line with the most ambitious decarbonisation scenario, which is the 1.5°C scenario.  
 2 Air travel baseline is 2017. The Scope 1 and 2 emissions and renewable electricity use targets baseline is 2018. Baseline for all other indicators is 2019.  
 3 2021 percentage of renewable electricity based on RE100 Materiality Threshold guidance and excludes electricity use from countries with small electricity loads (<100 MWh/year) up to a total of 500 MWh/year and where it is not feasible to source renewable electricity. This is the total percentage of renewable electricity sourced, not a year-on-year percentage change.  
 4 Estimates have been made for certain office locations and activity data streams where actual activity was not available, and were based on comparable offices/activities in the same region.  
 5 2019 was the first year QBE started sourcing renewable electricity. The renewable electricity includes both renewable energy contracts with energy retailers and renewable electricity certificates purchased.

6 Due to COVID-19, the majority of our global workforce has been working from home for most of 2020 and 2021. We have estimated the energy usage by our employees while working from home.  
 7 As part of our ongoing data improvement, we estimated employee commuting (km travelled) during non-COVID-19 related locked down periods in 2021.  
 8 Road travel includes business travel by hire car, taxi and private car.  
 9 Indicators for 2021 are per FTE including casuals, temporary workers and contractors. Indicators for 2018-2020 are per FTE excluding casuals, temporary workers and contractors. Indicators for 2017 are per number of employees.  
 10 Includes recycled information technology asset waste and mixed plastics and glass.  
 11 Business travel per FTE includes company fleet vehicles. The emissions related to fleet vehicles are reported in Scope 1 emissions.








# Governance


## 2021 Sustainability scorecard achievements

### Build trust by being open, transparent and accountable in our dealings with stakeholders


Updated the Group definition of 'conduct risk' to better align with stakeholder expectations  **page 66**


Reviewed the Group's overall approach to conduct management, engaging stakeholders across the Group as part of the Conduct Risk Policy and Consequence Management workstreams.  **page 66**

Delivered training to all employees on the Group Code of Ethics and Conduct  **page 63**


Completed 97.4% of annual compliance training requirements for the Group Code of Ethics and Conduct, Whistleblowing Policy, Group Anti-Bribery and Corruption Policy and other policies  **page 63**


### Take measures to prevent involvement in human rights harm, including modern slavery

Published an annual Modern Slavery and Human Trafficking Statement  **page 68**





Published a Group Human Rights Policy and continued to integrate human rights considerations across the business  **page 68**

### Continue to be transparent about our tax contributions across our Group

Published an annual Group Tax Transparency Report  **page 67**

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

#### Key for progress symbols:

 Achieved  Behind  
 On track  Refreshed



Our strong corporate governance is integral to our role as an international insurer and reinsurer and our ongoing relationships with our shareholders, customers and other stakeholders.

## Governance

Our sector is subject to complex and extensive legal, prudential and regulatory requirements, industry codes of practice and standards of behaviour.

We believe that compliance, accountability and transparency are critical to:

- enabling us to deliver our strategy;
- creating long-term sustainable value; and
- better stakeholder outcomes.

We are committed to the highest standards of corporate governance across our global operations. Our Group Board and management oversee our Group Governance framework, guidelines, policies and risk management processes. Our compliance function is overseen by our Group Compliance team, which is responsible for providing independent assurance and oversight to the Board Risk & Capital Committee (BRCC) that compliance is being appropriately managed across our business. Our Group Chief Risk Officer, Group General Counsel and Company

Secretary and members of the Group Executive Committee (GEC) have executive accountability for corporate governance-related matters. They are supported by a Group Chief Compliance Officer, who confirms our compliance programs are effective in identifying, preventing, detecting and correcting instances of non-compliance with applicable laws, regulations, standards, guidelines or policies.

**i** Refer to our [2021 Corporate governance statement](#) for further information.



## Our approach to compliance

### QBE's Group Compliance Risk Policy

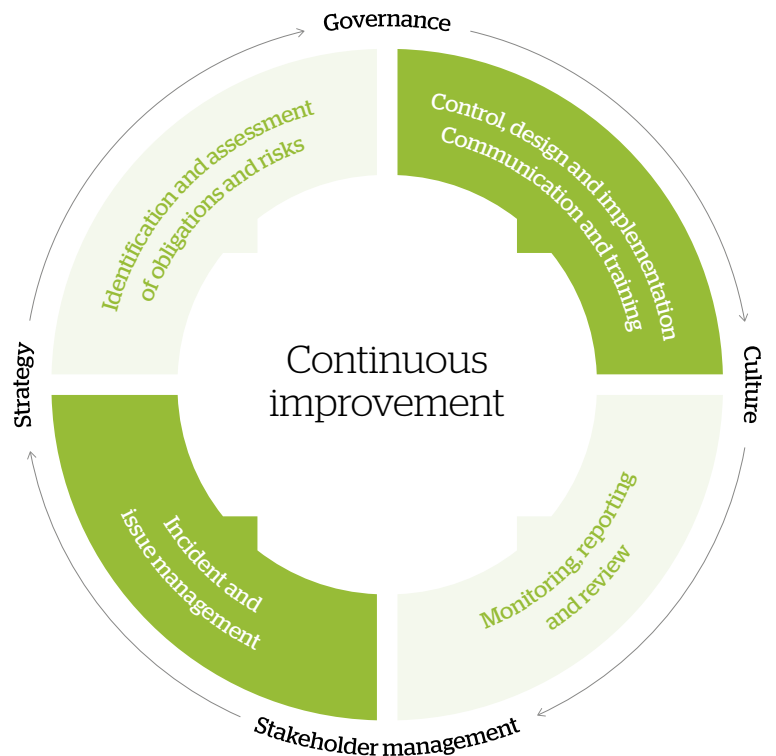
Our Group Compliance Risk (CR) Policy outlines our approach to managing compliance risk across our global operations.

It is overseen by the BRCC and outlines:

- our governance arrangements;
- key roles and responsibilities relating to compliance management; and
- the core components of our approach.

The CR Policy complements our Group Risk Management Strategy and is supported by the Group Compliance Monitoring Program, our annually reviewed Group Compliance Monitoring Plan and a range of Group and local compliance policies, guidelines, programs and processes.

Our policy framework includes sanctions, outsourcing and anti-bribery and anti-corruption.



**i** Policy summaries are available [here](#).

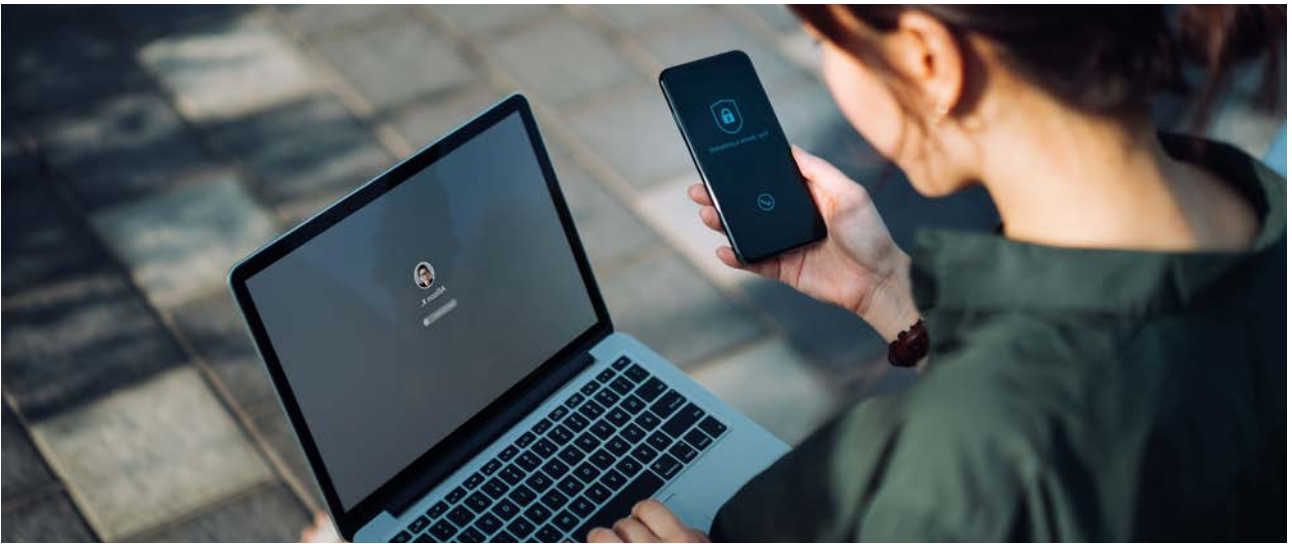


### Fair competition

QBE supports free and fair competition. We seek to operate and undertake competitive activities ethically and lawfully. When we interact with actual or potential competitors, we aim to not share confidential information that may impact how we all compete. Our decisions are made independently of our competitors. Agreements among competitors to fix or reduce prices, or exclude other competitors from the market, are serious antitrust or anti-competitive offences and we do not condone or engage in this behaviour.







## Our Group Code of Ethics and Conduct

Our Group Code of Ethics and Conduct (the Code) sets the standards we expect of our Directors, employees, contractors, agents and anyone who represents QBE. The Code requires us to demonstrate integrity and high standards of ethical behaviour in all our actions. We prioritise respect in all our relationships, including with customers, suppliers, communities, investors, regulators and governments. Our Group Board oversees the Code.

Our Code is regularly updated to respond to regulatory changes and changing community standards and expectations. The Code incorporates QBE's DNA, and demonstrates who we are and what we value - collectively and individually. In 2021, we reviewed our Code to ensure it supports the outcomes of the Culture Accelerator, a Board-sponsored organisational culture review first undertaken in 2020. Further information about this can be found in People and culture. Our Code continues to set clear expectations for the conduct of our people. Failing to act in accordance with our Code may result in consequences, including termination of employment or contracts.

QBE is developing a Group Consequence Management Policy to provide a fair and robust approach to managing consequences of poor conduct.

Our people are required to complete annual Code training. In 2021, the training program covered topics including remote working, appropriate behaviours, human rights, privacy, information security, securities trading and anti-bribery and anti-corruption. In 2021, 97.4% of our employees across the Group completed their annual mandatory training by the due date. We have invested in enhanced reporting for people leaders to proactively monitor their teams' mandatory training completion and in 2022, any mandatory training not completed by the due date will impact an employee's incentive outcome. We have also simplified how learning is delivered to employees by ensuring reminder notifications are clear and consistent and, where possible, standardised the duration of training.

## Combatting financial crime

We are committed to compliance with financial crime-related laws in the countries in which we operate as outlined in our Group Sanctions Policy. Our employees must not commit, or become involved in, any form of financial crime, including (but not limited to):

- tax evasion;
- bribery and corruption, including making any facilitation payments or offering, or receiving, gifts and benefits in order to retain or obtain business;
- internal and external fraud and cyber crime;
- money laundering or terrorist financing; and
- breaching any sanction, including any trade, economic, targeted (focused on individuals, organisations or industries) or comprehensive sanctions regime (restrictions against certain regimes by reference to a country or group).

The appropriate giving, and receipt, of gifts and entertainment is an essential element of our approach to managing bribery and corruption risk within the Group.

Our Group Gifts and Entertainment Policy defines reporting thresholds agreed across our business. We have deployed additional training and communications to increase employee awareness of our policy. Our Group Conflicts of Interest Policy operates in conjunction with our Group Gifts and Entertainment Policy to create a comprehensive system to identify, report and address actual, perceived or potential conflicts of interest.

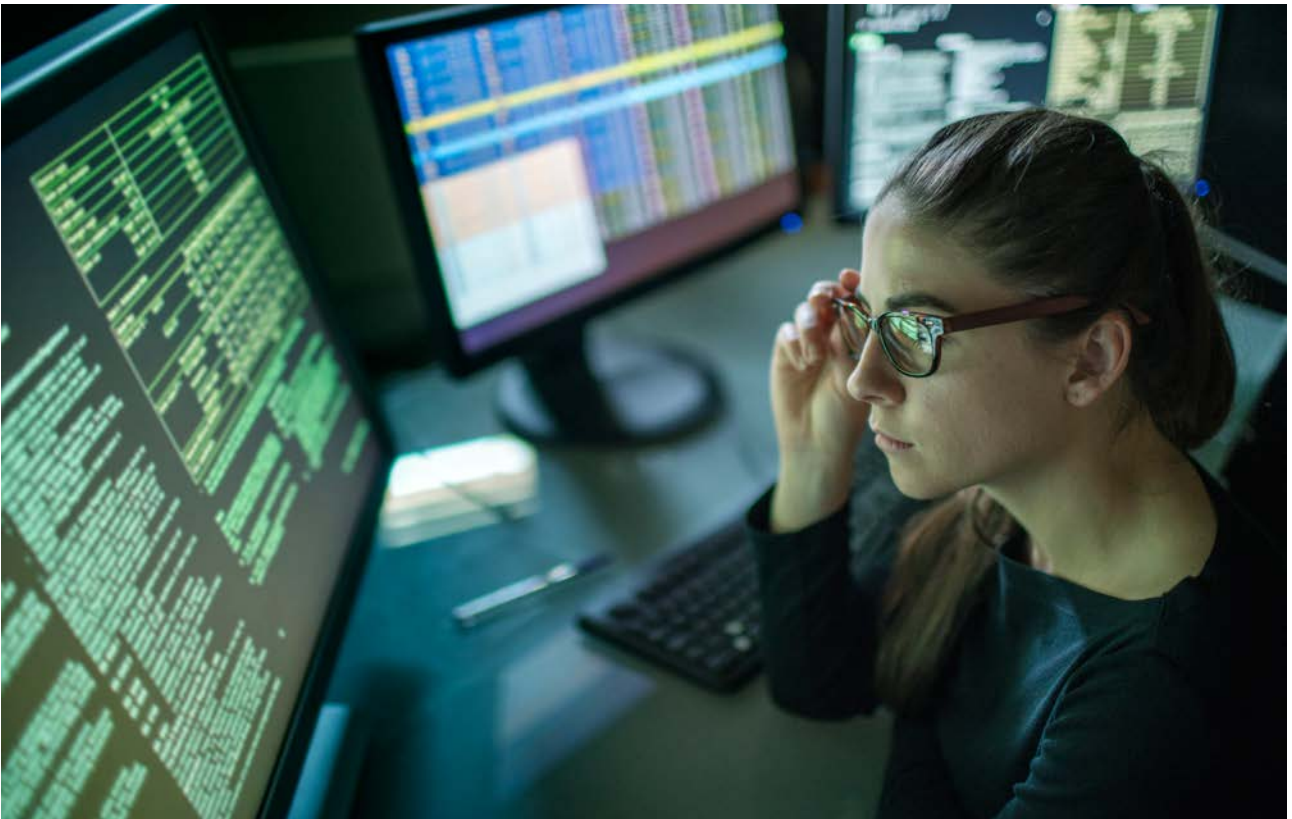


### Our 'speak-up' culture

We are committed to providing an open, safe, supportive, respectful and transparent work environment. Our employees are actively encouraged to speak up, and are empowered to call out concerns they have about any conduct, behaviour or activity they believe to be dishonest, corrupt, inappropriate or illegal.

Depending on the issue or location, our people can report concerns internally to their manager, a senior manager or relevant team, including Human Resources, Compliance, Legal, Fraud, Financial Crime, Risk or Procurement. QBE operates in several locations and the criteria that need to be met for legal whistleblowing protections to apply will depend on the jurisdiction. Alternatively, concerns can be reported confidentially, including anonymously (where permitted), via phone or web submission to our QBE Ethics Hotline, an independent and externally hosted platform available in most locations. These channels are supported by our Code and [Group Whistleblowing Policy](#) and supporting documents.

Concerns will be investigated in accordance with the requirements of the relevant whistleblowing protections and policy, such as the Whistleblowing Policy, where applicable. We acknowledge, investigate, and document all reported concerns where we have sufficient information to do so. To the extent possible, reports made are kept confidential and individuals who have reported are kept informed of progress. Where reports are substantiated, we take appropriate action and document outcomes. QBE will not tolerate actual or threatened detrimental treatment, including retaliation, against anyone who has raised, or intends to raise, a concern.



## Protecting stakeholder privacy

We respect the privacy of our customers, employees and partners and are committed to:

- protecting their personal information from misuse or unauthorised handling or disclosure; and
- complying with privacy laws across our business.

We only collect, hold and share personal information where it is needed for legitimate business or employment/engagement purposes, or where there is a legal need to do so. We seek to ensure all our employees understand the importance of keeping personal information private and secure. When we work with third parties, we make clear to them the importance we place on privacy, data security and the standards we expect.

Privacy at QBE is governed centrally through our Group Compliance team and our Group Privacy Officer (GPO), who reports to the Chief Compliance Officer who, in turn, reports to the Chief Risk Officer. The GPO oversees the Group Privacy Framework, which seeks to ensure that there are robust and effective privacy practices, procedures and systems in place across our global business. The Global Privacy Council (GPC) is chaired by the GPO and comprises local Privacy Officers, Legal, IT Security and Compliance personnel across our business. The GPC is an advice, evaluation and approval group for matters with potential or actual privacy implications. The GPC's role is to ensure adequate consideration and review of privacy implications relating to international activities that cross all

segments of our business, including undertaking privacy impact assessments to identify and mitigate current and emerging privacy risks.

The GPC is also responsible for our Group-wide privacy governance and work program and for ensuring that the program meets the requirements of the Group Privacy Framework. We seek to comply at all times with applicable privacy laws in the countries in which we operate, including the European Union's General Data Protection Regulation and the Australian *Privacy Act 1988* (Cth).

All QBE employees receive compliance training. Our online training course content includes topics such as data protection and privacy.

Through our Code, everyone at QBE is made aware of the importance of keeping personal information private. Disciplinary actions for breach of the Code may include termination of employment. Our Group Priority Personal Data Breach Policy outlines how we will respond to personal data breaches. The policy and accompanying internal guidance clearly set out employee and stakeholder responsibilities in the event of a personal information incident.

Both our Group Privacy Framework and Priority Personal Data Breach Policy will be reviewed and updated in 2022. In addition, the Group Privacy structure and operations will undergo external review in 2022, as part of our continuous review and improvement processes.



## Governance (cont)

### Conduct risk

We define 'conduct risk' as the risk that actions by QBE (which includes inaction) result in unfair outcomes for our customers, communities, or stakeholders, or in detriment to market integrity.

Our Group Conduct Risk Policy outlines our expectations in relation to managing conduct risk throughout the lifecycle of our insurance products and seeks to affirm our strong commitment to customer service and satisfaction.

Our Executive Risk Committee (ERC) has oversight of conduct risk at QBE. The ERC's objective is to support the Group Board and the BRCC with identifying, assessing and mitigating conduct risk. Our Group Head of Conduct and Risk Culture oversees the management of conduct risk and the implementation of Group policy across our business.

We maintain several initiatives, processes and controls to ensure fair treatment of our customers

through every stage of the product lifecycle, including post-sale services. This includes customer service satisfaction surveys, analysing customer complaints to identify the relevant root cause(s) and a continuous focus on improving the customer experience.



### Mandatory compliance training

We provide mandatory compliance training to ensure our employees and management understand all relevant laws, regulations and internal policies, and how to apply and adhere to them in their roles. Group compliance topics, such as our Code, whistleblowing, sanctions, privacy, anti-bribery and anti-corruption, conflicts of interest, gifts and entertainment, and outsourcing are supported by local mandatory compliance training.

All our training is available to our contractors, and some may also be assigned to contingent workers by our divisions and business units, as required. Additional training topics for our contractors include responsible sales practices, inclusion of diversity, and cyber security.



## Our Gender Equality Bond

In support of

### WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office



In 2017, we issued a \$400 million Gender Equality Bond, a debt instrument incorporating gender equality considerations with strict investment criteria. Any issuer must be a signatory to the United Nations Women's Empowerment Principles and be included in the Equileap Gender Equality Global Report and Ranking at the time we invest. As at 31 December 2021, the gender equality bond portfolio was over-collateralised at \$480.7 million on a mark-to-market basis. We publish a [Gender Equality Bond Progress Report](#) showcasing the achievements of the companies we have invested in and the progress towards gender equality in the workplace and communities they serve. Our gender equality bond is an opportunity for debt investors to create positive change and promote gender equality and women's empowerment.

<sup>1</sup> As at 31 December 2021, the mark-to-market value of the gender equality bond portfolio was \$480.7 million. This differs to the balance sheet value of the instrument (classified as equity) being \$393 million as at 31 December 2021.



### Sustainability linked facility

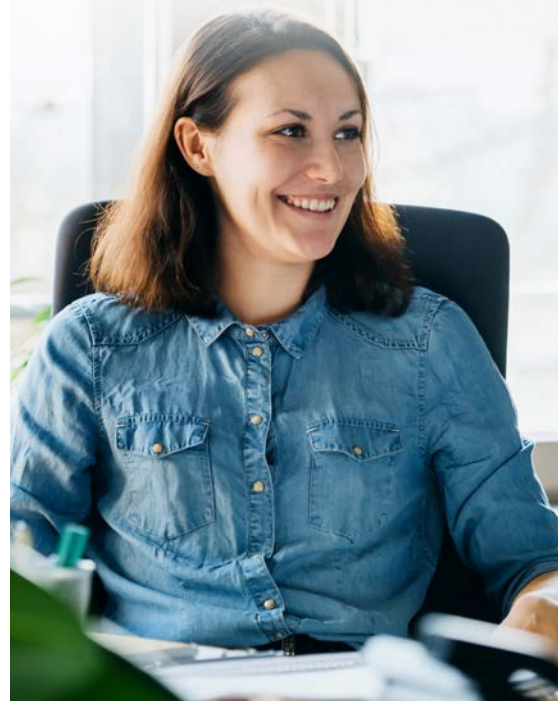
In 2021, we launched our first sustainability-linked banking facility, connecting fees paid on the facility to QBE's commitment to sustainability performance, underpinned by sustainability performance targets linked to renewable electricity, women in leadership and Premiums4Good impact investments. The sustainability aspect of the facility has been drafted in accordance with the Sustainability Linked Loan Principles published by the Asia Pacific Loan Market Association.

## Tax transparency strategy

QBE supports the Australian voluntary Tax Transparency Code (TTC), a set of principles and minimum standards on public disclosure of tax information. We publish an annual [Tax Transparency Report](#) outlining our tax strategy and governance. We seek to comply with all applicable tax laws, regulations and disclosure requirements, and to pay the amount that is legally required to be paid, in all of the jurisdictions in which we operate. QBE supports the principle behind multilateral moves towards greater transparency within the corporate sector to increase community understanding of the corporate sector's compliance with tax laws and build public trust.

The Group Board has oversight of tax governance across our divisions through the Group's Tax Risk Framework, with local boards having oversight of divisional tax governance. Operationally, the Group Chief Financial Officer (CFO) is responsible for the Group's tax risk management and for ensuring the implementation of the Group's Tax Risk Framework. The Group CFO is assisted by the Group Head of Tax and divisional CFOs to ensure that:

- policies and procedures that support the framework are in place and are maintained and applied consistently across our divisions; and
- the divisional tax teams have the skills and experience to implement the approach appropriately.



## Respecting Human Rights

### Our policy and governance

In late 2020, QBE became a member of the United Nations Global Compact and began incorporating the Ten Principles into our strategies, policies and procedures. Being a participant commits us to meeting fundamental responsibilities in four areas: human rights; labour; environment; and anti-corruption. As part of our ongoing commitment to respecting human rights, in 2021, we released our [Group Human Rights Policy](#). It outlines the guiding principles we are committed to adhering to and helps further integrate human rights considerations into existing policies, procedures, frameworks and decision-making tools across our business. The policy also helps us operationalise legislative requirements, such as those related to modern slavery.

The Group BRCC oversees human rights and modern slavery-related issues at QBE in line with our broader approach to sustainability. As human rights and modern slavery have been identified as material sustainability topics and ESG risks for our business, regular reporting on these matters is also provided to our ESG Risk Committee and GEC Environmental and Social Sub-Committee.

### Modern slavery and human trafficking

In compliance with modern slavery legislation in Australia and the United Kingdom, we continue to publish an annual [Modern Slavery and Human Trafficking Statement](#). In 2021, we formed a specific global working group focused on modern slavery management including representatives from Corporate Affairs and Sustainability, Compliance, ESG Risk, Procurement and Legal.

### Respecting human rights as an employer

As an employer, we seek to uphold the human and labour rights of our employees globally. QBE strives to be an equal opportunity employer wherever we are in the world. We provide our employees with training, education and online resources on discrimination and appropriate workplace behaviour consistent with our Code. In line with our broader approach to inclusion of diversity, we constantly strive to create a sense of belonging in our people, value their uniqueness, and enable every person to contribute.

With insurance operations in 27 countries, we have people located in 31 countries<sup>1</sup>. Based on our risk mapping methodology, we assessed that 11 of the 31 countries<sup>1</sup> are considered to be medium-to-high risk for potential human rights issues. This represents a quarter of our employees globally. As part of our ongoing due diligence, we regularly review our local policies and practices seeking to uphold the rights of our employees, wherever they are located.

Consistent with local employment laws, across our global operations, 26% of our employees are covered by collective bargaining agreements. All our employees have the right to freedom of association.

In 2021, the Australian Human Rights Commission released a report entitled *Equality across the board: Investing in workplaces that work for everyone*. This provided a valuable overview of the way workplace sexual harassment data is collected, reported and used across a range of Australian listed companies, and gave rise to a series of key statistics and recommendations. Based on insights from the research, QBE completed a high-level self-assessment against each of the recommendations, to obtain a baseline view of our current state. This has further informed the work underway as part of our in-flight 'Culture Blueprint' initiatives.

As the COVID-19 pandemic continues to play out globally, our employees' safety and wellbeing continue to be paramount considerations for us. Further information on this can be found in [People and culture](#). Our accessibility initiatives during this challenging time have been focused on:

- providing a flexible working environment for our people to ensure everyone can do their best, and access necessary systems and resources, wherever they are located;
- promoting connectivity and belonging, even while teams are physically separated;
- providing psychological and other forms of support (including emergency financial assistance or leave days), as required; and
- continuing to pay our employees in excess of publicly-acknowledged levels of what is understood in the jurisdictions in which we operate as the 'living wage'.



<sup>1</sup> In addition to those countries where QBE has insurance operations, we have employees in other locations to support our main insurance operations.



## Reconciliation Action Plan

In line with our continued focus on greater First Nations inclusion, we continued to progress our ‘Innovate’ level [Reconciliation Action Plan](#) (2020–2022) (RAP). Our RAP sets out our commitment to creating meaningful relationships with, and promoting sustainable opportunities to empower, Aboriginal and Torres Strait Islander communities, organisations and businesses. As part of our Innovate RAP, we continue to work on identified people, supply chain, community and customer focus areas and opportunities.



## Our communities

We seek to positively impact human rights through our work in the communities in which we operate. In North America, the QBE Foundation supported Equal Justice Initiative (EJI). EJI provides free legal services to people who have been illegally convicted, unfairly sentenced or abused in state jails and prisons, as well as individualised re-entry assistance to formerly incarcerated people. EJI also collaborates with communities to memorialise documented victims of racial violence, fosters meaningful dialogue about race and justice, and is committed to ending mass incarceration and excessive punishment in the United States. EJI estimates that it reaches over two million people annually through its public education programs and serves hundreds of individuals in the criminal justice system every year.

### Our customers

Customers are at the heart of what we do, and we continue to seek to respect their rights through fair and ethical treatment.

In 2021, across QBE Australia Pacific:

- Our ‘Family and Domestic Violence’ training program continued to be rolled out across the business.
- We continued to promote financial inclusion through our [Financial Inclusion Action Plan](#).

**i** Further information about some of our key customer initiatives can be found in [Customer and community](#).

### SaferKidsPH

In the Philippines, QBE supports SaferKidsPH, an Australian Government initiative delivered through the pioneering consortium of Save the Children Philippines, The Asia Foundation and UNICEF. This partnership aims to strengthen the capacity of educational authorities to more effectively prevent and respond to online sexual abuse and exploitation of children in the Philippines. QBE employee volunteers are also invited to attend training on this topic to promote working knowledge on this issue.



## Respecting human rights as an insurer and investor

In 2020, we undertook a risk mapping of key environmental and human rights risks for specific sectors in our underwriting and investment portfolios. This led to the identification of ten sensitive sectors requiring minimum due diligence processes or revised risk appetites and strategies. Our positions on these sensitive sectors are reflected in the Environmental and Social (E&S) Risk Framework which was approved by the Group Board in 2021. The E&S Risk Framework sets out the minimum criteria we are committed to adhering to, in our investment and underwriting business, in respect of human rights and the environment. We also encourage our customers to adhere to these criteria in their business activities. Throughout 2021, the business has worked to implement and operationalise the E&S Risk Framework.

## Working with our external asset managers

As part of our broader approach to responsible investing, we have enhanced our focus on key ESG risks such as modern slavery and human rights. In 2021, we introduced a set of human rights and modern slavery-related questions as part of our external fund manager due diligence. Each response produces an overall indicator score that is weighted based on relative importance against responsible investment practices and approaches to topics such as human rights and modern slavery. The outcome of each assessment enables us to better understand the ESG journey of our external fund managers and their approach to ESG governance.

## Working with our third parties

During the reporting period, we introduced a Third-Party Risk Management (TPRM) Policy and Standard to improve and uplift our controls and capabilities in managing third party risk. This includes developing a consistent methodology across our operations to conduct supplier risk assessments prior to onboarding and increasing the transparency of modern slavery risk within our supply chain. As part of our TPRM Framework, we have embedded a range of risk domains relating to human rights including Modern Slavery, Privacy, Conduct, Financial Crime and Business Continuity. The TPRM will be implemented across our business in 2022.

For our joint ventures, including companies where we have a greater than 10% stake, we include human rights due diligence. Data privacy, anti-bribery and anti-corruption are considered as part of onboarding decisions and due diligence.

As part of our Modern Slavery Risk and Compliance Standard which was formally rolled out in early 2021, we require third parties to be assessed against our risk domain criteria through an initial triage process. Suppliers that receive a medium-to-high risk rating are requested to complete a further, detailed

modern slavery risk assessment that informs our understanding of the level of control procedures that supplier has in place to identify and mitigate modern slavery risks. In particular, the assessment identifies the following modern slavery and human rights risks that we consider material to our operations and supply chain:

- **Geographical risk** - whether the supplier has operations in countries considered high risk for modern slavery;
- **Sectorial risk** - whether the supplier operates in sectors considered high risk for modern slavery;
- **Labour practices** - including the types of workers that are employed, and whether employees are low-skilled, domestic or migrant workers; and
- **Recruitment practices** - including work agreements and whether the supplier maintains multiple levels of contracting.

Further, we continue to strengthen our approach through embedding modern slavery provisions within our supplier contracts, where possible, to reinforce the requirement for third parties to adhere to applicable anti-trafficking laws and principles.



## Human rights training

In 2021, we included a module on human rights as part of our annual Code training to raise awareness across the Group. We also delivered tailored modern slavery training to help our employees develop their knowledge and understanding of how to identify modern slavery risks within our supply chain. To date, we have delivered training to employees in the operational areas that we identified as having direct responsibility or contact with our supply chains. These teams include people in our Risk, Compliance, Corporate Affairs & Sustainability, and Procurement teams.

## Raising grievances

All QBE employees are responsible for reporting instances or suspected instances of human rights violations in accordance with the QBE Incident and Issue Management Standard, to their direct manager and their local Divisional Compliance Team. Where a QBE employee or contractor prefers to report an incident or suspected incident anonymously, this can be done through the QBE Ethics Hotline (refer to our [Group Whistleblowing Policy](#)).

External parties may report human rights incidents through their QBE procurement manager, relationship manager, or business owner. If they wish to remain anonymous then they may report the incident through the QBE Ethics Hotline.

## Collaborating with our stakeholders

As part of our membership of the United Nations Global Compact, we continue to engage through our local network as part of the Modern Slavery Community of Practice. This helps us share ideas and knowledge with other stakeholders to further uplift our own capabilities. We have had open dialogue with reputable research institutes to understand where we can review and improve our modern slavery processes in line with industry practice.





# 2022 Sustainability scorecard

SUSTAINABILITY FRAMEWORK	COMMITMENT	ASSOCIATED INITIATIVE/TARGET	PROGRESS	SDG ALIGNMENT
 <b>Sustainable insurance</b>	<b>Address the risks and opportunities related to climate change</b>	Develop our understanding of insured emissions and measurement to evolve our plans to transition our underwriting portfolio to net-zero greenhouse gas emissions by 2050 in line with our membership of the UN-convened Net-Zero Insurance Alliance	+	
		Complete a pilot project to map our customers' carbon footprint across an initial proportion of our underwriting portfolio	+	
		Build capability and understanding of climate-related risks and opportunities across the Group to enhance innovation and sustainable growth	+	
	<b>Continue to embed consideration of ESG risks into our Group-wide risk management framework</b>	Deliver training to consistently embed our Group environmental and social commitments across underwriting and our broader business	+	All SDGs
<b>Collaborate with industry, government and civil society to support the achievement of our priority United Nations Sustainable Development Goals</b>	Review our partnerships and initiatives to ensure QBE's engagement is driving consistent advocacy, capability uplift and progress towards achievement of our priority SDGs			
 <b>Impact and responsible investments</b>	<b>Support impact investing as a means to direct capital to address global environmental and social challenges while creating market rate financial returns</b>	Achieve our ambition to grow our total impact investments to \$2 billion by 2025	→	All SDGs
		Target an increase in our climate solutions investments to 5% of the total portfolio by 2025	+	
	<b>Take action to address the risks and opportunities related to climate change and a transition to a net-zero economy</b>	Target a 25% reduction in the Scope 1 and 2 carbon intensity of our developed market equity portfolio by 2025 (relative to a 2019 baseline)	+	
		Maintain a low carbon risk <sup>1</sup> rating in the Scope 1 and 2 weighted average carbon intensity of our investment grade corporate credit portfolio	+	
		Engage at least annually with the top 20 highest emitters in our investment grade corporate credit portfolio and with all of our external investment managers	+	
 <b>Customer and community</b>	<b>Implement our vulnerable customer approach for Australia Pacific</b>	Review delivery and outcomes of initiatives under QBE's Foundation Financial Inclusion Action Plan (FIAP), and determine and deliver strategy for next iteration of the FIAP		
		Further embed, enable and uplift our approach to supporting customers experiencing vulnerability, including building system enhancements to capture vulnerable circumstances and response actions alongside a range of initiatives to drive continuous improvement and enhance customer outcomes		
	<b>Support customers and communities to prepare for, anticipate and respond to disasters through the QBE Foundation</b>	Continue to embed our Global Disaster Relief and Resilience partnership across our operations with a focus on climate resilience and inclusion initiatives to help deliver against the new QBE Foundation strategy		
	<b>Elevate our Group-wide community engagement strategy to create outcomes and impact</b>	Maintain QBE Foundation budget of minimum \$4.25 million or 0.5% of prior year's cash profit after tax in FY22 and review ongoing budget requirements for FY23 onwards		
		Embed our new global strategy across the divisions and develop local initiatives to deliver against the vision with clear focus on creating impact and value	+	

<sup>1</sup> Carbon Risk measures exposure to carbon-intensive companies. It is based on MSCI CarbonMetrics, and is calculated as the portfolio weighted average of issuer carbon intensity. Carbon intensity is the ratio of annual Scope 1 and 2 carbon emissions to annual revenue. Carbon Risk is categorized as Very Low (0 to <15), Low (15 to <70), Moderate (70 to <250), High (250 to <525), and Very High (>=525).



Key for progress symbols:

- Achieved
- On track
- Refreshed
- New

SUSTAINABILITY FRAMEWORK	COMMITMENT	ASSOCIATED INITIATIVE/TARGET	PROGRESS	SDG ALIGNMENT
<p>People and culture</p>	<p>Continue to strengthen and build our workplace culture</p>	Develop and launch culture capability uplift for all employees		
		Establish an enterprise leadership cohort to focus on developing our talent and contribute to strategic change, investing in capabilities and leadership development to support greater internal succession for key roles across QBE		
		Progress the initiatives and priorities in our Culture Blueprint for Change to drive QBE towards the target culture, including refreshing QBE's approach to incentives, and reinforcing QBE's values through an enhanced recognition program		
		Establish a new approach to culture measurement and insights, incorporating employee listening and progress towards target culture		
	<p>Elevate our focus on inclusion of diversity in the workplace</p>	Launch and embed our Inclusion of Diversity Policy approach globally, including new and consistent approach to diversity data and capability uplift		
		Achieve 40% of women in leadership by 2025		
Achieve 40% of women on Group Board by 2025				
	Maintain fair remuneration on a like-for-like role basis			
<p>Operational excellence</p>	<p>Minimise the impact of our operations on the environment</p>	Reach net-zero emissions (Scope 1 and 2) for our operations by 2030		
		Reduce Scope 1 and 2 carbon emissions by 30% by 2025 (1.5°C trajectory aligned science-based target, from 2018 levels)		
		Reduce energy use by 25% by 2025 (from 2019 levels)		
		Maintain carbon neutrality		
		Use 100% renewable electricity for our operations by 2025		
	<p>Ensure effective engagement and management of our supply chain</p>	Deliver initiatives to implement the new Sustainable Procurement Strategy within Australia Pacific Claims and Indirect supplier categories		
Obtain acknowledgment from 90% or more of all new Australia Pacific claims and indirect suppliers governed by the Australia Pacific Procurement Policy <sup>2</sup> that they comply with QBE's Supplier Sustainability Principles (SSPs) or their equivalent. Further integrate the SSPs in managing our suppliers globally.				
<p>Governance</p>	<p>Build trust by being accountable for our actions, and transparent in our dealings with all stakeholders</p>	Implement a revised Group Conduct Risk Policy in 2022, aligned to QBE's revised definition of 'conduct risk'		
		Develop a Group Consequence Management Policy, taking a phased approach to implementing across the organisation.		
		Review the Group Code of Ethics and Conduct and deliver training for all employees		
		Drive for 100% completion of mandatory training including for topics such as the Group Code of Ethics and Conduct, privacy, cyber safety, conflicts of interest and other areas		
	<p>Take measures to prevent involvement in human rights harm, including modern slavery</p>	Publish annual Modern Slavery and Human Trafficking Statement describing our actions to assess and address modern slavery risks during the financial year		
		Uplift our modern slavery program of work to help improve visibility of modern slavery risks across the business and within our supply chains		
		Continue to integrate human rights considerations across the business as outlined in our Group Human Rights Policy		
<p>Continue to be transparent about our tax contributions across our Group</p>	Publish annual Group Tax Transparency Report in accordance with the Australian Tax Transparency Code			

2 This is applicable to qualified suppliers, with whom QBE Australia Pacific enters a formal, written contract as measured over the course of each calendar year.

# 2021 GRI Index

GRI STANDARD	GRI DISCLOSURE	REFERENCE	SDGS	UNGC
<b>102</b>	<b>General disclosure</b>			
<b>Organisational profile</b>				
102-1	Name of the organization	2021 Sustainability Report (SR) - Inside front cover		
102-2	Activities, brands, products and services	2021 SR - Inside front cover		
102-3	Location of headquarters	2021 SR - Inside front cover		
102-4	Location of operations	2021 SR - Inside front cover		
102-5	Ownership and legal form	2021 SR - Inside front cover		
102-6	Markets served	2021 SR - Inside front cover		
102-7	Scale of the organisation	2021 SR - Inside front cover		
102-8	Information on employees and other workers	2021 SR - p.51	8, 10	
102-11	Precautionary principle or approach	2021 Annual Report (AR) - p.28		
102-12	External initiatives	<a href="https://www.qbe.com/sustainability/performance-reporting">https://www.qbe.com/sustainability/performance-reporting</a>	All SDGs	
102-13	Membership of associations	<a href="https://www.qbe.com/sustainability/our-memberships-industry-collaboration">https://www.qbe.com/sustainability/our-memberships-industry-collaboration</a>	All SDGs	
102-14	Statement from senior decision-maker	2021 SR - p.4		
102-15	Key impacts, risks and opportunities	2021 SR - p.20 2021 AR - p.28		
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behaviour	2021 SR - p.43, 63	16	1, 3, 4, 5, 6, 10
102-17	Mechanisms for advice and concerns about ethics	2021 SR - p.64	16	10
<b>Governance</b>				
102-18	Governance structure	2021 AR - p.38	16	
102-19	Delegating authority	2021 SR - p.8	16	
102-20	Executive-level responsibility for economic, environmental, and social topics	2021 SR - p.8	16	1, 3, 7
102-21	Consulting stakeholders on economic, environmental and social topics	2021 SR	17	All principles
102-22	Composition of the highest governance body and its committees	2021 AR - p.38	5, 16	
102-23	Chair of the highest governance body	2021 AR - p.38	16	
102-24	Nominating and selecting the highest governance body	2021 AR - p.38	16	
102-25	Conflicts of interest	2021 AR - p.38	16	10
102-26	Role of highest governance body in setting purpose, values, and strategy	2021 AR - p.38	16	
102-27	Collective knowledge of highest governance body	2021 AR - p.38	16	
102-29	Identifying and managing economic, environmental, and social impacts	2021 SR	16	All principles
102-30	Effectiveness of risk management processes	2021 AR - p.28, 30	16	
102-31	Review of economic, environmental, and social topics	2021 SR - p.7	16	All principles
102-32	Highest governance body's role in sustainability reporting	2021 SR - p.8	16	
102-33	Communicating critical concerns	2021 SR - p.10	16	
102-35	Remuneration policies	2021 AR - p.54	8	
102-36	Process for determining remuneration	2021 AR - p.54	8	
102-37	Stakeholders' involvement in remuneration	2021 AR - p.54	16	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	<a href="https://www.qbe.com/sustainability/our-approach-to-sustainability/stakeholder-engagement">https://www.qbe.com/sustainability/our-approach-to-sustainability/stakeholder-engagement</a>	17	
102-41	Collective bargaining agreements	2021 SR - p.68	8	3





GRI STANDARD	GRI DISCLOSURE	REFERENCE	SDGS	UNGC
102-42	Identifying and selecting stakeholders	<a href="https://www.qbe.com/sustainability/our-approach-to-sustainability/stakeholder-engagement">https://www.qbe.com/sustainability/our-approach-to-sustainability/stakeholder-engagement</a>	17	
102-43	Approach to stakeholder	<a href="https://www.qbe.com/sustainability/our-approach-to-sustainability/stakeholder-engagement">https://www.qbe.com/sustainability/our-approach-to-sustainability/stakeholder-engagement</a>	17	
102-44	Key topics and concerns raised	2021 SR - p.10		
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	2021 SR - Inside front cover		
102-46	Defining report content and topic boundaries	2021 SR - p.6		
102-47	List of material topics	2021 SR - p.10		
102-48	Restatements of information	2021 SR - p.41, 51-53, 58-59		
102-49	Changes in reporting	2021 SR - p.41, 51-53, 58-59		
102-50	Reporting period	2021 SR - p.6		
102-51	Date of most recent report	2021 SR - p.6		
102-52	Reporting cycle	2021 SR - p.6		
102-56	External assurance	2021 SR - p.41, 77		
<b>Management Approach</b>				
103-1	Explanation of the material topic and its Boundary	2021 SR - p.10		
103-2	The management approach and its components	2021 SR - p.7, 10, 14		
103-3	Evaluation of the management approach	2021 SR - p.7, 10, 14		
<b>Economic Dimension</b>				
<b>201 Economic performance</b>				
201-1	Direct economic value generated and distributed	2021 SR - p.2	8, 9	
201-2	Financial implications and other risks and opportunities due to climate change	2021 SR - p.2	13	7, 8, 9
<b>203 Indirect economic impacts</b>				
203-2	Significant indirect economic impacts	2021 SR - p.24	1, 3, 8	1, 8, 9
<b>205 Anti-corruption</b>				
205-2	Communication and training about anti-corruption policies and procedures	2021 SR - p.60	16	10
<b>207 Tax</b>				
207-1	Approach to tax	2021 SR - p.67	1, 10, 17	
<b>Environmental Dimension</b>				
<b>301 Materials</b>				
301-1	Materials used by weight or volume	2021 SR - p.58-59	8, 12	8
301-2	Recycled input materials used	2021 SR - p.58-59	8, 12	8, 9
<b>302 Energy</b>				
302-1	Energy consumption within the organisation	2021 SR - p.58-59	7, 8, 12, 13	8, 9
302-4	Reduction of energy consumption	2021 SR - p.58-59	7, 8, 12, 13	8, 9
<b>303 Water and effluents</b>				
303-4	Water discharge	2021 SR - p.58-59	6	8
303-5	Water consumption	2021 SR - p.58-59	6	8
<b>304 Biodiversity</b>				
304-2	Significant impacts of activities, products, and services on biodiversity value outside protected areas	2021 SR - p.19	6, 14, 15	7, 8
<b>305 Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	2021 SR - p.58-59	3, 12, 13, 14, 15	8, 9
305-2	Energy indirect (Scope 2) GHG emissions	2021 SR - p.58-59	3, 12, 13, 14, 15	8, 9
305-3	Other indirect (Scope 3) GHG emissions	2021 SR - p.58-59	3, 12, 13, 14, 15	8, 9

## 2021 GRI Index (cont)

GRI STANDARD	GRI DISCLOSURE	REFERENCE	SDGS	UNGC
305-4	GHG emissions intensity	2021 SR - p.58-59	13, 14, 15	8, 9
305-5	Reduction of GHG emissions	2021 SR - p.58-59	13, 14, 15	8, 9
<b>306</b>	<b>Waste</b>			
306-1	Waste generation and significant waste-related impacts	2021 SR - p.58-59	3, 6, 11, 12	8, 9
306-3	Waste generated	2021 SR - p.58-59	3, 6, 11, 12, 15	8, 9
306-4	Waste generated from disposal	2021 SR - p.58-59	3, 11, 12	8, 9
306-5	Waste generated to disposal	2021 SR - p.58-59	3, 6, 11, 12, 15	8, 9
<b>308</b>	<b>Supplier environmental assessment</b>			
308-1	New suppliers that were screened using environmental criteria	2021 SR - p.56	11, 12, 13	8
<b>Social Dimension</b>				
<b>401</b>	<b>Employment<sup>1</sup></b>			
401-1	New employee hires and employee turnover	2021 SR - p.51-53	5, 8, 10	
401-3	Parental leave	2021 SR - p.51-53	5, 8	
<b>403</b>	<b>Occupational health and safety</b>			
403-1	Occupational health and safety management system	2021 SR - p.47	3, 8, 16	
403-6	Promotion of worker health	2021 SR - p.47	3, 8	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2021 SR - p.47	8	
<b>404</b>	<b>Training and education</b>			
404-2	Programs for upgrading employee skills and transition assistance programs	2021 SR - p.48	8	
<b>405</b>	<b>Diversity and equal opportunity</b>			
405-1	Diversity of governance bodies and employees	2021 SR - p.51-53	5, 8	
<b>407</b>	<b>Freedom of association and collective bargaining</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2021 SR - p.68	8	3
<b>408</b>	<b>Child Labour</b>			
408-1	Operations and suppliers at significant risk for incidents of child labour	2021 SR - p.68 Modern Slavery and Human Trafficking Statement	5, 8, 16	5
<b>409</b>	<b>Forced or compulsory labour</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	2021 SR - p.68 Modern Slavery and Human Trafficking Statement	5, 8, 16	4
<b>412</b>	<b>Human rights assessment</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	2021 SR - p.681	8, 10, 16	1, 2, 3, 4, 5, 6, 8
412-2	Employee training on human rights policies or procedures	2021 SR - p.68	8, 10, 16	1, 2, 3, 4, 5, 6, 8
<b>413</b>	<b>Local communities</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	2021 SR - p.37	1, 2, 3, 4, 10, 13, 17	
<b>414</b>	<b>Supplier social assessment</b>			
414-1	New suppliers that were screened using social criteria	2021 SR - p.50, 56, 70 Modern Slavery and Human Trafficking Statement	8, 11	1, 3
<b>417</b>	<b>Marketing and labelling</b>			
417-1	Requirements for product and service information and labelling	2021 SR - p.66	12	
<b>418</b>	<b>Customer privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2021 SR - p.65	16	

<sup>1</sup> Information unavailable for 401-1 (a) and 401-3 (a), (b) and QBE will enhance its reporting on these items in due course.



# Independent Limited Assurance Report

to the Directors and Management of QBE Insurance Group Limited



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## Conclusion

We have undertaken a limited assurance engagement on QBE Insurance Group Limited's Sustainability Performance Indicators ('Subject Matter Information') disclosed in the QBE 2021 Sustainability Report detailed below for the year ended 31 December 2021.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the Reporting Criteria detailed below for the year ended 31 December 2021.

## Subject Matter Information and Reporting Criteria

The Subject Matter Information and 'Reporting Criteria' for our limited assurance engagement for the year ended 31 December 2021 is as follows:

SUSTAINABILITY PERFORMANCE INDICATORS ( 'SUBJECT MATTER INFORMATION' )	REPORTING CRITERIA
Current Premiums <sup>4</sup> Good investments; Security and investment total (count of securities and US\$), <a href="#">page 28</a>	QBE 2021 Sustainability Reporting Framework
QBE Voice survey results - Employee engagement and enablement score including response rate (%), <a href="#">page 44, 53</a>	QBE 2021 Sustainability Reporting Framework
Overall workforce; Geographic footprint by division (headcount), workforce (%) by employment level and gender, average tenure by gender across levels of workforce, overall workforce by age and gender (headcount), parental leave by gender including return to work and retention rate (%), <a href="#">page 51-53</a>	GRI standard 405-1 (2016) GRI Standard 401-3 (c),(d),(e) (2016) QBE 2021 Sustainability Reporting Framework
Overall workforce by average age by division, <a href="#">page 52</a>	QBE 2021 Sustainability Reporting Framework
Attrition by gender, age group and division - Overall terminations (headcount), voluntary attrition (%), involuntary attrition (%), overall attrition (%), <a href="#">page 52</a>	GRI 401-1(b) (2016) QBE 2021 Sustainability Reporting Framework
Workforce diversity indicators by ethnicity, gender identity, disability and carer responsibility (including care provided to) (%), <a href="#">page 53</a>	GRI standard 405-1(b) (2016) QBE 2021 Sustainability Reporting Framework
Diversity breakdown of workforce - part-timers by gender (headcount) and % of total workforce, <a href="#">page 51</a>	QBE 2021 Sustainability Reporting Framework
2021 performance against targets (excluding baseline): Greenhouse gas emissions (tCO <sub>2</sub> -e) by activity, key performance indicators - GHG emissions intensity (tCO <sub>2</sub> -e), other environmental indicators, <a href="#">page 58, 59</a>	GRI standard 305-1, 305-2, 305-3, 305-4 (2016) QBE 2021 Sustainability Reporting Framework



## Independent Limited Assurance Report (cont)

SUSTAINABILITY PERFORMANCE INDICATORS (‘SUBJECT MATTER INFORMATION’)	REPORTING CRITERIA
<p>Five selected material topics as referenced on pages 12 and 13 of QBE’s 2021 Sustainability Report (‘Material Topics Assurance’):</p> <ul style="list-style-type: none"> <li>• Affordability and accessibility</li> <li>• Climate risks and opportunities</li> <li>• Inclusion of diversity</li> <li>• Human rights and modern slavery</li> <li>• Responsible underwriting</li> </ul>	<p>GRI’s Reporting Principles for defining report content and report quality.</p>

### Basis for Conclusion

We conducted our limited assurance engagement in accordance with the Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ASAE 3000”), issued by the Australian Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Management’s Responsibilities

Management of QBE is responsible for:

- a. ensuring that the Subject Matter Information is prepared in accordance with the Reporting Criteria;
- b. confirming the measurement or evaluation of the underlying subject matter against the Reporting Criteria, including that all relevant matters are reflected in the Subject Matter Information;
- c. designing, establishing and maintaining an effective system of internal control over its operations and financial reporting, including, without limitation, systems designed to assure achievement of its control objectives and its compliance with applicable laws and regulations; and
- d. the electronic presentation of the Subject Matter Information and our limited assurance report on their website.

### Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* in undertaking this assurance engagement.

### Assurance Practitioner’s Responsibilities

Our responsibility is to express a limited assurance conclusion on the QBE Insurance Group Limited’s Subject Matter Information as evaluated against the Reporting Criteria based on the procedures we have performed and the evidence we have obtained. ASAE 3000 requires that we plan and perform our procedures to obtain limited assurance about whether, anything has come to our attention that causes us to believe that the Subject Matter Information is not properly prepared, in all material respects, in accordance with the Reporting Criteria.

A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of the Subject Matter Information is likely to arise, addressing the areas identified and considering the process used to prepare the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria.

Our procedures included:

- Inquiries with Subject Matter data owners and sustainability report responsible management to understand and assess the approach for collating, calculating and reporting the respective Subject Matter Information across the reporting period ended 31 December 2021.



- Inspection of documents as part of the walk-throughs of key systems and processes for collating, calculating and reporting the respective Subject Matter Information for QBE's 2021 Sustainability Report.
- Selection, on a sample basis, of items to test from the selected sustainability performance indicators and agree to relevant supporting documentation.
- Analytical reviews over material data streams to identify any material anomalies for the Subject Matter Information and investigate further where required.
- Agreeing overall data sets for the Subject Matter Information to the final data contained in QBE's 2021 Sustainability Report.
- For Material Topics Assurance, reading all chapters containing information related to the five selected material topics and evaluating them against the Reporting Criteria and, on a sample basis, inspecting evidence supporting those assertions.

## Other Information

Management is responsible for the other information. The other information comprises QBE's 2021 Sustainability Report for the reporting period 1 January 2021 to 31 December 2021, but does not include the Sustainability Performance Indicators and the selected material topics listed above within QBE's 2021 Sustainability Report.

Our opinion on the Subject Matter Information does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our engagement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the knowledge obtained during the engagement, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control, there is an unavoidable risk that it is possible that fraud, error, or non-compliance with laws and regulations, where there has been concealment through collusion, forgery and other illegal acts, may occur and not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

## Restricted use

The applicable criteria used for this engagement was designed for a specific purpose of assisting the directors and management report on the Subject Matter Information presented in QBE's 2021 Sustainability Report, as a result, the Subject Matter Information may not be suitable for another purpose.

This report has been prepared for use by the directors and management for the purpose of reporting on the Subject Matter Information presented in QBE's 2021 Sustainability Report.

It is our understanding that QBE Insurance Group Limited intends to electronically present the assured QBE's 2021 Sustainability Report and this Assurance Report on its internet website. Responsibility for the electronic presentation of QBE's 2021 Sustainability Report on its website is that of the management of QBE Insurance Group Limited. The security and controls over information on the website should be addressed by QBE Insurance Group Limited. The examination of the controls over the electronic presentation of QBE's 2021 Sustainability Report on its website is beyond the scope of the assurance of QBE's 2021 Sustainability Report.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors and management or for any purpose other than that for which it was prepared.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Paul Dobson*

**Paul Dobson**

Partner

Sydney, 18 February 2022



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