

**QBE Insurance Group Limited**

# **Modern Slavery and Human Trafficking Statement**

This Statement describes the steps that QBE Insurance Group Limited (“QBE”) has taken during the financial year ended 31 December 2017 to address modern slavery and human trafficking risks across the Group and our global supply chains and also sets out our plans for future improvements.

The United Kingdom (“UK”) is further advanced than most jurisdictions in which we operate and legislation is already in effect regarding the management of modern slavery risk. Therefore, this Statement represents the QBE Group position regarding modern slavery risk and should be read in conjunction with the QBE UK Modern Slavery and Human Trafficking Statement available at: [qbeurope.com](http://qbeurope.com)<sup>1</sup>

## **About us**

QBE has a proud 132 year history, originating in North Queensland Australia, and now headquartered in Sydney. The company has grown both nationally and internationally and is listed on the Australian Securities Exchange (ASX). QBE is one of the world’s largest general insurance and reinsurance companies, with operations in all the key insurance markets. We employ over 14,100 people globally in 36 countries. Reflecting on the serious challenges that lay ahead, QBE is committed to supporting the social, economic and environmental issues that face our stakeholders and communities globally.

## **Our position on modern slavery**

We reject any form of modern slavery, such as slavery, servitude, human trafficking and forced labour and are committed to implementing and enforcing effective systems and controls to ensure it does not take place in our own business or our supply chains. Wherever we operate, we respect the human rights of our employees, customers and those of our suppliers and business partners. We aim to identify and manage any risks related to human rights across our own business and through our supply chain relationships.

## **Policies & governance**

QBE is committed to high standards of corporate governance. Our Board and its Committees provides the necessary leadership to implement strong corporate governance across the Group so that our decisions and actions are based on transparency, integrity, responsibility and performance, which promotes the long-term sustainability and ongoing success of our business.

QBE has group policies in key areas, including our Code of Ethics & Conduct, anti-bribery and corruption, sanctions, whistleblowing, procurement, work, health and safety and diversity and inclusion, all of which are published on our Intranet. Public summaries of these Group policies are available at : [group.qbe.com/corporate-governance/global-policies](http://group.qbe.com/corporate-governance/global-policies).

Our Group approach in key areas recognises that our employees (including our contractors and directors) are key to maintaining a compliant and ethical approach to our business practices.

<sup>1</sup> In the event of any conflict between the QBE Group and QBE UK Modern Slavery Statement, the UK Modern Slavery Statement is to take precedent.

## Ethics & conduct

We are committed to dealing honestly and fairly with our customers and properly managing the risk of unfair customer outcomes and detriment to the integrity of the insurance industry, wherever we operate. We are developing a Conduct Risk Framework and Policy which will set the Group minimum standards across key areas of conduct risk relevant to our business.

In May 2017, we updated our Group Code of Ethics and Conduct (the "Code"). The Code addresses the responsibilities we all have to QBE, to each other, and to our customers, suppliers, communities and governments. It sets out the standards of behaviour we expect of our people, which include our directors and contractors and embodies our commitment to good corporate governance and responsible business and ethical practices.

In the updated Code, QBE expressly sets out our commitment to human rights, that we reject any form of slavery, including forced or child labour and that we respect human rights and commit to avoid human rights harm.

To complement the new Code, mandatory training will be released for all employees in 2018.

## Our workplace

We are committed to complying with relevant local and national laws, community expectations and ethical standards related to human rights and modern slavery in respect to our employees, our customers and our business operations. As part of QBE's commitment to treating people with respect and dignity as individuals, we do not tolerate any form of discrimination or harassment and we strive to be an equal opportunity employer in all locations. We are committed to ensuring our employment conditions meet at least minimum wages, appropriate hours of work and leave provisions, as well as the ability to sustain the health, safety and wellbeing of our employees, contractors and visitors. We are also committed to creating and maintaining both a diverse workforce and an inclusive and safe workplace for all.

QBE employees are encouraged to report genuine concerns about any conduct or activity they believe is dishonest, corrupt, inappropriate or illegal and we offer a number of channels for them to do so. We

are in the process of changing the provider of our whistleblowing system. The new system will be known as the QBE Ethics Hotline and its availability reflects our commitment to develop a "speak up" culture, allow anonymous reports and ensure disclosures made by our employees are taken seriously and employees feel protected to speak up.

## Training and employee awareness

There are a significant number of compliance obligations that apply across our day-to-day activities at work, whether they are laws, regulations, Codes or business or ethical standards and we are committed to educating our people about them.

Ensuring that our people have a good understanding of, and respect for human rights is important, which is why we will enhance our training to assist our people to identify and evaluate risks relating to human rights, including modern slavery and how to manage these issues should they arise.

## Our supply chain

QBE has a global supply chain made up of more than 3,500 first-tier (direct) suppliers, with the majority of our suppliers based in North America, the UK and Australia. Our supply chain relationships include: IT service providers, claims-related providers, non-claims vendors and suppliers, consultancy and professional service firms. Claims-related providers account for approximately 80% of our total supplier spend.

We acknowledge and recognise the potential for modern slavery to occur within our supply chains, regardless of location. Our suppliers are expected to manage their business and supply chain in a manner that respects human rights as set out in the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

Suppliers are also expected to ensure that all employees and contractors are legally entitled to work and that no bonded, forced or involuntary labour, child labour, human trafficking or other forms of slavery is employed in the delivery of their products or services to QBE.

## Supplier sustainability principles

In 2018, we will develop a set of Supplier Sustainability Principles to be implemented group wide and which will set out the key principles for sustainable supply chain management. These principles reflect our strong commitment to conducting our operations in a responsible and sustainable manner, setting the minimum expectations that our suppliers comply with relevant local and national laws related to human rights in respect of their employees and business operations. As part of our broader approach to sustainability, we seek to engage with and encourage suppliers and partners who share this understanding and commitment.

QBE's global Procurement function is committed to conducting our operations in a responsible and sustainable manner, in accordance with the guidelines of ISO 20400, the new global standard for sustainable procurement. Work to comply with this Standard is underway.

## Risk management and due diligence

QBE has a procurement framework in place, which governs supplier arrangements and assists to manage QBE's commercial risk in our dealings with suppliers. External supplier risk assessments are undertaken for certain procurement activities to identify the level of risk inherent in proceeding with a potential arrangement.

QBE plans to enhance its risk management processes to identify, assess, mitigate and monitor potential risk areas where QBE could be exposed to human rights concerns including modern slavery and human trafficking. This will include undertaking a risk-based segmentation of our suppliers to identify those suppliers which inherently pose greater risks associated with human rights and particularly modern slavery.

There are also plans to review our existing due diligence processes for the appointment of new suppliers, with a view to implement enhanced procedures which encompass modern slavery risk. Regarding our existing suppliers, those identified as being higher risk, will form the initial cohort to be contacted, as part of our existing supplier activities.

Due to the nature of our business, our standard supplier agreements already include obligations on our suppliers to comply with policies, procedures and applicable laws and regulations. In the UK, our procurement supplier agreement has been updated to include a requirement

to comply with QBE's UK Modern Slavery Guidelines. New suppliers in the UK contract on these terms. There are plans to adopt a similar approach to our supplier agreements globally.

## Planning ahead

We aim to create a comprehensive understanding of human rights issues within our business and our supply chains.

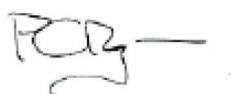
### Key areas of focus for QBE include:

- Enhance our Group supplier agreements to better capture our commitment to managing human rights/modern slavery risks;
- Improve relevant Group policies to include specific references to modern slavery;
- Enhance due diligence processes for supplier selection and screening to include consideration of modern slavery risk;
- Incorporate human rights / modern slavery awareness training globally to relevant QBE employees;
- Commence a review of first-tier suppliers assessed as having an elevated risk; and
- Develop a set of key performance indicators to identify and measure how effective we have been in ensuring that modern slavery and human trafficking is not taking place across our business or supply chains.

Across 2018, QBE will prepare its business for the introduction of Australian modern slavery laws while also continuing work to ensure compliance with the existing UK legislation. We will report on our progress in next year's Statement.

This Statement was approved by the Board of QBE Insurance Group Limited.

Signed,



### Pat Regan

Group Chief Executive Officer

Dated: June, 2018