



2020

Sustainability Report

QBE INSURANCE GROUP LIMITED

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QBE at a glance

Who we are

QBE is listed on the Australian Securities Exchange (ASX) and headquartered in Sydney. We employ more than 11,690 people 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). Further information about our operations can be found in the [2020 Annual Report](#).

Our purpose is to give people the confidence to achieve their ambitions.

Where we are



¹ 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, 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.

About the cover

As a global insurer, we see first-hand the impacts natural disasters have on our customers and communities in which we operate. When disaster strikes, we are one of the first ports of call for our customers. We aim to respond quickly, show care and sensitivity, and deliver efficient services to those impacted by catastrophes – in line with our focus on building resilience for our customers and communities through risk preparation and mitigation. We continue to invest in technology such as powerful artificial intelligence tools for communications, our industry-first customer mapping tool to allocate resources and identify vulnerable customers, and video claims assessing to help connect with customers. Image from a major wildfire at Shaver Lake, California, United States.



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.

About this Report

This Sustainability Report (Report) covers the activities of QBE across its divisions during the financial year ended 31 December 2020 in alignment with our financial statements. It provides an overview of initiatives underway to demonstrate progress across the pillars of our Sustainability Framework. All financial figures in this Report are in US dollars unless otherwise stated.

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 who have 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, selected workforce-related metrics and the total number of Premiums4Good impact investment projects and associated financial contributions, for the year ended 31 December 2020.

This limited assurance engagement has been undertaken in accordance with the Auditing and Assurance Standards Board's Australian Standards 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 Global Reporting Initiative 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](#).

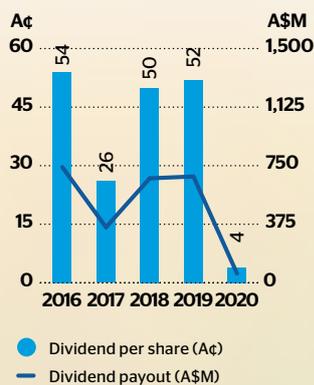
2020 snapshot¹

Shareholder highlights

Dividend payout (A\$M)

59

📈 91% from 2019



Adjusted cash (loss) profit return on average shareholders' equity²

(10.9)%

2019 **8.9%**

Earnings (loss) profit per share (US¢)

(108.5)

2019 **41.8**

Dividend per share (A¢)

4

Sustainability highlights

Climate action

Joined the UN-convened Net-Zero Asset Owner Alliance

our investment portfolio is targeting net-zero greenhouse gas emissions by 2050

CDP climate change disclosure score

A-  CDP
DISCLOSURE INSIGHT ACTION

📈 from **B** in 2019

Operational renewable electricity use

Target by 2025

100%

Currently

97%

2019 **63%**



Premiums4Good (US\$B)

2025 ambition

\$2.0B

Total invested

\$1.1B

as at 31 December 2020

Building an inclusive workplace and culture

QBE Voice survey result: Engagement

76%

2019 **70%**



Insurance Business Asia: Top insurance workplace



Included as a member of the 2021 Bloomberg Gender-Equality Index

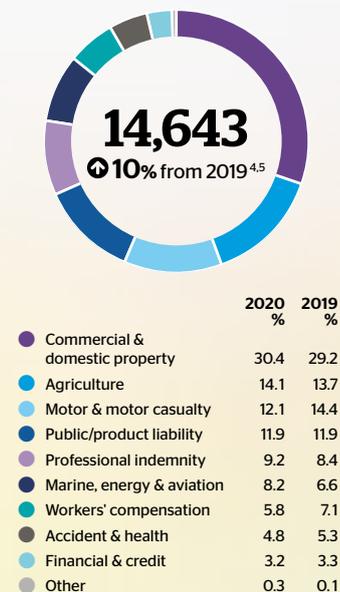


¹ Financial information in the tables above is extracted or derived from the Group's audited financial statements included on pages 80 to 164 of the 2020 Annual Report. The Group Chief Financial Officer's report sets out further analysis of the results.

² 2020 adjusted cash loss return on average shareholders' equity excludes non-cash and material non-recurring items such as restructuring costs, losses on disposals, and adjusts for Additional Tier 1 capital (AT1) coupons. 2019 adjusted cash profit return on average shareholders' equity excludes restructuring costs, losses on disposals, the impact of the Ogden decision in the UK, and discontinued operations.

Financial highlights³

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



Net earned premium (US\$M)

11,708

⬆️ 4% from 2019^{4,5}

Net earned premium by type

90% direct and facultative insurance

10% inward reinsurance

Combined operating ratio⁶

104.2%

2019 **97.5%**⁷

Insurance (loss) profit (US\$M)

(727)

2019 **708**⁷



Underwriting (loss) profit⁶ (US\$M)

(488)

2019 **290**⁷

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

(1,517)

2019 **622**⁷

Operational highlights³

Gross written premium growth⁵

⬆️ **10%**⁴

2019 **4%**

Average renewal premium rate increase⁸



2019 **6.3%**

Premium retention

82%

2019 **78%**

Attritional claims ratio^{4,9}



2019 **47.5%**

Large individual risk claims⁴ (US\$M)

932

⬇️ 2% from 2019

Catastrophe claims⁴ (US\$M)

688

⬆️ 62% from 2019

³ 2019 figures reflect results for continuing operations only.

⁴ Excludes impact of COVID-19.

⁵ Constant currency basis and excluding impact of 2019 disposals.

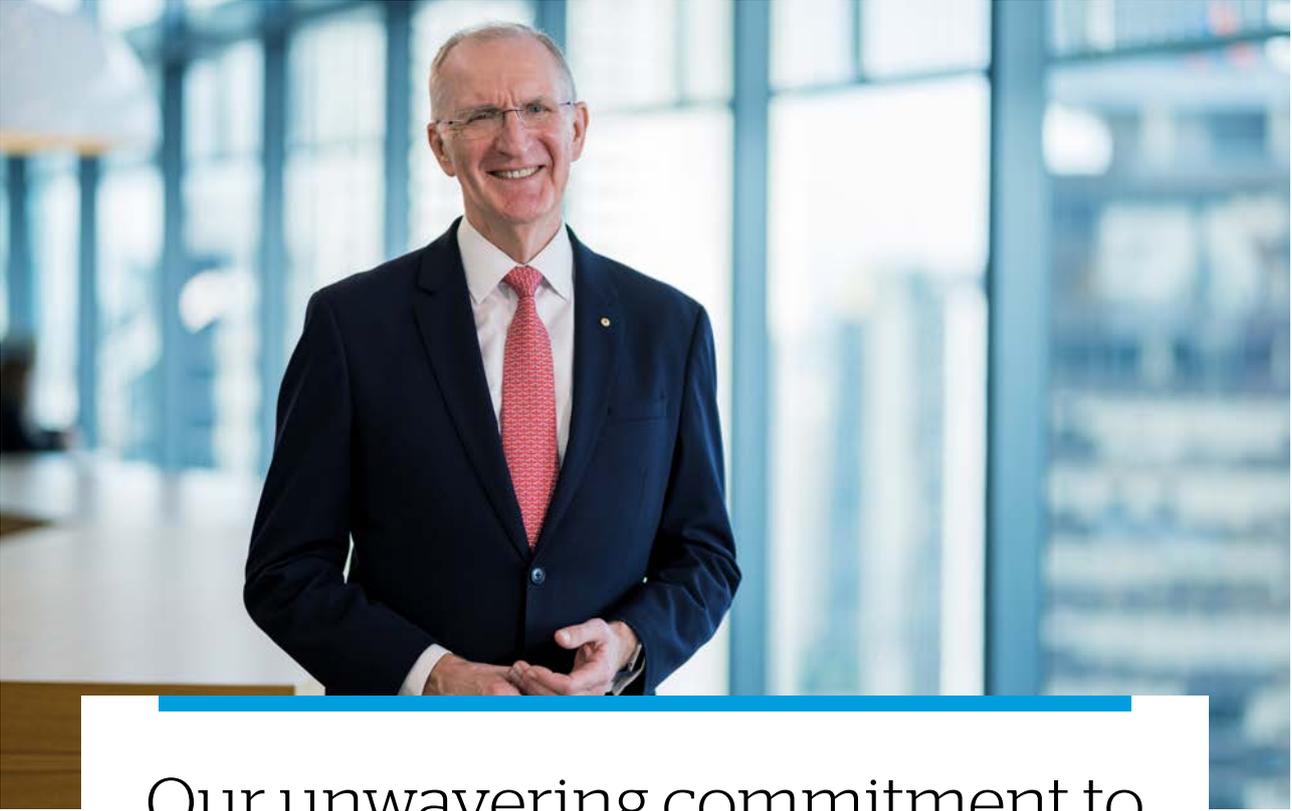
⁶ Excludes the impact of changes in risk-free rates used to discount net outstanding claims.

⁷ Excludes one-off impact of the Ogden decision in the UK.

⁸ Excludes premium rate changes relating to North America Crop and/or Australian compulsory third party motor (CTP).

⁹ Excludes Crop and/or lenders' mortgage insurance (LMI).

MESSAGE FROM THE CHAIR



Our unwavering commitment to sustainability amid uncertainty

Our world continues to transform at an unprecedented pace. 2020 was an extraordinary year - one shaped by a global pandemic, widespread social and economic unrest and significantly higher than usual catastrophic events around the globe.

This included an extremely active wildfire season as well as a record number of named storms in the United States, extreme bushfires and storm activity such as hail damage in Australia, floods and typhoons in Asia. The Coronavirus (COVID-19) pandemic also triggered a deep global recession, resulting in profound economic consequences for many countries, businesses and individuals. We will continue to work with governments and regulators to better prepare for, and respond to, low probability, high impact events like the pandemic. This has prompted a broad discussion within the industry as to how we provide appropriate support to our customers during this extraordinary and challenging time. QBE remains determined to play an active and

constructive role in these discussions. While the pandemic's impact will vary across nations, indications are that it is likely to lead to an increase in poverty and inequalities at a global scale. This in turn places more emphasis, and urgency, on the achievement of the United Nations (UN) Sustainable Development Goals (SDGs) by 2030.

At QBE, sustainability continues to be integrated as part of our strategic priorities, notably within the performance pillar as we focus on meeting our climate-related and broader sustainability commitments. As an international business, we are acutely aware of the need for us to continue driving longer-term sustainability measures to help our customers, people and communities

across the world manage risk, achieve their ambitions and enjoy a more sustainable future.

Our continued commitment to sustainability

We are committed to the SDGs and continue to advance the goals, particularly those where we feel we can have the greatest impact. Our five priority goals are outlined in this Report as well as the active steps we are taking to further our achievement of these goals. We believe that the private sector has a pivotal role to play in achieving the SDGs through more responsible business operations and practices, investing with impact and developing innovative products and solutions using a sustainability lens.



Amid the great upheavals of 2020, we remain focused on a better, more sustainable tomorrow and on the importance of working with our stakeholders, industry partners, governments, regulators and others to drive better outcomes for our customers and communities – including enhanced resilience.

We became a signatory to the United Nations Global Compact. We are working to integrate the ten universal principles relating to human rights, labour, environment and anti-corruption across our strategy, culture and day-to-day operations.

In 2020, we developed an Environmental and Social Risk Framework to capture our approach to managing various ESG topics such as energy and biodiversity. We continue to deliver on our climate and other ESG risk commitments including establishing relevant metrics and targets for our business as we transition to a low-carbon economy. We also joined the UN-convened Net-Zero Asset Owner Alliance, committing to transition our investment portfolio to net-zero greenhouse gas emissions by 2050. As our work progresses, we will continue to engage with a range of stakeholders, including those involved in previous shareholder resolutions on climate change and world heritage sites.

i Further information about our work on climate change can be found [here](#).

We understand the important role we play as an insurer in the lives of our customers and communities. We continue to work closely with many of our customers in their transition to renewable energy. Sustainability is a core component of discussions with our customers, and we continuously seek to support them as their needs or businesses change. This support can range from small, but important, optimisation projects that help reduce greenhouse gas emissions on-site, to the types of large greenfield investments in offshore wind which have already transformed the global energy market.

Our important work with the wider insurance industry, governments and regulators to enable a more sustainable future continues. As a key participant in the Australian Sustainable Finance Initiative, we were involved in the successful launch of the Australian Sustainable Finance Roadmap. In Hong Kong, we participated in the China Green Finance

Task Force’s Report on Green Insurance. In North America, we are committed to working with the State Insurance Commissions to support policyholders impacted by natural disasters.

Our inclusive culture

At QBE, we believe our success is founded on maintaining a dynamic, supportive, diverse and inclusive workplace, where people have the safety and opportunity to achieve their personal and professional goals. Recognising the backgrounds, perspectives and life experiences of our people helps us to build strong connections with our customers, motivate our people and make better decisions for our business and the communities in which we work. Through our QBE DNA and our strategic focus on talent and culture, we continue to build a workplace that provides our people with the opportunity to thrive and grow; something we believe is key to the long-term sustainability of our business.

Culture is a core priority at QBE. The departure of our Group CEO, due to a breach of our Group Code of Ethics and Conduct (the Code), demonstrates our commitment to strong corporate governance and the wellbeing of our people. The Board’s swift decision highlights that all our employees are held to the same standards. While this was a setback, I am proud of the prompt action by the Board to apply appropriate sanctions and solidify the Board’s zero tolerance stand towards breaches of the Code.

We are pleased to say that, despite this setback, the fundamentals of our business remain strong. Implementing our QBE DNA has strengthened our culture in recent years, and we continue to work to create a respectful and inclusive environment for our people. To further our efforts, we have put in place a series of initiatives that will add to our existing QBE DNA. We have also created a global Culture Advisory Group to work with our external partner to help us build on our leadership capability and identify any gaps and levers to further enhance our culture.

Governed by our Board People & Remuneration Committee and Diversity & Inclusion Council, our Global Diversity and Inclusion Policy expresses our strong commitment to promoting equality and embedding inclusion in our workplace. We continually measure ourselves against the progress made on the strategy and targets we have set ourselves in this policy.

Across the Group, we came close to achieving our goal of having 35% women in leadership by 2020, with an increase over the last year from 33.7% to 34.8%. We have developed a new target of having 40% of women in leadership by 2025. I am also pleased to announce that in 2020, we achieved our target of having 30% of women on the Group Board.

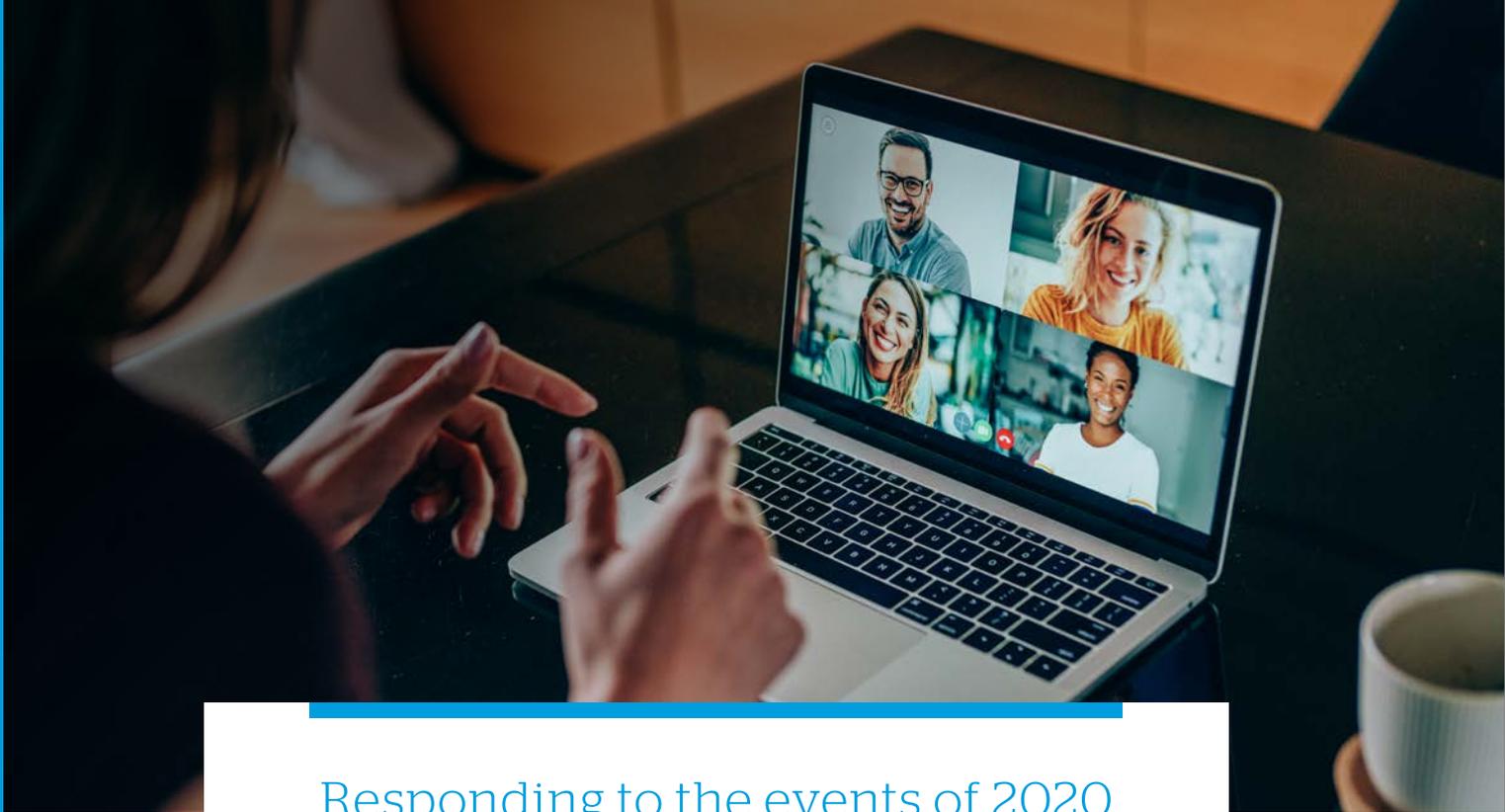
In Australia, we launched our 2020–2022 Reconciliation Action Plan outlining our vision for reconciliation. True to our purpose to give people the confidence to achieve their ambitions, we work hard every day to build strong and enduring relationships with our Aboriginal and Torres Strait Islander customers, partners, communities and charities. We believe that maintaining strong relationships like these can assist with the critical goal of reconciliation.

Our focus on wellbeing

The health, safety and wellbeing of our people, customers and communities have always been important to us, but never more so than in an extraordinary year like 2020. In a period marred by catastrophic natural disasters and a one-in-one-hundred year global health crisis, we scaled up our support for our customers and communities through financial aid initiatives, risk management education and tools.

To support our customer wellbeing at the beginning of the pandemic, we provided much-needed financial assistance such as freezing premium rates on policy renewals and deferring premium payments, and established a dedicated resource centre to help customers manage their risk and make claims. We also provided financial and other assistance to customers impacted by natural disasters throughout the year. Our global disaster relief partnership with Red Cross and Save the Children enabled QBE to assist the communities in which we operate through the catastrophic events of 2020 and forms part of our ongoing COVID-19 response. Further information about our support of customers and communities can be found in the next few pages.

Mike Wilkins AO
Independent Chair



Responding to the events of 2020

People

Across the world, the COVID-19 pandemic led to a transformational shift in the ways in which we work and how we connect with each other. Globally, we rapidly mobilised resources and technology to support our employees to work remotely while also prioritising our customers.

In line with our QBE DNA and culture, the safety and wellbeing of our people around the world have remained our priority throughout QBE's response to the COVID-19 pandemic. We implemented contact tracing protocols and global tracking of confirmed employee cases, ensuring specific support measures were in place for employees in high risk categories, including our international assignee population. As we moved to working from home globally, we provided our employees with the necessary

94% of employees were satisfied with QBE's efforts to maintain a safe work environment based on our Q.Pulse surveys with a 51% response rate.

equipment and support mechanisms. Feedback from across the organisation was that our employees were grateful for our approach and the priority we placed on supporting our teams and efficiently equipping them for remote working.

To support our ongoing crisis response, a multifunctional and global crisis management team (CMT) was formed, consisting of Human Resources (HR), communications and business continuity teams. The CMT met frequently, through the critical crisis time from March to May, with a clear cadence of 1:1 conversations directly with each QBE locality using a consistent crisis response checklist. The CMT focused on:

- sustainable strategies to support our people leaders to connect with and manage their teams virtually;
- the wellbeing of our people in a sustained work-from-home environment with additional support for vulnerable employees;

- reviewing our critical HR processes to ensure continuity; and
- regular and co-ordinated employee communications at a local and global level.

Health, safety and wellbeing@QBE

Across our business, the health, safety and wellbeing of all employees, contractors and visitors are key priorities. The following policies continue to support our efforts in this area:

- [Global Work, Health, and Safety \(WHS\) Policy](#);
- [Flex@QBE Principles](#); and
- [Group Code of Ethics and Conduct](#).

Our Group and divisional CEOs take executive-level responsibility for these topics. All people leaders at QBE are responsible for improving employee awareness of, and access to, relevant policies, processes and support.



The five pillars of employee wellbeing

In response to COVID-19, we implemented focused and tailored measures and campaigns to support our people across five areas of wellbeing: mental wellbeing, physical wellbeing, financial wellbeing, flexible working and supporting the vulnerable.



Mental wellbeing

Across our business, we launched a series of initiatives including virtual events, webinars and 1:1 wellbeing coaching. Examples of topics covered included burnout, nutritional advice, resiliency in times of uncertainty, looking out for co-workers and stress management. We introduced wellbeing check-ins within teams across QBE to drive a culture of care and reduce the stigma associated with poor mental health. Our Employee Assistance Programs in each division played a major role in our COVID-19 response.



Physical wellbeing

Physical wellbeing has proved more important than ever with many countries experiencing, often severe, movement restrictions. We delivered webinars focused on physical wellbeing, eating healthily and stretching. In Europe, we partnered with nutrition expert SuperWellness and PureGym, a mobile fitness app offering virtual high intensity training workouts, and offered yoga sessions and screen break videos. In North America, we expanded the wellbeing rebate program that reimburses health-related activities and community agriculture programs to encourage employees to take care of themselves while working from home.



Financial wellbeing

This period of economic uncertainty has highlighted financial wellbeing as a key concern for our employees. We have provided resources and webinars to support our people on different aspects of financial wellbeing. This included 1:1 financial reviews, webinars on financial wellness, classes on budgeting, training on retirement planning (including superannuation and pension fund management) and estate planning.



Flexible working

We are committed to supporting a diverse and inclusive workforce by recognising and responding to people's needs at different stages of their lives. As employees transformed their homes into offices, we launched resources to support working from home, with tailored learning programs on leading teams virtually and guidelines for creating ergonomic workspaces. Our Flex@QBE Principles guide how we approach flexible working, considering both the needs of the business and the preferences of our employees. We understand that people have had to take on additional responsibilities and stresses during the pandemic. We introduced additional sick leave for those who exhausted all other leave entitlements. In North America, we introduced caregiver leave, which provides unpaid job-protected leave for up to 12 weeks, plus 10 days with pay.



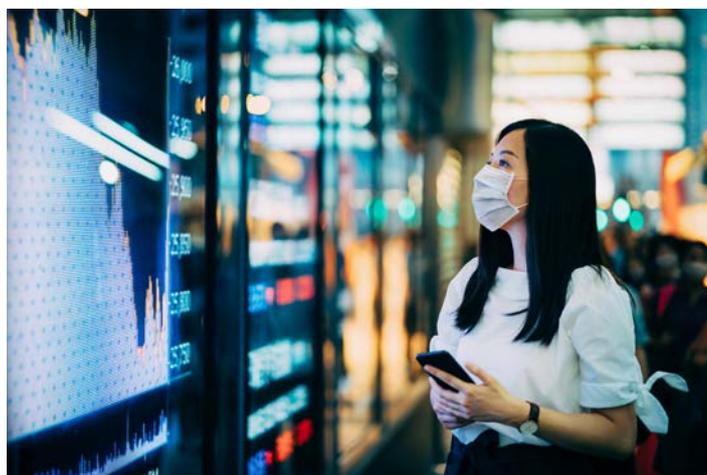
Vulnerable persons

During 2020, we introduced several initiatives to protect vulnerable employees. In Europe, we provided additional domestic abuse resources and support. In Australia Pacific, we launched the 'Care & Connect' series to provide leaders with the knowledge and resources to support their teams' individual needs through remote working. We also expanded our policy to offer 10 days dedicated Family & Domestic Violence leave and launched a Family & Domestic Violence First Responder national network across Australia and New Zealand to support our people. Across all our divisions, we monitored who was going into the office and conducted wellbeing checks where these were deemed necessary to gauge whether employees were safe working from home.

Our global WHS Leadership Team exchanges initiatives and ideas from members' respective locations to enhance the offerings available to staff and contractors, and to mitigate risks that may arise. The team regularly reports their work and findings to the Group Board.



QBE Asia was selected as a *Top Insurance Workplace in 2020* by *Insurance Business Asia* in recognition of our response to COVID-19 and for our continued focus on fostering a diverse and empowered workplace that positively affects our people.





Responding to the events of 2020

Customers

2020 was a year of devastating hardship, volatility and uncertainty. The COVID-19 pandemic alone has caused significant loss of life and unemployment, leaving unprecedented numbers of people isolated, distressed and uncertain of the future. At QBE, we are committed to supporting our customers through times of crisis. In 2020, we launched Customer@QBE, our globally consistent approach to delivering value to customers in a responsible, accountable manner to ensure long-term sustainable relationships.

Supporting our customers through natural catastrophes

Bushfires destroyed vast areas of Australia from late 2019 through to early 2020. QBE responded quickly with a dedicated Bushfire Catastrophe team to fast track claims. We worked with our partners to create temporary locations in disaster-affected areas to expedite the claims process for our affected customers. We used our industry-first customer mapping tool to allocate resources and identify vulnerable customers. This innovative tool allowed us to assign appropriate responders and suppliers to a claim, freeing up our people to focus on the human side of things and provide individualised and empathetic customer service.

Alongside the catastrophic fire season in the Western United States, the Atlantic hurricane season has also been at its most active since 2005. Using our powerful artificial intelligence tools, we sent proactive communications to customers identified to be in the path of disaster. With extreme winds making it impossible to assess fields across the Midwest, we also utilised drone technology to determine damaged versus salvageable acreage.

During the pandemic, we continue to connect with customers using a video claims process, enabling our claims team to perform assessments at a time that suits the customer while meeting social distancing requirements. We have been able to fast track claims

and repairs, offering greater accessibility and inclusion for our remote and disabled customers. Video claims assessing is now a compulsory tool for our supplier networks which means we can still connect with customers where physical access is not possible.

Alongside implementing health and safety measures, we also work with our suppliers to understand what they are experiencing and the ways in which we can better protect them, and our customers. To support our partners through times of crisis, we aim to reduce the time to pay our small to medium enterprise (SME) suppliers from 30 days to within 15 days.

COVID-19 support for SME customers

Throughout 2020, we have taken action to support our customers as they face uncertain and difficult circumstances. QBE developed a COVID-19 risk management toolkit to help businesses return to work and adjust to the 'new normal'. The toolkit covers what businesses should take into consideration around the topics of social distancing and self-isolation, hygiene and surface decontamination, control systems to reduce the risk of virus spread in the workplace, personal protective equipment and supporting employee mental health.

We also developed a series of webinars for brokers and customers designed to support their teams to manage the changing environment, as well as tailored coaching sessions from experts in varied fields such as mental health and wellbeing, leadership and culture.

In Australia, we supported our SME customers experiencing financial hardship through:

- continued insurance for vacant premises and extension of cover for business assets temporarily removed;
- deferred premium payments;
- premium instalments for workers' compensation;
- 'Laid up' cover for commercial vehicles, marine commercial hull vessels and aircraft no longer in use;
- accelerated cash-settlement processes for customers with a natural disaster claim underway, who prefer to manage their own repairs; and
- maintained expiring premium where the sum insured hasn't changed.

Supporting vulnerable customers

In 2020, QBE continued building its capability for supporting customers experiencing vulnerability, implementing internal policies and training to better identify and understand vulnerability, and how to best respond with respectful support that takes into account the customer's particular needs and circumstances. A [Family & Domestic Violence Customer Support Policy](#) was also launched providing customers with information on how they will be supported if affected by family violence, along with details of a range of services and resources available to them. Customers experiencing vulnerability can be connected with counselling support and external services or be provided with relief options or payment plans where experiencing financial hardship. Building our capabilities for supporting vulnerable customers is another way we affirm our commitment to be customer-focused and make a positive difference in our customers' lives.

Extending REACH My Best

During the bushfires and the subsequent COVID-19 pandemic, QBE has made our free employee assistance program 'REACH My Best' available to our Australian customers. It provides counselling sessions with qualified, experienced and independent health and wellbeing psychologists to assist with recovery and welfare. All discussions remain private and confidential.

Mental health coverage

QBE Hong Kong has launched new mental health coverage, offering specific COVID-19 support to individuals and their families. Consultations with professional psychologists are subsidised, providing support to those suffering in government restrictions and under enforced work-from-home arrangements. The new coverage assists in reducing the cost of professional counselling, helping our customers prioritise their mental wellbeing.



COVID-19 support for hardship

In the United Kingdom, QBE has returned more than £10 million to motor fleet customers whose vehicles were taken off the road during government restrictions. Rebates were processed quickly, and vehicles continued to be covered for accidental damage, fire and theft while unused. We also offered free and discounted risk management services on vehicle safety and online driving courses to help customers safely return to the road. In Australia, QBE provided existing and new private-use motor customers with financial assistance in the form of a one-off COVID-19 benefit. Comprehensive car insurance customers were entitled to an A\$50 e-gift card, with an A\$25 e-gift card for customers with motorcycle, caravan or other private-use motor insurance. A\$21 million was set aside for e-gift cards for over 470,000 customer policies. In Australia, our Consumer Credit Insurance product was adapted to support customers claiming for involuntary unemployment due to COVID-19 induced hardship. Self-employed customers no longer needed to provide evidence of business dissolution, and customers were no longer required to register with a government agency to prove they were seeking re-employment. Cover was also extended to employees stood down, but not let go.



Responding to the events of 2020

Communities

In 2020, the QBE Foundation took an active and coordinated approach to supporting our partners and communities around the globe. The not-for-profit and community sector was hit hard by the COVID-19 pandemic and we worked with our charity partners to assist them in dealing with increased demand for their services while helping to offset a decrease in donations and funding due to the economic impact of COVID-19. Over \$1.5 million of QBE Foundation funding was either redirected or provided in addition to our standing partnership commitments.

As the pandemic first surged, we paused reporting requirements and waived restrictions on using funding for capital and operational expenses. QBE supported vital initiatives in Australia, New Zealand, the Pacific, the United Kingdom, Italy, Spain, North America, the Philippines, Hong Kong, Malaysia, Singapore and Vietnam. We will continue to work with our local charity partners to support them in developing and adapting their operations in this difficult environment.

Globally, our disaster relief and resilience partnership with Red Cross and Save the Children has enabled us to reach and support more vulnerable communities than ever before. The partnership is built

around rapid mobilisation of funding, allowing our humanitarian partners more flexibility to respond to disasters as and where they arise. The partnership also allows us to focus on building resilience in, and the long-term recovery of, communities. Our partnership has enabled QBE to assist in the global response to some of the largest catastrophes of 2020.

Australian Black Summer bushfires

The Black Summer bushfires showed just how devastating the impact of climate change on our environment can be. Dozens of lives and thousands of homes were lost, with whole

communities destroyed. QBE was able to rapidly deploy aid through our partnership with Red Cross and Save the Children. We expanded beyond our financial commitment through additional donations, including matching employee fundraising, and training a team of our employees to assist in evacuation centres. Our support contributed to the implementation of recovery plans, the delivery of relief to evacuation centres and the provision of outreach support.

We worked on several initiatives with Red Cross to aid in their recovery effort. Our Claims team assisted in facilitating effective delivery of grants to impacted communities while screening for possible fraud.



Along with other companies, we made material donations to deliver financial and practical assistance to those in need. Funding was dispersed among communities in the form of emergency grants, urgent home repairs, re-establishment of homes, supporting people hospitalised for injuries and providing financial hardship relief.

Our support for Save the Children, alongside other donors, enabled them to plan and deliver their two-phase bushfire plan, 'Response and Recovery'. The Response phase implemented nine child-friendly spaces in evacuation and recovery centres which helped support 782 children; giving them the space to draw, play and socialise. The spaces also helped them to process their experiences in a safe environment while parents began the critical journey of recovery. The Recovery Phase, still in progress around the country, includes outreach activities and delivering the [Journey of Hope in-school program](#) to assist children in processing and expressing trauma and their feelings.

COVID-19 community impact

COVID-19 has had a profound impact on people worldwide, but especially those already experiencing vulnerability. We mobilised our disaster relief and resilience partnership to strengthen the ability of Red Cross and Save the Children to respond to the ongoing crisis. QBE is proud to support our partners in delivering programs that focus on providing financial assistance, healthcare, pre-stocking of relief aid in high risk areas and proactive communications within communities.

Our support has also contributed to Save the Children's launch of the 'By Your Side' program in Spain, helping to safeguard the education and wellbeing of children and their families most affected by the pandemic. So far, 2,290 families, which includes 3,840 children have been supported with cash vouchers, distribution of technological devices and Wi-Fi cards ensuring marginalised families have access to digital education and information.

In Australia, the QBE Foundation supported Red Cross' 'Double Impact Campaign', where we matched donations to their COVID-19 response up to a total of A\$100,000. Many communities were already scarred by the impact of drought and fire. The campaign aimed to raise awareness of this additional pandemic impact and raise much-needed funding to support the ongoing work of Red Cross in their response. Our donation enabled them to adapt their door-to-door and community-based support work to phone and online channels to ensure all Australians were supported.



Image by Pedro Armestre

Supporting North American communities

Communities in the United States have experienced hurricanes, wildfires and a derecho (tornado) across the Midwest, all during the pandemic. QBE supported the American Red Cross as they responded to these disasters through relief funds and matching employee donations. Our support has gone toward providing impacted communities with vital supplies including clean water, safe shelter and hot meals.

Cyclone Harold

Cyclone Harold devastated communities across the Pacific Islands. Along with contributing funding towards delivering hygiene and shelter packs to families in Vanuatu and Fiji, QBE support is enabling Save the Children to establish the first ever cash transfer program in Papua New Guinea, enabling the most vulnerable to access money for food, water and health supplies using their mobile phone. A cashless transfer minimises people having to physically queue for aid, also providing some protection for women against the risk of violence or theft. Cash Transfers enable quick and safe access to financial aid post-disaster, including remote regions where aid can often be significantly delayed.

Disaster support in Vietnam and the Philippines

The world's strongest typhoon in 2020, Typhoon Goni, created havoc across the Philippines. The resulting wind, rainfall and flooding left many communities with no electricity, contaminated water and severe building damage. QBE supported Save the Children to help provide people with water kits and essential hygiene supplies, including face masks and sanitiser.

We also activated the disaster relief fund to support the Viet Nam Red Cross Society Emergency Appeal in response to the October 2020 floods. The funding will contribute to the delivery of assistance and support for the immediate and early recovery needs of 160,000 people for 12 months. The operation will focus on shelter, livelihoods, health, hygiene, disaster risk reduction, community engagement and accountability as well as protection and inclusion.



QBE and our Global Disaster Relief and Resilience partners Red Cross and Save the Children were shortlisted for the Shared Value Awards for *Collaboration of the Year*.

Our approach to sustainability

Sustainability Framework

As an international insurer and reinsurer, strong corporate governance, sustainable business practices, being a great employer and making a positive and impactful contribution to the economies and communities in which we operate underpin everything that we do.

Sustainability is integrated in QBE's strategic priorities, particularly within the performance pillar where we remain focused on meeting our climate and broader sustainability commitments. Our priorities around customer, talent and culture are also deeply linked to our sustainability approach. We build current and

emerging environmental, social and governance (ESG) considerations into our decision-making processes to help our customers, partners and communities manage risk through our products and services. Our holistic, integrated, long-term approach to risk seeks to create value for our stakeholders and supports the ongoing success and sustainability of our business. The events of 2020 have reinforced the importance of integrating sustainability considerations throughout 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 [2021 Sustainability scorecard](#) provides a summary of our commitments, initiatives and targets that enable us to stay focused on our sustainability priorities, address our material topics and drive improved ESG outcomes.





Our memberships and industry collaboration

We are proud members of, or signatories to, many global and local sustainability-related initiatives. These provide us with a platform to collaborate with stakeholders on key sustainability issues through open communication and knowledge sharing. Our involvement assists us to develop solutions to address current and emerging local and global challenges.



Performance and reporting

We seek to be transparent and open about our sustainability goals and achievements through ongoing stakeholder engagement and regular reporting. External sustainability ratings and industry benchmarking initiatives provide an important opportunity for us to continually improve our sustainability performance. We participate in a range of these including:



i Further information can be found on our [website](#).

Sustainability governance and management

Oversight and accountability

In line 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 QBE's sustainability approach, initiatives and reporting. The Group Sustainability team updates the BRCC on our sustainability performance and activity at each of its meetings (six meetings were held in 2020).

Our Group Executive Committee (GEC) reviews and approves our sustainability agenda and priorities, receiving updates on these throughout the year. Our Executive Non-Financial Risk Committee (ENFRC) supports the GEC in managing non-financial risks.

Integrating sustainability across our business

Group Sustainability team

The Group Sustainability team, operating under the Group Head of Sustainability, reports to the Group Executive Corporate Affairs and Sustainability, a GEC member. The team drives sustainability across QBE, 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 Group Chief Risk Officer (CRO), a GEC member. The team is responsible for coordinating the identification, analysis and management of ESG risks and integration into QBE's risk management practices and systems. The team supports the ESG Risk Committee and our Climate Change Steering Committee and working groups.

Group Impact and Responsible Investments team

Our dedicated 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 Steering Committee.

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, Finance,

Investments, Investor Relations, People and Change, Communications, Legal, Company Secretariat, Compliance, Operations and Claims.

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 ENFRC 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 ENFRC.

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:

- [Global Emerging Risk Forum](#);
- [Climate Change Steering Committee](#);
- [Group Underwriting Committee](#);
- [Global Privacy Council](#);
- [Premiums4Good Global Steering Committee](#);
- [Diversity & Inclusion Council](#);
- [Health & 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



Furthering the United Nations Sustainable Development Goals

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. As a universal agreement to work towards a better and more sustainable future, the SDGs closely align with our purpose - to give people the confidence to achieve their ambitions. Our sustainability agenda continues to be aligned to, and supports, the advancement of these global goals.

In 2020, we refreshed our deep dive SDG prioritisation analysis to ensure continued relevance to our business and stakeholders. The analysis initially conducted in 2018 was updated for all 17 SDGs to reconfirm those most closely aligned to our purpose, strategic business priorities, Sustainability Framework, products and services and initiatives across our global business.

We used two lenses for this analysis:

- Direct and indirect impacts of the SDGs on our business and stakeholders, including our people, customers and community.
- Opportunities to contribute to the achievement of the SDGs through our products and services, advice, thought leadership and community initiatives.

Our analysis by division (Australia Pacific, North America and International)

considered strategic priorities, business activities and product lines. We then engaged with senior members of our divisional teams to review and agree key insights. This process helped identify nuances enabling us to prioritise our efforts at both a division and Group level moving forward.

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. Our five SDG priorities (outlined on the next page) reflect the areas that most closely align to our purpose and strategic business priorities. This is where we can have the greatest impact given our role as an international insurance company.

The events of 2020 have shone a spotlight on the topics of inequality and social exclusion. The devastating impacts

of the COVID-19 pandemic have been, and continue to be, felt across the world. The Black Lives Matter protests have also sparked a global conversation about racial injustice and inequality. At QBE, we are committed to fostering an inclusive culture where all our people can expect to be valued and respected for who they are. As a result, we have shifted our priority from SDG 5: Gender equality to SDG 10: Reduced inequalities, enabling us to focus on the topic of inclusivity beyond gender. We have made significant progress on our focus on gender equality (further information can be found in the [People and culture](#) chapter) which also helps us to focus on the broader issue of inclusivity.

Alongside our five SDG priorities, Goal 17: Partnerships for the Goals continues to underpin everything that we do, assisting us to work towards achievement of the wider 2030 Agenda for Sustainable Development. In 2020, we joined the United Nations Global Compact, the global corporate sustainability initiative, committing to the Ten Principles on human rights, labour, environment and anti-corruption.

We will continue to leverage our partnerships to collaborate on key sustainability topics, and seek to work with industry, government, community partners and other stakeholders to help advance, and one day achieve, the SDGs.

i Throughout this Report, we have included a range of case studies and examples to demonstrate how we continued to further the goals in 2020.



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.



GOAL 8: Decent Work and Economic Growth

Promote inclusive and sustainable economic growth, 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.



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 Global Diversity & Inclusion 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 diversity and inclusion across our business as highlighted by our updated women in leadership target of 40% by 2025 and our focus on fair remuneration. In addition, our refreshed Reconciliation Action Plan (2020-2022) solidifies our vision for strong and enduring relationships with Aboriginal and Torres Strait Islander customers, partners, communities and charities.



GOAL 11: Sustainable Cities and Communities

Make cities 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.



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 lower-carbon economy, in line with the 2015 Paris Agreement.

Materiality

Our approach to materiality considers how our business creates value for all stakeholders across the short, medium and longer-term horizons. Aligned to the Global Reporting Initiative (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.

The results of our materiality assessment inform our sustainability approach, strategic priorities and reporting. This year, we leveraged the methodology implemented in 2019 with the assistance of a third-party consultant to ensure continued independence in our process.

Identification

Sustainability topics are identified using both internal and external inputs. This involves gathering perspectives from a wide range of sources including 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; and

- AccountAbility's AA1000 *AccountAbility Principles (AA1000AP) 2018* of Inclusivity, Materiality, Responsiveness and Impact.

As part of the process, we engage a diverse range of stakeholders including investors, employees, government, community groups, industry associations, commercial partners and think tanks. Our stakeholders are selected to ensure balance and coverage between themes and topics.

Stakeholders participate in one-on-one interviews with an independent facilitator, enabling a discussion of the issues ranked as most significant by each

stakeholder. During these interviews, stakeholders were also asked to identify the SDGs most relevant to QBE. 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 to ensure that our strategy, initiatives, products and services continue to meet our stakeholders' needs and requirements.

i Refer to our [website](#) for further information about our major stakeholder groups and our stakeholder engagement process.

The following provides an overview of key aspects of the methodology:





Key: Sustainable insurance (purple), Customer and community (dark blue), Operational excellence (light blue), Impact & responsible investments (medium blue), People and culture (teal), Governance (green)

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

Prioritisation

Topics identified are reviewed, consolidated and prioritised. The GRI Standards provided valuable guidance in assessing the significance of our impact on the economy, environment and society. The results of this review were used to update our materiality matrix.

Each topic was then positioned on our revised materiality matrix in light of 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

Once the revised materiality matrix was completed, an internal validation workshop was held with the Sustainability Committee, and other internal stakeholders, to test and validate the assumptions used, and the outcomes. This considered the short, medium, and long-term impacts of each topic.

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

Material topics for 2020

Based on the approach outlined earlier,
our prioritised material topics for 2020 included:

Climate risks and opportunities



As a leading international insurer and reinsurer, we have a significant role to play in 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 acutely aware of potential transition (e.g. policy, technology, market) and liability risks. We are well-positioned to use our deep industry knowledge and expertise to help customers, partners and communities understand and navigate the changing risk landscape, build resilience and take steps to transition to a lower-carbon economy.

Aligned to SDGs: 1, 7, 11, 13, 14, 15, 17.

i Refer to Climate change: transitioning to a low-carbon future, Sustainable insurance, Customer and community, Operational excellence, and our 2020 Annual Report for further information on how we are addressing this topic.

Community resilience and natural disaster support



As a global insurer, we witness first-hand the impacts natural disasters have on our customers and our communities. We are one of the first ports of call for people impacted by a natural disaster and aim to respond quickly, showing care and sensitivity in our dealings with others. In line with our focus on building resilience within our communities, we continue to partner with leading global not-for-profits involved in natural disaster preparedness and response – Red Cross and Save the Children.

Aligned to SDGs: 3, 8, 10, 11.

i Refer to Responding to the events of 2020: Customer and Customer and community for further information on how we are addressing this topic.

Corporate governance



Across our business, we strive to have the highest standards of corporate governance. This includes guidance and oversight from our Board to support ethical behaviour, transparency and accountable decision making.

Aligned to SDGs: 8, 16.

i Refer to Governance and the 2020 Corporate governance statement for further information on how we are addressing this topic.

Culture



We are committed to maintaining an organisational culture that supports and enables us to achieve our purpose and strategy in an ethical and responsible way. Our Group Code of Ethics and Conduct (the Code) helps guide employees 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.

i Refer to People and culture and the 2020 Annual Report for further information on how we are addressing this topic.

Customer conduct



We are committed to maintaining high ethical standards in how we conduct our business and deal with others. The conduct of our employees, and those acting on our behalf, are key to maintaining these standards. This includes our relationships with customers and how we address the risk of unfair outcomes across the design of products and services, marketing and sales, distribution, claims and complaints.

Aligned to SDGs: 1, 8, 9, 16.

i Refer to Customer and community and Governance for further information on how we are addressing this topic.

Cyber security



Cyber security is one of the greatest threats shaping today's risk landscape. As an escalating, ever-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 through secure solutions. 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.

i Refer to Sustainable insurance and Operational excellence for further information on how we are addressing this topic.



Diversity and inclusion



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

Aligned to SDGs: 4, 5, 8, 10.

- Refer to [People and culture](#) and the [2020 Corporate governance statement](#) for further information on how we are addressing this topic.

Health, safety, and wellbeing



We support a safe working environment free from physical or mental injury or harm, discrimination, harassment and bullying. We seek to maintain a healthy workplace for our employees and contractors with a focus on mental, physical and financial wellbeing, flexible working and support for the vulnerable. Even before COVID-19, we implemented hygiene and safety measures to protect our people, contractors and customers based on guidance from health experts.

Aligned to SDGs: 3, 5, 8, 10.

- Refer to [Responding to the events of 2020: People and Culture](#) for further information on how we are addressing this topic.

Human rights



Wherever we operate across the globe, we respect human rights and are committed to avoiding human rights harm through our actions and decisions. This includes our response to various laws and norms regarding human rights, including risks related to modern slavery. We take active measures to prevent our involvement in human rights harm through our supply chain relationships. We reject any form of slavery, including forced, bonded or child labour.

Aligned to SDGs: 1, 8, 10, 16.

- Refer to [People and culture](#) and [Governance](#) 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.

Privacy



QBE is 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 which 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



The increased focus on trust in the financial services sector, with greater regulatory scrutiny and community expectation, has led to 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 [Sustainable insurance](#), [Customer and community](#), [People and culture](#), [Operational excellence](#) and [Governance](#) for further information on how we are addressing this topic.

Climate change: transitioning to a low-carbon future

As an international insurer and reinsurer, we regularly witness first-hand the impacts of a rapidly changing climate on our customers and communities. We view climate change as a material risk for our business, as well as a driver of innovation and new opportunities. We are well aware of the acute and chronic physical risks of climate change, as well as the transition, regulatory change, liability and other risks associated with changes in policy, laws, technology and markets.

Our role is to financially protect people and their assets, support recovery efforts when catastrophes occur 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 strongly support the Paris Agreement, which aims to limit global warming this century to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

We have completed our 2018 Climate Action Plan and implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which we will continue to update and refine. In 2020, we focused on expanding our scenario analysis and have adapted our catastrophe models to allow us to consider a range of potential impacts of climate change through to 2090. Our [2020 Annual Report](#) describes our progress on climate change management in detail.

We are progressing well on our commitment to phase out all direct insurance services for thermal coal customers by 2030, at the latest. We continued to maintain zero direct investments in thermal coal and remain focused on our commitment to source 100% renewable electricity for our operations by 2025. Our Group Energy Policy has been integrated into our Environmental and Social Risk Framework as part of the broader suite of sector positions.

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

- building resilience for our customers and communities;
- strategically investing towards a net-zero economy;
- strategic integration of climate change risks and opportunities across QBE;
- aligning our business operations and the actions of our people to reduce our footprint and support climate action; and
- continued transparency regarding our governance and performance.

Collaborating on climate change

QBE, along with 22 other global reinsurers and insurers, has been part of the UN Environment Programme Finance Initiative's Principles for Sustainable Insurance (PSI) Initiative to pilot the TCFD recommendations. The PSI's aim was to develop consistent and transparent analytical approaches that can be used to identify, assess and disclose climate change-related risks and opportunities in insurance portfolios in a forward-looking, scenario-based manner. The pilot covered climate-related physical, transition and litigation risks and opportunities. QBE has been a member of the Working Group focused on transition risk in the property sector in Australia, which developed a model to assess the risk. We will explore piloting this model in 2021. We have also been a member of the litigation Working Group, which has complemented our internal analysis on climate-related liability risk.

Our renewable energy portfolio

We have a longstanding role in the energy sector, insuring customers that support global energy markets. Sustainability and transitioning to a lower carbon economy are of increasing importance to our customers, 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.

Energy markets are one of the most complex systems in the world. Every country depends on ample, affordable and uninterrupted quantities of energy to meet the varying requirements of their grids, in addition to those from their industrial users, transportation needs and individual consumers. Energy systems must factor in a growing global population, while also aiming to significantly reduce greenhouse gas emissions.

Energy producers are a pivotal part of the transition to a sustainable future, supporting the scaling up of existing technology and driving the development of new technologies and innovation. Whatever changes will come, our customers are a key part of delivering on these ambitions. At QBE, we work with our customers to help them realise their ambitions, many of which now relate to setting long-term plans to navigate these many changes. The events of 2020 have been a driver for a record year of commitments, initiatives and projects from our customer base. Sustainability is core to discussions with our customers

i Further information can be found in [Sustainable insurance](#).

i The detailed report from the Initiative is publicly available [here](#).



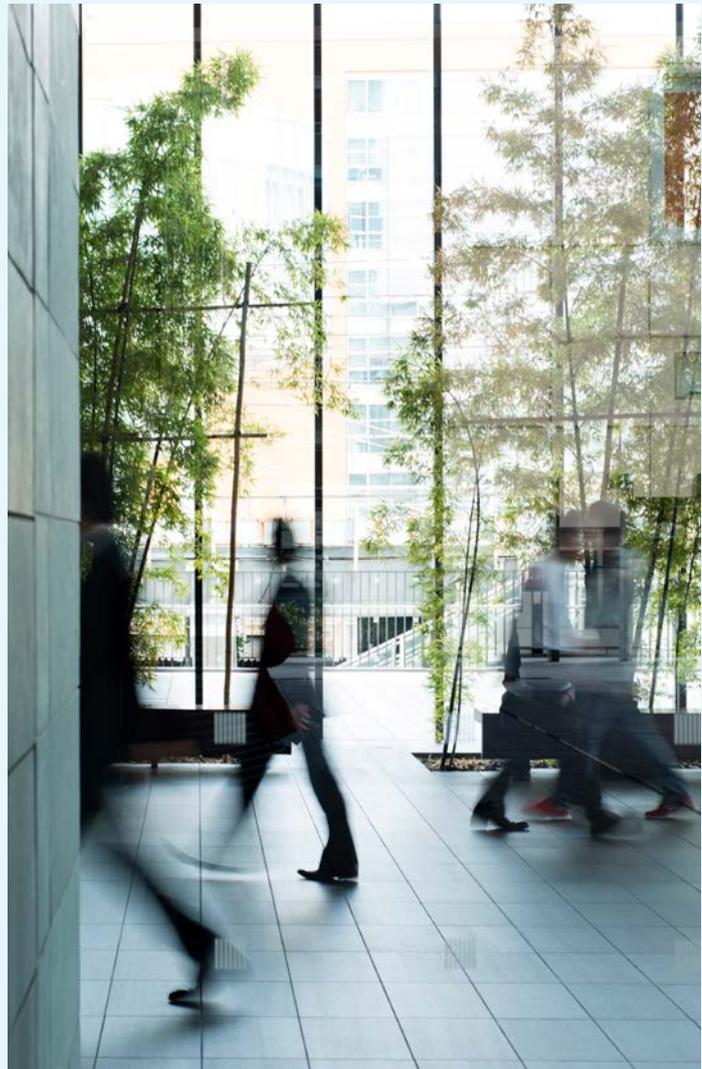
as they take on these new initiatives and transform their operations to combat climate change in ways that would have been nearly unimaginable even just a decade ago.

In recognition of the challenges facing this dynamic industry, we are proud to support the insurance of the Dogger Bank wind farm project off the north east coast of England – a joint venture project undertaken by two of our customers. This has resulted in the world's largest offshore wind farm with capacity to power up to 4.5 million homes.

In Europe, we have increased our overall renewable energy book of business by around 50% to \$33 million. This is in addition to the many other sustainable business initiatives and projects we undertake.

In Asia, we provide power generation insurance and, as our customers transition to alternative energy sources, we continue to support them with risk management expertise and solutions. This year, our Vietnam office co-hosted a webinar with DEHN on mitigating risks such as lightning and surge damage to solar and wind farms. The webinar allowed us to showcase our expertise in engineering insurance, and provided technical insights and advice to our customers, as well as demonstrating the benefit of working collaboratively with our partners to provide comprehensive solutions.

i Further detail can be found in **Climate change - our approach to risks and opportunities in our 2020 Annual Report.**



Investing in a net-zero economy

In November 2020, we committed to achieving net-zero greenhouse gas emissions by 2050 in our investment portfolio by joining the UN-convened Net-Zero Asset Owner Alliance, an international group of institutional investors committed to transitioning to a low-carbon economy. Over the coming years, we will explore strategies and approaches to align our investment portfolio with the objective of the Paris Agreement to be net-zero GHG emissions by 2050. We recognise that this will be a challenge as, globally, there is no single recognised pathway to reaching net-zero yet. Mitigating climate and disaster risks requires strong collaboration between governments, industries and communities. We will seek to play an active role in advocating for our customers, encouraging the development of environmentally-friendly technologies and investing for the future.

i Further information about our commitment can be found in the **Impact and Responsible Investments** chapter.





Sustainable insurance

QBE provides a broad range of insurance products to personal, business, corporate, institutional and multinational customers.

As a proud signatory to the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Sustainable Insurance (PSI), we take an active approach in our risk management, endeavouring to deliver solutions tailored to our customers' needs. We also consider ESG issues relevant to our business in our decision making. We continue to strive for accountability and transparency in disclosing our progress in implementing the PSI.

2020 Sustainability scorecard achievements

Address the risks and opportunities related to climate change

Rolled out our three-year Climate Change Action Plan  **page 22**

Implemented, monitored and maintained compliance with our Group Energy Policy  **page 22**

Continue to embed consideration of ESG risks into our Group-wide risk management framework

Developed Environmental and Social Risk Framework to support integration of ESG considerations into our Group Underwriting Standards  **page 26**

Collaborate with industry, government, community partners and other stakeholders to support the achievement of our priority UN SDGs

Participated in the successful launch of the Australian Sustainable Finance Roadmap  **page 31**

Actively participated in external initiatives and partnerships to address climate change  **page 30**

 View our 2021 Sustainability scorecard on **page 68**.

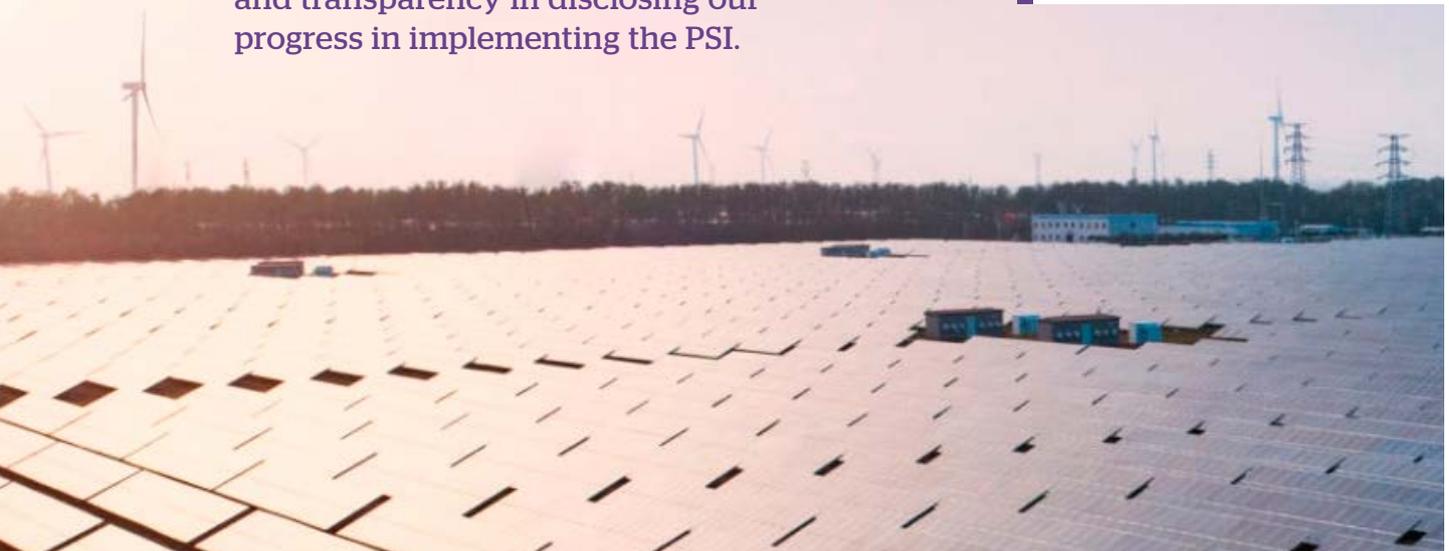
Key for progress symbols:

 Achieved

 On track

 Behind

 Refreshed





The COVID-19 pandemic has added complexity in terms of QBE's business operations and caused ongoing impacts to our investments and risk exposures. COVID-19 has been the ultimate stress test of our risk management processes. We responded rapidly to the changing environment with comprehensive Board and Executive oversight to help ensure that the Board was fully apprised across all aspects of COVID-19's impact and QBE's response. We have been able to substantially uplift our scenario and capital planning capabilities which have provided clarity regarding the range of potential financial and non-financial impacts of COVID-19.

While the full effects of this pandemic are still unknown, QBE has taken strategic actions to manage the immediate impacts and prepare the organisation for a post-pandemic future.

QBE's risk management processes and systems are robust and aligned to global best practice, such as the PSI and the Organisation for Economic Co-operation and Development (OECD) guidelines for good practice in insurance claims management developed by the OECD Insurance Committee. Our Group Board seeks to ensure that we maintain an effective Risk Management Strategy (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 and oversees active and appropriate risk management in line with our risk appetite, strategy and business plans. The Group Board reviews the RMS annually, with results reported to the Group Board Audit Committee and BRCC. The Executive Non-Financial Risk Committee (ENFRC) supports the business in managing risks as well as understanding and meeting relevant legal and regulatory requirements relating to non-financial risks, reporting to the BRCC.

i Refer to Risk - our business in the [2020 Annual Report](#) for further information about our risk management processes.

Integrating sustainability into risk management

As a member of UNEP FI and a signatory to PSI, we continually work to integrate sustainability and current and emerging ESG risks and opportunities in our decision-making processes. As part of our RMS, we categorise risks into eight classes, with ESG risks across underwriting and investments classified as strategic risks, as well as being integrated into other risk classes.

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 the business. ESG risks are reported to the Group Chief Risk Officer (CRO) quarterly, with our ESG Risk Committee focusing on ESG risks that are deemed high risk. The Committee proposes actions to the ENFRC following those discussions. Our ESG Risk team analyses and manages ESG risks, engaging with teams across the business to raise awareness of them. In 2020, topics considered material included climate change, human rights, modern slavery, mining practices and biodiversity.

Committed to responsible underwriting

QBE's Group Underwriting Standards support 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;
- working with our customers and business partners to raise awareness of ESG and conduct issues, manage risk and develop solutions.

Environmental and Social Risk Framework

In 2020, QBE developed an Environmental and Social (E&S) Risk Framework, which identifies the sectors and issues that present an increased E&S risk to our business, including energy and biodiversity, and outlines our approach to managing those risks. The Framework, that will be fully implemented in 2022, has been developed to promote informed decision making that is consistent with our commitment to sustainable insurance and investment. The Framework considers the [PSI ESG Guide for Non-life Insurance](#), supporting the integration of ESG considerations into our core business and increased transparency with our customers.

i Refer to our [website](#) for further information about our E&S Risk Framework.

Our emerging risks

We understand that the risk landscape is rapidly changing and evolving, as demonstrated by the events of 2020. Emerging risks are considered as part of our strategic risk class. We define emerging risk as new or prospective risks which are difficult to assess but may have a significant impact on our business or the markets in which we operate. Emerging risks can significantly impact us achieving our strategic or business objectives and may not be adequately captured within other risk classes, or risk sub-classes, within our RMS unless appropriately identified.

Emerging risks are identified and analysed by our three Divisional Emerging Risk Forums (DERF), with overall coordination by the Global Emerging Risk Forum (GERF), which identifies and evaluates the emergence and maturity of each risk. Our emerging risk forums bring together experts across the business to identify, assess and develop management approaches to emerging risk.

The DERF and GERF periodically perform a horizon scanning exercise to identify, analyse and evaluate potential emerging risks to QBE. The DERF develops and manages treatment plans for emerging risks in conjunction with the business. The GERF provides regular recommendations and updates to the ENFRC.

During 2020, the GERF, ENFRC and BRCC reviewed a range of emerging risks material to the Group including nanotechnology, algorithmic bias, cyber security, big data, demographic change, resource scarcity and disruptive digital technologies. The following provides an overview of two risks with associated actions:

- Nanotechnology poses a significant health risk to our customers and may impact the way they operate their businesses as regulation catches up to technology. Nanoparticles have the potential to cause cellular

level damage with long-term health impacts still unknown. There is a legal challenge as governing bodies scramble to stay up to date with technology and regulation. New European Union regulations relating to the manufacture and import of nanoforms was released in 2020, with legal ramifications for QBE's European customers. To mitigate the risk associated with nanoparticle use by our customer base, we use Arium's casualty analytics platform to host data and run scenarios to estimate sensitivity-test loss severities. QBE intends to use this tool to investigate further materiality of this risk to help identify potential treatment actions and recommendations.

- In an increasingly digital world, artificial intelligence and data analytics have the potential to generate business advantage and positive outcomes for customers. A major risk in reliance on algorithms and historical data is embedded human bias, which has the potential to affect both QBE and our customers. The use of human programmed models may magnify inherent bias in data including accidental racial, social or gender profiling. These models may give rise to ethical and legal risks for the company, and reputational risk for the industry. QBE is currently developing a tool to address this risk.

During 2020, we again actively collaborated with other multinational insurers in the [CRO Forum](#), a forum for Chief Risk Officers of global insurers to advance global risk management practices. As part of this, we worked to update the [Emerging Risk Radar](#) and undertake a deep dive into the impacts of demographic change which create both significant challenges and opportunities for the insurance sector.

i Further information about emerging risks can be found in the [2020 Annual Report](#).



Promoting sustainability with customers, business partners and employees

We work closely with our customers, partners and employees to raise awareness of sustainability issues, manage risks and develop 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. We also promote sustainability awareness in the following ways.

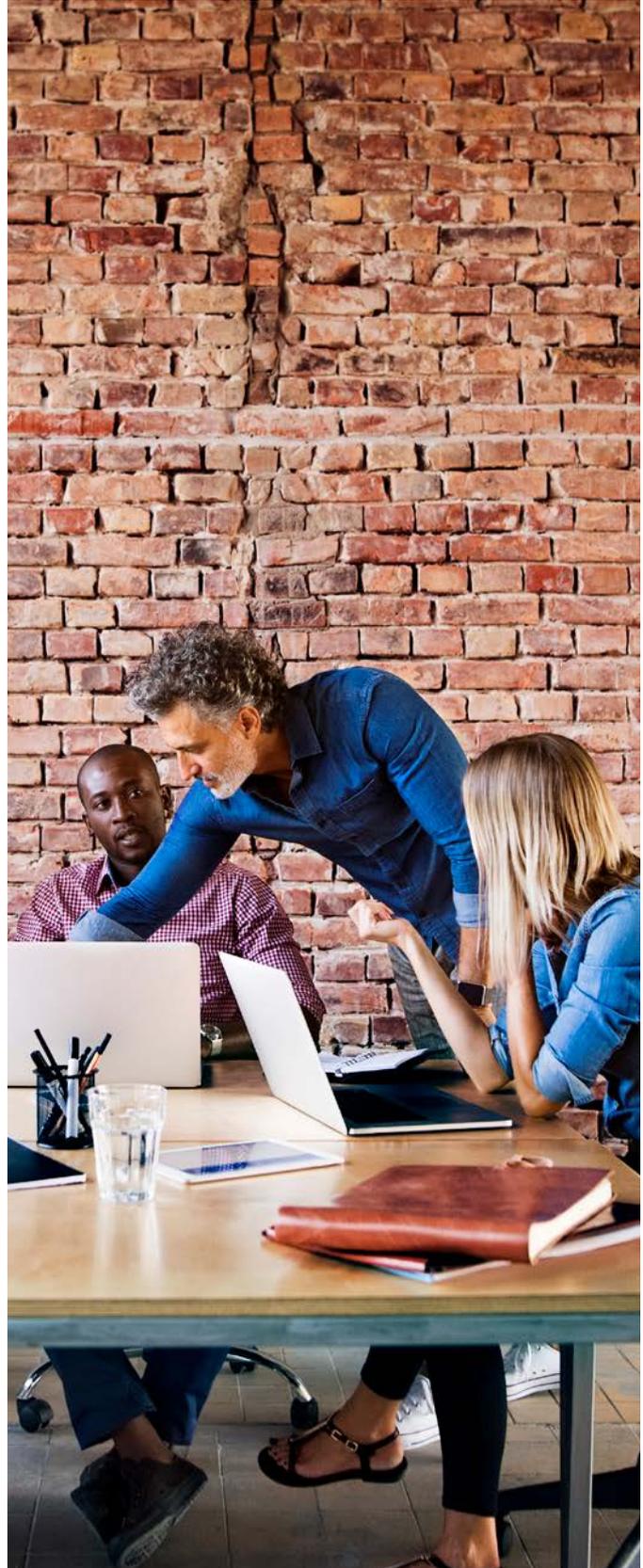
Educating to build resilience and risk expertise

We continue to support our customers by providing readily accessible thought leadership pieces and resources for small to medium enterprises on topics ranging from cyber safety for video conferencing, to productivity tips and improving mental resilience.

In Australia Pacific, our QBE Leadership Series of webinars helps leaders create a culture of safety in their workplace with a focus on mental health and business coaching. We have also extended several professional development offerings to brokers this year including our Learn@QBE Modules which cover topics such as product tutorials and general insurance credit practices.

Our Resilience Series, published in Europe, is a collection of articles, guides and insights to help businesses build resilience through safeguarding trade, managing people risks and leveraging technology. Topics include road safety in the new era of cycling and walking, planning and executing in periods of uncertainty and embedding a strong risk culture during crisis. As industry experts, we understand how vital it is that businesses are able to easily access useful resources of this kind as they develop plans to recover from this unprecedented year.

Globally, our Risk Solutions (RS) teams have been delivering webinars and guidance supporting QBE customers to manage risk and build resilience in their own businesses. In Europe, our Financial Lines RS team has developed an ESG Framework that customers can use to address climate change risks, stakeholder expectations and governance requirements, all of which are fundamental to long-term sustainability. Our aim is to build an ESG toolkit of templates providing support as our customers turn to incorporating sustainability into their businesses.



Our sustainable solutions and products

Through our products, services and publications, we continue to help our customers address sustainability issues and ESG risks. ESG considerations are embedded in our product design and decision-making processes, helping provide our customers with sustainable solutions and products.



► Encouraging ESG through pricing

QBE's Global Credit and Surety team launched a new Global Underwriting Pricing Tool for our Trade Credit business. The new tool includes pricing benefits for businesses with strong ESG ratings, an idea that came out of our Global Challenge last year where employees across the business came together to present solutions to support customers' current and emerging risks and opportunities. By offering pricing benefits for businesses with strong ESG ratings, customers that make environmentally and socially conscious choices are rewarded, and other customers are encouraged to strengthen their ratings.



Helping customers spring back from injury

In Europe, our Rehabilitation Services team aims to help people recover from workplace injuries more quickly, with a specific focus on early intervention; continuing to serve as a key product differentiator. Our proactive rehabilitation approach has saved customers an estimated 1,619 lost days by expediting employee recovery and facilitating a faster return to work. This has saved £184,000 in absence related costs. By providing early intervention and rehabilitation, not only are we able to facilitate quicker claimant recoveries, we have also saved an estimated £4.8 million in claims costs in 2020.

The team has also worked closely with the Risk Solution team to develop an online customer mental health and wellbeing assessment tool and service improvement roadmap. We have done so in collaboration with a number of mental health and wellbeing providers including Mind, the United Kingdom's most renowned mental health charity.

In Australia Pacific, our MyRecovery program combines digital technology, artificial intelligence and behavioural insight capabilities to deliver a personalised, interactive approach to recovery. Once a claim is lodged, an interactive video is sent to the individual to guide them through the claims process. The program allows pre-approval of some services, supporting injured people on the road to recovery. There has also been increased uptake in telehealth services, health consultation services delivered via video conferencing, giving people access to a wide range of medical services from home.

With the onset of COVID-19 and the widespread uptake of video conferencing, we worked with a range of healthcare partners to facilitate telehealth services. We have partnered with experts to provide more than 10,000 telehealth-based services in 2020.

In Hong Kong, our Connect Ecosystem manages and facilitates efficient employee compensation claims. The new all-in-one approach creates a collaborative and holistic ecosystem, from analysis, strategic planning, partnership and collaboration through to evidence-based medicine, service delivery excellence, negotiated outcomes and dispute and conflict resolution. The ecosystem enables injured workers to return to work more quickly.



Smart home for the smart customer

QBE North America partnered with Roost, Inc. to offer customers industry-leading smart home products to monitor smoke detectors and water systems, mitigating risks in the home. QBE personal insurance customers are eligible for a 15% discount on the smart battery for smoke detectors, which sends out notifications to nominated individuals if the alarm is activated or the battery is low. Customers are also eligible for the same discount on the Smart Water Leak and Freeze Detector, designed to sense and alert you to water leaks and frozen pipes. This partnership exemplifies QBE's approach to bringing not just insurance, but also risk expertise, to our customers.



Rewarding green upgrades

In Australia Pacific, we encourage our customers who have had a relevant claim to opt for environmentally-friendly upgrades. When replacing damaged white goods, home insurance policyholders may receive up to an extra A\$500 to upgrade that product to one with a better environmental rating. For customers who have experienced damage to their building rendering it a total loss, QBE's building insurance covers some additional costs to make the replacement building more environmentally friendly.



Predicting and preventing injury

QBE is investing in wearable technology to better predict, manage and reduce the likelihood and consequences of musculoskeletal injuries. We partnered with dorsaVi to offer on-body sensors which will be used in real time and real work environments to monitor and measure movement and muscle activity, quantify movement risk and guide decision making on appropriate risk mitigating strategies. The aim is to help reduce the physical, emotional and financial costs of worker injury and enable better injury risk management for our customers.



Cyber: the new risk frontier

Our European Risk Solutions team launched the Cyber Risk Profiler, designed to help our customers better understand their risk exposures and the security measures needed to create and maintain a cyber-resilient organisation. By understanding their cyber risk profile, businesses can be more proactive about improving it and mitigating potential risks and losses. Through an interactive questionnaire, this tool generates a report with recommendations and best practice guidance to help businesses create a top-to-bottom cyber-resilient culture and minimise vulnerability to potential cyber-attacks.



Stella Insurance: for women, designed by women

QBE is proud to support female-founded businesses, gender equality and social inclusion and Stella Insurance is a prime example of this. Underwritten by QBE, Stella Insurance represents a new opportunity for female drivers. Stella's research shows that women are statistically safer drivers and Stella Insurance seeks to reward this behaviour. Men are not excluded from being Stella Insurance customers, but the company's policies look to benefit women by covering items and situations typically excluded by traditional insurance. Stella Insurance provides discounted premiums for women, rewards for a good claims history, cover for baby gear and personal items, as well as cover for deliberate damage by a violent partner or ex. In addition, through the 'Stella Squad' program, Stella Insurance will also donate a share of its profits to female entrepreneurs, with a goal of backing, mentoring and promoting 10 new female-founded startups by 2025.



Engaging with governments, regulators and other key stakeholders to promote action on sustainability

We work together with governments, regulators, key stakeholders and customers to promote action on sustainable 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.

QBE Hong Kong is participating in the Green Finance Association Insurance Task Force arranged by the Federation of Insurers. This is an initiative made up of executives from various insurance companies in Hong Kong working to drive a coordinated response to green insurance offerings. QBE chairs the Green Product Development group, giving us the opportunity to influence and contribute to this important initiative. The key topics discussed by the task force include market and product development, investment in environmentally-friendly products,

ESG-related disclosures and cultivation of a green-focused corporate culture.

Our CEO for Hong Kong participated in the Asia Insurance Summit in November, contributing to thought leadership on digitalisation, cyber risks and new opportunities in cyber insurance.

QBE North America is working with State Insurance Commissions to support policyholders impacted by natural disasters by extending premium payments and waiving late fees. We participated in the Fraud Advisory Panel and the

International Association of Special Investigation Units to contribute to the industry knowledge base and stay on top of related fraud trends and developments. We also joined the CEO Action for Diversity & Inclusion, and contribute to the Professional Liability Underwriting Society, Risk Management Society, Women in Insurance Leadership, and have participated in the Insurance Industry Women to Watch program, Insurance Industry Charitable Foundation IDEA Council and monthly meeting of Diversity and Inclusion leaders.

Collaborating on climate change

We continue to collaborate with regulators, banks, insurers, reinsurers, asset owners and other stakeholders to develop open-source standards for reporting on physical climate risks for assets such as properties, buildings and infrastructure. The Climate Measurement Standards Initiative (CMSI) will help the industry better understand the financial risks on underwriting from increasingly extreme weather events. By developing a common approach, we can help support at-risk communities across Australia using the full power of the industry.

QBE is a funder and active leader in the CMSI, which published recommendations in two major reports, the first of which provides guidance to the financial services industry on disclosing scenario analyses under the recommendations

of the Task Force on Climate-related Financial Disclosures. The second is the result of a unique collaboration with CSIRO, the Bureau of Meteorology and University of NSW,

some of Australia's leading climate scientists, to develop scenario specifications for climate-related physical risk for buildings and infrastructure.





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 product incorporating gender equality considerations with strict investment criteria. Any issuer must be a signatory to the United Nation's Women's Empowerment Principles (WEPs) and be included in the Equileap Gender Equality Global Report and Ranking at the time we invest. As at 31 December 2020, the gender equality bond portfolio was over-collateralised at \$547.1 million on a mark-to-market basis.¹ We publish a [Gender Equality Bond Progress report](#) showcasing the achievements of companies we have invested in and the progress towards gender equality in the workplace and communities we serve.

Our gender equality bond is an opportunity for debt investors to create positive change and promote gender equality and women's empowerment.

¹ As at 31 December 2020, the mark-to-market value of the gender bond portfolio was \$547.1 million. This differs to the balance sheet value of the instrument (classified as equity), being \$393 million as at 31 December 2020.

Australian Sustainable Finance Initiative

In Australia, QBE has funded and been an active participant at all levels of the Australian Sustainable Finance Initiative (ASFI). ASFI has developed a [roadmap](#) that recommends pathways, policies and frameworks to enable the financial services sector to contribute more systematically to transition to a more resilient and sustainable economy, consistent with global goals such as the SDGs, the Paris Agreement on climate change and the *Sendai Framework on Disaster Risk Reduction 2015-2030*. Through ASFI, we have engaged with Australian Government departments and financial regulators on how we can collaboratively help shape an Australian economy that prioritises human wellbeing, social equity, and environmental protection, while underpinning financial system resilience and stability.

Adding our voice to key sustainability events

The COVID-19 pandemic caused the cancellation of many events, while others shifted online. Virtual events have allowed our voices to stretch further and reach new audiences beyond just event halls in Sydney, London and New York.

The SDGs are a top priority for QBE, and we are proud to have been able to participate in panels during the five-day Summit 'Advancing the SDGs: The Australian Experience' hosted by the Business Council for Sustainable Development Australia and the Banksia Foundation. In addition, we participated in the 16th UNEP FI Global Roundtable hosted virtually over two days in October. The Roundtable explored emerging approaches for financing achievement of the SDGs and emerging guidance and good practice, as well as the finance sector's responses to science, policy and business developments relevant to the SDGs.

QBE also supported the three-day virtual Airmic Fest in September, presenting 'The road to recovery: the power of early mental and physical health rehabilitation intervention.'

The second Annual Innovation Summit was hosted by QBE North America in October, bringing together a number of InsurTech companies to spark innovation and creative conversations about process efficiency, automation and new approaches to supporting customers. Participants presented to QBE senior leadership.

In 2020, QBE was invited to speak at a number of webinars and roundtables. We had a panellist at the New Zealand Association of South East Asian Nation's Business Alliance Conference, Shared Value Summit Asia Pacific and the 2020 Forum of the Risk Management Association on building financial sustainability.





Impact and responsible investments

2020 Sustainability scorecard achievements

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

68 securities valued at \$1.1 billion in impact investments as part of Premiums4Good



page 36

Invest up to \$100 million in social impact bonds



page 36

i View our 2021 Sustainability scorecard on [page 68](#).

As a global, multi-asset, multi-currency investor and signatory to the Principles for Responsible Investment (PRI), we believe that factoring ESG considerations into investment decision making will improve long-term, risk-adjusted financial returns and aligns to stakeholders' and community expectations. As a responsible global investor, we recognise that our decisions have an impact on the economy, environment and society at large.



Key for progress symbols:

✓ Achieved

⦿→ On track

←⦿ Behind

↻ Refreshed

As an asset owner, we seek to responsibly invest our proprietary assets, including our premium income, across the globe. QBE maintains a multi-asset, multi-currency portfolio. Our fixed income portfolio represents 93% of our overall investment assets, with the portfolio largely managed directly using in-house portfolio managers and analysts. Our growth assets portfolio represents the remaining 7% of our investment assets, and we use external managers and funds to access the various asset classes. For a detailed breakdown of our portfolio, refer to the [2020 Annual Report](#).

Advancing our Impact and Responsible Investments (IRI) approach

In 2020, we updated our Investment Philosophy Framework (Framework) and principles which are designed to deliver an investment outcome that supports and facilitates the protection and growth of appropriate stakeholder value. The Framework provides an overview of our approach to RI, commitment to responsible investing and integrating ESG factors into our due diligence, managing climate-related risks and opportunities, and appropriate transparency and reporting. QBE aims to maintain leadership among its insurance peers in impact investment and industry development. The Framework is applicable to all of our assets under management.

During the year, we advanced our RI approach, updating the Impact & Responsible Investments (IRI) Guidelines to reflect our advances in past years, and the deepening of environmental and social factors in our investment decision-making processes and systems, including considerations outlined in our Environmental and Social Risk Framework.

QBE has formalised guidelines on ESG factors. ESG analysis is integral to QBE's approach to investment due diligence and monitoring. We apply

screens through use of third-party data, and ESG Score thresholds and controversies assessments for credit issuers. ESG factors are prioritised based on materiality considerations for the issuer or sector.

Engagement policy

QBE prefers engagement to affect change in companies and external investment managers, rather than divestment. QBE adopts limited and targeted engagement with key issuers

reflected in the fixed income portfolio, and in line with the Group ESG Risk Standard, Group Energy Policy and [Global Sanctions Policy](#) – and other policies as they are developed.

In 2020, we used passive, index Exchange Traded Funds (ETFs) to gain exposure to developed and emerging market equities and, as such, do not cast proxy votes directly.



Investing in Australia's first climate, equity-linked green bond

QBE collaborated with BNP Paribas, the Clean Energy Finance Corporation and Aware Super to invest in Australia's first climate equity-linked bond. The eight-year BNP Equity-Linked Green Bond has a fixed coupon component and a variable component to the return. The variable portion is linked to a forward-looking climate index called the Australian Climate Transition Index (ACT Index), meaning that QBE is aligning capital and returns towards those companies expected to perform better in the transition to a low-carbon economy.

Integrating ESG into our fixed income portfolio

Our fixed income portfolio represents 93% of our overall investment assets. Our guidelines apply to all assets under management, including our non-corporate and corporate fixed income investment process.

We apply an ESG assessment to each corporate entity, considering independent external ESG ratings and portfolio manager assessment. Selection and monitoring include materially negative ESG developments.

All issuers are subject to the Group ESG Risk Standard, Group Energy Policy and Global Sanctions Policy, while positive screening for leading ESG performance is applied to determine the investment universe for fixed income.

Our focus on managing climate risk

QBE is committed to managing climate risk in all investment decisions, where we deem it material. Climate change also provides investment opportunities. As an investor, QBE supports climate-positive investments in various asset classes and through our Premiums4Good program.

We commit to measuring and managing climate metrics and targets in the portfolio, such as Weighted Average Carbon Intensity (WACI). A baseline established in 2019 identified that the corporate credit portfolio's exposure to carbon risk is low¹ and is therefore well-positioned for the transition to a low-carbon economy relative to the broader corporate bond market. In 2020, we continued to monitor the WACI of the credit portfolio, with the intent to maintain a low WACI. This monitoring informs new investment selection and decisions.

In November 2020, we announced our membership of the UN-convened Net-Zero Asset Owner Alliance, an international group of institutional investors committed to transitioning investment portfolios to net-zero greenhouse gas emissions by 2050. Joining the Alliance means QBE will consider the best available scientific knowledge and collaborate with other global institutional

investors on developing standard industry frameworks. We will also benefit from the technical support of the UN Environment Program Finance Initiative and PRI.

Since 2018, we have continued to engage with issuers that are identified as the highest emitters in our fixed income portfolio regarding their progress towards advancing to a low-carbon economy. We consider

carbon risk in our assessment of corporate credit issuers to identify corporations with high carbon intensity and identify concerns such as reduction targets, reduction programs and initiatives to better understand a company's strategy. We also actively engaged our managers on their TCFD plans, strategy and disclosures and performed a more detailed review of carbon-related assets to understand the climate-related risks in our portfolio.



¹ Using MSCI CarbonMetrics range based on the portfolio weighted average of issuer carbon intensity.

Our infrastructure, real estate and other investments

We use external fund managers to manage our infrastructure and real estate investments. We are pleased to note that over 80% of our external asset managers are signatories to the PRI, and we aim to maintain a threshold of 75% of all external managers being PRI signatories.

QBE joined the Global Real Estate Sustainability Benchmark (GRESB) as an investor member in 2018. The sustainability performance of our property portfolio has improved year-on-year and continues to be weighted average GRESB 4 Star and upper quartile sustainability performance. We incorporate ESG integration and analysis in our manager selection, appointment and monitoring process. We continue to strengthen our external fund manager reviews, and an annual ESG review applies for all existing managers in which we have an advanced ESG practice. In 2020, we increased attention to workplace health and safety (infrastructure assets), climate risk, TCFD, human rights, modern slavery and gender diversity and inclusion, as well as UN Sustainable Development Goals.

We engage with external managers in relation to carbon related assets and specific industry coverage – both risks and opportunities in a low-carbon economy. We have increased our focus on collaborative engagement opportunities through initiatives such as the UN-convened Net-Zero Asset Owner Alliance, and related asset manager initiatives.



Image by Claire Thomas

Save The Children Australia Impact Investment Fund

In 2020, QBE invested as the anchor investor in the Save the Children Australia Impact Investment Fund. The fund is aimed at supporting startups and enterprises that emphasise social innovation and address pressing social and humanitarian issues. The Fund will invest in enterprises working to improve the lives of vulnerable children, helping them to scale up and achieve meaningful social impact. It focuses on ed-tech, e-health and fin-tech innovations with the potential to change the lives of disadvantaged children and families in Australia and around the world.

Collaborating and engaging with industry

Through sector engagement and knowledge sharing initiatives, we have contributed to several industry events and forums including an Asia Pacific panel for The Global Steering Group on Impact Investing's recent Summit. We produced Premiums4Good case studies with the Australian Government, Big Society Capital (of the United Kingdom) and the Shared Value Project (Australia).

We provided input to the Australian Government's Department of Social Services and Social Impact Investing Taskforce and the UN draft SDG

Impact Standards for Bonds which are advancing impact practice in the green, social and sustainability (GSS) bond market and in private equity. These efforts are important to support the alignment of financial flows towards achieving the SDGs by 2030.

QBE representatives contribute to the Impact Investment Forum, Human Rights Working Group and as co-chair of the Impact Management and Measurement Community of Practice for the Responsible Investment Association Australasia.

Premiums4Good – a unique collaboration

QBE's impact investing initiative, Premiums4Good, continues to grow. The initiative directs a portion of insurance premium to impact investments to deliver an environmental or social impact or return alongside a financial return. Premiums4Good investments are made in asset classes as diverse as fixed income, private equity, infrastructure and renewables. We also make catalytic investments in alternatives such as social impact bonds. We communicate with our customers and business partners about the impact of these investments. Further information can be found in our [Premiums4Good Investment Impact Report](#).

In 2020, QBE extended the ambition to grow impact investments to \$2 billion by 2025. We have achieved our initial ambition of \$1 billion ahead of time. Premiums4Good has grown to 68 securities valued at \$1.1 billion as at the end of 2020.

QBE reviewed and updated the GSS Bond eligibility in Premiums4Good classifications and reclassified investments in line with our updated impact framework to reflect the growth of the GSS bonds market and QBE's intention of investing across the impact spectrum.

Consistent with our commitment to positive opportunities in relation to climate risk, more than US\$640 million is invested under environmental impact areas.

From March to June 2020, we made more than \$40 million in new investments to support private and public sector businesses and programs in countries and communities exposed to the economic and health effects of the COVID-19 pandemic. We invested in World Bank and International Finance Corporation bonds, which target financing to health sectors, microfinance and financing opportunities for women and small business owners.

Social impact bonds

In 2014, QBE committed to invest up to \$100 million in suitable social impact investments, specifically social impact bond (SIB) and pay for success (PFS) investments.

As a leading investor in impact bonds across the globe, we are one of the few to invest across different impact areas, currencies and geographies – and are committed to these catalytic investments.

Of the 200 impact bonds which have now been issued globally since 2014, QBE has invested in nearly 10% of the impact bonds on issue (direct and fund investments), with more impact bond investments in our pipeline. We have invested in Australia, the United Kingdom, Canada and the United States.

These investments seek positive outcomes across diverse impact areas. If our current SIB direct and fund investments achieve the intended outcomes, we have the capacity to positively impact more than 26,000 people in areas such as:

- reducing youth homelessness;
- improving education and employment outcomes;
- improving parenting skills to reduce the number of children removed into state care;

- reducing reoffending; and
- reducing long term cardiovascular disease.

One of these SIBs we invested in and provided the up-front capital to develop and deliver is the Activate SIB, which matured in 2020.

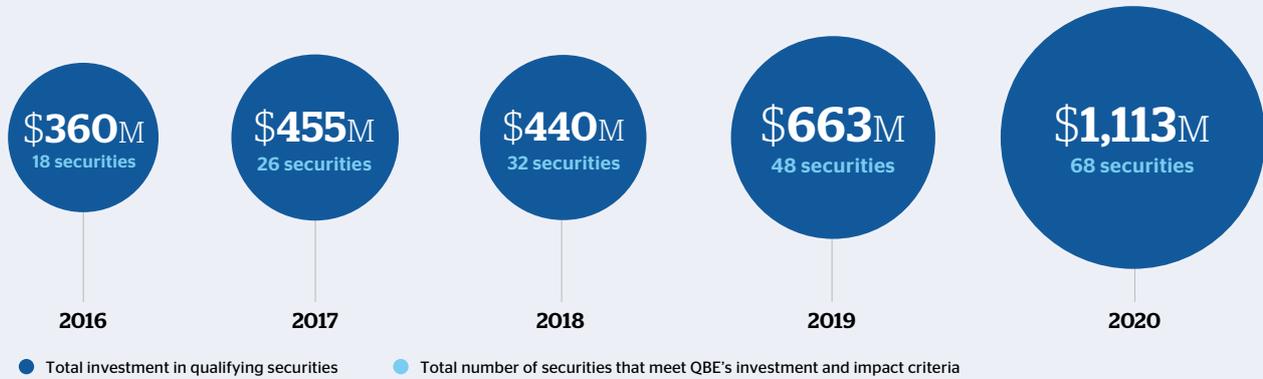
QBE invested in Activate in 2016, the first Pan-Canadian SIB, a partnership between the Public Health Authority of Canada (PHAC), Heart & Stroke Foundation, MaRS Centre for Impact Investing, and other organisations and investors. In 2020, PHAC repaid investors due to the success of the program.

27% of all deaths in Canada are due to heart disease and stroke. The impact bond financed a lifestyle change and digital health program to reduce progression of high blood pressure for pre-hypertensive people over the age of 40. Activate launched in 2018, and screened thousands of people. It exceeded its target for participants maintaining or decreasing their blood pressure between their initial and six-month follow-up sessions, improving the lives of more than 4,600 people in Toronto, Greater Vancouver and Saskatoon.



Premiums4Good Investments

Securities and investment totals 2016-2020 (US\$M)



Global recognition of Premiums4Good

Since its inception in 2014, Premiums4Good continues to engage customers, employees and stakeholders. In 2020, Premiums4Good secured industry and peer recognition with a range of prestigious awards including:



Business Intelligence
Group Sustainability
Leadership Award (2020)



Inaugural Environmental
Finance IMPACT Awards
Re/Insurer of the
Year (2020)

Current Premiums4Good investments: Impact area and location of impact as at 31 December 2020^{1,2}

	GLOBAL	AUSTRALIA AND NEW ZEALAND	EUROPE AND UK	NORTH AMERICA	DEVELOPING MARKETS	TOTAL
Environment						
Food & Agriculture					1	1
Resource Efficiency, Recycling, Re-use & Conservation					1	1
Sustainable Energy	2	9	12	11		34
Water	1					1
Total	3	9	12	11	2	37
Social						
Education & Employment			1		2	3
Financial Inclusion	1		3		1	5
Health	2	1				3
Housing & Social Real Estate		6	1	2		9
Social Care & Provision of Community Services		1	1	3		5
Social Inclusion, Diversity & Gender				1	1	2
Urban & Community Development		1		3		4
Total	3	9	6	9	4	31
Grand total	6	18	18	20	6	68

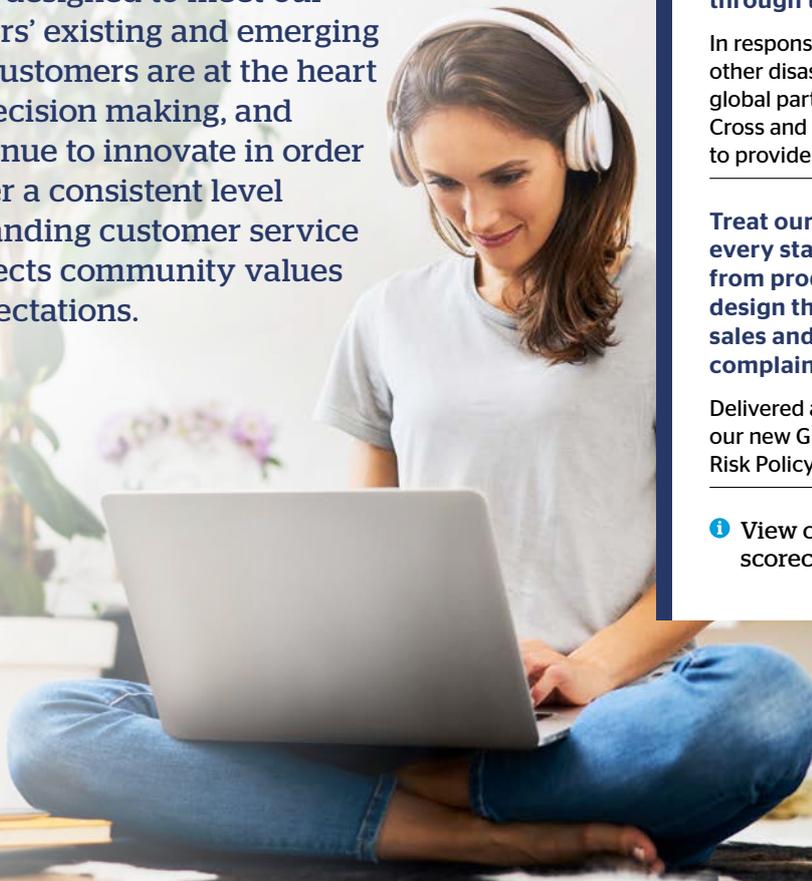
¹ Impact areas, geographies and SDGs are mapped and categorised by QBE in line with our impact investment definitions and classifications. Please note that individual investments or investees may classify these differently.

² Our methodology to reconcile number of securities was updated from 2018 onward.



Customer and community

As a leading international insurer and reinsurer with a strong history of serving our community, we offer a diverse range of products and services designed to meet our customers' existing and emerging needs. Customers are at the heart of our decision making, and we continue to innovate in order to deliver a consistent level of outstanding customer service that reflects community values and expectations.



2020 Sustainability scorecard achievements

Develop a vulnerable customer strategy for the Australia Pacific Business

Published a Financial Inclusion Action Plan in 2020 **page 41** ✓

Implemented Supporting Customers Experiencing Vulnerability Policy and training for our people in Australia Pacific **page 9** ✓

Maintain a Group-wide community engagement strategy in line with our priority SDGs

Maintained QBE Foundation spend of 0.5% of 2019's cash profit after tax **page 45** ↻

Initiated the refresh of our global community engagement strategy **page 42** ↻

Support communities affected by natural disasters through the QBE Foundation

In response to COVID-19 and other disasters, enhanced our global partnership with Red Cross and Save the Children to provide urgent relief **page 10** ↻

Treat our customers fairly at every stage of the policy cycle, from product development/design through to post sales and claims, including complaints handling

Delivered and rolled out our new Group Conduct Risk Policy **page 39** ✓

i View our 2021 Sustainability scorecard on **page 68**.

Key for progress symbols:

✓ Achieved

↔ On track

↔ Behind

↻ Refreshed



Leveraging disruptive technology to support our customers

In 2020, we launched Customer@QBE, our globally consistent approach to delivering value to customers in a responsible, accountable manner to ensure long-term sustainable relationships. Our approach focuses on three key elements being mindset, insight and delivery. As an enabler of this, our global sales approach unifies our employees to drive more customer-centred behaviours across our policy cycle.

We aim to be at the forefront of technology to understand and address trends impacting our customers and the broader community. We also contribute to the communities in which we operate through our disaster relief partnership, the QBE Foundation, by engaging in thought leadership, advocacy and mentoring and providing online resources for customers and others.

The Sustainable insurance section of this report outlines how we provide innovative products and services for our customers.

Managing customer conduct risk

We define 'conduct risk', broadly, as the risk of unfair or detrimental outcomes resulting from a failure to treat customers and claimants in a fair manner when designing or building our products, designing and operating our sales and marketing practices, distributing our products, handling claims and managing complaints.

In 2019, we introduced a Group Conduct Risk Policy outlining our expectations in relation to managing conduct risk across our business. The Policy seeks to affirm our strong commitment to customer service and satisfaction.

Our Group Executive Non-Financial Risk Committee (ENFRC), has oversight of conduct risk at QBE. The ENFRC's objective is to support the Group Board and the BRCC with identifying, assessing and mitigating conduct risk. We have a dedicated Group Head of Conduct to oversee our efforts in managing this topic.

Highlighting our commitment as a customer-centric insurer, we maintain several initiatives, processes and controls to ensure fair treatment of our customers through every stage of the policy life cycle, 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.



Artificial Intelligence (AI): the future of home inspections

QBE believes in empowering customers with the most advanced tools available to help them obtain the right coverage for their homes. In North America, AI-assisted home inspections help customers conduct these at their own convenience, without the need for a third-party inspector to enter the home. Using a smartphone camera to scan their own property, AI automatically documents critical property data including hazards, risks, features, materials and more.

In near real-time, the AI can 'react' to the data collected to adapt and customise conversational workflows based on the unique attributes that it 'sees'. The identification of risks and hazards through these self-guided inspections helps us more quickly and efficiently support customers at a critical time.





▶ Partnering to disrupt the Small to Medium Enterprise (SME) insurance market

QBE and SafetyCulture, a workplace safety technology platform, have entered into a joint venture to launch Mitti to disrupt the traditional insurance model for SME businesses. A key focus is risk mitigation to reduce the likelihood of needing to make a claim.

Mitti combines QBE's technical expertise and deep experience with SafetyCulture's inspection software iAuditor, the world's largest safety checklist app, to help customers mitigate their business risks and stop incidents from happening before they occur. By leveraging big data, AI and machine learning, Mitti aims to deliver more tailored solutions that do not just assess risk, but help customers avoid risks altogether and the losses that might flow from them. Importantly, by supporting more businesses to manage their risks, Mitti will help create safer workplaces for their customers and employees. Mitti joins the portfolio of companies that are part of QBE Ventures, and is one of the many ways we are delivering more affordable and smarter insurance to customers.

i Further information about QBE Ventures can be found in [Operational excellence](#).



Digital innovation and customer experience

Our focus on a simplified, more usable customer journey is the driving force behind significantly enhancing our digital offerings. The COVID-19 pandemic

has highlighted the importance of online platforms and digital tools in our day-to-day insurance business.

In Australia Pacific, we launched our new online portal for customers to get a quote and purchase car and home insurance with an easy-to-use interface and simpler products. New Product Disclosure Statements were designed with customers in mind, with clear and understandable language. The portal also contains helpful tips and intuitive navigation to help customers understand their cover. On the heels of the launch of the new online car portal, QBE was recognised by the 2020 Mozo Experts Choice Awards as an industry leader in Exceptional Value Car Insurance based on price, features, benefits and cover levels.





Recognition as a digital innovator

In Asia, we continue to be recognised for our ongoing focus on digital innovation to deliver exceptional value and operational excellence for our customers, business partners, people and the community in both Hong Kong and Singapore.

For the second year in a row, QBE has been recognised at the prestigious Insurance Asia Awards. In 2019, QBE Hong Kong's Digital Claims won **Claims Initiative of the Year**. In 2020, it won the **Digital Insurance Initiative of the Year** for the newly introduced motor claims initiative. The Digital Motor Claims platform is designed to enable customers to directly file a motor claim anywhere, at any time. Providing a superior claims experience for customers with direct connection to QBE's panel repairers' network, the platform also simplifies claims management through

centralising registration, procedures, repairs, claims status tracking and adjuster appointing. This end-to-end claims service not only shortens the claims turnaround time but also reduces the need for physical documentation.

QBE Singapore was also awarded **Digital General Insurance Initiative of the Year** for the Green Dispatch Solution, launched amid the COVID-19 pandemic, in support of the Singapore government's push for sustainable practices. The solution offers electronic distribution of policy documentation to our business partners and customers using robotic process automation technology (bots). The Green Dispatch bot collates newly-generated policy documents each day, applies encryption to enhance security then distributes these to intermediaries via email on the next business day. Customers are able to receive their policies

quickly and securely. Eliminating the high volume of paper associated with document printing and manual administration has saved a staggering one million sheets of A4 paper per year, warehouse space, transportation emissions and processing time, as well as eliminating the risk of lost mail.



QBE Singapore has also been recognised for its significant efforts to achieve better integration through common digital standards of business practices across various business functions in this year's Australian Chamber of Commerce Singapore Business awards, winning the inaugural **Digital Capability Award**.



▶ Promoting greater financial inclusion

In Australia, we are part of a number of organisations included in the Financial Inclusion Action Plan (FIAP) program, a partnership between Good Shepherd Australia and New Zealand, the Australian Government, EY and the Centre for Social Impact that promotes economic wellbeing and financial inclusion.

Our [FIAP](#) outlines 29 programs of work to strengthen financial inclusion and build resilience in underserved communities. This enables us to support our customers and stakeholders by increasing their understanding of QBE's products and services, creating alternate pathways, products and access to insurance and supporting vulnerable groups through partnerships and collaboration. We continue to strengthen our capability to support customers experiencing vulnerability, particularly in the area of financial acumen. This will help reinforce our capacity to recognise and respond to our customers who are most at risk of financial exclusion and refer them to critical support networks for assistance in times of need.

We continue to invest in social impact bonds and infrastructure supporting a range of programs that seek to create change in underserved communities, enhancing the resilience of communities and small businesses. Through our QBE Foundation and local and global disaster relief partnerships, we have developed action plans and methods to better support our customers and communities in times of crisis.



Investing in communities for greater resilience

The QBE Foundation continues to partner with impactful not-for-profits around the world to safeguard vulnerable communities, enable financial resilience, strengthen their health and wellbeing and promote inclusion and sustainability. We remain focused on our priority SDGs, providing opportunities for our people to support the communities in which they live and work. We tackled the challenges presented by COVID-19 through a globally co-ordinated response, pivoting where required to support existing partners as they experienced increased demand for their services and a reduction in funding and donations.

i Refer to [Responding to the events of 2020: Communities for further information.](#)

In 2020, we joined the Business for Societal Impact network (formerly LBG), a global standard in measuring and managing corporate community investment (CCI), implementing their methodology for measurement and reporting.

We also assessed our community engagement approach and the QBE Foundation strategy and, in 2021, will launch a new global strategy. Here are some of the ways we have delivered against our priorities in 2020.

i Further information about the QBE Foundation and partnerships we support around the globe can be found [here](#).



▶ An opportune path to prosperity

At QBE, we understand that not all our customers and communities have access to traditional financial products. To assist these communities in North America, we supported Opportunity Fund, a microfinance non-profit company providing loans to underserved small business owners, helping them build credit and grow their business. Since 1994, they have lent to thousands of underserved entrepreneurs, mostly low-income women and People of Colour. Opportunity Fund ensures that vulnerable men and women have access to economic resources such as financial services, including microfinance. These loans also assisted in rebuilding small businesses impacted by the economic fallout caused by COVID-19.



Empowering survivors of modern slavery

There are an estimated 136,000 people in modern slavery in the United Kingdom. QBE Foundation supported Their Voice, which aims to empower survivors of human trafficking and modern slavery. Many women who have escaped these conditions find themselves pregnant, in an unfamiliar country and without access to support. Their Voice helps survivors rebuild their lives by supplying essentials for babies, children and adults and providing advocacy for individuals applying for residency. With QBE's funding, Their Voice helped 125 trafficked women receive hospital bags, providing both practical and psychological support. Their Voice also runs programs to raise awareness about human trafficking and modern slavery to help free existing victims and eradicate forced labour.





Giving citizen scientists a platform to save the natural world

ClimateWatch, launched in Australia in 2009, is an Earthwatch program responding to the critical gap in climate science data by encouraging the public to document wildlife and plants in their surrounding environments. The ClimateWatch app uses photos submitted by users to record environmental data, to assist in our understanding of the impact of climate change on biodiversity.

With travel restricted during COVID-19 and more people exploring their local areas, interest rose until the demand outgrew the processing abilities of the app. To help, QBE diverted funding from our Earthwatch expeditions, that were unable to go ahead due to COVID-19 restrictions, to support the development of the new ClimateWatch app.

QBE's support for ClimateWatch and climate action will enable a growing community of citizen scientists to understand how climate change is impacting plants and animals.



Supporting vulnerable families in times of need

QBE Foundation, in partnership with Philippine Business for Social Progress (PBSP), has provided support for in-need communities greatly impacted by lockdowns during the pandemic. As movement restrictions were imposed in the country, a lot of families have struggled to put food on the table, and depend on relief assistance provided by the local government and the private sector. As a consequence of the pandemic, communities had limited opportunities for daily-wage-earners, contributing to hunger in households. With QBE's grant, PBSP provided relief packs for a total of 940 families in communities in Manila and Cebu. These packs contain rice, assorted vegetables and vitamins. The vegetables are sourced from local farmers who have struggled to market their produce during the pandemic. PBSP has also provided support to local health units and quarantine centres in identified COVID-19 hotspot areas by distributing hygiene kits, drinking water, and personal protective equipment (PPE).





► **Stars Foundation**

In 2020, QBE Foundation and Stars Foundation (Stars) entered the second year of their multi-year partnership to support the empowerment of Aboriginal and Torres Strait Islander girls and young women. The Stars program aligns with the Australian Government’s Closing the Gap targets addressing school attendance rates, year 12 completion and successful transition into employment or further study.

With QBE’s support, Stars assisted over 1,000 First Nations girls and young women in 17 schools across the Northern Territory, Queensland and Victoria in areas such as education, health and wellbeing. COVID-19 has had a significant impact on all of Stars’ programs due to the closure of communities. Despite this, Stars was able to deliver support remotely and has seen a consistently outstanding attendance rate of 84% of its students across its programs. As at June 2020, around 91% of Stars’ graduates have remained in employment or further study.



Making a house a home

In Hong Kong, the QBE Foundation supported Habitat for Humanity’s Project Home Works program. This program serves low income families, the elderly and people living with physical disabilities through providing critical home repair and renovation services, ensuring access to adequate and safe housing. Habitat for Humanity partners with several local non-profit and social services organisations to identify individuals and families in need of housing repairs in Hong Kong. Before the onset of COVID-19, volunteers worked alongside contractors to paint, clean and repair homes for vulnerable families and individuals. Volunteers brought warmth and human connection into these households and helped raise awareness about the need for access to adequate, safe and affordable housing for all. With the onset of COVID-19, QBE’s support enabled Habitat to distribute 50 essential home hygiene kits to elderly and low-income vulnerable families living in Kwai Chung.





Our corporate community investment



The total value of our social and community investment programs in 2020 was over \$4.9 million. This includes financial contributions through our charity partnerships and local grants, employee volunteering, workplace giving, in-kind giving and management overheads arising out of volunteered time, services or office space.

TYPE OF CONTRIBUTION ¹	2020 US\$000	2019 US\$000	2018 US\$000
Financial contributions ²	4,335	4,544	4,185
Time: employee volunteering ³	61	551	464
In-kind giving ⁴	2	48	77
Management overheads or administrative costs ⁵	572	518	431
Total community contribution	4,970	5,661	5,157

CCI Investment



Total Community Contribution by SDG⁶



Percentage directed to COVID-19 Support



31%

of overall community contributions directed to COVID-19 support



Through the QBE Foundation, our support has reached

45,406

people through

288

community organisations



Our people got involved over

3,000

times in QBE Foundation activities e.g. volunteering, fundraising



Our employees have donated

\$210,000

of their own money towards charities



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

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

3 **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. A decrease in employee volunteering is attributed to all face to face opportunities ceasing due to COVID-19 in our countries of operation.

4 **In-kind giving:** In 2020, we have maintained our process to capture in-kind giving across our divisions by using financial proxy values as estimates. A decrease in in-kind giving a direct result of COVID-19 restrictions limiting our opportunity to host events and provide other forms of in-kind support for our partners across the year.

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

6 Total contribution split by SDG does not include management costs. SDG 8, Decent work and economic growth, was not a primary focus for the Foundation in 2020 and therefore, has not been captured in this data set.



People and culture

2020 Sustainability scorecard achievements

Continue to focus on diversity and inclusion in the workplace

34.8 % of women in leadership ↔
page 49

Maintained fair remuneration on a like-for-like role basis ↺
page 51

i View our 2021 Sustainability scorecard on [page 68](#).

At QBE we offer a supportive, flexible and inclusive workplace and culture where our people are encouraged to achieve their personal and professional goals.



Key for progress symbols:

✓ Achieved

↔ On track

↔ Behind

↺ Renewed



The key to the long-term sustainability of our business is our people, and we invest in their physical, emotional and financial wellbeing. Our organisational culture is distilled into seven behavioural elements, the QBE DNA. It is not just what we do, but how we do it, that can make a difference in the lives of our customers, communities and our people, helping us achieve our purpose and drive our success. Our QBE DNA outlines the expected behaviours across our Group and is central to the Group's Code of Ethics and Conduct. The QBE DNA is foundational - it helps us respond to current and emerging risks, opportunities and stakeholder needs. We continue to bring our QBE DNA to life across the organisation and in our actions.

Our unique culture

Culture is a key priority at QBE. We already have strong foundations in place and have made good progress in recent years to articulate how our QBE DNA sets us apart. But we know that this work never stops. We have commenced our Board-sponsored organisational culture review following the departure of our Group Chief Executive Officer (CEO) in September. Called the 'Culture Accelerator', this review builds on the work already undertaken to develop a vibrant, supportive and inclusive culture at QBE. We are proposing an evolution of our culture, building on our existing foundations to deliver high performance today as well as constant renewal and modernisation of our business into the future. We believe that

the right culture, when aligned with our business strategy, helps drive business performance and positive customer, employee and partner outcomes. We want to continue building an environment where everyone feels safe and encouraged to speak up, raise ideas and call out issues without fear.

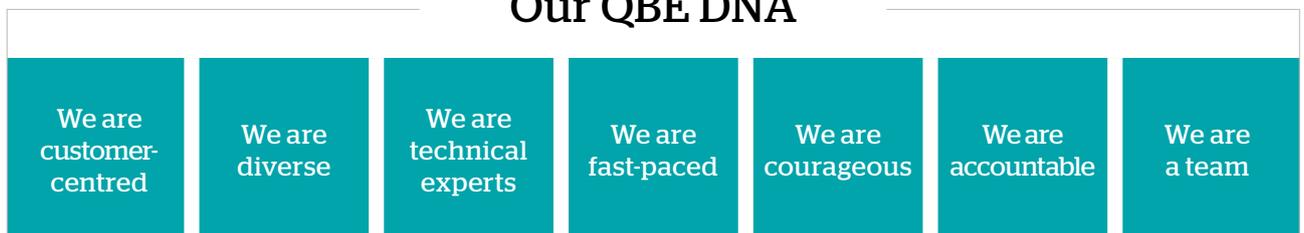
There are already a number of initiatives underway to support our cultural agenda. Globally, we will be increasing our focus on development and succession planning to enable us to have a stronger internal pipeline to senior roles. Work is underway to put targeted development plans in place for our senior leaders in 2021. In Australia Pacific, we have rolled out the Appropriate Workplace Behaviour online compliance module which canvasses what constitutes appropriate workplace behaviour at QBE. It provides tools to help manage the risks of bullying and harassment and generates options to contribute to a positive working environment at QBE. In Asia, we have conducted a risk culture deep dive, focusing on speak up amongst our people.

We have advanced our measurements of culture and have developed our first 'culture dashboard' for the Group. Some of these metrics now form part of the regular management Quarterly Business Reviews. This will be further enhanced as we refine our thinking through insights gained via our Culture Accelerator.

Monitoring the pulse of our employees

During 2020, we measured and monitored employee wellbeing through five global Q.Pulse surveys in addition to our regular annual QBE Voice employee survey. Q.Pulse was designed to take the temperature of our organisation and help address workforce needs around wellbeing, safety, resources and enablement, regardless of whether employees are working remotely or on-site. Q.Pulse results overall showed that more than 60% of our employees consistently reported that they were feeling 'Great' or 'Good'. However, we did report declining trends in employees feeling they can manage demands and pressures of work as the year progressed.

Our QBE DNA



Our annual QBE Voice employee survey focuses on issues such as engagement, satisfaction, enablement, organisational culture, leadership and management effectiveness, diversity and inclusion (D&I) and risk culture metrics. The survey gives our people the opportunity to tell us what it feels like to work at QBE and where we need to improve our employee experience and culture. We also use the survey process to get a point-in-time view of the demographics and diversity of our workforce. Refer to [pages 53 to 55](#) for further information. In 2020, we achieved a strong response rate of 86%, with an overall engagement score of 76%, up six percentage points from 2019, and an enablement score of 76%, up five percentage points from 2019.

Key insights from this year's survey include that QBE continues to respond effectively to changes in the business environment (up 16 percentage points), indicating that our efforts over the year have had a positive impact. Communication has been a strategic focus and during COVID-19, our people have seen an improvement in open and honest communication with a 12 percentage point increase. One of the key highlights for the year is that our employees feel they can speak freely without fear of negative consequences as part of our speak up culture (up five percentage points). There is continued growing trust and confidence in both the Group Executive Committee (up four percentage points) and Divisional/Functional Leadership teams (up eight percentage points).

In light of recent events, our people have asked us to continue to be more innovative and flexible as a company. Feedback has indicated that the work we are doing to achieve our strategic priorities is having an impact, and QBE is continually transforming for the better. Following the 2020 survey, we will continue to take a disciplined, strategic approach to addressing the key QBE Voice themes, communicating actions and progress, and sharing learnings across the divisions.

Keeping our people connected

People are at the heart of our business. Creating an environment where our employees feel engaged, supported and equipped to do their best is essential to our success.

In response to the pandemic, we ramped up our communications and listening to stay connected through interactive forums, regular blog posts, virtual meetings and townhalls that encourage two-way conversations. Our Group and divisional CEOs continue to provide regular updates, giving employees across the Group the chance to directly comment and ask questions about the business and our strategic priorities.

In North America, we rolled out a QBE Connect calendar including various channels to educate and engage employees as they continued to work remotely. We implemented a campaign called 'Café ExCo' to enable our employees to stay connected to their Executive teams. In Asia, our program 'Asia Connects' consisted of monthly leadership calls, quarterly all-employee townhalls and a Monthly Wrap newsletter.

We celebrate our employees' diversity and our various employee network groups support and empower our people to work together on issues they care about. Globally, we champion internal advocacy networks to bring our QBE DNA to life with groups such as QBE Pride focused on LGBTIQ+ inclusion. In Australia Pacific, we launched Bunjis@QBE, formed by the Reconciliation Action Committee to further drive our First Nations reconciliation efforts. In North America, we run Valor for veterans, WIN (Women's Initiative Network) MIX (multicultural), Pride (LGBTIQ+) and Q4S (sustainability). In Europe, Workability focuses on employees living with physical and mental disability, Circle is a supportive gender-related network, Open Mind supports mental health and wellbeing and MIX is our ethnic diversity network.

QBE Voice survey result



Engagement

76%

(Up 6 percentage points from 2019)



Enablement

76%

(Up 5 percentage points from 2019)





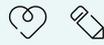
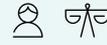
Diversity and inclusion

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the
UN Global Compact Office

We continue to embrace and encourage the diversity of all our people, irrespective of difference, and believe this spirit of openness and adaptability is essential to attracting, retaining and developing the best people for the best organisational and personal outcomes. We understand that a diverse and inclusive workforce brings a deep and valuable range of talents, skills, insight and experience, to better rise to challenges and opportunities and support our customers and stakeholders.



These icons denote integration of WEPs

Our global policy

Our [Global Diversity and Inclusion \(D&I\) Policy](#) highlights our commitment to promoting equality and embedding inclusion in our culture. The Board People & Remuneration Committee (PARC) oversees our strategy and progress. The Global D&I Council, comprising our Group Executive Committee (GEC) drives our agenda collectively and across our divisions. We report our progress publicly through QBE's [Corporate governance statement](#).

Promoting equality through advocacy

Our GEC has placed a higher level of visible sponsorship and accountability on issues relating to the progression of women in leadership and the fair treatment of all. This included our senior-level leadership advocating for, or being signatories to, external pledges or charters such as the Male Champions of Change group in Australia, the HM Treasury Women in Finance Charter, Tech Talent Charter (to achieve greater gender diversity in technology services) in the United Kingdom and the charter created by the French LGBT+ association, L'Autre Cercle, for the inclusion of LGBTIQ+ people in the workplace.

Equality in recruitment

We continue to focus on strengthening our hiring practices to promote D&I across our workforce including tracking of gender-diverse hires, interview panels and short-listed candidates. We further embedded our recruitment guide to help support and upskill people leaders in promoting diverse hiring practices, and swiftly pivoted our recruitment practices and programs to enable virtual hiring and onboarding during the sustained work from home period.

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



Women in leadership

Across the Group, we came close to achieving our goal of having 35% women in leadership by 2020, with an increase over the last year from 33.7% to 34.8%. This was due to our ongoing focus on recruiting, selecting, promoting and developing all our people. In Australia, for example, we continued to run our flagship career acceleration program 'Lead In' with great success. We continue to identify pain points and develop targeted initiatives to address hiring, promotion and retention challenges related to gender. We developed a new target of having 40% of women in leadership by 2025.

We also achieved our target of having 30% women on the Group Board, which we achieved in 2020. Our new target is to have 40% women on the Group Board by 2025.



People and culture (continued)

Diversity in our supply chain

We are committed to encouraging D&I 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 businesses.

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

Supporting our employees who are carers

We understand that time, flexibility and choice are key to supporting our employees who are parents or carers as they look after their dependants or look to return to work after carer's leave.

In Asia, we launched Family Care Leave consisting of three additional leave days for all permanent employees to cover time out for taking care of a child, elderly and/or ill family members. Across some of our European offices, we have enhanced family-friendly policies in excess of the statutory minimum. We partner with CityParents to give working parents resources to balance home life and their careers with informative events and webinars covering a wide range of subjects such as family, careers and wellbeing.

In North America, we offer in excess of the minimum parental leave requirements, providing 18 weeks' leave instead of 12 weeks. As part of these 18 weeks, which are job-protected, parents giving birth can take two weeks pre-partum paid leave and 6-8 weeks' post-partum paid leave, while non-birth parents can take eight weeks' paid leave.



Flexible working at QBE

Our [Flex@QBE Principles](#) outline our approach to workplace flexibility, supporting our Global D&I Policy. We believe the office will continue to be critical to connection, innovation and collaboration, however, we also recognise the benefits of a more flexible workforce. Our aim is to drive a common culture through shared principles. Our forward looking business strategy speaks to greater trust and empowerment with purpose-led, agile teams. We have continued to see benefits made by our teams in flexible working – a valuable building block to enable us to move toward a more agile business.



Sharing the care

In 2019, we introduced our gender-equal, flexible parental leave policy 'Share the Care' in Australia and New Zealand. The program is inclusive of all parents and family situations and extends to those involving permanent foster care, surrogacy or stillbirth. This policy has resulted in a 300+% uplift in male employees taking paid parental leave, with men now representing over a quarter (27%) of parents in the organisation accessing paid parental leave. QBE has been voted #10 in the 2020 Top 20 Australian Workplaces for New Dads (by HBF Direct Advice for Dads, a website for dads, by dads).

QBE Australia was named the *JobAccess Best Workplace Diversity & Inclusion Program* at the Australian HR Awards 2020, recognising our work in gender-equal paid parental leave.



Upholding human rights

Across our divisions, we respect human rights and commit to avoiding human rights harm. We are dedicated, and promote adherence, to internationally-recognised human rights principles to secure the dignity and equality of our employees, customers, communities and suppliers.

i Refer to [Governance](#) for further information on how we manage human rights across our business.

Fair remuneration and gender pay equity

At QBE, we believe that an inclusive and supportive culture is central to the success of our business, where all our people are valued, and treated fairly. For us, this means equal pay for equal work. As part of the annual salary review process, we perform an analysis of our workforce to assess pay equity. We use multivariate regression analysis to assess the gender pay equity gap based on the key drivers of pay in our organisation including the role, location and the employee's performance. This methodology is applied across all our major markets covering approximately 90% of QBE's workforce, with results shared at Board level. This approach enables QBE to identify areas for improvement within our annual salary review process.

As an average across these markets, our gender pay equity gap is sufficiently small enough to be confident that we pay men and women 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.

Our analysis has also indicated that in our three largest commercial markets (the United Kingdom, the United States and Australia), we pay our employees in excess of publicly-acknowledged levels of what is understood in those jurisdictions as the 'living wage' (broadly, the minimum income necessary to meet basic needs).



Focus on: accessibility

For the fifth consecutive year, QBE has participated in the Positive Action towards Career Engagement (PACE) program, a 16-week program supported by the Australian Network on Disability, connecting jobseekers with a disability to mentors. PACE plays a key role in providing access to the workplace for mentors, building awareness and disability confidence in our employees.

After undertaking the Australian Network on Disability's Disability Confidence Training, our recruitment team has integrated questions around workplace adjustments into every stage of the recruitment process.



Focus on: inclusion

At QBE, we celebrate our people's differences and diversity and are committed to a workplace where all are valued and respected and can feel safe to speak up and seek support. In Australia Pacific, we launched a 'Racism, It Stops with Me' resource page to equip employees and leaders to address racism in the workplace or support those that may have experienced it in the community.

In Europe, we developed a 'Race Matters' guide and glossary, providing our employees with advice on how to engage in conversations around race relations, inequality and injustice and what vocabulary to use in those conversations. We also launched the 'seven asks of action and accountability' to challenge employees and leaders to address the issue of racism and affect meaningful and sustained change within our business. We also raised awareness of support available for mental health as part of Black, Indigenous and People of Colour Mental Health Awareness Month.



► **Reconciliation Action Plan**
In September 2020, we launched our [third Reconciliation Action Plan \(RAP\) for 2020-2022](#), which sees our continued commitment to creating meaningful relationships and promoting sustainable opportunities to empower Aboriginal and Torres Strait Islander communities, organisations and businesses. We have identified people, supply chain, community and customer focus areas and opportunities we will need to work on as part of our Innovate RAP.

People and culture (continued)

Developing our people and leaders

To enable our leaders to help their teams navigate a year unlike any other, we deployed a range of resources and programs. We expanded the leadership curriculum to include a Leader Toolkit, which articulated practical tips and key attributes needed to lead through uncertain times including adaptability, curiosity and empathy. We also delivered a targeted and contemporary global leadership development initiative focused on building the core mindsets and skills needed for future leadership at QBE. In Australia Pacific, we organised a leadership and executive learning series on how to build high performing teams to lead the QBE way. In Europe, we ran virtual sessions and an eLearning module to support leaders in overcoming distance and on virtual management, as well as how to process and communicate ongoing changes, manage fatigue and keep teams motivated through prolonged uncertainty.

We launched Customer@QBE to help our people generate a consistent customer mindset, develop valuable customer insights and deliver excellence to our customers. In addition, our global sales approach works alongside this to drive more customer-centred behaviours. Across Asia, Europe and North America we have delivered training to support customer-facing employees, including underwriters, portfolio managers, business development and distribution. These sessions have helped provide our people with a practical framework and new skills.

During the year, we re-launched the 'Development@QBE' portal with the aim of providing employees across Australia Pacific with development programs and resources to support their continuous development. This site houses all 'Learning for All' offerings, leadership development, development for new starters, mentoring, on-demand learning and technical and professional development resources. The site has been visited over 17,900 times during 2020. Similarly, North America launched the 'Development@QBE' portal to house their learning offerings and will build on this in 2021 to add additional development programs and resources.

Our learning and development site, Learn@QBE, has launched many new learning modules in 2020. In Australia Pacific, we saw over 1,200 employees attend over 86 'Learning for All' courses. The platform pivoted focus during the pandemic by providing continuous learning to our employees while they worked remotely. It had offerings on digital literacy, having real conversations and owning your own development.

In 2019, we began delivering 'Know the Line: Sexual Harassment in the Workplace' training. In 2020, it was compulsory for employees in Australia Pacific to complete this training session, which involves breaking down what sexual harassment means, where and to whom it applies and giving employees a clear framework to identify and address sexual harassment.

In North America, we launched Women in Agri Leadership Development, a program for women in the Crop business focusing on the unique experiences faced by females in Crop Insurance, to challenge conventional thinking, develop mindsets and advance leadership skills.

As outlined in the QBE Voice, 84% of our employees advised that their manager was supporting their development, up three percentage points.



Performance management and reward

Our performance management approach, ME@QBE, is centred around regular conversations and setting relevant time-bound performance goals that align with our QBE DNA. ME@QBE enables our people to own their performance and take control of their career by setting goals, encouraging check-ins with leaders and requesting regular feedback from managers and peers.

Our annual 'My Year in Review' provides each employee with the opportunity to have in-depth discussions with their leader, reflect on key achievements, feedback received and demonstration of the QBE DNA in the last 12 months and look forward to the following year. Employees are encouraged to collect feedback throughout the year on key strengths and areas to develop. The QBE Voice survey indicated our employees are receiving clear and regular feedback on how they are performing in their roles, up five percentage points from 2019.

This process was enhanced in 2020 allowing snapshot feedback to be gathered in real time. Individual goals and objectives are aligned to QBE's strategic priorities, and these are updated as part of impact reporting periods.

Our workforce

Overall workforce¹

11,697

Total number of employees

52.0% Female
 48.0% Male

11,343

Total number of full-time
equivalent (FTE) employees

Geographic footprint by division (headcount)



Workforce (%) by employment level and gender⁴

	2020		2019		2018	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Group Executive Committee (GEC)	30.0	70.0	27.3	72.7	27.3	72.7
Level 1	25.5	74.5	19.6	80.4	23.1	76.9
Level 2	29.4	70.6	28.8	71.2	25.7	74.3
Level 3	36.3	63.7	35.3	64.7	33.8	66.2
Level 4	48.3	51.7	48.2	51.8	48.3	51.7
Level 5	56.2	43.8	55.5	44.5	56.1	43.9
Level 6	61.9	38.1	64.4	35.6	64.1	35.9
Female Workforce Total	52.0	48.0	52.2	47.8	52.7	47.3
Total % of women in leadership (GEC–Level 3)⁵	34.8	65.2	33.7	66.3	32.0	68.0

Average tenure by level and gender⁶

AVERAGE TENURE (YEARS)	2020		2019		2018	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Group Executive Committee	4.4	5.7	3.4	5.1	2.4	4.6
Level 1	3.7	9.8	4.3	10.2	3.7	9.7
Level 2	6.1	8.9	5.9	8.6	6.0	8.6
Level 3	7.3	8.4	6.8	8.3	7.0	8.1
Level 4	7.4	7.2	7.0	7.0	7.1	7.1
Level 5	6.6	5.2	6.3	4.8	6.3	4.7
Level 6	6.2	3.8	6.0	3.6	5.9	4.2
Total	6.8	6.2	6.4	6.0	6.4	6.0

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

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 and fixed term, excludes casual/temporary employees and contingent workers not directly employed by QBE.

⁵ Women in leadership (i.e. women in senior management) is defined as Group Executive Committee, levels 1, 2 and 3.

⁶ This includes permanent and fixed term, excludes casual/temporary employees and contingent workers not directly employed by QBE. 2018 data has been updated to reflect changes in our HR system.

People and culture (continued)

Workforce by age and gender

Overall workforce by age and gender (headcount)¹

AGE	2020			2019			2018		
	FEMALE	MALE	TOTAL ¹	FEMALE	MALE	TOTAL ¹	FEMALE	MALE	TOTAL ¹
<30	1,127	959	2,090	1,225	1,026	2,252	1,386	1,096	2,483
30-50	3,731	3,298	7,032	3,705	3,231	6,938	3,945	3,377	7,322
>50	1,222	1,353	2,575	1,176	1,338	2,514	1,232	1,416	2,648
Total	6,080	5,610	11,697	6,106	5,595	11,704	6,563	5,889	12,453

Overall workforce by average age

DIVISION	2020	2019	2018
North America	47.2	47.1	46.9
Australia Pacific	41.4	41.6	42.1
International	40.9	40.9	40.9
Latin America ²	-	-	39.9
Group Head Office ³	42.5	42.2	41.6
Group Shared Services Centre ⁴	33.2	32.4	31.9
Overall average age	40.8	40.5	40.3



HEADCOUNT %	
<30	
Female	54.0
Male	46.0
30-50	
Female	53.1
Male	46.9
>50	
Female	47.5
Male	52.5

Attrition⁵

	OVERALL LEAVERS ⁶		VOLUNTARY ATTRITION ⁷ %		INVOLUNTARY ATTRITION ⁸ %		OVERALL ATTRITION %	
	2020	2019	2020	2019	2020	2019	2020	2019
By gender								
Female	681	1,334	8.1	12.4	3.3	9.2	11.4	21.5
Male	664	1,145	8.4	12.4	3.6	8.0	12.0	20.4
Total⁹	1,346	2,479	8.3	12.4	3.4	8.6	11.7	21.0
By age								
<30	276	520	11.6	18.9	2.8	6.2	14.4	25.2
30-50	767	1,435	8.0	12.0	3.0	8.2	11.0	20.2
>50	303	524	6.6	8.4	5.0	11.4	11.6	19.8
Total	1,346	2,479	8.3	12.4	3.4	8.6	11.7	21.0
By division								
North America	212	349	6.4	9.0	3.2	6.4	9.6	15.4
Australia Pacific	386	565	7.8	11.3	5.1	8.2	13.0	19.6
International	267	425	8.9	11.8	1.0	4.3	9.9	16.1
Group Head Office	111	208	8.2	10.7	1.7	8.0	9.9	18.6
Group Shared Services Centre	370	607	9.7	18.1	5.0	4.1	14.7	22.2
Total	1,346	2,479¹⁰	8.3	12.4	3.4	8.6	11.7	21.0

¹ This includes permanent and fixed term, excludes casual/temporary employees and contingent workers not directly employed by QBE. The total numbers from 2018 to 2020 include employees with gender noted as 'Unspecified'. Total 'unspecified' in 2018 = 1; total 'unspecified' in 2019 = 3; total 'unspecified' in 2020 = 7.

2018 data has been updated to reflect changes in our HR system.

² Latin America disposed of in 2018 and therefore discontinued operations.

³ Group Head Office employees are based across all regions.

⁴ Group Shared Services Centre employees are based in the Philippines.

⁵ 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.

⁶ Overall leavers include both voluntary and involuntary figures.

⁷ Voluntary leavers typically comprise resignations, contract terminations or voluntary retirement.

⁸ Involuntary leavers principally include those terminated through dismissal or redundancy.

⁹ The total for 2020 includes one employee with gender noted as 'Unspecified'.

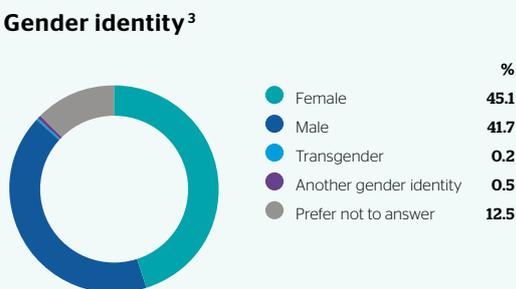
¹⁰ Latin America disposed of in 2018 and therefore discontinued operations. Total leavers in 2019 includes 325 in Latin America.

Workforce diversity indicators¹

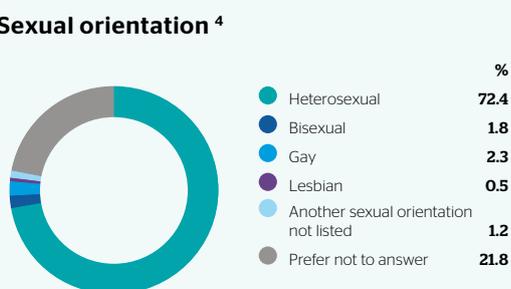
Ethnicity²



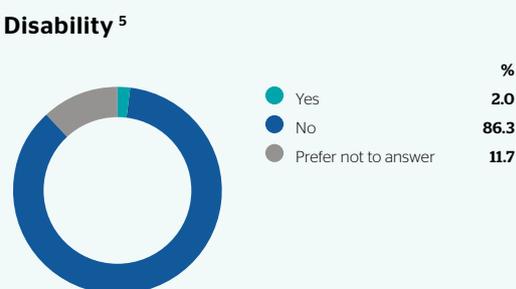
Gender identity³



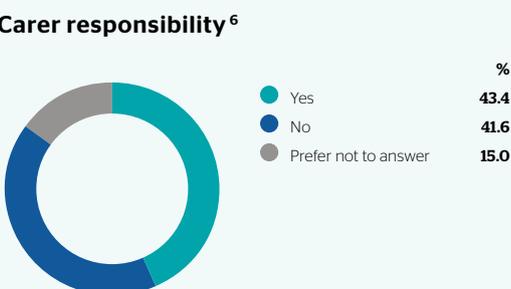
Sexual orientation⁴



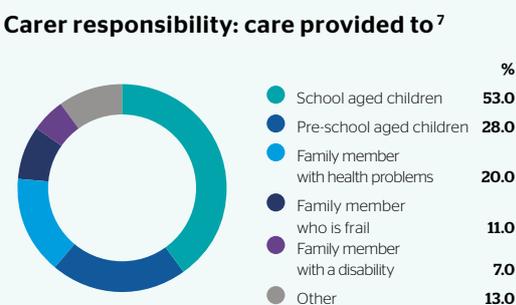
Disability⁵



Carer responsibility⁶



Carer responsibility: care provided to⁷



Diversity breakdown of workforce

Employees working part-time

4.3%

Down from 4.5% in 2019

PART-TIMERS	2020	2019	2018 ⁸
Female	455	472	484
Male	52	57	51
Total	507	529	535
Total Workforce	11,697	11,704	12,452
Part time %	4.3	4.5	4.3

1 The following information is at a point in time, collected anonymously and voluntarily as part of the annual QBE Voice employee survey completed in November 2020.
 2 Based on % of survey respondents. Total survey respondents = 9,641. Papua New Guinea, Solomon Islands, Vanuatu, Fiji, French Polynesia and New Caledonia were excluded from this survey question.
 3 Based on % of survey respondents. Total survey respondents = 9,415. Papua New Guinea, Solomon Islands, Vanuatu, Malaysia and UAE were excluded from this survey question.
 4 Based on % of survey respondents. Total survey respondents = 9,339. Papua New Guinea, Solomon Islands, Vanuatu, Fiji, French Polynesia, New Caledonia, UAE and Malaysia were excluded from this survey question.
 5 Based on % of survey respondents. Total survey respondents = 9,641.
 6 Based on % of survey respondents. Total survey respondents = 9,772.
 7 Based on % of survey respondents. Total survey respondents = 5,589. Respondents were able to select multiple options, therefore the % does not add up to 100%.
 8 Figures have been restated.



Operational excellence

At QBE, we are focused on enhancing the customer experience and building products and services that meet our customers' needs. We continue to transform the way we operate as a business by increasing the use of digital technologies, innovation and analytics. The large-scale shift to remote working during 2020 has brought new cyber challenges to overcome, while significantly contributing to a reduction in the environmental impact of our business operations.

2020 Sustainability scorecard achievements

Minimise the impact of our operations on the environment

Sourced renewable electricity for 97% of our electricity requirements, up from 63% in 2019  **page 59**

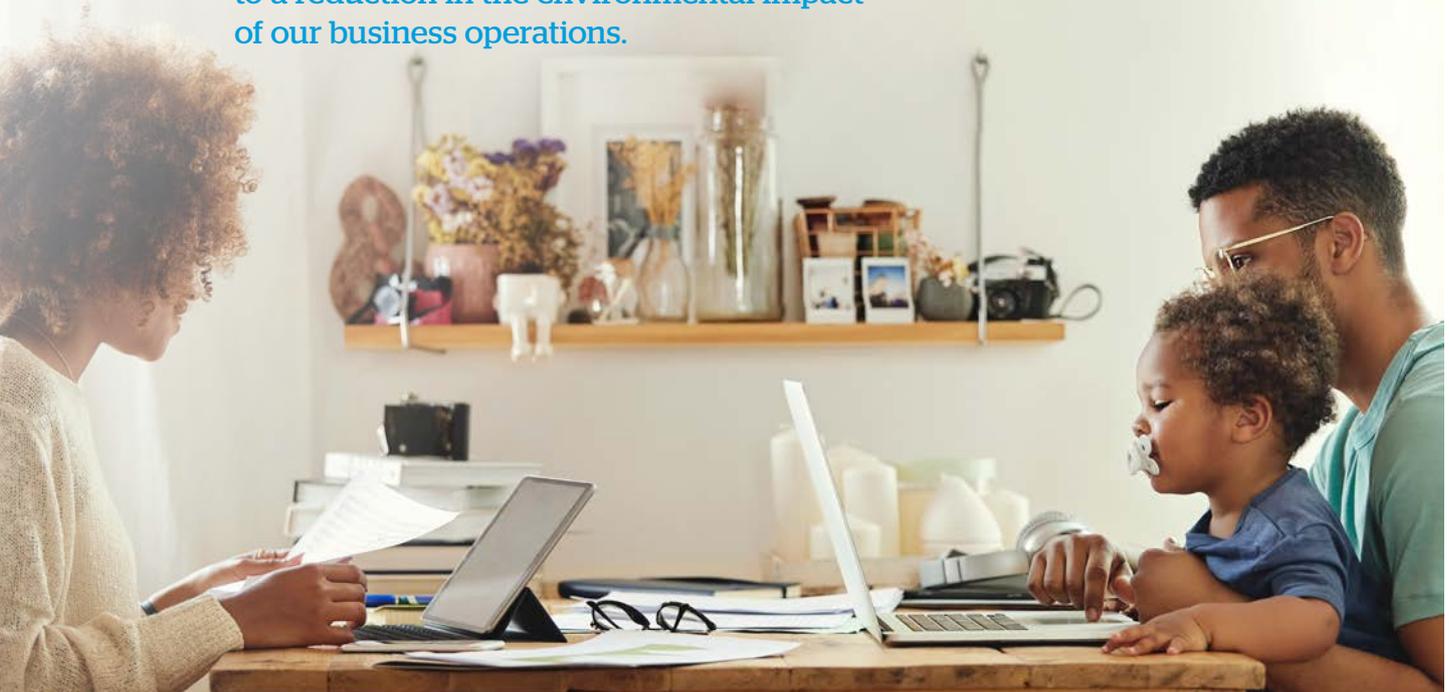
Reduced our scope 1 and 2 carbon emissions by 80%, up from a 57% reduction in 2019  **page 59**

Reduced our air travel by 85%, up from a 31% reduction in 2019  **page 59**

Reduced our energy use by 32%, up from a 14% reduction in 2019  **page 59**

Maintained carbon neutrality  **page 59**

i View our 2021 Sustainability scorecard on [page 68](#).



Key for progress symbols:

 Achieved

 On track

 Behind

 Refreshed



Our global operations and transformation teams provide critical support services to our customers and employees including policy processing, claims management, information technology, data and analytics, projects and procurement services.

Digital transformation, innovation and analytics

Our focus on digitisation, innovation and analytics is integral to us delivering better customer value and experiences and remaining at the forefront of our industry. In 2020, we continued to strengthen our capabilities in this area. Some of our efforts included:

- In North America, our Claims Form Automation process has become part of our foundational effort to improve and standardise the way our Claims teams communicate with customers. Using 340+ templates, interactive document editing capabilities and automated and semi-automated letters, this process has brought savings and efficiency, and improved our claims management and regulatory compliance.
- In Europe, our pricing and data science teams are developing a new generation of pricing and risk selection models blending machine learning, generalised linear models and other traditional actuarial techniques to enhance underwriting performance and decision making. We actively seek external data sources to augment our internal data and increase the quality of our algorithms. During 2020, we enhanced many of our pricing models including commercial motor, financial lines, marine, property and packages. We also deployed enhanced technology to support our SME portfolio and the business more generally.
- Defending liability claims that go to litigation can come at a significant expense to QBE. The impact of these costs underscores the importance of choosing the best firms to represent us.

Our North American team utilises Artificial Intelligence (AI) to select defence counsel for litigation with an algorithm based on the law firm's performance from a total loss perspective. AI has helped us to direct claim assignments to high performing defence counsel to optimise our legal expense relative to realised settlement outcomes. By better managing legal fees and outcomes, we can better serve customers by keeping costs, and ultimately premiums, as low as possible. In 2020, we spent \$11 million in fees to external law firms, and spent \$77 million on settlements and awards.

- In Europe, we use data mining processes to build predictive models and create a database that can be used across multiple projects and to validate data. Analytics-enabled text mining involves scanning a document through an Optical Character Recognition (OCR) reader, which converts it to a format that can be analysed by our Data Science team and used to build predictive models. More than 10 million claims documents have already been scanned, and going forward, every document received will be scanned through the OCR, allowing our teams to find what they need more quickly.
- Our Natural Language Processing experts utilise AI models to analyse text data in order to predict fraudulent claims and identify and respond to customers. Text mining strengthens our fraud detection through identifying patterns and signs of potential fraud, which are then referred to the Special Investigation Unit team for follow-up.
- In Australia, we launched our National Towing Network, a group of accredited partners that provide 24/7 emergency accident towing services to our customers. The Network ensures customers are supported at the scene of accidents and their vehicles are transported to the best placed repairer (including our Accredited



QBE Ventures

QBE Ventures invests in and builds alongside early stage technology companies that have the potential to enhance our business model and reshape the insurance industry. Leveraging QBE's market strength, resources and expertise, these emerging technologies are augmented to create new value for our customers, partners and the communities in which we operate. We partner with leading InsurTech startups that provide intelligence, insights and potentially industry-changing ideas. We actively seek to invest in companies whose products or ideas can be deployed into our operations to help us solve business problems or to grasp an opportunity - accelerating both the startup's growth and our continued transformation.

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

Smash Repairer Network), providing a streamlined claims experience that will have customers back on the road faster and help QBE manage costs. Our new Property Claims Lodgement Tool also enables integrated digital lodgement, claims triaging and supplier allocation in the one application. We continue to work towards offering a unique, efficient claims process for each customer, depending on their individual circumstances.

Operational excellence (continued)



Business resilience

The need to shift our organisation to remote working as a result of the pandemic highlighted the importance of investments we have made in increasing our operational resilience. Within a 72-hour period in March, around 15,000 QBE employees were rapidly transitioned to a fully working-from-home scenario with minimal disruption to customer service or business operations.

The investments we have made in technology and collaboration tools over the last two years included an organisational upgrade to Windows 10, Microsoft Teams and cloud-based virtual desktop infrastructure, along with increased network capacity and resilience. These allowed our people to move to remote working quickly and easily, without compromising on security.

Within a week of making the shift, calls to the IT Service Desk for help had returned to near-normal levels, and operational stability has been maintained since then. It took hard work and dedication to make sure we could continue connecting with our customers, employees and service providers just as we did before COVID-19 emerged.

Our investment in uplifting security controls across identity and access management, multi-factor authentication, endpoint security and data loss prevention were also critical in supporting QBE's secure remote working arrangements. Our Global Security Operations Centre has been operating on heightened awareness since the onset of COVID-19 to detect and respond to the increased threat posed by cyber criminals exploiting the global shift to remote working. We also increased our cyber security education and awareness activities to provide our employees and customers with a range of advice designed to reinforce secure practices.

Throughout 2020, QBE continued to uplift and mature our cyber capabilities, including the industrialisation of our third-party suppliers' cyber governance processes, patching and vulnerability management, network security, system assurance testing and management of data security risks. We also continued to focus on rationalising the number of legacy applications and increasing the stability of our platforms to improve the user experience.

This year has challenged our approach to business resilience as never before. With the pace of upheaval this year, it is easy to forget that COVID-19 emerged at a time when the organisation was already responding to the Australian bushfire crisis and the Philippines Taal Volcanic eruption. In December 2019, our new Group Business Continuity Management policy was approved by the Group Board, which set out the agreed standards for business continuity management across the globe. This meant that we were well-positioned Group-wide in relation to crisis coordination across onshore, offshore and third-party sites, making our operational response very effective.

Procurement

Our Procurement teams aim to deliver business value in responsible and sustainable ways, focusing on the minimisation of operational and supply chain risk and disruption when interacting with suppliers.

The Supplier Sustainability Principles set minimum expectations of our suppliers doing business with QBE. In line with our principles, we continue the process of integrating sustainability considerations as part of procurement. We seek to engage suppliers and business partners who share our understanding of, and commitment to, developing sustainable supply chains for our regional and global communities, and who will work with us to achieve these objectives.

The Supplier Sustainability Principles are referenced as part of our supplier agreement templates (including our Global Services Agreement template). In North America, our 'Request for Proposal' process includes questions for the supplier on environmental initiatives and metrics that they track.

In Australia Pacific, a sustainable procurement strategy is being developed. We are leveraging our partnership with Supply Nation, Australia's leading database of verified Indigenous businesses, to include these businesses as part of the supplier selection process and strategic supply solutions where possible. We are integrating sustainability in our discussions with suppliers as part of our Supplier Relationship Management Framework and practices.

i Further information about our focus on indigenous engagement can be found in our [Reconciliation Action Plan](#).

Operational environmental performance

We continue to drive improvements in our environmental performance by integrating resource efficiency considerations into our strategic and operational business decision making, transitioning to renewable energy sources and inspiring our employees to take action.

In support of the transition to a low-carbon economy, we joined the RE100 in 2019. In 2020, we made strong progress towards 100% renewable electricity for our operations, with 97% of our global electricity use coming from renewable sources. We also maintained carbon neutrality and achieved our energy use, air travel and science-based emission reduction targets ahead of time. While COVID-19 had impacted our operations and performance, we are confident that we will achieve our 2021 targets.

Sustainable workplaces

Like many businesses, our response to COVID-19 has prompted us to reflect how best to enable our people to achieve the right balance of remote and office-based working, and how we can continue to create workplaces that inspire our people to be at their best. As we embrace remote working globally, we recognise the importance of accounting for the associated carbon emissions and have therefore included a calculation as part of our carbon footprint.

Engaging our employees to create behavioural change

A big focus for us in 2020 was finding new and engaging ways to keep our people connected in our sustainability agenda and informed about actions they can take in their personal lives to live more sustainably. Engagement activities included:

- Launching a global intranet site that guides our people to becoming sustainability champions and helps identify ways to manage sustainability-related risks and opportunities.
- Hosting Plastic Free July 'lunch and learn' sessions leveraging our partnerships with Taronga Zoo in Australia and the World Wildlife Fund in the Philippines to educate employees on the effects of plastic on the environment and wildlife, and to share tips on reducing single-use plastics.
- Running employee competitions, campaigns and idea-sharing in celebration of World Environment Day to encourage our people to reconnect with nature during the pandemic.

Our targets

Reduce energy use by
15% by 2021

Reduce Scope 1 and 2
carbon emissions by
30% by 2025

Transition to
100%
renewable electricity by 2025

Reduce air travel by
20% by 2021

Embracing digital transformation

COVID-19 has also accelerated our shift towards a more digital workplace. Digitisation enables us to deliver an improved customer experience and reduce operating costs and environmental impacts through reducing paper, one of our main material inputs. In Hong Kong, we implemented a 'Go Green' initiative to digitise many of our internal processes and leverage the use of automated forms instead of paper.

We rolled out the Green Dispatch initiative across our operations in Singapore and Hong Kong, which helped enable a 50% reduction in internal paper usage and saved over \$160,000 in the printing and distribution of market-facing documents.

i You can read more about this in [Customer and community](#).

Our 2020 performance against targets is outlined in the table below.

INDICATOR	BASELINE ²	TARGET	TARGET YEAR	2020 ACTUAL PERFORMANCE	2020 TARGET PERFORMANCE	STATUS
Air travel (tCO ₂ -e)	17,739	-20%	2021	2,717	-85%	Achieved
Energy use (GJ)	178,976	-15%	2021	122,115	-32%	Achieved
Scope 1+2 emissions (tCO ₂ -e) (1.5°C trajectory aligned science-based target) ¹	29,696	-30%	2025	5,881	-80%	Achieved
Renewable electricity use (MWh)	-	100%	2025	22,529	97% ³	On track

¹ This is 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. Baseline for all other indicators is 2018.

³ Actual 2020 percentage of renewable electricity. This is not a year-on-year percentage change.

Operational excellence (continued)

Greenhouse gas emissions by activity

tCO ₂ -e GHG EMISSIONS ¹		% CHANGE FROM PRIOR YEAR	2020	2019	2018	2017	2016
Direct emissions (Scope 1)²							
Business travel - fleet vehicles	○	-18%	4,628	5,615	6,988	6,631	7,529
Stationary energy - gas	○	-7%	920	985	1,326	1,273	1,157
Total Scope 1	○	-16%	5,548	6,600	8,314	7,904	8,686
Indirect emissions (Scope 2)²							
Scope 2 (market-based) ³	○	-95%	333	6,172	21,382	23,899	25,155
Scope 2 (location-based) ⁴	○	-18%	13,770	16,729	21,382	23,899	25,155
Other indirect emissions (Scope 3)^{2,5}							
Stationary energy - gas indirect	○	-20%	1,022	1,274	1,186	1,570	2,081
Business travel - air ⁶	○	-78%	2,717	12,160	14,973	17,739	19,524
Business travel - car hire and taxi	○	-25%	1,612	2,146	2,161	2,158	1,669
Business travel - rail and bus travel	○	-83%	23	133	139	133	168
Working From Home - electricity and gas ⁷			3,174	DNR	DNR	DNR	DNR
Office paper purchased	○	-56%	93	211 ⁸	324 ⁸	574 ⁸	474 ⁸
Waste - recycled and landfill	○	-26%	739	1,002 ⁹	1,022 ⁹	1,079 ⁹	1,147 ⁹
Water	○	-44%	108	192	188	229	193
Total Scope 3	○	-45%	9,488	17,118	19,993	23,482	25,256
Total GHG emissions (Scope 1, 2 and 3)	○	-49%	15,369	29,890	49,689	55,285	59,097
Carbon offsets	○		(15,369)	(29,890) ¹⁰	(49,689) ¹⁰	-	-
Net GHG emissions (carbon neutral from 2018)			-	-	-	55,285	59,097

Emissions profile by source (tCO₂-e)Emissions profile by region (tCO₂-e)

Key performance indicators - GHG emissions intensity

tCO ₂ -e GHG EMISSIONS		% CHANGE FROM PRIOR YEAR	2020	2019	2018	2017	2016
Scope 1+2 GHG emissions per GEP US\$M	○	-56%	0.42	0.96	2.11	2.20	2.30
Scope 1+2 GHG emissions per FTE ¹¹	○	-54%	0.52	1.13	2.45	2.25	2.38
GHG emissions per GEP US\$M	○	-51%	1.10	2.25	3.54	3.83	4.01
GHG emissions per FTE ¹¹	○	-49%	1.35	2.64	4.09	3.91	4.15

Carbon offset by project type (%)



Electricity use by region (%)



1 GHG emissions data is calculated based on QBE business activities and includes emissions from CO₂, N₂O and CH₄. Emissions from HFCs, PFCs, SF₆ and biogenic activities are not applicable to QBE's operations and therefore have not been reported.

2 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.

3 Our market-based emissions derive emissions factors from our contractual instruments, including green electricity purchased through our electricity retailers and renewable energy attribute certificates sourced via brokers.

4 Our location-based emissions reflect the average emissions intensity of grids on which our electricity consumption occurs (our location-based emissions do not take into account the contractual instruments we have used to reduce our emissions footprint).

5 This year, 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 2020 Annual Report. Employee commuting is not included in our Scope 3 inventory due to unavailability of data.

6 Scope 3 emissions from business air travel include DEFRA's required distance uplift and exclude radiative forcing due to the significant scientific uncertainty surrounding the quantification of the effect of radiative forcing.

7 Due to COVID-19, the majority of our global workforce has been working from home for most of 2020. We have estimated the emissions relating to energy use by our employees while working from home.

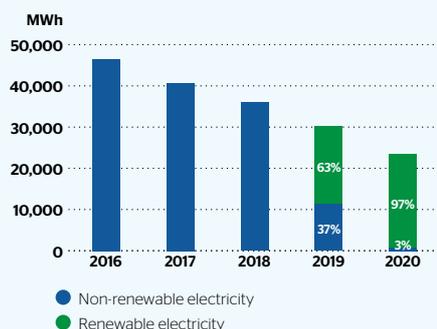
8 In 2020, as part of our ongoing focus on improved data quality, we moved from using DEFRA's waste emission factor to calculate office paper purchased emissions to using DEFRA's 'cradle-to-gate' emission factor. This has resulted in higher reported emissions and we have restated prior years' emissions for comparative purposes. Our underlying reported paper purchased volume remained unchanged.

9 In 2020, as part of our ongoing focus on improved data quality, we moved from using DEFRA's waste emission factor for Australian waste emissions to using NGA's lifetime waste emission factor. This has resulted in higher reported emissions and we have restated prior years' emissions for comparative purposes. Our underlying reported waste volume remained unchanged.

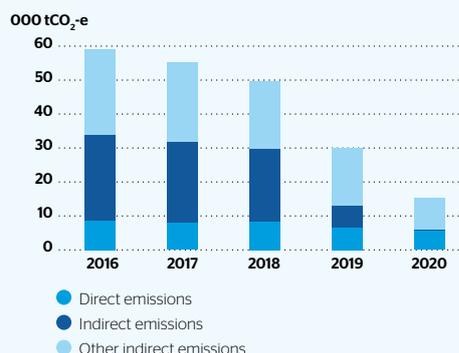
10 The carbon offsets purchased in 2018 and 2019 were sufficient to cover the increase in emissions due to the restatements of office paper purchased and waste emissions mentioned in Footnote 8 and 9 above and we remained carbon neutral.

11 The emissions intensity indicators for 2018-2020 are per FTE. Indicators for 2016-2017 are per number of employees.

Electricity use by source



Direct and indirect emissions



Other environmental indicators

	UNITS	% CHANGE FROM PRIOR YEAR	2020	2019	2018	2017	2016
Stationary energy use¹							
Non-renewable electricity	MWh	○ -93%	771	11,304	35,916	40,691	46,500
Renewable electricity ²	MWh	○ 19%	22,529	18,876	-	-	-
Electricity use per FTE ³	MWh/FTE	○ -23%	2.05	2.67	2.96	2.88	3.27
Gas - direct	GJ	○ -7%	18,234	19,513	26,231	25,362	20,772
Gas - indirect	GJ	○ -20%	20,000	25,133	23,446	31,218	37,460
Gas use per FTE ³	GJ/FTE	○ -15%	3.37	3.95	4.09	4.00	4.09
Working From Home - electricity and gas ⁴	GJ		26,287	DNR	DNR	DNR	DNR
Business travel							
Air travel	'000 km	○ -72%	26,070	93,074	110,499	132,851	124,195
Road travel ⁵	'000 km	○ -21%	9,406	11,876	11,623	11,831	5,882
Rail and bus travel	'000 km	○ -73%	877	3,240	3,101	2,828	3,385
Business travel per FTE ³	'000 km/FTE	○ -72%	2.30	8.23	9.10	9.40	8.73
Office paper purchased¹							
Office paper purchased per FTE ³	kg/FTE	○ -55%	10	22	28	44	35
Water use¹							
Water use per FTE ³	kL/FTE	○ -44%	9	16	15	15	13
Waste and recycling¹							
Waste to landfill	tonnes	○ -42%	877	1,512	1,536	1,770	1,764
Waste per FTE ³	kg/FTE	○ -37%	124	198	208	231	192
Paper recycled	tonnes	○ -26%	438	589	844	1,340	833
Other recycled waste ⁶	tonnes	○ -28%	96	134	142	156	137
Recycling rate	%	○ 19%	38	32	39	46	35

How we account for the numbers

Our reporting on environmental data follows the guidelines outlined in:

- the Global Reporting Initiative (GRI) 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:

- Australian Government's Department of Industry, Science, Energy and Resources: *National Greenhouse Accounts Factors 2020* (NGA);
- United Kingdom Government's Department for Environment Food & Rural Affairs (DEFRA): *GHG Conversion Factors for Company Reporting 2020*;
- United State's Environmental Protection Agency (EPA): *Emission Factors for Greenhouse Gas Inventories: Direct Emissions from Stationary Combustion 2020*;
- United State's EPA: *Emissions & Generation Resource Integrated Database (eGRID) 2018* (released in 2020); and
- International Energy Agency: *CO₂ Emissions from Fuel Combustion, 2019* edition.

1 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.

2 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.

3 Indicators for 2018-2020 are per FTE. Indicators for 2016-2017 are per number of employees.

4 Due to COVID-19, the majority of our global workforce has been working from home for most of 2020. We have estimated the energy usage by our employees while working from home.

5 Road travel includes business travel by car hire, taxi and private car.

6 Includes recycled IT asset waste and mixed plastics and glass.



Governance

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.



2020 Sustainability scorecard achievements

Cultivate and continue to drive compliance awareness across the business

Delivered annual Group Code of Ethics and Conduct training  **page 63**

Achieved 97% completion of Group Code of Ethics and Conduct training  **page 63**

Achieved 97% completion of Whistleblowing Policy training  **page 63**

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

Published an annual Modern Slavery and Human Trafficking Statement  **page 65**

Delivered human rights-focused training as part of our 2020 Group Code of Ethics and Conduct training  **page 65**

Continue to be transparent about our tax contributions across the Group

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

i View our 2021 Sustainability scorecard on **page 68**.

Key for progress symbols:

 Achieved

 On track

 Behind

 Refreshed



Our Group Code of Ethics and Conduct

We are committed to maintaining high ethical standards in our behaviour and in our dealings with customers, suppliers, communities, shareholders and other stakeholders.

QBE is subject to extensive legal and regulatory requirements, industry codes of practice and standards of behaviour. We understand that compliance, accountability and transparency are critical to enabling us to deliver our strategy and create long-term value and better stakeholder outcomes.

i Refer to our [2020 Corporate governance statement for further information](#).

Our Group Governance framework, guidelines, policies and risk management processes are overseen by the Group Board and management. 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 General Counsel and Group Company Secretary, a member of the Group Executive Committee (GEC), has ultimate accountability over all 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.

Our [Group Code of Ethics and Conduct](#) (the Code) sets the standards we expect of our directors, employees, contractors, agents and anyone who represents us in any capacity (collectively referred to in the Code and in this section as 'employees') to make good judgement calls and demonstrate high standards of ethical behaviour in all our actions and relationships, including with customers, suppliers, communities, investors and governments. Our Group Board oversees the Code.

In 2020, we had a breach of our Code with our Group CEO departing following the outcome of an external investigation in relation to workplace communications. The Board acted quickly to take decisive action in relation to the outcomes, signifying the Board's zero tolerance stand for breaches of the Code. Following this, we commenced our Board-sponsored organisational culture review called the 'Culture Accelerator'.

i Further information on this can be found in the [People and culture](#).

Our Code responds 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. Acting in accordance with our Code is a condition of employment with QBE, as is annual Code training. In 2020, our annual Code training program covered topics including working from home, fair and equitable working environment, behaviours, human rights, financial crime, privacy, information security, communication with regulators and securities trading.

Encouraging a 'speak-up' culture

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

Employees can report concerns internally to their manager, a senior manager or their Human Resources or Compliance teams. Depending on the issue, employees have the freedom to report to those working in other teams including, but not limited to, Legal, Fraud, Financial Crime, Risk or Procurement. Alternatively, concerns can be reported confidentially and anonymously via phone or web submission to our QBE Ethics Hotline, an independent and externally hosted platform. These channels are supported by our Code and [Group Whistleblowing Policy](#) and Guidelines (Whistleblowing Policy).

Where a concern is raised, it will be investigated in accordance with the requirements of the Whistleblowing Policy. We acknowledge, investigate appropriately and fairly and document all reported concerns where we have sufficient information to do so. Reports made are kept confidential as far as possible. Where reports are substantiated, we take appropriate remedial action, advise the reporter promptly and document the outcomes. Retaliation against anyone who raises a concern or participates in an investigation is not tolerated.

In 2021, we will roll out a mobile app channel through which submissions can be made to our Ethics Hotline.

Our approach to compliance

QBE's Group Compliance Risk Policy

QBE's 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 describes the core components of our approach. The CR Policy was reviewed and updated in 2020 in line with the Australian/International Standard AS ISO 19600:2015 *Compliance Management Systems - Guidelines*.

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

Our policy framework incorporates sanctions, outsourcing, Modern Slavery, anti-bribery and anti-corruption, health, safety and wellbeing, continuous disclosure, diversity and inclusion, securities trading, flexible working, supplier sustainability, environment, energy and other business policies. Policy summaries are available [here](#).

Within QBE, specifically our European offices, compliance information is translated into many local languages to help with raising awareness and understanding of country-specific requirements, such as those in the United Kingdom and European Union.

Combatting financial crime

We are committed to ensuring compliance with financial crime-related laws in the countries in which we operate. 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 cybercrime;
- money laundering or terrorist financing; and
- breaching any sanction, including trade, economic, targeted (focused on individuals, organisations or industries) and comprehensive sanctions (restrictions against a whole country's regime).

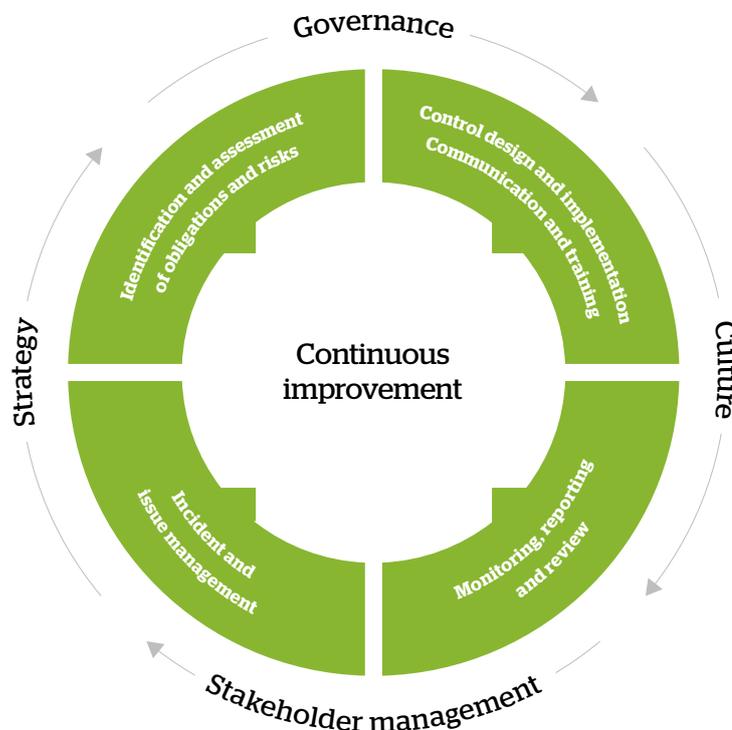
The appropriate giving and receipt of gifts and entertainment is an essential element of our approach to managing bribery and corruption risk within the Group. In 2020, we updated our [Group Gifts and Entertainment Policy](#) with revised reporting thresholds agreed across our international entities.

This assisted us in identifying potential risk exposures and ultimately supports us in meeting international legislative requirements for the filing of transparent, proportionate, reasonable and true reports. We have deployed additional training and communications to increase employee awareness of these updates. Our [Group Conflicts of Interest Policy](#) was also updated in 2020,

and operates together with our Group Gifts and Entertainment Policy to create a system to identify and report actual or potential conflicts of interest.

Fair competition

We believe in free and fair competition and seek to operate our business, and undertake competitive activities, ethically and lawfully. When we interact with actual or potential competitors, our aim is not to share confidential information that may impact how we all compete. We make decisions 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 is behaviour we do not condone or engage in.



Respecting human rights and addressing modern slavery risks

Wherever we operate, we respect human rights and commit to avoid human rights harm. We are committed to adhering to internationally recognised human rights norms and principles to promote the dignity and equality of, and respect for, all our employees, customers, communities and suppliers.

We are guided by internationally recognised human rights standards and guiding principles, such as the:

- International Bill of Human Rights, comprising the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights;
- International Labour Organisation's eight fundamental Conventions; and
- United Nations Guiding Principles on Business and Human Rights.

In 2020, we announced our support for the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We strongly reject any form of slavery, including forced or child labour, and take active measures to prevent our involvement in human rights harm through our supply chain relationships. This commitment is detailed in our [Group Modern Slavery and Human Trafficking Statement](#) and in our Code. During the year, we included human rights content as part of our annual Code training to raise awareness across the Group.

In 2020, we reviewed our third-party risk management processes and the internal tools we use to identify, assess, mitigate, monitor and address potential risk areas which could expose us to modern slavery and human trafficking. We will continue to develop and enhance our Third-Party Risk Management Framework to provide updated governance. This enhancement will include modern slavery considerations for our Group.

To strengthen our approach to managing modern slavery risk, we developed a Modern Slavery Risk & Compliance Standard that operationalises legislative requirements set out in the *Modern Slavery Act 2018* (NSW), *Modern Slavery Act 2018* (Cth) and the *Modern Slavery Act 2015* (UK), and commitments we have made under our Code.

Protecting our stakeholders' privacy

We respect our customers' and employees' privacy and are committed to protecting their personal information from misuse or unauthorised handling or disclosure and to 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 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 Chief Privacy Officer (CPO), who reports to the Chief Compliance Officer, who reports to the Group General Counsel and Company Secretary. The CPO is responsible for the [Group Privacy Framework](#) which seeks to ensure that there are robust and effective privacy practices, procedures and systems in place across the global business. The CPO chairs QBE's Group Privacy Council (GPC) which provides advice, evaluation and approval in relation to our framework. The GPC's role is to ensure that there is adequate consideration and review of the privacy risks and implications related to international activities that cross all segments of our business.

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 CR Policy. We operate in compliance with applicable privacy laws in the countries in which we operate, including the General Data Protection Regulation and the Australian *Privacy Act 1988* (Cth).



Governance (continued)

We continue to maintain privacy policies that provide data protection for both our customers and employees. Our Group Third-Party Risk Management Framework sets baseline data protection requirements for any third party we deal with.

The Group Privacy Framework outlines QBE's approach to privacy governance and privacy program expectations across the Group. We require significant personal data issues and incidents to be tracked and reported to the CPO along with a root cause analysis, which is then reported to the BRCC. Our Code sets out disciplinary actions for deliberate, wilful or negligent mishandling of employee or customer personal data, which may

include termination of employment. Our Group Privacy Program is assessed by our Group Internal Audit team.

In 2020, our Group Privacy framework was reviewed and updated, reflecting the importance of protecting employee and customer data across the Group and recent developments in privacy laws across our global footprint.

We also refined our Global Privacy Impact Assessment process and updated our Global Priority Personal Data Breach Policy to further clarify how we will respond to personal data breaches. The policy clearly sets out employee and stakeholder responsibilities with regard to personal data protection.

Mandatory compliance training

QBE provides 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 daily work. 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 contractors and some may be assigned to contingent workers by the divisions and business units as they see fit. Additional training topics for our contractors include responsible sales practices, diversity and inclusion and cyber security.





Tax strategy and transparency

QBE supports the Australian voluntary Tax Transparency Code, 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 that 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 around the world. They also ensure that the divisional tax teams have the skills and experience to implement the approach appropriately.



2021 Sustainability scorecard

We have outlined several commitments, initiatives and targets that enable QBE to stay focused on our sustainability priorities, address our material topics and drive improved environmental, social and business outcomes.

SUSTAINABILITY FRAMEWORK	COMMITMENT	ASSOCIATED INITIATIVE/TARGET	PROGRESS	SDG ALIGNMENT
 Sustainable insurance	Address the risks and opportunities related to climate change	Continue to embed our climate risk analyses into our risk management and strategy		
	Embed consideration of ESG risks into our Group-wide risk management framework	Continue to integrate ESG considerations into our Group Underwriting Standards with reference to our new Environmental and Social Risk Framework		All SDGs
	Collaborate with industry, government and civil society to support the achievement of our priority United Nations Sustainable Development Goals	Maintain ongoing collaboration in a range of partnerships and initiatives aligned to the achievement of the Paris Agreement and the SDGs		
 Impact and responsible investments	Support impact investing as a means to direct capital to address global environmental and social issues while creating financial returns	Achieve our ambition to grow our total impact investments to \$2 billion by 2025 ¹		All SDGs
	Take action to address the risks and opportunities related to climate change and a transition to a low-carbon economy	Invest in suitable social impact bond opportunities across our global investment portfolio up to \$100 million ²		
		Engage with peers and develop a pathway 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		
 Customer and community	Treat our customers fairly throughout every stage of the policy cycle, from product development/design through post sales and claims, including complaint handling	Review Group Conduct Risk Policy in 2021 and work across divisions to fully integrate it by 2022		
	Implement our Vulnerable Customer approach for Australia Pacific	Deliver our initiatives in the Financial Inclusion Action Plan, with a focus on improving financial inclusion across our customers, community, partners, suppliers and employees		
		Implement, embed and further enable our approach to supporting customers experiencing vulnerability for Australia Pacific, and continue to enhance our capability in respect of Australian customers experiencing hardship		
	Support customers and communities to prepare, anticipate and respond to and recover from disasters through the QBE Foundation	Embed our global disaster relief and resilience partnership framework across our operations with Red Cross and Save the Children to deliver on strategic priorities		
		Maintain QBE Foundation budget of minimum \$4.25 million per year or 0.5% of prior year's cash profit after tax		
	Elevate our Group-wide community engagement strategy to create outcomes and impact	Launch new Group-wide QBE Foundation strategy with clearly defined issues to achieve impact by 2021		

¹ This is an extension of our previous ambition set in 2019 of \$1 billion by 2021, which was achieved ahead of plan.

² We have committed a minimum of \$100 million, £100 million and A\$100 million of premium income to the program from the United States, Europe and Australia Pacific respectively. These contributions will be made in addition to those from our select customers who elect to allocate 25% of their premiums to the initiative.

Key for progress symbols:

✓ Achieved

⇌ On track

↶ Behind

🔄 Refreshed

✚ New

SUSTAINABILITY FRAMEWORK	COMMITMENT	ASSOCIATED INITIATIVE/TARGET	PROGRESS	SDG ALIGNMENT
 <p>People and culture</p>	Continue to strengthen and build our workplace culture	Launch our Culture Accelerator in 2021, a forward-looking program of work designed to refine and embed our QBE DNA and support our strategic priorities into the future	✚	
		Launch our new employee listening approach in 2021, focusing on capturing better data more often and driving continuous action to improve employee experience	✚	 
		Define our future ways of working through the review of our flexible work principles, Flex@QBE	✚	
	Elevate our focus on diversity and inclusion in the workplace	Enhance our focus on learning and development for our employees with a specific focus on our top 100 leaders	✚	  
		Complete maturity assessment and refresh our Global Diversity & Inclusion Policy and strategy in 2021	✚	
		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>	Minimise the impact of our operations on the environment ³	Use 100% renewable electricity for our operations by 2025	⇌	
		Reduce scope 1 and 2 carbon emissions by 30% by 2025 (1.5°C trajectory aligned science-based target)	✓	
		Reduce air travel by 20% by 2021 (from 2017 levels)	✓	  
		Reduce energy use by 15% by 2021 (from 2018 levels)	✓	
	Maintain carbon neutrality	🔄		
Ensure effective engagement and management of our supply chain through the roll-out of our Supplier Sustainability Principles	Incorporate the Supplier Sustainability Principles ⁴ into 75% of new tier one ⁵ supplier contracts, engaged under QBE's divisional Procurement Policy	✚	    	
 <p>Governance</p>	Build trust by being open, transparent and accountable in our dealings with stakeholders	Develop Group Conduct Management Framework in 2021 and develop a program of activity to embed across the Group	✚	
		Deliver refreshed Group Code of Ethics and Conduct training on an annual basis for all employees	🔄	  
	Take measures to prevent involvement in human rights harm, including modern slavery	Complete 100% ⁶ of annual compliance training requirements (including divisional equivalent) for the Group Code of Ethics and Conduct, Whistleblowing, Anti-bribery and Anti-Corruption and other Policies	🔄	
		Publish annual Modern Slavery and Human Trafficking Statement describing our actions to assess and address modern slavery risks during the financial year	⇌	   
		Publish a Group Human Rights Policy and continue to integrate human rights considerations across the business	✚	
		Publish annual Group Tax Transparency Report	⇌	
Continue to be transparent about our tax contributions across our Group	Publish annual Group Tax Transparency Report	⇌		

3 In 2020, we maintained our carbon neutrality and achieved our energy use, air travel and science-based emission reduction targets ahead of time. We will establish new targets over the course of 2021.

4 This includes suppliers with whom we have a direct contract. The Supplier Sustainability Principles are evaluated as part of the supplier selection process.

5 Tier one is defined as material high-value, high-risk suppliers.

6 Completion of compliance training is mandatory for all employees. QBE acknowledges that there may be a valid reason why some employees may not have completed this training. Our target completion rate accounts for these reasons. For example, ad hoc variances to HR/learning system outlining worker absences during training rollout.

Independent limited assurance

to the management of QBE Insurance Group Limited



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Independent Limited Assurance Report to the Directors and Management of QBE Insurance Group Limited

Conclusion

We have undertaken a limited assurance engagement on QBE Insurance Group Limited's 'Subject Matter Information' disclosed in the 2020 QBE Sustainability Report detailed below for the year ended 31 December 2020.

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 2020.

Subject Matter Information and Reporting Criteria

The 'Subject Matter Information' and 'Reporting Criteria' for our limited assurance engagement for the year ended 31 December 2020 is as follows:

SUSTAINABILITY PERFORMANCE INDICATORS ('SUBJECT MATTER INFORMATION')	REPORTING CRITERIA
Current Premiums4Good investments; Security and investment total (count of securities and US\$), page 37	QBE 2020 Sustainability Reporting Framework
QBE Voice survey results - employee engagement and enablement score including response rate (%), page 48	QBE 2020 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), pages 53 to 54	GRI standard 405-1(b) (2016) QBE 2020 Sustainability Reporting Framework
Overall workforce by average age by division, page 54	QBE 2020 Sustainability Reporting Framework
Attrition by gender, age group and division - Overall leavers (headcount), voluntary attrition (%), involuntary attrition (%), overall attrition (%), page 54	GRI 401-1(b) (2016) QBE 2020 Sustainability Reporting Framework
Workforce diversity indicators by ethnicity, gender identity, sexual orientation, disability and carer responsibility (including care provided to) (%), page 55	GRI standard 405-1(b) (2016) QBE 2020 Sustainability Reporting Framework



SUSTAINABILITY PERFORMANCE INDICATORS (‘SUBJECT MATTER INFORMATION’)	REPORTING CRITERIA
Diversity breakdown of workforce - part-timers by gender (headcount) and % of total workforce, page 55	QBE 2020 Sustainability Reporting Framework
2020 performance against targets (excluding baseline); Greenhouse gas (GHG) emissions (tCO ₂ -e) by activity (excluding carbon offsets); Key performance indicators - GHG emissions intensity (tCO ₂ -e); Other environmental indicators, pages 59 to 61	GRI standard 305-1, 305-2, 305-3, 305-4 (2016) QBE 2020 Sustainability Reporting Framework
10 selected material claims or assertions from the 2020 QBE Sustainability Report (‘Selected Assertion Assurance’)	GRI’s Reporting Principles for defining report content and report quality.

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:

- Ensuring that the ‘Subject Matter Information’ is prepared in accordance with the ‘Reporting Criteria’;
- 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’;
- 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
- 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.

Independent limited assurance (continued)

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 2020
- 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 the 2020 QBE Sustainability Report.
- Selection on a sample basis 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 the 2020 QBE Sustainability Report.

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 the 2020 QBE 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 the 2020 QBE 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
Partner

Sydney, 19 February 2021



Overview

Sustainable
Insurance

Impact and
responsible
investments

Customer and
community

People and
culture

Operational
excellence

Governance

Performance



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