



*Enabling a more resilient future*



## 2022 Sustainability Report

QBE INSURANCE GROUP LIMITED

# QBE at a glance

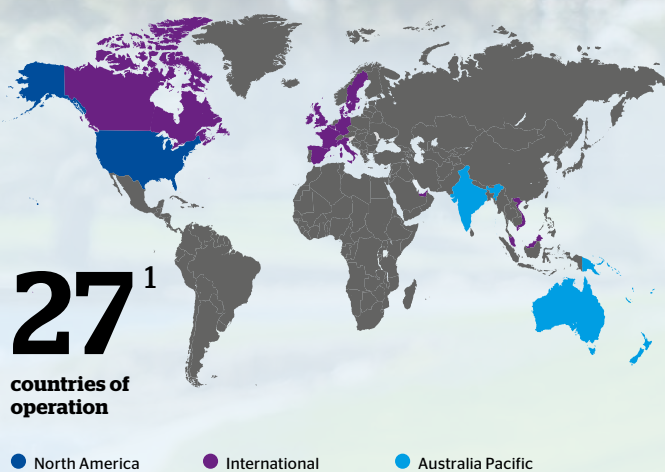
## Who we are

QBE Insurance Group Limited (QBE) is listed on the Australian Securities Exchange and headquartered in Sydney. We employ 12,479 people with operations in 27 countries.

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

During 2022, we refined our sustainability focus areas through extensive internal consultation and analysis of the external landscape. We identified three areas of focus that will allow us to build on the foundational elements of the Sustainability Framework and clarify our sustainability objectives. We continue to evolve our action plans to deliver on our focus areas and further information can be found in our [2022 Annual Report](#) and on [page 8](#) of this report.

## Where we are



<sup>1</sup> See a full list of countries of operation in the Governance section of the data book.

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## About the cover

The cover shows the application of technology to farm management practices. In North America, we have developed technology to help farmers manage their crops through our Field Insights® crop management tool. Managing weather events, and gaining insights into the condition of their crops, are important ways farmers are using technology to maximise yield and reduce unpredictability. Technology can analyse historical and future weather data and monitor soil conditions to help determine optimal water usage, harvest times and other crop management requirements.



This is an interactive PDF designed to enhance your experience. The best way to view this report is with Adobe Acrobat Reader. Click on the links on the contents pages or use the  home button in the footer to navigate the report.



**Integrating sustainability into our business can help us deliver on our purpose of enabling a more resilient future. We believe that addressing current and emerging sustainability risks and opportunities allows us to be a consistent and innovative risk partner, responding to the needs of our customers, people, and the communities in which they live.**

## About this report

This Sustainability Report (Report) has been prepared with reference to the Global Reporting Initiative (GRI) Standards. It discloses the sustainability topics affecting QBE (financial materiality) and our impacts on society and the environment (outward impact materiality). The results of our materiality assessment inform our sustainability focus areas, targets and initiatives, particularly our climate risks and opportunities. Our progress on the 2022 sustainability scorecard is described in each of the Sustainability Framework chapters. This Report is for the period 1 January–31 December 2022 and should be read in conjunction with the Sustainability Data Book (data book), Annual Report and website. Financial figures in this Report are in US dollars unless otherwise stated.

The information in this Report has been collated and validated by subject matter experts across the business and is supported by evidence, where applicable, including by a verification process that records the information sources and consultation undertaken within QBE, or with external parties. The Report has been reviewed by senior management with the knowledge to validate the

accuracy and completeness of the information provided. The Report has been 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.

In 2022, PwC conducted independent limited assurance over all metrics considered material to investors and other key stakeholders. Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the Australian Standard on Assurance Engagements (ASAE 3410) *Assurance Engagements on Greenhouse Gas Statements*.

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 and in the [data book](#).

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



# Sustainability focus across the business

In 2022, we have evolved our sustainability strategy to better support our ambition and purpose of enabling a more resilient future.

## Refreshing our sustainability strategy

It has never been more important for people, communities and businesses to build resilience in order to address the challenges we face now, and into the future. We hope to build resilience through integrating sustainability considerations into our business practices as we evolve and elevate our sustainability ambition. Our sustainability strategy refresh has enabled us to better focus our sustainability commitments and clarify the role that QBE can play in having a positive impact on our environment and society. Our three focus areas are resonating well with our people and provide opportunities to bring our enterprise together as we collaborate globally.

We continue to progress our sustainability commitments and announced new targets and initiatives in our Half Year Report. These targets include expanding our operational net-zero 2030 target to include material Scope 3 emissions, engaging with large suppliers to set targets by 2025 and laying the foundation to publish one or more interim targets in accordance with the United Nations-convened Net-Zero Insurance Alliance (NZIA) Target-Setting Protocol.

## Measuring our progress

In 2022, we published our sustainability scorecard, which was aligned to the topics we understand to be material to our stakeholders. I am pleased to say that we have met almost all our targets. In addition, we are proud to have won sustainability awards this year such as the Australian and New Zealand Institute of Insurance and Finance Environmental, Social and Governance (ESG) Change Award in our home market.

In 2023, we will reset our sustainability scorecard to align to our three focus areas and to consider the short to medium-term time horizon on our material targets. Our five priority sustainable development goals of *No Poverty*, *Decent Work and Economic Growth*, *Reduced Inequalities*, *Sustainable Cities and Communities* and *Climate Action* are aligned to our business activities, our Sustainability Framework and focus areas.

## Our priorities

Managing the risks and opportunities presented by a changing climate continues to be a key focus for us. QBE has been active in working with the NZIA and Partnership for Carbon Accounting Financials to develop

standards to measure insurance-associated emissions that will allow us to individually set meaningful targets. Additionally, we are signatories to the Net-Zero Asset Owner Alliance and a supporter of the *Climate Change Roadmap Towards a Net-Zero and Resilient Future* issued by the Insurance Council of Australia in our home market.

Inclusion of Diversity remains a core part of our culture. In 2022, we exceeded our target of 40% women on our Group Board. We furthered our commitment to women in leadership, pledging to HESTA's 40:40 Vision and are on track to reach our target of 40% women in leadership by 2025. In 2023, we will implement new inclusion targets of belonging, based on ethnicity, disability, and LGBTIQ+ identification. We recognise that we operate in a competitive global market for talent and continue to focus on creating a positive and flexible workplace culture that attracts and retains people. As part of this, we continue to respond to feedback through Voice, our employee listening program, to build a workplace where people feel they belong.

**Andrew Horton**  
Group Chief Executive Officer

# 2022 highlights

37 initiatives and targets completed or on track in 2022.  
See our data book for progress on our 2022 scorecard.



## Sustainable insurance

Laying the foundation to publish one or more interim targets in accordance with the

### NZIA Target-Setting Protocol



## Impact and responsible investments

**\$1.6B**

Market value of Premiums4Good investments

⬆️ **\$200 million from 2021**

**108 securities**

Number of Premiums4Good investments

⬆️ **25 securities in 2021**



## Operational excellence

**RE100**

Sourced 100% renewable electricity for our operations globally <sup>1</sup>

**20% reduction**

Energy usage reduction against baseline year of 2019



## Customer and community

**408,698**

People supported through QBE Foundation

⬆️ **135,962 people in 2021**



## People and culture

Recognition of our Culture Transformation by AHRI

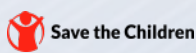


## Governance

**99.4%**

Percentage of employees who completed mandatory training

⬆️ **97.4% in 2021**



Relaunched our Global Disaster Relief and Resilience Partnership for another three years



Awarded Platinum Employer status in the Australian Workplace Equality Index



Winner of ANZIIF ESG Change Award

<sup>1</sup> Based on RE100 Materiality Threshold guidance which excludes countries with small electricity loads (<100MWh/year and up to a total of 5000MWh/year) and where it is not feasible to source renewable electricity.



## Our approach to sustainability

# Sustainability Framework



In 2016, we created our Sustainability Framework to help guide the key areas of our business activities with the potential to impact the economy, the environment and society. In 2019, we developed the sustainability scorecard that sits within the Sustainability Framework. This scorecard measures progress on commitments and initiatives in a consistent way. The framework commitments we make seek to build resilience in our business and, by extension, in our customers, by addressing the challenges of a changing world.

**i** Please refer to the [data book](#) for how we performed in 2022.

Each year, we test our scorecard commitments through a materiality assessment. We do this with a view to aligning our priorities with stakeholder expectations and the industry landscape, to help us identify emerging issues for future consideration. As a result, our sustainability scorecard is regularly reviewed and updated, and we report publicly on our progress in our annual Sustainability Report.

In 2022, we refreshed our sustainability strategy to focus on three key areas, these are outlined on [page 8](#) of this Report. Our 2023-25 scorecard is aligned to these new focus areas. These are described, along with our ambition, in the Annual Report. We are also a supporter of the Sustainable Development Goals (SDGs).



### Governance

[Click to learn more](#)



### Materiality

[Click to learn more](#)



### Stakeholder engagement

[Click to learn more](#)



### Sustainable Development Goals

[Click to learn more](#)



# Material topics for 2022

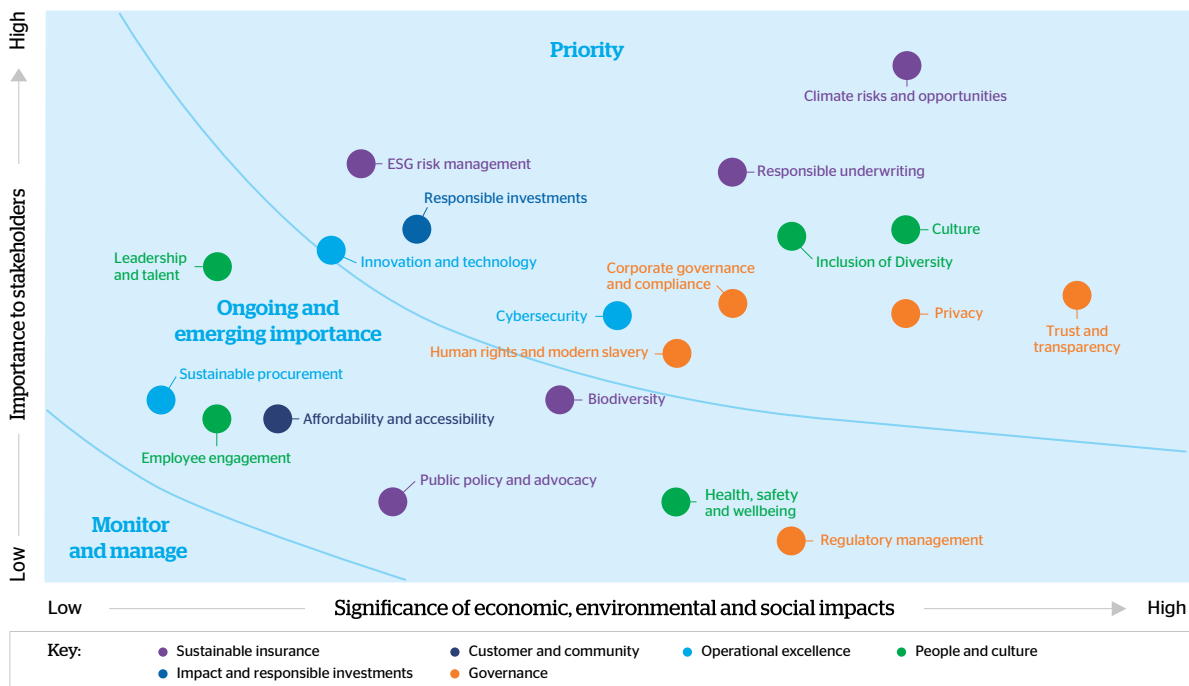
Our approach to materiality focuses on how our business creates value for all stakeholders across the short, medium and longer-term.

In line with the GRI Standards, each year, we are required to review our material topics from the previous year to assess any changes in the impacts of those topics on the economy, the environment and society. QBE undertakes a full materiality assessment every two years, with a desktop review in interim years. In 2022, the desktop review included feedback from investors, risk assessments, peer benchmarking, and thought leadership from external sources. It also mapped to QBE's strategic priorities and top risks.

**i** More information on our approach to our materiality and the full list of material topics assessment can be found on [our website](#).

The priority material topics remain climate-focused, with an emphasis on how we manage our risks and opportunities related to climate change, especially in responsible underwriting and investments. We recognise that other important topics include the global competition for talent, protecting our customer and corporate data, and using technology to innovate, and improve our products and solutions. This year, the top 12 priority material topics globally have seen 'ESG risk management' and 'Responsible investments' overtake 'Affordability and accessibility' and 'Leadership and talent', as the spotlight falls on how businesses are responding to the challenges and opportunities presented by climate change.

## Stakeholder materiality assessment



## Climate risks and opportunities

As a leading global insurer and reinsurer, we have a significant role to play in managing the potential risk exposures and opportunities related to climate change across our value chain. We recognise that climate risk is multi-faceted, and includes physical risks, transition risks (e.g. policy, technology, market) and liability risks. We have the ability to help customers, partners and communities build resilience, and understand, and navigate, the changing risk landscape and the transition to a net-zero economy.

**Aligned to SDGs**  
1, 7, 11, 13, 14, 15, 17

**i** Refer to [Climate change section of the Annual Report](#) and [Climate risks and opportunities](#)

## Responsible underwriting

Our Group Underwriting Standards outline our commitment to responsible underwriting and integrate current, and emerging, ESG considerations into our underwriting and pricing (including our models, decision-making processes and systems). This includes the implementation of QBE's [Environmental and Social Risk Framework](#) in our underwriting and investment portfolio decision-making. There is an increased focus on responsible underwriting as the insurance sector collaborates to develop standards and protocols to effectively measure insurance-associated emissions and set targets.

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

**i** Refer to [Sustainable insurance](#)

## Culture

Building an organisational culture that supports and enables us to achieve our purpose, vision and strategy is a strategic priority for our business. Our [Group Code of Ethics and Conduct](#) supports our culture and helps guide employees to act ethically, promoting QBE's reputation and supporting our people to feel safe to speak up. Leadership is key to ensuring that 'how' people go about their work is seen as just as important as 'what' gets achieved.

**Aligned to SDGs**  
3, 4, 5, 8, 10, 16

**i** Refer to [People and culture and our 2022 Annual Report](#)

## ESG risk management

We continually work to integrate current and emerging ESG risks into our risk management framework and decision-making processes. Our Group ESG Risk Standard outlines the process we use to identify and manage ESG risks across the business. We also maintain an Environmental and Social (E&S) Risk Framework that underpins our underwriting and investment approach to several sensitive sectors including defence, energy, forestry, fishing and mining.

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

**i** Refer to [Sustainable insurance](#)

## Responsible investment

QBE is committed to taking a responsible approach to its investments, including ESG risk integration and considerations of equity and diversity. We recognise that our investment decisions have an impact on the economy, environment and society. As a signatory to the [Principles for Responsible Investment](#) we believe that factoring ESG considerations into investment decision-making improves long-term, risk-adjusted financial returns and aligns to stakeholders' expectations.

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

**i** Refer to [Impact and responsible investments](#)

## Inclusion of Diversity

A core part of our culture is focused on creating an environment where everyone is, and feels they are, included. Being inclusive is part of our DNA, and our global Inclusion of Diversity approach enables us to live our purpose. At QBE, we have a broad view of diversity that includes all the ways people are visibly and invisibly different. We continue to focus on initiatives that drive respect and fair treatment, value and belonging, and help our people feel safe to speak up.

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

**i** Refer to [People and culture and the 2022 Corporate governance statement](#).





## Innovation and technology

We embrace technology and innovation, including automation and digitisation, to improve customer service, experience and efficiency. We seek to embrace new technologies and the opportunities for new product development, including those spurred by COVID-19, which has seen rising consumer expectations for seamless digital transactions and greater personalisation. We also look for opportunities to improve existing services through iterative technical enhancements that seek to simplify and enhance the customer and supplier experience.

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

**1** Refer to Customer and community and Operational excellence

## Privacy

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

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

**1** Refer to Governance

## Trust and transparency

Trust in the financial services sector continues to be a key regulatory, consumer and community focus, continuing to drive 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, 12, 16, 17

**1** Refer to Governance

## Corporate governance and compliance

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

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

**1** Refer to Governance and the 2022 Corporate governance statement

## Cybersecurity

Cybersecurity continues to be one of the greatest threats shaping today's risk landscape. As an escalating, rapidly evolving business risk, cybersecurity risk has the potential to impact our operations, and all our key stakeholders. We employ a global approach to managing internal and external threats to the confidentiality, integrity and availability of customer and corporate data. We proactively monitor and respond to known and emerging threats, and invest in innovation and digital transformation to benefit our customers and shareholders.

**Aligned to SDGs**  
9, 16, 17

**1** Refer to Customer and community

## Human rights and modern slavery

Wherever we operate, we seek to respect and protect human rights. We take measures to integrate human rights across our business as an employer, insurer, investor and business partner through our Group Human Rights Policy, and in our interactions with customers and communities. QBE seeks to comply with applicable modern slavery, labour and human rights laws and regulations globally. We provide annual reporting on the risks of modern slavery in our operations and supply chain.

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

**1** Refer to Governance

# Our areas of sustainability focus

In 2022, we refreshed our sustainability strategy to focus on three key areas outlined below, and these have been incorporated into our scorecard. While the Sustainability Framework remains foundational to our efforts, the refreshed strategy refines our focus.

## Focus area 1

### Foster an orderly and inclusive transition to a net-zero economy

We support an orderly and inclusive transition to a net-zero emissions economy, aligned with limiting warming to 1.5 degrees Celsius by the end of 2100. We recognise the importance of addressing climate change and incorporating climate-related risk and opportunities into our decision-making, facilitating a resilient future for our business and our customers.

#### Priority material topics

- Climate risks and opportunities
- ESG risk management
- Responsible underwriting
- Responsible investments
- Corporate governance and compliance
- Trust and transparency

## Focus area 2

### Enable a sustainable and resilient workforce

The culture and capability of our people are drivers of value for QBE. A sustainable and resilient workforce is underpinned by how we engage and connect our people to our purpose and vision. Investing in our people's career development, and supporting flexibility and wellbeing, can allow us to continue to attract and retain the best talent.

- Culture
- Inclusion of Diversity
- Corporate governance and compliance
- Trust and transparency
- Human rights and modern slavery

## Focus area 3

### Partner for growth through innovative, sustainable and impactful solutions

Our landscape is changing, presenting opportunities to innovate and partner on impactful solutions through our investments, supplier and broker relationships, the QBE Foundation and QBE Ventures. We can explore ways to co-create solutions to meet the changing needs of our customers, and support communities affected by climate impacts and the net-zero transition.

- Responsible underwriting
- Responsible investments
- Innovation and technology
- Cybersecurity
- Privacy
- Human rights and modern slavery

# Climate risks and opportunities

As an international insurer and reinsurer, we see first-hand the impacts of a changing climate on our customers, communities and partners. This is why we support an orderly and inclusive transition to a net-zero emissions economy.

QBE's ability to meet our net-zero commitments is related to the actions we take in relation to our own operations, our investments and our underwriting portfolios. Our success is reliant on many factors, including the development of new technology associated with carbon removal and emissions reduction. It also depends on the progress individuals, businesses and economies can make to transition to net zero collectively, particularly in developed countries with net-zero commitments. We seek to understand the climate science and the economic and social factors at play and QBE considers three spheres of influence in delivering on our commitments and driving change in the real economy:



## Influence

Advocacy with a broad range of stakeholders to support resilient adaptation and emissions reduction



## Impact

Engaging and partnering with our customers, investees, suppliers and communities (including through QBE Foundation and QBE Ventures)



## Control

Being responsible for our own operations



## Climate risks and opportunities continued

### Driving change where we have control

We continue to reduce the direct impact of our operations on the climate. This year, we extended our commitment to net-zero emissions across our operations to include material Scope 3 (as well as Scope 1 and 2) emissions by 2030. In line with our commitment to the Climate Group's RE100, 100% of our electricity came from renewable sources.

**i** Further information can be found in our [data book](#) and the [Operational excellence](#) chapter.

### Opportunities to impact our stakeholders

Our approach to responsible investing and underwriting is consistent with our signatory status to the United Nations Environment Programme – Finance Initiative's Principles for Sustainable Insurance and the UN Principles for Responsible Investment. We are also signatories to the [Net-Zero Asset Owner Alliance](#) (NZAOA), [Net-Zero Insurance Alliance](#) (NZIA), and a supporter of the [Climate Change Roadmap Towards a Net-Zero and Resilient Future](#) (Roadmap) of the Insurance Council of Australia (ICA) in our home market.

In 2020, QBE became the first Australian-headquartered insurance company to become a member of the NZAOA, joining an international group of institutional investors committed to transitioning their investment portfolios to net-zero greenhouse gas emissions (GHG) by 2050. In 2021, we established interim targets for 2025, in line with the Target Setting Protocol of the NZAOA and our commitment to transition our investment portfolios to net-zero emissions by 2050. In 2022, we invested in the data, systems and people required for, and made the expected progress against, these interim targets.

In 2022, QBE became the first Australian-headquartered insurance company to become a member of the NZIA, committing to net-zero emissions across our underwriting portfolio by 2050. In 2022, QBE was a member of the working group developing the first [Global GHG Accounting and Reporting Standard for Insurance-Associated Emissions](#) with the Partnership for Carbon Accounting Financials. In 2022, and in 2023, we have invested or are investing in the data, systems and people required to estimate and automate the measurement of insurance-associated emissions across our portfolio. This is key to informing the development of interim targets in line with the NZIA Target-Setting Protocol. We will then commence formal engagement with priority commercial customers.

QBE creates value primarily through providing a wide range of insurance products, across many industry sectors and countries. When set, our NZIA targets will complement our initiatives to develop products and solutions to insure the transition.

Our customers vary considerably, from large publicly listed entities, other insurance companies, non-listed entities, small-to-medium enterprises and individual consumers. To have an impact on the transition of the real economy to net zero, we recognise we have a role to play in engaging with our customers and insuring the transition. There are many approaches to achieving climate action and our positions, which include exclusions, are codified in the [Environmental and Social Risk Framework](#) in relation to sensitive sectors.

In 2022, we also began considering how we can foster an orderly and inclusive transition through our supply chain. We extended our operational targets to include a commitment to formal engagement on net-zero progress with large suppliers, with the goal of setting targets for those large suppliers by 2025.

## 100%

renewable electricity used for our operations globally<sup>1</sup>

**QBE became the first Australian-headquartered insurance company to become a member of the NZIA, committing to net-zero emissions across our underwriting portfolio by 2050**



### Refreshed QBE Foundation strategy

In 2022, we further embedded a strategy that is aligned to climate resilience and inclusion. Through the review of existing local partnerships, and the renewal of the Global Disaster Relief and Resilience Partnership with Red Cross and Save the Children, QBE seeks to support the communities in which we operate in alignment with our purpose.

**i** Further information can be found in our [Customer and community](#) chapter.

<sup>1</sup> Based on RE100 Materiality Threshold guidance which excludes countries with small electricity loads (<100MWh/year and up to a total of 5000MWh/year) and where it is not feasible to source renewable electricity.



We are committed to complying with the legislative requirements relevant across our operations and our internal policies such as our [Group Environmental Policy](#), that sets out the global minimum standards for our management of environmental issues. We recognise there are important social implications associated with climate risk and the transition. Our [Group Human Rights Policy](#) outlines our commitment to respecting human rights and avoiding human rights harm wherever we operate. We are committed to adhering to internationally recognised human rights norms and principles to elevate the importance of dignity and equality for all our employees, customers, communities and suppliers. Our policies are regularly reviewed as part of our governance processes.

In 2022, we further embedded the refreshed QBE Foundation strategy that is aligned to climate resilience and inclusion. Through the review of existing local partnerships, and the renewal of our Global Disaster Relief and Resilience Partnership with Red Cross and Save the Children, QBE seeks to support the communities in which we operate in alignment with our purpose. Further information can be found in our Customer and community chapter.

### Influencing through industry advocacy

QBE also seeks to influence through advocacy, either directly or through industry alliances. Our actions have a focus on influencing the reduction of real-economy emissions and other material topics identified through our materiality assessment.

QBE has played key roles on the ICA's Climate Change Action Committee (CCAC) that is focused on greater advocacy for more resilience to extreme weather, and for emissions reduction by the insurance industry, to help address insurance affordability and accessibility. The climate resilience series of technical reports developed by CCAC have underpinned successful advocacy for resilient investment from the Australian government in 2022. In advance of COP27, the release of the industry net-zero Roadmap was the culmination of broad engagement across ICA membership to increase literacy on the net-zero transition and implications for the Australian insurance sector. The development of this Roadmap informed the development of policy recommendations for the Australian Government to accelerate climate action alongside the Roadmap.

### Nature and biodiversity

Biodiversity loss has been identified as a key ESG risk theme for QBE and we are developing our understanding of nature-related risks and opportunities relevant to our business through our involvement in various industry forums.

Our [Environmental and Social Risk Framework](#) outlines QBE's approach to addressing key environmental and social risks across our underwriting and investment activities, including those relating to biodiversity and protected areas.

**i** For further information, see the [Climate change section in the Annual Report](#).





# Sustainable insurance



## Responsible underwriting

QBE's purpose is to enable a more resilient future. Integrating sustainability into our business is vital to achieving our purpose.

In 2022, we successfully progressed our key sustainable insurance commitments associated with further embedding ESG risk management practices, collaborated with our stakeholders towards achieving our priority SDGs, and further addressed the risks and opportunities related to climate change.

**i** See the [Climate change section in the Annual Report](#).

Since 2018, our Group Underwriting Standards (GUS) have incorporated our responsible underwriting principles, reflecting our position on environmental and social risks. The Group Underwriting Committee (GUC), chaired by our Group Chief Underwriting Officer (GCUO), with membership from across the enterprise, oversees adherence to the GUS and corporate strategy. This role has oversight of our material sustainability topics through a position on the Environmental and Social Group Executive Committee sub-committee, Executive Risk Committee and ESG Risk Committee. The [E&S Risk Framework](#) outlines our approach to addressing key environmental and social risks across our underwriting and investment activities. Underwriting training was delivered throughout 2022 to further embed ESG risk management, and drive consistent application of the E&S Risk Framework's sensitive sector positions. This training supports operational adherence to our commitments and policies, including the GUS, [Group Environmental Policy](#), [Group Human Rights Policy](#), and E&S Risk Framework. Our GCUO and Group Chief Risk Officer monitor our referral process, and preventative and detective controls. To date, there have been no known cases of non-adherence to the E&S Risk Framework. If a case is detected, QBE has effective processes to rectify this by working with impacted parties.

Throughout 2022, we continued to build our capability to progress our own sustainable insurance strategies alongside our contribution to the development of the UN-convened NZIA's industry guidance on measuring insurance-associated emissions, and its Target-Setting Protocol. We continue to evolve our internal sustainable insurance procedures, tools, data and metrics. We also actively contributed to industry consultation on developing sustainability-related standards including the International Sustainability Standards Board's Exposure Draft IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.



## Principles for Sustainable Insurance

We continuously strive to integrate ESG issues relevant to our business in our decision-making across our underwriting, investments, operations and enabling functions. Since 2015, QBE has been a signatory to the United Nations Environment Programme – Finance Initiative's [Principles for Sustainable Insurance \(PSI\)](#), a global framework to address ESG risks and opportunities.

We continue to integrate and embed the PSI's four principles into how we deliver on our three sustainability focus areas. We do this through the lens of priority topics most material to our stakeholders, working with our customers and partners for innovative, sustainable and impactful solutions, working together with governments, regulators and other key stakeholders to promote widespread ESG action, and demonstrating accountability and transparency in our disclosures.



## Fostering an orderly and inclusive transition to a net-zero economy

This focus area recognises that the transition is key to reducing the extreme weather risks that impact our customers, business, communities and economies. It also recognises that a successful transition takes the collective effort of governments, regulators, the finance sector, businesses, individuals and communities.

Our transition analysis highlights the importance of an orderly transition. One that:

- considers the broader risks to the economy and society;
- attracts investment into renewable energy; and
- promotes resilience and adaptability

to provide greater economic stability, business confidence, and lower risk of business failure. We believe that a thriving economy through the transition is a better outcome for all.

We recognise the significance of an inclusive transition. One that considers the importance of the social implications and potential impacts, and that brings people and communities with us on the journey. The energy transition is likely to materially affect communities and businesses linked to non-renewable energy production, and it is important that they are not left behind. It is also critical to recognise that the physical risks of climate change will disproportionately impact developing and island nations and/or those individuals or communities within less secure socioeconomic groups. This is likely to have global economic, physical and food security, and migratory implications over time. Reducing

inequality, ending poverty, and enabling decent work and economic growth and more sustainable cities and communities, are all SDGs aligned with our actions within this sustainability focus area.

Our net-zero focus provides a purpose-led reason to bring our enterprise together. Several projects this year have required cross-functional and enterprise-wide collaboration, involving the building of connection and the sharing of stories and ideas to foster greater innovation, consistency, and efficiency.

These projects included:

- the net-zero insurance-associated emissions project to estimate our baseline emissions profile where a methodology was developed; and
- the net-zero sprints held to consult on our sustainability strategy and define the net-zero opportunities.

In October, we again brought together cross-functional and enterprise-wide team members to share knowledge and expertise from existing investment and procurement engagement practices. This wider group will continue to participate in our Australia Pacific Large Supplier engagement pilot. This pilot is planned to continue into 2023, and seeks to establish a consistent approach across the enterprise. We have had success in the past with piloting divisional projects before implementing enterprise-wide, and plan to continue with this approach in relation to sustainability-related opportunities.



### Enabling a resilient future

At QBE, we're driven by our purpose of enabling a more resilient future. Integrating sustainability in our business will help us to achieve that future.

Major sustainability challenges, including climate change, human rights abuses, and biodiversity loss, can weaken resilience because they create new risks, or magnify existing ones, with potentially devastating consequences.

Integrating sustainability into how we do business means we are shifting the concept of "business as usual" to include consideration of material non-financial issues that reduce risk, and support our people, customers, society, and the environment.

We believe that progressing our sustainability commitments can enable QBE to attract and retain talent, customers, and capital, into the future. These factors are essential to maintaining QBE's financial stability and, by extension, the stability of the insurance sector and the economies in which we live and work.

## Partnering for growth through innovative, sustainable, and impactful solutions

Our vision is to be the most consistent, and innovative, risk partner. This sustainability strategy focus area enables our business to explore the opportunities arising from a range of sustainability challenges that we face today.

Our ESG materiality assessment points to material issues that are of the highest priority to our business, and to our customers. In many cases, these issues deliver challenges that cannot be addressed by any individual organisation alone. We constantly seek ways to collaborate and partner with others, where our interests are aligned, to:

- create value for our customers, and our business;
- reduce and/or better manage risk; and
- contribute to sustainable development for greater resilience.

The nature of our partners across the insurance ecosystem is broad. This focus area encompasses a wide range of partnerships that extends beyond our brokers and intermediaries, to [QBE Ventures](#), to partnerships across our supply chain, our capital and reinsurance providers, and our investors. Finding solutions to our priority material issues may extend beyond our insurance value chain to include our strategic partnerships through the [QBE Foundation](#), and engagement with governments, regulators and other stakeholders.

While innovation is often linked to how we offer insurance to customers, it also plays a role in improving efficiencies across our business, and of those with which we work, to reduce our reliance on increasingly scarce resources. In 2023, our divisions will continue to explore, and identify, opportunities to grow our sustainable solutions, in relation to our products and services as well as our operations.

### 100%

of our green-benefit LMI premium is allocated to QBE's Premiums4Good initiative

### Green LMI

QBE seeks to enable a more resilient future through our partnerships, innovative offerings, and by investing in opportunities that make a positive community contribution. One way we are delivering on this commitment is through the launch of our first-to-market green benefit for Lenders Mortgage Insurance (LMI). This allows consumers who purchase, or refinance, a home with a green mortgage offered by one of our exclusive partners, to receive a 5% premium reduction on the LMI provided by QBE; enabling consumers to access better terms when buying, building or renovating, a sustainable home. Further, 100% of our green-benefit LMI premium is allocated to QBE's [Premiums4Good](#) initiative, supporting social and environmental impact investments to make a real difference to the environments, and communities, in which we live and work.







## Collaborating with partners

We believe that our strong culture, and our focus on sustainability enables stronger collaboration and more consistent knowledge sharing across the enterprise. We consider that uplifting our people’s knowledge of sustainability, and what it means to their role, supports resilience, and enables the development of innovative, sustainable and impactful solutions.

### Industry collaboration

QBE contributes to, or is a member of, multiple industry collaborative bodies. We are growing the sustainability capabilities of our people while contributing to progressive

action, and advocacy, for a more sustainable insurance industry. We operate with strong awareness of antitrust principles, and the need to preserve competition.

In addition to our memberships within the United Nations initiatives discussed in this Report, we contribute to collaborative initiatives including the Partnership for Carbon Accounting Financials (via NZIA), International Underwriting Association’s Climate Risk Committee and its new ESG Committee, Lloyd’s Market Association’s Sustainability Committee, ClimateWise Nature and Insurance Task Group, Insurance Council of Australia’s Climate Change Action Committee and Australian Sustainable Finance Institute.

### Partnering on psychological first aid

QBE has partnered with Australian Red Cross to support its psychological first aid work in communities affected by disasters such as the 2019-2020 summer bushfires and the widespread 2022 floods. Recently, Red Cross ran special training sessions for QBE’s Short Tail Claims leaders to help our people learn how to deal sensitively with customers facing catastrophic events

and identify their challenges. The sessions equipped our people with the basic tools and knowledge to recognise and respond to people suffering from the impacts of disasters. They also received tips and support for their own well-being and resilience.

## ESG risk management

Given the importance of ESG issues, we continue to embed ESG into our broader risk management approach. To help mitigate ESG-related risks across the enterprise, we set out a number of minimum standards that we adhere to in our [Group Environmental Policy](#), [Group Human Rights Policy](#), and [E&S Risk Framework](#).

### Our approach

ESG risk sits within strategic risk in our Risk Management Strategy, and is governed by our ESG Risk Standard, which outlines our process for identifying and managing ESG risks across our business. The ESG Risk Committee, chaired by the Group Chief Risk Officer, oversees our approach to our priority ESG risks. For 2022, these included climate risks and opportunities, human rights and modern slavery, biodiversity and sustainable procurement.

Our Board Risk & Capital Committee supports the Group Board, overseeing active risk management in line with our risk appetite, strategy and business plans. Further detail on our approach to climate risk management is available in the [Annual Report](#).

### ESG risk training

This year, training modules were developed and rolled out Group-wide on ESG risk, human rights and climate change risk. These are voluntary, and available to all employees, with the aim of raising awareness of ESG risks, and QBE’s approach to identifying and managing them.

Our Group Board and senior executives participate in regular training, including education sessions and deep dives, to enhance their awareness of, and capability surrounding, ESG issues, including climate-change risk.



# Impact and responsible investments

QBE seeks to responsibly invest our proprietary assets, including our premium income, across the globe. As an international, multi-asset, multi-currency investor, and a signatory to the UN Principles for Responsible Investment (PRI), we factor ESG considerations into our investment decision-making processes to seek to manage risk, improve long-term, risk-adjusted financial returns, and align our approach with stakeholder expectations.

## Our approach

We believe that by investing responsibly, we can achieve better risk-adjusted returns with the aim of benefitting the planet and the communities in which we operate. As a responsible global investor, we recognise that our decisions can have a positive or negative impact on the economy, the environment, and our communities.

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

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

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

Market value of  
Premiums4Good  
investments

**\$1.6 billion**

⬆️ \$1.4 billion 2021

Number of  
Premiums4Good  
investments

**108 securities**

⬆️ 83 securities in 2021

Engagements  
throughout 2022

**18 external  
fund managers**

across our  
investment portfolio

**20 highest  
emitters**

in our investment grade  
corporate credit portfolio



## Our Responsible Investments approach



### Screening



### ESG integration



### Engagement



### Impact investing

Our Responsible Investments approach is captured across the four pillars outlined above and is underpinned by our Investment Philosophy Framework, the Impact and Responsible Investments guidelines, QBE's Environmental and Social (E&S) Risk Framework, and our newly implemented Group Human Rights Policy, which all combine to inform the ESG factors in our investment decision-making processes and systems. Each pillar builds upon the previous one and our 2022 progress in these areas is outlined below.

#### Screening

As an organisation that helps people and businesses protect themselves from risk, maintaining an understanding of ESG issues enables QBE to manage risks and identify opportunities. Our E&S Risk Framework outlines our approach to screening, and exclusions, to address key E&S risks across our investment activities. All direct investments are subject to the E&S Risk Framework, which specifies detailed commitments and criteria for a range of sectors we have identified as higher risk, including:

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

At the beginning of 2022, we fully implemented the E&S Risk Framework, which promotes informed decision-making consistent with QBE's commitment to responsible investment.

Our [E&S Risk Framework](#) is available on our website.

#### ESG integration

We consider ESG integration approaches across all asset classes through the inclusion of material ESG factors into investment analysis and decision-making. This is a collaborative process across our entire Group Investments team.

#### In-house fixed income

Our fixed income portfolio represents 89% of our total investment assets, with investment grade corporate credit representing 50%. All issuers must be consistent with relevant

criteria set out in our E&S Risk Framework, [Group Sanctions Policy](#) and [Group Human Rights Policy](#). We integrate ESG into the credit analysis process through our internal, proprietary credit assessment framework that identifies suitability and eligibility for our portfolio. Screening for ESG performance includes a quantitative assessment using independent ESG ratings. Portfolio managers additionally undertake qualitative ESG analysis on each issuer. ESG factors are prioritised based on materiality considerations for the issuer and/or sector. This process was enhanced in 2022 to further incorporate material human rights considerations. Updated focus areas included policies, controversies, labour standards, and diversity, equity and inclusion, informed by data sourced from our third-party data provider. In 2023, we will continue to enhance our ESG integration capabilities across material topics for our portfolio, and the ongoing monitoring of issuers to identify material ESG developments.

#### Externally managed funds

We also invest across multiple asset classes utilising external fund managers, and are committed to ensuring they are aligned with QBE's Responsible Investments approach. We are committed to a minimum of 90% of our external managers being PRI signatories. ESG considerations form an integral part of our manager selection, appointment, and monitoring processes. Building on the work completed in 2021, which saw us set a performance baseline for each manager, in 2022, we further enhanced our process by introducing additional asset class-specific due diligence questions. We conduct an annual ESG review of all existing managers, with additional engagement activities if material issues arise. As part of the implementation of our Group Human Rights Policy, we also incorporated additional human rights-focused questions for all external managers. We have been an investor member of the Global Real Estate Sustainability Benchmark since 2018. Our real estate portfolio's year-on-year sustainability performance has continued to improve, and we are pleased that it has again received a 5-star rating, and top quintile performance recognition.

## Impact and responsible investments continued

### Engagement

Engagement is our preferred method of effecting impactful change, and has continued to be a key focus area in 2022. We believe that having meaningful dialogue on key ESG considerations is a critical component of our responsibility as an asset owner, to seek to ensure sustainable financial outcomes.

We engage with all our external fund managers and adopt targeted engagement with the top 20 highest emitters in our investment grade corporate credit portfolio. Our objective is to gain insight into these investees' integration of material ESG issues. This allows us to understand our exposure to ESG risks and opportunities, and gives us the ability to influence real world outcomes.

In 2022, these key focus areas were:

- climate risks and opportunities;
- net-zero commitments and target setting;
- diversity, equity, and inclusion; and
- human rights: policies, controversies, modern slavery, and labour standard.

This approach allowed us to produce a quantitative indicator score of how our external fund managers are implementing responsible investment practices and approaching these key ESG areas.

A key focus of our external fund manager reviews and discussions continues to be climate change. Positively, we saw increased ambition to transition their investment portfolios to net-zero emissions through bringing forward net-zero targets to an earlier date, increased resourcing, and further integration of emissions reduction considerations into key investment decisions.

For our top 20 highest emitters in our investment grade corporate credit portfolio, we tailored and enhanced our engagement approach in 2022 by identifying material areas of focus per issuer and directing targeted questions to each one to allow for more meaningful and relevant dialogue.

This allows us to monitor and review our fixed income investments in relation to ESG considerations and better ensure the companies we invest in are working towards net zero 2050 alignment and targets, climate reporting in line with the Task Force on Climate-related Financial Disclosures and business viability plans for a net zero-aligned economy.

Our aim is for consistency in our engagement approach across our external managers and top 20 targeted investees. We first began engagement with the latter cohort in 2021. As dialogue progresses, we will look to mature our approach to tracking engagement progress across all our corporate credit issuers.

### Impact investing

Impact investments seek to generate appropriate risk-adjusted returns along with a positive, measurable, social and/or environmental benefit. Over the last seven years, QBE has sought to maintain leadership in impact investing, and to support its growth and development among our industry peers and other asset owners. An integral part of our approach to impact investments is our Premiums4Good initiative, outlined on the following page.



### Impact investing in practice

In 2022, Premiums4Good invested in the Asian Development Bank (ADB) Health Thematic Bond, which supports ADB member countries in their COVID-19 pandemic response and efforts to achieve universal health coverage throughout Asia and the Pacific. Through this investment, working capital was directed to Bangladesh, which was severely impacted by the pandemic. To mitigate the risk of spread, it was important to implement and scale up Bangladesh's national vaccination program. The ADB, through its Asia Pacific Vaccine Access Facility program, supported the Government of Bangladesh in its vaccination efforts.

The project will support the procurement of approximately 113 million vaccine doses, which will be administered to more than 40 million Bangladeshis by 2024. The ADB is not only providing vaccine financing, but will also support administration and implementation of the project by working closely with the Bangladesh Government.

The ADB has a vision for a prosperous, inclusive, resilient, and sustainable Asia and Pacific region, and QBE is proud to support its efforts.



## Premiums4Good

Premiums4Good is our innovative impact investing initiative that sees us invest everyday premiums to make a difference to communities across the globe.

As a responsible institutional investor, we invest for impact while seeking an attractive risk-adjusted return. Premiums4Good supports our belief that we can deliver attractive risk-adjusted returns and business value, while delivering a positive social and/or environmental impact.

Through Premiums4Good, we invest a portion of our customers' premiums into impact investments with the intention of creating positive social and/or environmental outcomes, along with a financial return, at no extra cost to the customer. Investments are made across many asset classes including fixed income, equity, infrastructure, social bonds and real estate. From renewable energy initiatives to social services, and programs to support vulnerable people and communities – Premiums4Good helps us, together with our customers, to work toward a more resilient, equitable future.

Our aim is to scale our impact investments with integrity through good impact governance, investment selection, systems, and reporting. We classify all our impact investments as having 'moderate', 'high', or 'deep' impact, informed by our involvement in the Impact Management Project and the Global Impact Investing Network. These classifications are made through an internal framework and confirmed by our external Classification of Social and Environmental Investments Committee, which is comprised of two QBE representatives and four independent impact experts.

Premiums4Good ambition

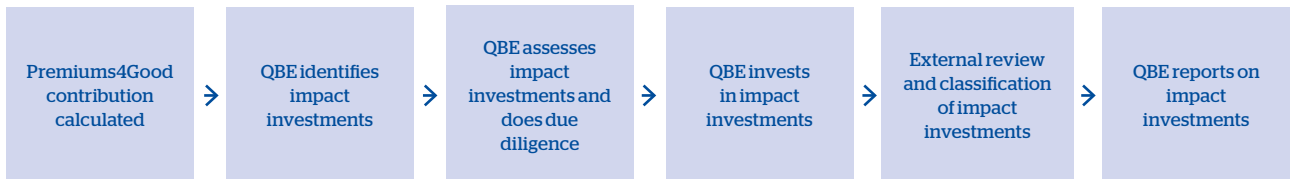
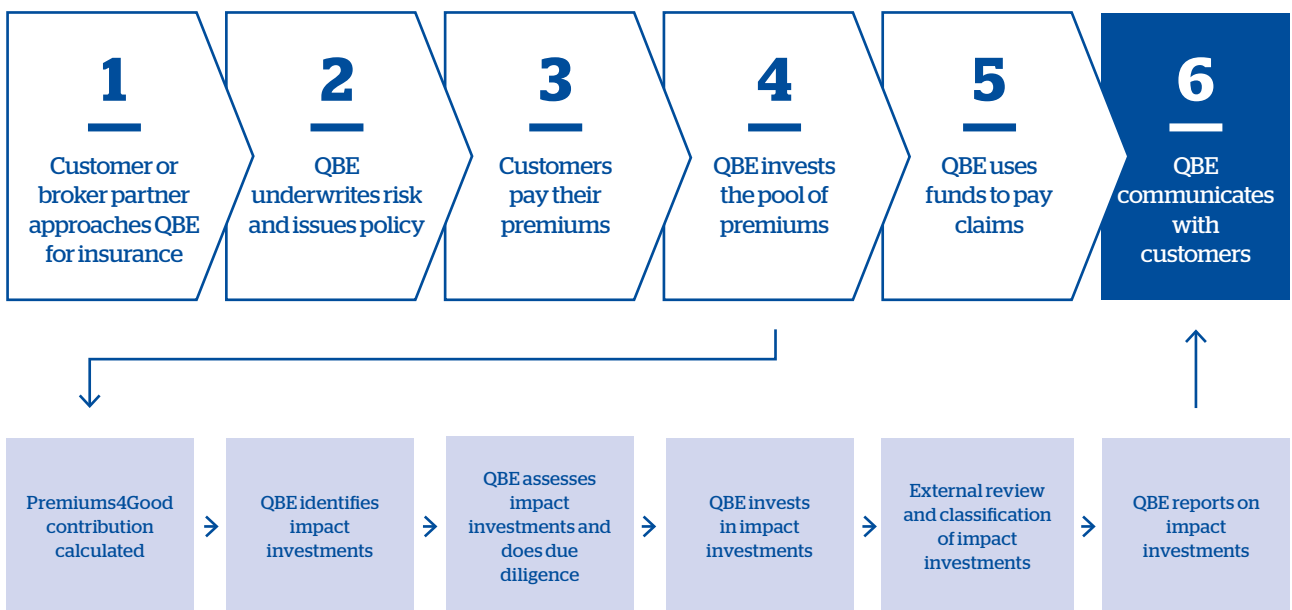
**\$2B**

by 2025

**i** Please see Responsible Investments in our [data book](#).

**Premiums4Good**  
Click to learn more

### Our Premiums4Good Process





# Customer and **Community**

Supporting and serving our customers, and the communities in which we operate, have always been priorities for QBE. We continue to seek ways to improve our products and services through innovation, and making them more accessible, while meeting customer needs and expectations. We have a strong history of supporting community resilience through our QBE Foundation partnerships.

## Our customers

While QBE is primarily an intermediated business, serving our customers through our partners, we do hold a direct relationship with many consumer and small-to-medium enterprise customers. We gather feedback from our partners and customers through mechanisms that differ across divisions. This provides us with important insights to explore how we can partner for innovative, sustainable and impactful solutions.

## Supporting vulnerable customers

To support our personal lines product insurance offering in Australia, we are focused on continuing to identify and support vulnerable customers. QBE completed its first foundational [Financial Inclusion Action Plan \(FIAP\)](#), which outlined 29 initiatives aimed at improving financial inclusion, resilience and wellbeing for our customers, community partners, suppliers and employees, in 2021. In line with the FIAP program terms, our progress towards these initiatives has been independently reviewed and validated by EY, with a [progress report](#) published on the QBE website in the first quarter of 2022.

Throughout 2022, we remained part of the FIAP community with a focus on training our customer interfacing teams. We also provided refresher training to most customer-facing teams on supporting customers experiencing vulnerability. To do this, we partnered with Uniting, consultants that help businesses develop strategies to support vulnerable customers, to develop training to increase awareness of emerging trends in financial vulnerability, and appropriate responses. We continue to explore ways in which we can support our customers experiencing financial hardship and vulnerability. We remain committed to contributing to financial inclusion and resilience across Australian communities.

## 711

community  
organisations  
supported

## 408,698

people reached  
in the community

## \$308,831

donated by our  
employees

Awarded a High  
Commendation for  
our Disaster Relief and  
Resilience Partnership  
**Best Strategic  
Partnership  
at FIA Awards**





## QBE Foundation

The QBE Foundation seeks to create strong, resilient and inclusive communities. We work in partnership with community organisations, with a focus on **climate resilience** and **inclusion** - two areas where we believe we can have the greatest impact.

The QBE Foundation invests in the community through funding, pro bono and in-kind support, including workplace volunteering and giving, community grants, and partnerships with charities and community organisations.

We invest in communities globally, and our QBE Foundation operates locally in our Australia Pacific, International (including Europe and Asia) and North America divisions, as well as in Bermuda and in our Group Shared Services Centre in the Philippines. Each division works to bring our vision to life, through local partnerships, grants and employee engagement opportunities.

As well as local partnerships, the QBE Foundation works to support our global Disaster Relief and Resilience Partnership with Red Cross and Save the Children.

This partnership is critical to our ability to support communities to prepare for, anticipate, respond to, and recover from, disasters. We also work with our partners to create strategic local initiatives that support climate resilience and/or inclusion priorities.

In the first three years of our partnership, we:

- activated the partnership in 19 of our 27 countries of operation;
- reached over 490,000 people through the distribution of 46,955 relief items, cash support, and preparedness initiatives;

- supported our partners to deliver their programs and relief efforts through the deployment of \$2.7 million in aid;
- invested \$2 million in the Save the Children Impact Investment Fund; and
- were recognised as Highly Commended in the 2022 Fundraising Institute Australia Awards 'Best Strategic Partnership' category and as a Finalist in the 2020 Shared Value Awards 'Shared Value Collaboration of the Year' category.

On the United Nations' International Day for Disaster Risk Reduction in October 2022, we relaunched the partnership, committing to a further three years of working together and increased funding. Over the next three years, we will grow our focus on climate risk adaptation and mitigation.

### QBE AcceliCITY Resilience Challenge

Each year, QBE Foundation partners with Leading Cities to run the QBE AcceliCITY Resilience Challenge, a global competition seeking entrepreneurs whose ventures drive resiliency in cities. Employees have the opportunity to evaluate the entrants' innovation and impact and vote in the People's Choice Award. In 2022, Automedi won the challenge's grand prize of \$100,000 to help bring its technology and services to the international market with the aim of building more sustainable societies. A UK-based manufacturing platform, Automedi is the world's first decentralised circular microeconomy, converting plastic waste into community products at the point of use.

**i** To find out more about the QBE Foundation, please go to our [website](#).



Photo by Scott Dalton/American Red Cross

## Cybersecurity

QBE is committed to the ongoing management of internal and external cyber threats to the confidentiality, integrity and availability of our customer and corporate data. Our Cybersecurity Strategy seeks to ensure effective controls are in place across people, process, and technology, including proactive monitoring and response to known and emerging threats.

### Our approach

QBE's approach to cybersecurity is guided by our Cybersecurity Framework, which is aligned to the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) Cybersecurity Framework. Our framework seeks to help us continually improve our cyber risk identification, prevention, detection, response, and recovery capabilities. It sets out our operating model, security policies and standards, cyber risk culture, metrics and reporting, and risk identification and management processes.

QBE employs a defence-in-depth approach to security coupled with proactive and reactive security controls to protect our environment. This includes threat intelligence, monitoring, vulnerability management and incident response. Our Global Security Operations Centre performs containment activities when malicious activity is detected. We have robust business recovery plans in place that are tested annually.

QBE has a rolling, three-year Cybersecurity Strategy designed to improve the security and resilience of QBE technology and business services against cyber threats or disruption. Importantly, the strategy is adaptive, to enable QBE to pivot activity in response to emerging threats. The strategy's key drivers are technology modernisation, the evolving threat landscape

(including criminal activity and techniques), internal and external risk assessments, and changes in the regulatory environment.

QBE's Cybersecurity Strategy is overseen by QBE's Group Board. Division-specific activities are also reported to divisional Executive Management teams and Boards. QBE also conducts internal and external assessments on security control effectiveness to assist us to prioritise investment and areas of focus.

QBE has a comprehensive cybersecurity capability, including security architecture and design, data security, cyber engineering, governance and assurance, identity and access management, and cyber safety awareness. These capabilities are delivered via a central, global function that enables strategic direction for, and common security goals with, our people, partners and regulators. Activity is delivered via divisionally based subject matter experts, who tailor solutions to meet local business requirements and regulations.

QBE's cybersecurity risk and compliance activities are aligned with the QBE Group Risk and Compliance Frameworks, which seek to ensure that cyber risks are consistently assessed, monitored and managed in line with wider enterprise risks and compliance obligations.

### Ransomware

Ransomware is a prevalent threat to organisations worldwide. While ransomware attacks are pervasive, there was a significant increase in their volume and sophistication globally as organisations moved to mass working-from-home arrangements in 2020 due to COVID-19. Research<sup>1</sup> indicates a 1,070% increase in ransomware attacks between July 2020 and June 2021. This trend continued throughout 2022.

In response, QBE has dedicated programs focused on ransomware business resiliency. We prioritise application recoverability for core business processes across all technology dependencies. Internal and external assessments are regularly conducted to test controls.

### Culture and awareness

We invest in a comprehensive, multi-channel global awareness program to empower our people to understand cyber risks at work and at home. The program includes regular phishing simulations, which aim to mimic real-world, sophisticated phishing attacks, to train our people to recognise and report malicious emails (often the entry point of cyberattacks).

The program also encompasses online compliance training, face-to-face presentations, and cyber safety communications to assist our people to stay safe online and in their everyday business interactions. We also conduct tailored training for specific roles that have a heightened risk of being targeted by cybercriminals, given the nature of the information/access connected to the role. Key metrics used to measure secure behaviour, including phishing simulation results and compliance training completion rates, are reported to senior leaders and Group and divisional Boards.

<sup>1</sup> [www.fortinet.com/content/dam/maindam/PUBLIC/02\\_MARKETING/08\\_Report/report-ransomware-survey.pdf](https://www.fortinet.com/content/dam/maindam/PUBLIC/02_MARKETING/08_Report/report-ransomware-survey.pdf)





## Innovation and technology

Our customers and employees rely on technology to access, or deliver, our products and services. Our focus remains on delivering an environment that is stable, secure and sustainable as part of our overall approach to organisational resilience.

Throughout 2022, we have continued modernising our information technology (IT) systems, with ongoing upgrades to foundational capabilities and further investments in digitisation. Our technology priorities are aligned with divisional business strategies and form part of the overarching technology strategy overseen by QBE's Group Board. A clear emphasis within this strategy is on keeping our IT current to mitigate against security and stability risks arising out of exposure to older technologies. We are also focused on automating operational processes – such as testing, deployment and security scanning – to improve our delivery speed, consistency and quality.

To do this, QBE maintains divisionally aligned technology teams responsible for the technology assets of the local business, supported by shared services functions providing enterprise-wide capabilities such as service management, security services, networks, infrastructure support and workplace technologies. We use trusted third parties to provide a range of application development and management services. We leverage our Third-Party Risk Management Framework and related policies, such as our Group Material Outsourcing Policy, to govern these arrangements. We have increasingly invested in our own internal technology capability, for example, by establishing an automation 'centre of excellence' in our Group Shared Services Centre, to provide a range of sourcing options to increase flexibility and resilience.

QBE's technology teams operate in accordance with the IT Risk Management Framework (part of QBE's overall Risk Management Strategy), with Minimum Control standards in place across the IT delivery life cycle, including expectations for ongoing disaster recovery and security testing. Adherence to control standards is tested annually through the Risk and Control Self-Assessment process to identify areas requiring improvement. Key Risk Indicators and Service Level Agreements are monitored monthly across both external partners and internal teams to ensure effective delivery of activities within our risk appetite and against stakeholder expectations.

Innovation and technology will continue to be central to QBE's overall purpose and strategy. Increasing digitisation and automation of processes are fundamental to meeting customer and partner expectations, as well as supporting our overall organisational effectiveness. Digitisation relies on data, and we are investing in strengthening our approach to the acquisition, management and governance of data at both a divisional and Group level with the:

- establishment of a Group Data Office; and
- development of an overarching enterprise-wide data strategy to promote our effective use and control of data assets.

This data team will play an important role in the insurance-associated emissions projects to meet our net-zero underwriting commitments.

### QBE Ventures

QBE Ventures is our venture development and investment arm, which invests in technology start-ups and venture funds that are aligned to QBE's purpose of enabling a more resilient future. In October 2022, QBE Ventures invested in an early-stage Australian-based tech firm, *iluminr*, whose award-winning SaaS (Software-as-a-Service) platform helps organisations identify and manage crises and threats through a set of cloud-based simulation, compliance, and response tools. Using gamification, automation and data insights, the platform provides microsimulations that enable companies to uplift their resilience against crises such as cyberattacks, supply chain disruptions, natural disasters, and COVID-related challenges. Since COVID-19, organisations have changed significantly, and *iluminr* helps them to prepare and respond to disruptions in a way that accommodates the new hybrid work environment.

**i** Find out more [here](#).





# People and culture



Our people are essential to our business' long-term success. Everything we do is informed by our QBE DNA: seven cultural attributes that describe who we are, what we stand for, and how we conduct ourselves. The framework sets out expected behaviours for the whole Group, working in conjunction with the Group's Code of Ethics and Conduct. Our people are the centre of our sustainability focus area 2 ambition: to enable a sustainable and resilient workforce.

## Our DNA

We are **customer-focused**

We are **technical experts**

We are **inclusive**

We are **courageous**

We are **fast-paced**

We are **a team**

We are **accountable**

No matter the role or country, or whether a QBE employee works in one of our offices or in a hybrid environment, our **QBE DNA** is what connects us all.

### Women on Group Board:

**44%**

Target of 40% by 2025 (achieved)

### Women in leadership (Levels 0-3):

**38.6%**

Target of greater than 37% by 2023 (achieved)  
Target of 40% by 2025

### Gender diversity on Group Executive Committee:

**45%**

Target of 40:40:20 (40% women, 40% men, 20% any gender) by 2023 (achieved)

**i** Please see People and culture in our [data book](#).

## Driving cultural change

In 2022, we progressed the implementation of our Culture Blueprint to drive QBE towards our target culture and tracked our progress through our Culture Dashboard.

In January, we launched our new organisational purpose: *QBE - enabling a more resilient future*. Throughout this year, we have focused on making the purpose tangible for our people, partners, and customers, and aligning what we do to our purpose.

We continued to embed our QBE DNA behaviours through a refreshed employee incentive program and celebrated role models through our DNA Champions Award.

In recognition of our Culture Transformation, we were awarded the Organisational Development Award at the 2022 Australian HR Institute (AHRI) Awards.

## Employee engagement

At QBE, we are committed to continually improving our employee experience, wellbeing, safety, and workplace environment. We strive for a culture that embraces diversity, seeks feedback, and encourages people to speak up.

Voice, our employee listening program, provides an opportunity for our people to give feedback on their experience working at QBE through short, sharp, and frequent tailored Pulse surveys, putting meaningful data directly in the hands of our people leaders. Our listening approach gives us a deeper understanding of what is driving engagement, enabling us to focus on opportunities to take action, and giving us the ability to measure impact over time.

Our Engaged Employee Index was introduced in 2021, measuring how proud our people feel to work for QBE, their commitment, enthusiasm, feelings of being valued, and sense of accomplishment with their work, and whether they would recommend QBE as a great workplace. Please refer to the [data book](#) for our results.

## Leadership and development

To support progress against our strategic agenda and embed our target state culture, we launched three new enterprise leadership groups: Growth Leaders Forum (GLF), Enterprise Talent Group (ETG) and Enterprise Leaders' Network (ELN), investing in the development of our future leaders and mobilising them around our strategic priorities.

The GLF and ETG are made up of leaders who demonstrate potential to take on broader and more complex roles. These groups have participated in cutting edge development interventions, opportunities for cross-divisional peer networking, as well as on-the-job experiences. The ELN brings together our GLF, ETG and all Level 1 and 2 leaders, equipping them to communicate and embed our strategy across the business, and bring our shared purpose and vision to life.

The creation of these groups has seen us strengthen our succession pipeline and bring the enterprise together through global peer learning groups.



## Inclusion of Diversity

People are at the heart of our business and bring their own diverse perspectives and lived experiences to work. Because we see the benefits that this rich diversity brings, Inclusion of Diversity (IoD) is a fundamental component of our QBE DNA - it is part of who we are and how we operate.

We believe that creating a workplace culture and influencing the external environment so that our people, customers, suppliers, and stakeholders feel included is essential to our success, now and into the future. This ambition aligns to our focus area 2 goals, helping to enable a sustainable and resilient workforce.

### A refreshed approach to Inclusion of Diversity

In early 2022, we launched our new approach to IoD. At QBE, we have a broad view of diversity that includes all the ways that people are visibly, and invisibly, different. We know that to realise the benefits of this, we must create an environment where everyone is, and feels that they are, included.

Our refreshed [IoD policy](#) sets out our expectations for how we interact with each other, and our aspiration to be a positive influence for inclusion of diversity beyond the boundaries of our organisation. To support our ambitions, we have continued to improve our approach to people data collection, consistency and quality, and we have developed new inclusion targets for 2023, going beyond gender to consider equality of belonging, based on ethnicity, disability, and LGBTIQ+ identification. Additionally, to maintain progress with women in leadership targets, and in line with our 40:40 Vision pledge, a new target for 2027 will be introduced in 2025 for an improvement from the 2025 baseline.

### Talking to our people about inclusion

To celebrate the launch of our refreshed policy and approach at QBE, we ran a series of IoD roundtable discussions through February and March, which over 700 people attended globally.

In these sessions, we heard from our Group Executive Committee (GEC), senior leaders, and a world-renowned inclusion expert and thought leader, Professor Juliet Bourke, PhD. We explored our refreshed approach to IoD, the business case for inclusion, and heard practical advice on how to build inclusion.

We used the powerful insights, shared by our people, to create a tip sheet on ways to build inclusion through everyday interactions.

### Continued progress on gender equality

In 2022, we continued to make headway towards our target of 40% women in leadership<sup>1</sup> across QBE, with an increase over last year from 35.9% to 38.6%. This year, QBE achieved our 2025 goal of 40% women on the Group Board early, reaching 44% with the appointment of Yasmin Allen in July 2022.

To further QBE's commitment to gender diversity, in May 2022, QBE became the first insurer to sign up to HESTA's 40:40 Vision, an initiative supporting diversity in executive leadership in ASX300 companies. We pledged to have 40% women, 40% men and 20% any gender on the GEC by 2030 - something we already currently meet, with 45% women.

To further our commitment to gender equality, our Group Chief Executive Officer joined our Australia Pacific Chief Executive Officer in becoming a member of the Champions of Change Coalition (CCC). The CCC is a globally recognised coalition - with members from major sectors of the economy including business, government, community, academic and not-for-profit organisations - for advancing diverse and more women in leadership, and furthering our progress toward building an inclusive and respectful workplace.

Beyond these commitments and actions, we continue to identify opportunities for further progress, and to develop targeted initiatives to address attraction, progression, and retention of women in leadership at QBE.

### Pay equity

At QBE, we strongly believe in equal pay for equal work. We regularly assess pay equity in our workforce based on key drivers such as role, location, and performance, enabling us to identify areas for improvement, and giving us confidence that we have gender pay equity on a like-for-like basis. We recognise that some pay gaps remain at an individual level, and will continue to work to address any gaps through our ongoing annual salary review processes.

In Europe, the scope of our pay equity review now also includes both gender and ethnicity. We will continue our external ethnicity pay gap reporting beyond 2022, and have introduced ethnicity targets to support progress in this area.

### Diversity in our supply chain

QBE's [Supplier Sustainability Principles](#) outline our desire to work with businesses reflecting the diverse nature of the communities we serve. This includes minority and First Nations businesses, disability and social enterprises and female-owned and/or led businesses.

<sup>1</sup> Level 0 (GEC) and the next 3 tiers of employees below.



## Wellbeing

In 2022, the world began to emerge from the COVID-19 pandemic. As our employees embraced the 'new normal', geo-political, social and environmental challenges contributed to further uncertainty and change. Wellbeing remains a priority at QBE, and we continue to seek to create a safe, supportive and engaging environment to enable a more positive and resilient future for our people.

## Supporting our people's resilience

One swift action we took in response to the increasing inflationary pressures was to make an out-of-cycle pay increase of 3% for employees across the Group, excluding the most senior leaders.

Local offerings provided further wellbeing support to our people. In Australia, we launched Thriving at our Best, a refreshed holistic wellbeing program that encapsulates three focus areas - Healthy People, Healthy Teams and a Healthy Workplace. Europe's new wellbeing strategy, At our Best, aims to create meaningful change in people's lives by helping them to understand and tackle the systemic causes of stress and burnout.

## Work, health and safety

We maintain robust work, health and safety (WHS) controls across the business, with detailed risk assessment and control plans in place to mitigate WHS hazards. A Group policy governs our standards. Our WHS processes and resources are extensive, including ergonomic assessment, support, and equipment, as appropriate; workers' compensation personnel; psychological health initiatives; online mandatory training; regular site safety inspections; workplace incident, 'near miss' and claims registers; first aid, mental health and domestic violence support training; and online counselling. WHS committees and working groups convene to share initiatives, trends and best practice, and update the Group Board on global WHS developments and risks.

In support of

### WOMEN'S EMPOWERMENT PRINCIPLES

These icons denote integration of the WEPs



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



# Operational excellence



In 2022, we continued our objective to minimise the potential harmful impacts of our operations on the environment, and communities in which we operate, through our new supplier onboarding process and through progressing operational policies to reduce emissions.

## Third-Party Risk Management

QBE aims to mitigate any potential adverse impacts arising from our operations by taking appropriate action, including the leveraging of our business relationships. Our [Supplier Sustainability Principles \(SSPs\)](#) set minimum expectations of our suppliers. We seek to engage suppliers and partners who share our commitment to sustainability, and who will work with us to achieve our objectives. In 2022, we continued our human rights due diligence approach to supplier modern slavery risk. As part of our process, suppliers flagged for medium and high modern slavery risk exposure are subject to additional questions and internal reviews of their responses, risk profile, and of their policies and practices.

As part of embedding our strategy, commitments and philosophy, we developed the Third-Party Risk Management (TPRM) Policy, which outlines the approach for effectively managing risks related to the third parties with whom we work. The policy is fully aligned with our Third-Party Minimum Standard, which provides a consistent framework, or set of controls and metrics, to help manage our third-party relationships. The policy also provides clarity for relationship owners on their requirements for managing an external provider. The framework includes risk domains such as Information Security, Privacy, Modern Slavery, Financial Crime, Conduct Risk and Business Continuity. It provides clarity regarding relevant legislative and regulatory requirements applicable to QBE, and is expected to be applied to third parties we engage, at each stage of the TPRM life cycle. In 2022, we formed the TPRM Steering Committee, with responsibility for TPRM governance and oversight. The committee is also responsible for monitoring and horizon scanning for emerging legislation, reviewing the effectiveness of our TPRM framework regularly and recommending amendments.

**91%**

of new Australia Pacific suppliers comply with our Supplier Sustainability Principles

against our target of 90%

New target set of

**Net zero**

for QBE's operational emissions by 2030

expanding our commitment on operational Scope 1 and 2 to include material Scope 3

## Sustainable procurement

QBE is committed to a fair sourcing process that seeks to offer equal opportunities to third-party suppliers globally. We work with our suppliers to promote and uphold high sustainability standards in our supply chain by clearly communicating our environmental and social expectations. We encourage Inclusion of Diversity in our global supply chain. Our SSPs outline our desire to work with businesses reflecting the diverse nature of the people and communities we serve, including minority and First Nations businesses, disability and social enterprises, female-owned and/or led businesses, our community and global aid partners, and other not-for-profit organisations.

### QBE Australia Pacific

In Australia Pacific, our Indirect and Claims Procurement teams' approach to sustainable procurement is underpinned by our Sustainable Procurement Strategy, launched in mid-2021 with alignment to the global TPRM framework and the Group Sustainability Strategy. In 2022, we continued our relationship with Supply Nation and focused on alignment with the SSPs for all new suppliers, achieving adherence of 91% against our goal of 90%. The scope of the SSPs is currently being increased to include New Zealand and Pacific operations. We are driving a greater focus on supplier diversity across the business by highlighting the benefit and positive social impact of spend, and looking at the best ways to track and measure this. Where possible and appropriate, we are introducing an ESG sourcing component to sourcing initiatives to drive focus and business engagement.

In 2023, we will be progressing sustainability conversations with the larger suppliers in our global supply chain. We will focus on their net-zero commitments and initiatives they have in place. Our approach will be one of collaboration to share our learnings from supplier discussions across categories and global divisions.

### QBE North America

North America (NA) Procurement is in the process of rolling out a more consistent approach to TPRM, taking into consideration risk domains in support of sustainability including modern slavery and conduct risk. The NA Procurement team established a licence with a supplier data provider that includes a module on ESG for use by our people. This information module will be evaluated in 2023 to determine its relevance to QBE's sustainability objectives.

### QBE International

In Europe (EO), our Claims teams have launched initiatives such as the introduction of loss adjuster panel contracts that include commitments to reduce CO<sub>2</sub> emissions. They are also trialling with Sedgwick, a UK-based provider of technology-enabled risk, benefits and integrated business solutions, to identify viability and cost implications of 'building back better', improving resilience using post-disaster reconstruction and recovery methods. EO Indirect Procurement has been focused on implementing the SSPs into their sourcing process. We are currently making them a standard contractual requirement. This was launched in January 2023.



## Driving operational performance improvements

We continue to drive improvements in operational performance with the goal of modernising our business to enhance customer experience and reduce complexity in our products and services.

### QBE International

In 2022, QBE Asia won a total of three awards – two Digital Insurance Initiative of the Year awards and an Insurtech Initiative of the Year award at the Insurance Asia Awards. These awards are a recognition of our outstanding achievement in delivering exceptional value and operational excellence for our customers, business partners, employees and the community.

Our progress in two digital initiatives has elevated operational efficiency and sales productivity, while delivering a more seamless and personalised customer experience. Firstly, in Hong Kong and Singapore, QBE introduced a new end-to-end digital Interior Renovation Prestige product in August 2021. This product streamlines the administrative process to provide immediate issuance of online certificates of insurance to minimise delays in customer renovation works. The entire process is fast and effective, with built-in, easy-to-use features, allowing customers to access around-the-clock, one-stop-shop services. Secondly, as part of improving our operational efficiency, we launched a Renewal Pricing Strategies Solution, an optimisation and automation engine where technologies are uniquely configured in a way to enhance our pre-renewal process with data-driven and risk-adjusted insights.

### QBE North America

In North America, our new pricing platform has helped progress our sustainability agenda by driving impactful improvements for our teams, customers, and the community.

It reduces the amount of key entry by underwriters, enables information lookups by linking to internal and external data sources, and reduces the amount of work our actuaries must do to monitor usage, performance and adherence to technical premium. This integration provides greater governance, offering a valuable, long-term solution that aims to increase monitoring of model performance and usage. It also allows for better tracking of sold premium to technical premium. The platform allows QBE to quickly and easily deploy new models to support our business in response to market changes, and for our program partners to connect to these models. The updated pricing platform has proven to be a valuable tool to support the success and sustainability of our business.

### QBE Australia Pacific

In Australia Pacific, we have delivered the first iteration of our Claims Payments Automation initiative under our Claims Value Stream. This first iteration has automated the payment of certain supplier invoices for property claims, replacing manual processes. It reduces claim duration and saves our Claims teams significant effort, improving our responsiveness, our supplier relationships, and making QBE easier to do business with. Our Claims teams are close to deploying the second iteration of this initiative, which will expand the scope of automation for property claims. A third iteration will soon commence, with activities aimed at automating motor supplier invoice payments. We plan to further evolve and expand across multiple business lines and supplier types over the next two to three years.

## Industry recognition

Digital Insurance Initiative  
QBE Hong Kong



Digital Insurance Initiative QBE  
Insurance (Singapore) Pte Ltd



Insurtech Initiative  
QBE Hong Kong





## Operational environmental performance

Wherever we operate, we are committed to understanding and managing the direct, and indirect, environmental impacts of our operations to try to minimise them.

### Reducing our emissions

In 2022, we continued to deliver on our internal net-zero roadmap. We extended our 2030 commitment to net zero, for our global operations, to include material Scope 3 emissions (in addition to Scope 1 and Scope 2 emissions).

This year our Scope 1 and 2 emissions were 75% lower than in 2018 (our Scope 1 and 2 emissions target base year). Our Scope 3 emissions have increased just 4% since 2018 despite the inclusion of additional emissions sources such as those attributable to employee commuting, fuel and energy-related services (which includes upstream energy), capital goods and downstream leased assets. In 2022, relative to 2021, Scope 1, 2 and 3 emissions have increased as we've reverted to a business-as-usual operating environment that included increased office occupancy, business travel and commuting. Our emissions data and measurement approach are described in our [data book](#), and we will continue to improve the way we measure and capture our Scope 3 emissions as guided by appropriate practices, frameworks and standards.

Emissions from fuel use in fleet vehicles make up most of our Scope 1 emissions and, for United Kingdom-based employees, we have implemented an updated policy for our fleet vehicles, stipulating that we will only use hybrid and electric vehicles. Our Australian fleet is now made up of 49% hybrid vehicles and in North America, 87% of our fleet have RAM eTorque engines (a 'mild hybrid', fuel-efficient technology).

Our Scope 2 emissions are a result of purchased electricity and heat across our operations. This year, 100% of our electricity use across QBE offices (excluding the Pacific Islands and Bermuda) was certified as renewable, supporting our RE100 commitment to 100% renewable electricity by 2025. In our smaller operations in the Pacific Islands and Bermuda, where we are unable to source certified renewable electricity, we continued to implement energy efficiency opportunities during 2022 including LED lighting, appliance upgrades, and introducing sensors and timers for lights and air conditioning. We achieved our first 6 Star Green Star Interiors v1.3 rating for our new Parramatta office and have further optimised the office space we occupy in line with our new ways of working, releasing surplus floorspace in Australia, the United States, the United Kingdom, Canada and Hong Kong.

We have maintained carbon neutrality<sup>3</sup> for our defined inventory of emissions related to our global operations, as defined in our sustainability data book. This is achieved by offsetting our residual emissions with certified carbon credits generated from renewable energy and land fire abatement projects.

### Industry excellence

We continue to be recognised for our focus on environmental sustainability. In 2022, we were recognised as the inaugural winner of the Excellence in Environmental, Social and Governance Change at the 2022 Australian Insurance Industry Awards, hosted by the Australian and New Zealand Institute of Insurance and Finance. Additionally, we were awarded Green Insurer of the Year for the third year running by comparison site Finder.

### Our targets

**25%**  
reduction in energy use by 2025<sup>1</sup>

**30%**  
reduction in Scope 1 and 2 emissions by 2025<sup>2</sup>

**100%**  
renewable electricity by 2025

**Maintain carbon neutrality<sup>3</sup>**



1 From 2019 levels.  
2 1.5°C trajectory aligned science-based target from a 2018 base year.  
3 On defined emissions inventory related to our operations, see [data book](#).



# Governance



QBE seeks to maintain a culture that rewards transparency, integrity, and performance. We believe this promotes the long-term sustainability and ongoing success of our business, and is critical to better stakeholder outcomes. We are committed to the highest standards of corporate governance, conduct and compliance.

## Governance and compliance

Our Group Board and management oversee our Group governance framework. Our Group Executive Committee (GEC) has executive accountability for corporate governance-related matters. Our Group Chief Compliance Officer leads our Group compliance function, providing independent assurance and oversight that compliance is managed appropriately across QBE.

Our [Group Code of Ethics and Conduct \(Code\)](#) sets the professional standards we expect of everyone at QBE. We review our Code annually, seeking to ensure it remains current and effective in an ever-changing risk environment. It outlines expected standards of professionalism across the Group, emphasising our commitment to governance and accountability, and to our purpose and vision. QBE employees are required to complete mandatory training annually, including Code training, and 99.4% of employees completed their mandatory training by the due date in 2022.

Breaches of our Code are taken seriously and are reviewed to determine if, and what, consequences should apply. Potential consequences can range from informal coaching and development to a formal warning, impacted remuneration, or termination of employment.

We define 'conduct risk' as the risk that actions by QBE (including inaction) result in unfair outcomes for our customers, communities or stakeholders or detriment to market integrity. Our Group Conduct Risk Policy sets our expectations for managing conduct risk across our business. Our Executive Risk Committee has oversight of conduct risk.

We believe that managing obligations and non-financial risks is critical to achieving better stakeholder outcomes. As part of our performance rating system, ME@QBE, employees now receive two performance ratings for what goals they achieve, and how they achieve them during their annual review.

**99.4%**

**of employees  
completed  
mandatory  
training by  
due date**

## Trust and transparency

Building trust with our stakeholders, and transparency in all our dealings, are important to us. We do this through public reporting, including via our:

- [Annual and half-yearly reports](#);
- [Financial Inclusion Action Plan progress updates](#);
- [Modern Slavery and Human Trafficking Statement](#);
- Our [climate-related financial disclosures](#) prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures, which track our exposure to climate risk;
- [Annual CDP reporting](#); and
- [Annual Sustainability Report](#).

Responsibility for these disclosures is shared by functions across QBE but, ultimately, the Group Board is accountable for, and approves, all public reports. There are benchmarking disclosures associated with submissions such as S&P's Corporate Sustainability Assessment and the CDP that are approved by the Group Chief Executive Officer.

We have developed a Global Consequence Management Policy that provides a set of consistent principles for the treatment of conduct that falls below QBE standards. This will be rolled out during 2023 and into 2024.

### Tax transparency strategy

QBE supports the voluntary Australian Tax Transparency Code, a set of principles and minimum standards on public disclosure of tax information by medium and large businesses. 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. We also seek to pay the amount that is legally required to be paid in all jurisdictions in which we operate. QBE supports the principle behind multilateral moves towards greater transparency within the corporate sector to increase community understanding of the corporate sector's compliance with tax laws, and build public trust.

The Group Board has oversight of tax governance through the Group's tax risk framework, with local boards having oversight of divisional tax governance. Operationally, the Group Chief Financial Officer is responsible for the Group's tax risk management and for ensuring the implementation of the framework. The Group Chief Financial Officer is assisted by the Group Head of Tax and divisional Chief Financial Officers to ensure that:

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



**Tax transparency**

[Click to learn more](#)

## Privacy

We are committed to respecting the privacy of our customers, employees, and other stakeholders, the protection of their personal data from misuse or unauthorised disclosure, and compliance with privacy laws.

QBE maintains a Global Privacy Framework that defines the core principles of our privacy program, and provides the foundation for how QBE seeks to comply with applicable privacy laws globally. This framework was reviewed and updated in 2022, and is summarised at [Global Privacy Framework and Privacy Approach Summary](#).

Our Global Privacy Framework is governed centrally through our Group Compliance team: the Group Privacy Officer reports to the Group Chief Compliance Officer who, in turn, reports to the Group Chief Risk Officer. Additional, divisional privacy programs are managed locally.

We also have a Global Privacy Council that is chaired by the Group Privacy Officer. Its membership includes local divisional privacy officers or privacy compliance leads (or equivalent), Legal, IT-security and compliance personnel. The Global Privacy Council is an advisory, information-sharing and evaluation group that considers global (or multi-divisional) matters with high potential for, or actual, privacy implications. We consider and assess privacy risk locally and globally, including undertaking global privacy impact assessments

via the Global Privacy Council for activities that involve multiple divisions with high, or potentially high, privacy risk.

All QBE staff receive compliance training. This includes Information Security and Privacy training that is relevant to the employee's role. The online training course content includes topics such as data protection; collection, storage and security of personal data; sensitive personal data; and dealing with data breaches.

We maintain a Group Personal Data Breach Standard that was reviewed and renewed in 2022. This outlines our procedures, including steps for responding to actual, or potential, QBE Group personal data breaches.

As part of continuous improvement, the QBE Group Privacy function was subject to an external review in 2022, resulting in improvements being implemented in relation to governance and privacy operations.

Our Group Privacy Policy is available on our [website](#).

## Reconciliation Action Plan

Consistent with our focus on greater First Nations inclusion, in 2022, we continued to progress our 'Innovate' level [Reconciliation Action Plan \(2020-2022\)](#) (RAP). We remain committed to creating meaningful and respectful relationships with, and promoting sustainable opportunities for, Aboriginal and Torres Strait Islander peoples, communities, organisations and businesses.

As a global organisation that was established in Australia, we seek to use our platform and sphere of influence to drive ongoing change, be active allies, and continue to show our respect through listening to, and learning from and about, the oldest living culture on earth.

Our RAP Committee plays an active role in driving greater inclusion within QBE for Aboriginal and Torres Strait Islander employees, customers, suppliers and community. We will launch our fourth RAP in 2023.



**Reconciliation Action Plan**

[Click to learn more](#)

## Human rights and modern slavery

As a global insurer and reinsurer with diverse and complex operations and supply chains, we recognise that we have the potential to negatively impact human rights, causing harm to individuals and communities. Any actual, or potential, violation of human rights is likely to have multifaceted risk consequences, such as reputation, brand, financial, legal, regulatory and operational risk. QBE rejects any form of slavery and takes active measures to prevent modern slavery risk throughout our supply chain.

In 2021, we released our [Group Human Rights Policy](#), which outlines our guiding principles and helps to integrate human rights considerations into existing policies, procedures, frameworks and decision-making tools across our business.

The Group Board oversees human rights and modern slavery-related issues at QBE in line with our broader approach to sustainability. The Board received five updates in 2022 in relation to our action plan. Our Human Rights and Modern Slavery Action Plan will be delivered through enterprise-wide cross-functional collaboration with subject-matter experts across the business.



**Human rights**  
Click to learn more

### Group Conduct Reporting & Whistleblower Policy

Depending on the issue or their location, our people can report concerns to their manager, a senior manager or a relevant team, including People, Compliance, Legal, Risk or Procurement. The criteria for legal whistleblowing protections are jurisdiction dependent. Concerns can also be reported confidentially, including anonymously (where permitted), 24/7/365 via phone or web to our QBE Ethics Hotline, a specialist third-party reporting service, supporting numerous languages, and available in most QBE locations. These channels are further supported by our Code, [Group Conduct Reporting & Whistleblower Policy](#), and supporting documents. Concerns will be investigated in accordance with the requirements of the relevant whistleblowing protections and policy, where applicable. To the extent possible, reports will be kept confidential, and those who report will be kept updated. Where reports are substantiated, we will take appropriate action and document outcomes. QBE will not tolerate actual or threatened detrimental treatment, including retaliation, against anyone who has, or intends to, raise a concern.

### Human rights assessment as an employer

In 2021, QBE assessed that 11 of 31 countries where we have people located are considered to be medium-risk to high-risk in relation to potential human rights issues. Five of these countries are deemed to be high-risk, and we used reputable sources to understand the potential human rights risks. The Group Sustainability and ESG Risk teams engaged with local teams to understand contexts and cultural sensitivities around a wide range of human rights topics. We designed a checklist of risk indicators to further assess human rights risk controls within our workforce management practices.




Our assessment indicated that we have adequate and relevant controls in the form of local procedures, and processes in place to protect our employees' rights wherever we operate. The process also highlighted areas of opportunities for reconsidering certain human rights at a country level, such as the relevance of the right of assembly or explicit acceptance of LGBTIQ+ rights. We will continue to engage with our local teams to strengthen existing controls and processes to protect our people.



# 2023-25



## sustainability scorecard

### Focus area I Foster an orderly and inclusive transition to a net-zero economy





| SUSTAINABILITY FRAMEWORK   | ASSOCIATED INITIATIVE/TARGET  |
|--|---|
|  <p>Sustainable insurance</p>               | <p>Set interim targets for our underwriting portfolio as per Net-Zero Insurance Alliance Target-Setting Protocol. Formal engagement with priority commercial customers.</p>   |
|  <p>Impact and responsible investments</p> | <p>Target an increase in our Climate Solutions investments to 5% of the total investment portfolio by 2025.</p> <p>Target a 25% reduction in the Scope 1 and 2 carbon intensity of our developed market equity portfolio by 2025 (relative to a 2019 baseline).</p> <p>Maintain a low carbon risk<sup>1</sup> rating in the Scope 1 and 2 weighted average carbon intensity of our investment grade corporate credit portfolio.</p> <p>Engage at least annually with the top 20 highest emitters in our investment grade corporate credit portfolio and with all of our external investment managers.</p>   |
|  <p>Operational excellence</p>            | <p>Use 100% renewable electricity for our operations by 2025.</p> <p>Reduce Scope 1 and 2 carbon emissions by 30% by 2025 (1.5 trajectory aligned science-based target).</p> <p>Reduce energy use by 25% by 2025 (from 2019 levels).</p> <p>Maintain carbon neutrality on defined inventory related to our global operations.</p> <p>Reach net zero for QBE's operational emissions by 2030, expanding our commitment on operational Scope 1 and 2 to include material Scope 3.</p> <p>Commence formal engagement on net-zero progress with large suppliers in our global supply chain in 2023, with the goal of setting targets for those large suppliers by 2025.</p> |

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

## Focus area 2 Enable a sustainable and resilient workforce

| SUSTAINABILITY FRAMEWORK   | ASSOCIATED INITIATIVE/TARGET  |
|--|---|
| <br><b>People and culture</b> | Progress the initiatives and priorities in our Culture Blueprint for Change to drive QBE towards the target culture.  |
|  | Achieve 40% of women in leadership and maintain 40% women on Group Board by 2025.   |
|  | Continue to focus on equality and inclusion of diversity, including maintaining targets for equal belonging for gender, ethnicity, disability and LGBTIQ+.  |
|  | Measure the integration of sustainability into our business through growth in the sustainability capability of our business, engaging employees and through relevant sustainability-related metrics in executive variable remuneration by 2025.             |
| <br><b>Governance</b>         | Increase trust and transparency through disclosing our Group Code of Ethics and Conduct Standards applicable to all employees, performance in relation to Material Topics and policies, including mandatory training completion and consequence management. |

## Focus area 3 Partner for growth through innovative, sustainable and impactful solutions

| SUSTAINABILITY FRAMEWORK   | ASSOCIATED INITIATIVE/TARGET  |
|--|---|
| <br><b>Sustainable insurance</b>              | Explore and target partnership opportunities to enhance re/insuring the transition and sustainable growth.  |
|  | Ensure QBE's collaboration with external stakeholders is driving consistent advocacy and progress towards our sustainability commitments.   |
| <br><b>Impact and responsible investments</b> | Achieve our ambition to grow our total impact investments to US\$2 billion by 2025.   |
| <br><b>Operational excellence</b>             | By 2025, obtain acknowledgement from 90% or more of all newly contracted or re-contracted strategic suppliers that they will adhere to QBE's Global Supplier Sustainability Principles or their equivalent. |
| <br><b>Customer and community</b>             | Grow QBE Foundation strategic partnerships and initiatives globally, aligned to the Foundation's vision of creating strong, resilient, and inclusive communities and social impact objectives.              |

# Independent assurance report

to the Board of Directors of QBE Insurance Group Limited



## Independent assurance report on selected Sustainability Metrics presented in QBE's 2022 Sustainability Data Book

### Scope

In accordance with the terms of engagement letter dated 16 November 2022, we were engaged by QBE Insurance Group Limited ("QBE") to perform an independent limited assurance engagement in respect of the following Sustainability Metrics presented in its 2022 Sustainability Data Book (the "Subject Matter") for the 12 months ended 31 December 2022 (the "Period"):

### Subject Matter

#### Impact and responsible investment metrics

- Number of securities invested as part of Premiums4Good at 31 December
- Financial value invested in Premiums4Good as at 31 December (US\$M)

#### Customer and community metrics

- Financial contributions (US\$)

#### People and Culture metrics

- Overall workforce by gender (%)
- Geographic footprint by division (headcount)
- Workforce by employment level and gender (%)
- Average tenure by level and gender (years)
- Diversity breakdown of workforce – Part-time employees by gender (headcount)
- Workforce by age and gender (headcount)
- Headcount breakdown by age and gender (%)
- Attrition (headcount)
- Workforce diversity indicators: Ethnicity; Gender; Disability; Carer responsibility; Carer responsibility – care provided to (%)
- Parental leave (%); Return from parental leave (by year due of return) (number); Retained one year after returning from parental leave (by year of return) (number)
- QBE Voice Survey results: % sense of wellbeing; % feeling respected; % engaged employees
- New employee hires by gender, age and division (number)
- Diversity of governance bodies (number)





## Subject Matter

### Operational Excellence metrics

- 2022 performance against targets (excluding baseline) for
  - Energy use (GJ)
  - Scope 1 and 2 emissions (tCO<sub>2</sub>-e)
  - Renewable electricity use (MWh)
- Greenhouse gas emissions (tCO<sub>2</sub>-e) by activity
  - Total Scope 1
  - Scope 2 - electricity (location-based)
  - Total Net Scope 2 (heat and market based electricity)
  - Total of selected Scope 3
  - Total GHG emissions (Scope 1, Scope 2 and selected Scope 3 emissions)
- Key performance indicators - GHG emissions intensity
  - Scope 1 and 2 GHG emissions per Gross Earned Premium (GEP) US\$M
  - Scope 1 and 2 GHG emissions per FTE
  - GHG emissions per GEP US\$M
  - GHG emissions per FTE

### Governance metrics

- % of employees who completed annual mandatory trainings by due dates

This Subject Matter included in the scope of our engagement has been identified in the 2022 Sustainability Data Book with the following symbol

The criteria (the "Criteria") against which we assessed the Subject Matter is the 'Metrics Reporting Criteria' prepared by QBE and included in the 2022 Sustainability Data Book.

### QBE Management's responsibilities

QBE Management are responsible for the Subject Matter and for the preparation of the Subject Matter in accordance with the Criteria.

### Our Independence and Quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* and Related Services Engagements the firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



## Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and Australian Standard on Assurance Engagements (ASAE 3410) *Assurance Engagements on Greenhouse Gas Statements*. These standards require that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria, for the Period. The procedures we performed were based on our professional judgement and included:

- Performing enquiry procedures with management to understand processes, systems and controls involved in the collection, measurement and presentation of the Subject Matter;
- Reconciling the Subject Matter with the QBE's underlying records;
- Agreeing data sources back to source or third-party documentation on a sample basis;
- Undertaking analytical review procedures over data and obtaining explanations from management regarding unusual or unexpected amounts;
- Assessing the reasonableness of measurement methods, any material estimates, and assumptions described in the Reporting Criteria and used in preparing the Subject Matter;
- Reperforming a sample of calculations performed by management in the measurement of the Reporting Criteria; and
- Reviewing the Group's Reporting Criteria and testing its application in preparation of the Subject Matter.

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 and 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.

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

## Use of report

This report was prepared for the Directors of QBE. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of QBE, or for any purpose other than that for which it was prepared.

## Inherent limitations

The Subject Matter reported by the Group needs to be read and understood together with the Criteria, which the Group is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

Because of the inherent limitations of any assurance engagement due to the selective testing of information examined, it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter with the Criteria, as it is limited primarily to making enquiries of management and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.



## Emphasis of matter - Estimation of 'Total of selected Scope 3 emissions' metric

The estimation of 'Total of selected Scope 3 emissions' reported by QBE relies on assumptions and available sources of primary, secondary and proxy data across different sources of Scope 3 emissions. We draw attention to the Reporting Criteria that describes these assumptions and data sources for different Scope 3 emissions sources along with the exclusion of *Category 1: Supplier Emissions* and *Category 15: Investments* from calculation of 'Total of selected Scope 3 emissions' metric.

Our opinion is not modified in respect of this matter.

## Basis for qualified conclusion

During the course of our engagement, QBE made changes to the processes used to extract and aggregate data used in the preparation of the 'Parental leave - return and retention' metrics. These changes were made to improve management's confidence that underlying data had been prepared on a consistent basis across geographies and in accordance with the Reporting Criteria.

The timing of the changes to QBE's processes meant that we were unable to undertake procedures that would provide us with sufficient and appropriate evidence to conclude on the 'Parental leave - return and retention' metrics as at the date of this limited assurance report.

## Qualified conclusion

Based on the procedures performed and evidence obtained, except for the matter disclosed in the Basis for Qualification paragraph above, nothing has come to our attention that causes us to believe that the Subject Matter have not been prepared, in all material respects, in accordance with the Criteria for the period 1 January 2022 to 31 December 2022.

PricewaterhouseCoopers

PricewaterhouseCoopers

John Tomac

**John Tomac**

Partner

Sydney

10 February 2023<sup>1</sup>

<sup>1</sup> The maintenance and integrity of the QBE website is the responsibility of the directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Reporting Criteria when presented on QBE's website at <https://www.qbe.com/sustainability/performance-reporting>.



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