



 QBE

2019 Sustainability Report

QBE INSURANCE GROUP LIMITED

Table of contents

Overview		Sustainability framework		Performance	
2019 snapshot	2	Sustainable insurance	16	Sustainability scorecard	68
Group CEO message	4	Responsible investments	24	Our memberships and industry collaboration	70
Our approach to sustainability	5	Customer and community	32	Performance and reporting	70
Sustainability governance and management	6	People and culture	44	Independent limited assurance report	71
Materiality	8	Operational excellence	54		
Advancing the United Nations Sustainable Development Goals	12	Governance	62		
Addressing climate change	14				

QBE at a glance

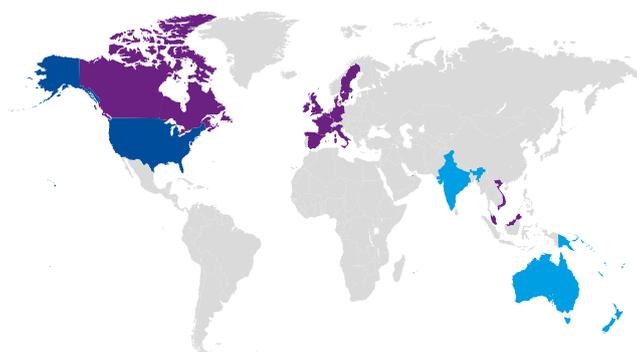
Who we are

QBE is listed on the Australian Securities Exchange (ASX) and headquartered in Sydney. We employ 11,704 people in 27 countries.

QBE is a general insurance and reinsurance company. Across our operations, we offer commercial, personal and specialty products, and risk management solutions to our customers.

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

Where we are



27¹
countries of operations

- North America
- International
- Australia Pacific

¹ QBE's Group Shared Services Centre is based in the Philippines and is not included in our count of countries of operations. This function provides a comprehensive range of insurance services to QBE's customers and brokers across North America, Australia Pacific and International such as underwriting support, policy servicing, claims, control and customer service. It also provides knowledge processing services such as finance, technology, HR delivery, data analytics and reporting to QBE businesses globally.

About the cover

QBE has been carbon neutral across our global operations since January 2018. Through our partnership with the Qantas Future Planet program, one of the projects we support is the Winds of Change in south east Turkey. This project consists of 54 wind turbines that avoid emissions by introducing clean power to the electricity grid. The project also provides employment and training opportunities during construction and operation, contributing to the local economy.



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

About this Report

This Sustainability Report (the Report) covers the activities of QBE across its divisions during the financial year ended 31 December 2019. It provides an overview of initiatives underway across the pillars of our Sustainability Framework. We are guided by the Global Reporting Initiative (GRI) Standards. All financial figures in this Report are in US dollars unless otherwise stated.

The information in this Report is validated by subject matter experts across the business. The Report is submitted to the Board Risk & Capital Committee for review and approval. QBE also uses an independent assurance engagement to confirm that certain data sets have been prepared and presented appropriately in all material aspects.

We engaged Deloitte Touche Tohmatsu (Deloitte) to work with us to enhance the rigour behind our sustainability reporting. Deloitte conducted independent limited assurance over QBE's global greenhouse gas (GHG) emissions data and environmental indicators, workforce-related metrics and the total number of Premiums4Good impact investment projects and associated financial contributions, for the year ended 31 December 2019.

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

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

2019 snapshot¹

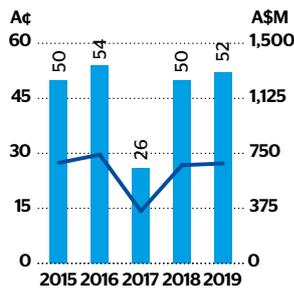
Shareholder highlights

Dividend per share (A¢)

52¢

Dividend payout (A\$M)

681



⬆️ 4% from 2018

Earnings per share (US¢)

41.8¢

2018 29.0¢

Adjusted cash profit return on average shareholders' funds²

8.9%

2018 8.0%

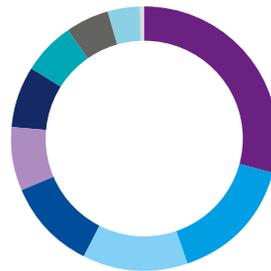
Financial highlights³

Combined operating ratio⁴ (COR)

97.5%⁵

2018 95.7%⁶

Gross written premium by class of business



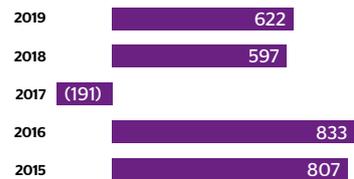
2019 % 2018 %

Commercial & domestic property	29.2	29.2
Motor & motor casualty	14.4	15.7
Agriculture	13.7	12.7
Public/product liability	11.9	11.1
Professional indemnity	8.4	7.9
Workers' compensation	7.1	7.3
Marine, energy & aviation	6.6	6.6
Accident & health	5.3	5.2
Financial & credit	3.3	3.8
Other	0.1	0.5

Adjusted net profit after tax (US\$M)

622⁵

⬆️ 4% from 2018⁶



Insurance profit (US\$M)

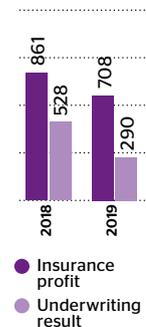
708⁵

⬆️ \$153 from 2018⁶

Underwriting result⁴ (US\$M)

290⁵

⬆️ \$238 from 2018⁶



Net earned premium by type

92%

 direct and facultative insurance

8%

 inward reinsurance

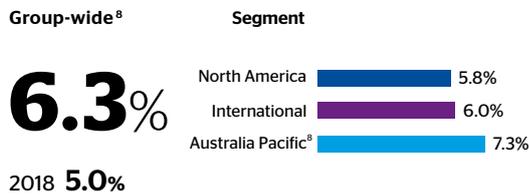
1 The information in the tables above is extracted or derived from the Group's audited financial statements included on pages 84 to 159 of the Annual Report. The Group Chief Financial Officer's report sets out further analysis of the results to assist in comparison of the Group's performance against 2019 targets provided to the market.

2 2019 adjusted cash profit ROE excludes non-cash and material non-recurring items such as restructuring costs, gains (losses) on disposals, the impact of the Ogden decision in the UK and discontinued operations. 2018 adjusted cash profit ROE excludes the transaction to reinsure Hong Kong construction workers' compensation liabilities.

3 2018 and 2019 figures reflect results for continuing operations only.

Operational highlights

Average renewal rate increase



Retention

78%
2018 **81%**

Gross written premium growth⁷

2%
2018 **3%**

Net investment return⁴

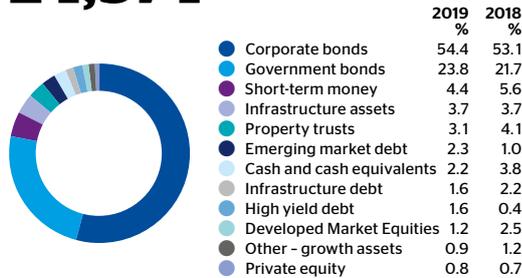
3.6%
2018 **2.3%**

Fixed income duration

2.6 years
2018 **2.1** years

Cash and investments at 31 December 2019 (US\$M)

24,374



Sustainability highlights

Renewable electricity use (%)



Climate change disclosure



Employment engagement (%)



Fostering a culture of innovation



Financial inclusion



Impact investments



Global disaster relief partnerships

Partnering to build resilient communities and futures



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

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

6 Excludes transaction to reinsure Hong Kong construction workers' compensation liabilities.

7 Constant currency basis.

8 Excludes premium rate changes relating to Australian compulsory third party motor (CTP).

Group CEO message



At QBE, we work hard to integrate sustainability into every facet of our operations. As an international insurer and reinsurer that helps people, businesses and communities across the world to manage risk, we believe this is essential to the long-term future success of our business and our ability to give people the confidence to achieve their ambitions.

This Report details the strong progress we have made across the six pillars of our Sustainability Framework, described on the following page, and includes case studies and examples highlighting the active steps we are taking to embed sustainability into our business practices.

Among the highlights for 2019 was the publication of our Group Energy Policy earlier in the year. This important statement provides shareholders, customers and the wider community with a clear explanation of our approach to investing in and underwriting energy projects, now and into the future. This clarifies our support for the objectives of the Paris Agreement and for decisive action on climate change and transitioning to a lower carbon future.

As an international insurer, we are acutely aware of the risks and opportunities that climate change presents for our customers, our business and the wider communities in which we live and work. Our Group Energy Policy confirms our intention to phase out all direct insurance services for thermal coal customers by 2030, at the latest. QBE also maintains zero direct investments in thermal coal.

In addition to maintaining our carbon neutrality, on World Environment Day, we announced our commitment to source 100% renewable electricity for our operations by 2025. We have also joined with some of the world's most influential companies in the RE100 initiative, with the aim of accelerating change towards zero carbon grids, at a global scale.

To further promote resilience and enhance disaster recovery across diverse communities, we have partnered with two of the world's leading humanitarian agencies, Red Cross and Save the Children. Our partnerships support rapid mobilisation of disaster relief in response to catastrophic events, and disaster preparedness and climate resilience initiatives for vulnerable communities.

In response to the recent unprecedented Australian bushfires, QBE pledged A\$500,000 to these agencies to support bushfire relief and recovery efforts. Additionally, we waived the policy excess for individual customers making bushfire-related claims for their personal insurance and made free counselling available to all our customers in bushfire affected areas.

Our Premiums4Good program continues to go from strength to strength. I am very pleased to announce that we are doubling our ambition for this unique initiative to \$2 billion by 2025. Our intent is for more than half of this amount to be focused on environmentally impactful investments, particularly renewable energy projects.

Premiums4Good is a collaboration between QBE, our customers, partners and shareholders, which sees a portion of customer premiums channelled into investments that have additional social or environmental benefits. \$663 million is already invested across 48 securities, including social impact bonds, green bonds and other social investments. The success of Premiums4Good was widely recognised this year with its shortlisting in a range of prestigious awards.

In 2014, we ran an innovation challenge across our business where we asked our employees to imagine how insurance premiums could be used to create shared value. Premiums4Good was the result. This year, we ran another company-wide Global Challenge, asking our people to think creatively and innovatively about the macro issues and challenges facing our customers, and the ways in which we could respond. The response from our people was overwhelming, with suggestions covering topics including workplace mental health and action on climate change. The four finalist submissions from the Global Challenge received seed funding to further explore their potential to become something as impactful as Premiums4Good.

The creativity, diversity and ingenuity of our people is a differentiator for QBE, and an ongoing area of focus. Our people are key to our ability to respond to our customers' current and emerging needs. They are a driver of our future success and the ongoing sustainability of our business.

Pat Regan
Group Chief Executive Officer

Sustainability Framework: Our approach to sustainability



As an international insurer and reinsurer, we are focused on good corporate governance and the sustainability of our business, being a great employer, and making a positive and impactful contribution to the societies, economies and communities in which we operate. Our approach to sustainability is essential to our ability to deliver on our purpose to give people the confidence to achieve their ambitions.

Managing risk is what we do at QBE. It is important that current and emerging ESG considerations are built into our decision-making processes to help our customers manage risk through our products and services. We take a holistic, long-term view to create value for our stakeholders and ultimately protect our organisation's sustainability.

In 2019, we continued to integrate sustainability considerations across our business. Our Sustainability Framework helps us drive performance, manage risks and identify opportunities across the areas of sustainability that are most important to our business, customers and stakeholders. To support our prioritisation efforts, in 2019, we carried out a comprehensive materiality assessment process, outlined on pages [8 to 11](#).

This Report outlines our performance for the year, and initiatives that are underway in the focus areas of our Sustainability Framework. It highlights our collaboration with key stakeholders to strengthen our collective impact, and to identify and address ESG risks and opportunities.

Sustainability governance and management

Oversight and accountability of sustainability

The highest governing body for sustainability-related issues is our Group Board of Directors. The Board is supported by the Board Risk & Capital Committee (BRCC) which oversees and guides QBE's sustainability approach, initiatives and reporting requirements. The Group Sustainability team provides an update on sustainability performance and activity to the BRCC at each of its meetings (six meetings were held in 2019).

Our Group Executive Committee (GEC) reviews and approves our sustainability agenda and priorities and receives updates on these throughout the year. An Executive Non-Financial Risk Committee (ENFRC) was formed in 2019 to support the GEC in managing non-financial risks.

Integrating sustainability across our business

Group Sustainability team

The Group Sustainability team, operating under a dedicated Group Head of Sustainability, reports to the Group Executive Corporate Affairs and Sustainability, a GEC member. The team drives sustainability across our business, including development and implementation of our sustainability approach and initiatives, external stakeholder engagement, internal engagement and communications, performance management and reporting.

Group ESG Risk team

The Group ESG Risk team reports to the Group Chief Risk Officer (CRO), a GEC member.

The team is responsible for coordinating the identification, analysis and management of ESG risks and integration into our risk management practices and systems. The team supports our climate change working groups on managing our approach to climate risks and opportunities.

Group Impact and Responsible Investments team

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

Sustainability Committee

The Sustainability Committee supports the business in the delivery and effectiveness of our sustainability strategy, initiatives and reporting requirements. It is made up of senior representatives from across the Group who are involved in the day-to-day management of sustainability issues. These representatives come from business units including Risk, Finance, Investments, Investor Relations, People and Culture, Communications, Legal, Company Secretariat and Compliance, Operations and Claims.

The Sustainability Committee is chaired by our Group Executive Corporate Affairs and Sustainability, a member of the GEC. This ensures a close alignment of the Committee's activities with our CEO's agenda.

ESG Risk Committee

The ESG Risk Committee, formerly known as the ESG Business Policy Committee, was established in late 2018 by the Group CRO. The Committee is responsible for managing and overseeing activities to identify and review ESG risks and develop appropriate policy and decision-making frameworks. In addition, the Committee considers and recommends policy positions on ESG risks that impact underwriting, investment and/or operations across the Group to the ENFRC.

Other governance forums

There are a range of other internal governance forums and working groups whose members have the specialist skills needed to understand and address existing and emerging sustainability issues. These include our:

- [Global Emerging Risk Forum](#);
- [Climate Change Steering Committee](#);
- [Group Underwriting Committee](#);
- [Conduct Risk Working Group](#);
- [Premiums4Good Global Steering Committee](#);
- [Diversity & Inclusion Council](#);
- [Health & Safety Working Group](#); and
- [QBE Global Foundation Committee](#).

i More information about these committees can be found throughout this Report under the relevant sections.

Sustainability Governance Framework

Highest level of oversight

Group Board of Directors

Board Risk & Capital Committee

Accountability for sustainability

Group Executive Committee

Executive Non-Financial Risk Committee

Integrate sustainability across business

Group Sustainability team

Group ESG Risk team

Group Impact and Responsible Investments team

Sustainability Committee

ESG Risk Committee

Drive strategy in focus areas

Global Emerging Risk Forum

Climate Change Steering Committee

Group Underwriting Committee

Conduct Risk Working Group

Premiums4Good Global Steering Committee

Diversity & Inclusion Council

Health & Safety Working Group

QBE Global Foundation Committee

Materiality

In 2019, we undertook an extensive and comprehensive materiality assessment process to identify the sustainability topics, risks and opportunities that are most significant for QBE and our stakeholders.

The analysis considered how our business creates value for all stakeholders across the short, medium and longer-term horizons. Aligned to the Global Reporting Initiative (GRI) Standards, the assessment also considered our economic, environmental and social impacts across the value chain (including positive, negative, actual and potential) on stakeholders, society at large and on QBE.

We also considered our alignment to the United Nations Sustainable Development Goals (SDGs) as part of the process, assessing the most relevant SDGs and associated targets for each material topic. The results of our materiality assessment inform our sustainability approach, strategic priorities and reporting. We engaged a third party consultant to ensure independence throughout the process.

Identification

Sustainability topics were identified using both internal and external inputs. This involved gathering perspectives from a wide range of sources, with both internal and external stakeholder engagement. The process was aligned to:

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

As part of the process, we engaged with a diverse range of stakeholders including investors, employees, government,

community groups, industry associations, commercial partners and think tanks. The process enabled us to understand our stakeholders' unique needs, expectations, perceptions or concerns.

As part of our broader approach to sustainability, we also regularly consult with our stakeholders to help us identify risks and opportunities, and gain the insights we need to ensure our strategy, products and services continue to meet our stakeholders' needs and requirements.

i Refer to our [website](#) for further information about our stakeholder engagement process, including our major stakeholder groups and how we engage with them.

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

Desktop research

Including media reports, industry standards, principles and benchmarks focusing on megatrends and emerging risks and opportunities for the insurance sector

Peer benchmarking

Considering the key topics being prioritised and reported on by our global peers

Employee workshops

A number of employees participated in focus group sessions to provide their perspectives on the most significant topics for QBE

Stakeholder engagement

In-depth interviews with internal and external stakeholders, including a wide range of investors

Impact workshop

Stakeholders from across the business participated in a workshop to support decisions about the significance of impacts for QBE



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

Prioritisation

Topics raised through the identification process were reviewed, consolidated and prioritised. We were guided by the GRI Standards in assessing the significance of QBE's impact on the economy, environment and society. As part of the process, we considered a range of factors to test the insights from the identification stage.

The results of this review were used to develop a materiality matrix.

Each topic was then positioned on our materiality matrix taking into account three different stages of relevance and maturity:

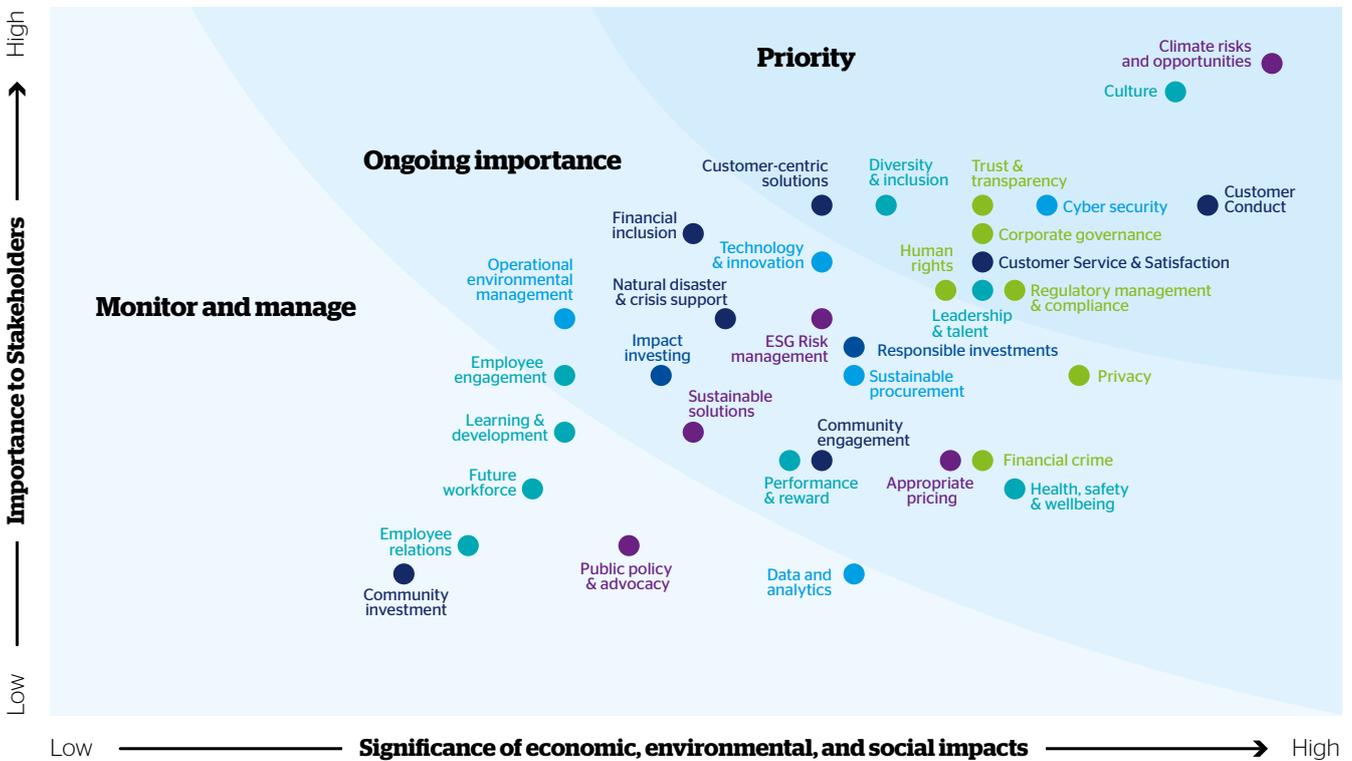
- **Prioritise** - Topics with high importance to our stakeholders and with a significant impact on the environment, economy and society. These require significant management and strategic focus.
- **Maintain** - Topics with strategic significance for which we have well-established management processes. Stakeholder interest in these topics may vary.
- **Monitor and Manage** - Topics with increasing relevance

to QBE or of significance to particular stakeholder groups. These topics warrant further analysis and management.

Validation

Following the development of the materiality matrix by QBE in conjunction with an independent third party, an internal validation workshop was held with the Sustainability Committee to test and validate the assumptions used, and the outcomes, taking into account the short, medium and long-term potential impacts of each topic.

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



Key: ● Sustainable insurance ● Customer and community ● Operational excellence
● Responsible investment ● People and culture ● Governance

Material topics for 2019

Based on the extensive review process outlined earlier, our prioritised material topics for 2019 included:

Climate risks and opportunities



As a leading international insurance and reinsurance company, we have a significant role to play in understanding and managing the potential risk exposures and opportunities related to climate change across our entire value chain. In addition to the physical impacts of climate change, we are also aware of the potential transition risks (e.g. policy, technology, market) and liability risks. We are well-positioned to use our industry expertise to help customers, partners and communities understand and manage the changing risk landscape, build resilience and navigate the transition to a lower-carbon economy. In 2019, we set three new climate-related targets for our global operations.

i Refer to Sustainable insurance, Customer and community, Operational excellence, and our 2019 Annual Report for further information on how we are addressing this topic.

Customer service and satisfaction



We are focused on continuous improvement in customer service, providing appropriate and inclusive services, efficient and effective resolution of customer complaints and ongoing customer education. We continue to focus on delivering a consistent level of outstanding customer service across our divisions.

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

Corporate governance



We are committed to the highest standards of corporate governance across our global operations. This includes the Board providing guidance and oversight to support ethical behaviour, transparency and accountable decision making.

i Refer to the Corporate governance statement in our 2019 Annual Report for further information on how we are addressing this topic.

Culture



Building an organisational culture that supports and enables us to achieve our purpose and strategy in an ethical and responsible manner is a strategic priority for our business. Leadership is key to ensuring that 'how' people go about their work is seen as just as important as 'what' gets achieved. Our QBE DNA and Group Code of Ethics and Conduct underpin our culture and help us deliver on our strategic plan and priorities.

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

Customer conduct



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

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

Cyber security



Cyber security is one of the biggest threats shaping today's risk landscape. As an escalating business risk, cyber security has the potential to impact our operations, business, customers and other key stakeholders. QBE employs a global approach to effectively manage internal and external threats to the confidentiality, integrity and availability of our customer and corporate data. We proactively monitor and respond to known and emerging threats in all our regions, and assist with innovation and transformation to benefit our customers and shareholders with secure solutions. We manage and mitigate emerging threats, including cyber threats, by adhering to all legislation relevant to our business and our Group Code of Ethics and Conduct.

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



Customer-centric solutions



As a customer-centred business, we engage with our customers to understand their current and emerging needs and to continually deliver high-quality products and services that meet their needs and expectations. Across the entire product lifecycle, we put our customers at the heart of our decision making. This is supported by clear, honest and transparent communication.

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

Trust and transparency



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

i Refer to Sustainable insurance, Customer and community, People and culture, Operational excellence and Governance for further information on how we are addressing this topic.

Diversity and inclusion



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

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

Leadership and talent



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

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

Regulatory management and compliance



QBE is subject to extensive local and international laws, regulatory requirements and obligations, policy, industry codes and business and ethical standards across our activities, wherever we operate. QBE seeks to take all reasonable steps to minimise compliance risk - not only because it is required, but to continue to do the right thing by our stakeholders. QBE maintains a proactive, open and cooperative relationship with our regulators. We have embedded robust regulatory processes and frameworks to ensure transparency.

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

Human rights



Wherever we operate we respect human rights and are committed to avoiding human rights harm through our activities and decisions. This includes our response to various laws and norms regarding human rights, including risks related to modern slavery.

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

i A summary of our sustainability commitments and targets can be found in the Sustainability scorecard.

Advancing the United Nations Sustainable Development Goals

We believe in, and strongly support, the aims and objectives of the United Nations SDGs which seek to address the world's most pressing economic, environmental and social challenges. As a universal agreement to work towards a better and more sustainable future, the SDGs closely align with our purpose - to give people the confidence to achieve their ambitions.

In 2018, we analysed the 17 SDGs to identify those most closely aligned to our purpose, strategic business priorities, Sustainability Framework, products and services and business initiatives. We also considered the interconnectedness and interdependencies of the SDGs. A detailed outline of the process can be found in the [2018 Sustainability Report](#), or on our website.

At QBE, we continue to align our sustainability agenda to support advancement of these global goals. All of the SDGs are relevant to our business in some way. However, we contribute to the advancement of some SDGs more directly than to others. We have therefore chosen to prioritise five goals which align most closely to our purpose and strategic business priorities. This is where we feel we can have the greatest impact. In 2019, we continued to align our sustainability agenda to support these five goals.

In addition to the five priority goals, our community engagement strategy also focuses on Goal 3: Good Health and Well-being. We also believe that Goal 17: Partnerships for the Goals - underpins everything that we do and will enable achievement of the wider 2030 Agenda for Sustainable Development. We will continue to leverage our existing partnerships to collaborate on key sustainability topics, and will seek to collaborate with industry, government, community partners and other stakeholders to help advance, and one day achieve, the SDGs.



We continue to engage our senior leaders and employees to raise awareness of the SDGs. In 2019, we invited the Business Council for Sustainable Development Australia to hold workshops across our divisions on 'The Good Life Goals'. These provided our employees with tangible, personal actions they can undertake in their daily lives to support the SDGs. In 2019, we also ran a Global Challenge, providing a platform for our employees to innovate on a range of topics that are important to our customers. Our priority SDGs were considered as part of the

innovation process and selection criteria, with several submissions ultimately selected as finalists for further action by QBE.

Refer to [Sustainable insurance](#) for further information on the Global Challenge.

Throughout this Report, we have included a range of case studies and examples to demonstrate how we continued to support advancement of the goals this year.

Our five priority SDGs



GOAL 1: No Poverty

End poverty in all its forms everywhere

Building the financial and risk resilience of our customers is core to our purpose. We protect people and businesses against risks - contributing to our customers' long term financial wellbeing. An accident, illness or disaster can quickly plunge customers into financial distress. Providing insurance protection for customers and communities helps them to recover, preventing them from falling into, or deeper into, poverty.



GOAL 5: Gender Equality

Achieve gender equality and empower all women and girls

QBE is committed to gender equality both in terms of our own people, and in how we operate our insurance business. As a signatory to the Women's Empowerment Principles and with our Group CEO continuing to be a Male Champion of Change, we retain a strong strategic focus on diversity and inclusion across our business. We have committed to promoting greater gender equality with a target of 35% women in leadership by 2020. In 2019, we had 34% of women in leadership, and we are well on our way to achieving our goal.



GOAL 8: Decent Work and Economic Growth

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

With operations in key areas and markets internationally, we believe that sustainable economic growth is fundamental to our business and our economic success. Our strategic focus on innovation and building for the future enables us to promote sustained economic growth that is impactful. We provide insurance products that support decent work, such as our workers' compensation and accident and health solutions. A focus on protecting human and labour rights within our business, and across our supply chain, is essential to ensure that we remain a responsible employer and business partner.



GOAL 11: Sustainable Cities and Communities

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

We understand that cities and human settlements are rapidly changing and under pressure due to increasing urbanisation, changing transport and energy systems, building codes and exposure to climate risks. We are committed to building on our existing data, products, services and advice, and collaborating with industry, government and other stakeholders, to identify sustainable solutions to reduce risk and enhance safety and resilience.



GOAL 13: Climate Action

Take urgent action to combat climate change and its impacts

As a general insurer, we are very aware of the risks and opportunities presented by climate change. We are well positioned to use our industry expertise to help customers, partners and communities mitigate these risks, and support the uptake of new opportunities and technologies in the transition to a lower carbon economy, consistent with the 2015 Paris Agreement.

Addressing climate change

Climate change is a significant global economic, social and environmental challenge. From acute physical risks such as severe weather-related events including floods, bushfires, droughts, hurricanes, heat waves and cyclones, to longer term chronic impacts such as increasing global temperatures and rising sea levels, at QBE, we see first-hand the damaging consequences of climate change on people and communities. We also are aware of the transition risks associated with changes in policy, laws, technology and markets.

Our role as an international insurer and reinsurer is to financially protect people and their assets, assist in recovery efforts from natural disasters and other catastrophes and reduce the economic and social impacts of climate change on customers and communities.

We accept the scientific evidence from the Intergovernmental Panel on Climate Change, and support the landmark international agreement forged at the Conference of the Parties to the United Nations Framework Convention on Climate Change in Paris in 2015, which aims to contain global warming and reduce greenhouse gas emissions over the long-term. We understand that reaching these goals will require a rapid reduction in greenhouse gas emissions by the global economy, and are continually doing our part to help achieve this.

QBE is fully committed to implementing the final recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations are aimed at helping companies better disclose key climate-related information centred around four core elements: governance, strategy, risk management, and metrics and targets. These four elements establish a strong and consistent framework for improving climate-related risk management and disclosure. Our Climate Change Action Plan outlines how we will implement the TCFD

recommendations and describes our progress in meeting them.

i Refer to the [2019 Annual Report](#) for further information.

During the year, we further strengthened our climate change governance by establishing three working groups under the Climate Change Steering Committee to focus our work and efforts across the key areas of physical, transition and liability risk.

In 2019, we published our [Group Energy Policy](#), outlining our commitment and continued support of our customers as they transition to a lower carbon global economy. In accordance with the Policy, QBE ceased providing any new direct insurance services for new construction projects for thermal coal mines, coal power stations or coal transport infrastructure in July. We continue to maintain zero direct investment in thermal coal.

i Refer to [Responsible investments](#) for further information about how we manage climate risk in our investment portfolio.

Additionally, the Policy also commits QBE to phase out all direct insurance services for the thermal coal industry by 2030 at the latest, except for statutory or compulsory insurance such as workers' compensation insurance.

We continue to collaborate with our industry peers and stakeholders to deliver impact at the global level. As part of the United Nations Environment

Programme - Finance Initiative's pilot group, we are working with 22 other insurance companies to develop new approaches on risk assessment tools. This will enable the global insurance industry to better understand the impacts of climate change scenarios on their lines of business. The pilot will make use of the latest climate science, including some of the most advanced, forward-looking climate scenarios available.

i Refer to [Sustainable insurance](#) for further information about our industry collaboration.

We also acknowledge that minimising disaster risk and building resilience requires a collective effort with public, private and community sectors. Where we cannot help our customers directly, we will continue to play an active role both directly, and through our industry associations, in advocating all levels of government for initiatives to reduce the risks and impacts of climate-related disasters.

Our approach to climate change

In 2019, we developed and published 'Our approach to climate change', outlining how we work across governance, risk management and underwriting, investments, people and operations, and through our climate partnerships for impact.

i Further information about this can be found [here](#).

Global disaster relief partnerships

To help our customers and communities build resilience, we have committed to two strategic multi-year partnerships with leading global not-for-profit organisations involved in natural disaster preparedness and response - Red Cross and Save the Children. We will support both organisations in their vital work to address the humanitarian crisis caused by climate change and work collaboratively with them on disaster preparedness and climate resilience initiatives for vulnerable communities. We continue to stand alongside our customers to address their emerging, evolving and complex needs into the future.

i Refer to [Customer and community](#) for further information about how we continue to help our customers and communities tackle the effects of climate change.



Minimising our environmental impacts

We continue to make significant progress in managing the environmental impacts of our global operations. In 2019, we joined some of the world's most influential companies in the RE100 initiative, committing to target 100% renewable electricity across our global operations by the end of 2025. We are making strong progress towards this target, with 63% of our global electricity usage being sourced from renewable energy.

In addition to maintaining carbon neutrality through 2019, we established three new climate-related targets (measured from 2018 levels). A key target is to reduce our scope 1 and 2 carbon emissions by 30% by 2025, a science-based emissions reduction target calculated in line with the most ambitious 1.5°C decarbonisation scenario.¹

i Refer to [Operational excellence](#) for further information about our operational environmental management.



¹ Scenario of stabilising a global temperature rise above pre-Industrial levels at 1.5 degrees Celsius.



A photograph of a man in profile, wearing a purple baseball cap and a purple and white plaid shirt. He is holding a tablet computer with both hands and looking at the screen. The background is a soft-focus outdoor scene with warm, golden light, suggesting a sunset or sunrise. The text 'Sustainable insurance' is overlaid in large white font across the upper part of the image.

Sustainable insurance

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

As a proud signatory to the United Nations Environment Programme - Finance Initiative's (UNEP FI) Principles for Sustainable Insurance (PSI), we take an active approach to managing risk, no matter how complex, and listen to our customers' needs to deliver tailored solutions. We also consider ESG issues relevant to our business in our decision making. We continue to strive for accountability and transparency in disclosing our progress in implementing the PSI.



Our risk management processes and systems are robust and aligned to global best practice. Our Group Board seeks to ensure that we maintain an effective Risk Management Strategy (RMS) across our operations, and that the business manages risks effectively in line with our Enterprise Risk Management framework. This framework incorporates our key risk management processes determining risk appetite; governance, risk and control assessments; stress

and scenario-testing; reporting, risk modelling and capital management; and monitoring our risk culture.

In line with its charter, the Group Board is responsible for overseeing QBE's social, ethical and environmental responsibilities across the business. Our Board Risk & Capital Committee (BRCC) supports the Group Board and oversees active and appropriate risk management in line with our risk appetite, strategy and business plans. The Group Board

reviews the RMS annually, and results are reported to the Group Board Audit Committee and BRCC. Reporting to the BRCC, the Executive Non-Financial Risk Committee (ENFRC) supports the business in managing risks as well as understanding and meeting relevant legal and regulatory requirements relating to non-financial risks.

i Refer to Risk - our business in the 2019 Annual Report for further information about our RMS and risk management processes.

Embedding sustainability in our Risk Management Strategy

In line with our membership of the UNEP FI, and our PSI signatory status, we continually work to embed sustainability and the consideration of current and emerging ESG risks and opportunities in our decision-making processes.

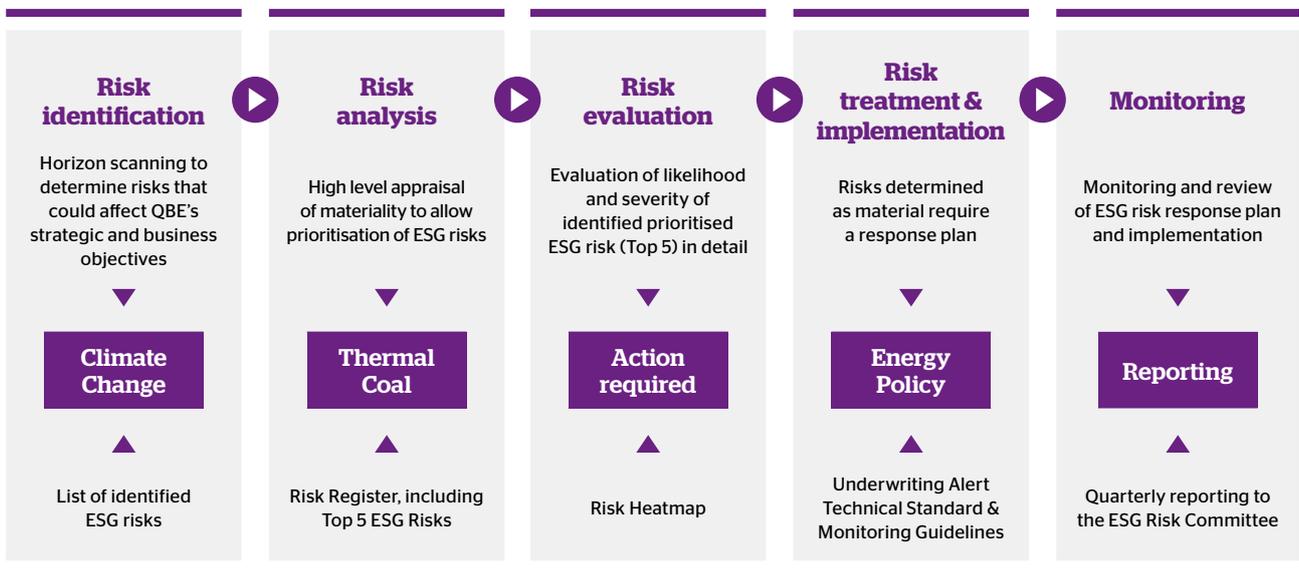
We use a robust risk identification, measurement and mitigation process. As part of our RMS, we categorise risks into eight classes, with ESG risks across underwriting and investments classified as strategic risks, as well as being integrated into other risk classes.

In 2019, we developed an ESG Risk Standard, as part of our Strategic Risk Policy, outlining the process of identifying and managing ESG risks across the business. Our ESG Risk Standard applies to indirect ESG risks (defined as risks which impact QBE from external sources). Direct ESG risks are addressed and managed by other functions of the business.

Our Standard outlines governance and oversight, associated roles and responsibilities, and minimum requirements for managing ESG risks. ESG risks are reported to the Group Chief Risk Officer (CRO)

quarterly, with our ESG Risk Committee focusing on any ESG risks that are deemed to be high risk. The Committee proposes actions to the ENFRC following such discussions.

During 2019, the Group ESG Risk team continued to analyse and manage ESG risks, and engage with teams across the business to raise awareness of these risks. The following diagram illustrates the risk management process for an identified ESG risk.



Our commitment to responsible underwriting

Our Group Underwriting Standards support our commitment to, and reflect our definition of, responsible underwriting. These Standards include:

- strict adherence to compliance and regulatory obligations that underpin global efforts to reduce terrorism, corruption, corporate and organised crime and human rights violations;
- identifying and integrating ESG issues into risk management and underwriting decision-making processes;
- developing products and services with a positive impact on ESG and conduct issues; and
- working with our customers and business partners to raise awareness of ESG issues, manage risk and develop solutions.

In collaboration with global insurers, reinsurers, brokers, academics and other key industry stakeholders, we are part of the core project team developing the first industry standard on integrating sustainability in insurance underwriting. The final version of the guide, *Underwriting environmental, social and governance risks in non-life insurance business*, once released, will outline ESG risks that are most material to different lines of business. We will use the outcomes from developing the guide to continue integrating ESG considerations into our underwriting practices.

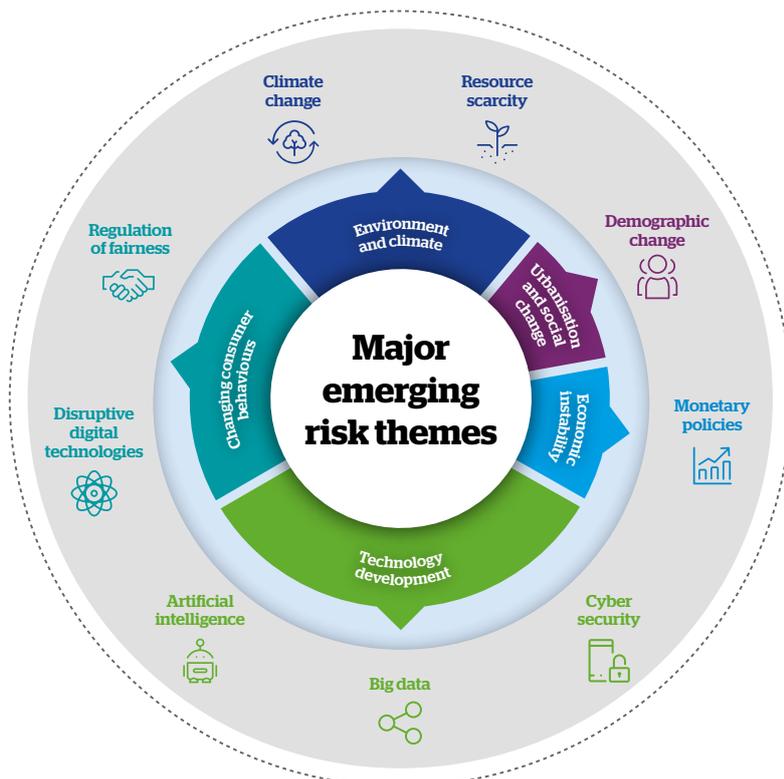
Our emerging risks

We recognise that the risk landscape rapidly changes and evolves over time. Emerging risks are considered as part of our Strategic Risk class. We define emerging risk as new or future risks which are difficult to assess, but may have a significant impact on our business or the markets in which we operate.

Emerging risks can significantly impact on us achieving our strategic or business objectives and may not be adequately captured within other risk classes, or risk sub-classes, within our RMS until appropriately identified. In 2019, to formalise and standardise our approach to emerging risks across the Group, we developed an Emerging Risk Standard outlining minimum requirements for managing emerging risks across our divisions.

QBE's risk governance, monitoring and reporting is supported by the three lines of defence model, with Group Board oversight. Emerging risks are identified and evaluated by our Divisional Emerging Risk Forums (DERF), with overall coordination by the Global Emerging Risk Forum (GERF) which identifies and analyses the emergence and maturity of each risk. The GERF provides regular recommendations and updates to the ENFRC.

The DERF and GERF periodically perform a horizon scanning exercise to identify, analyse and evaluate potential emerging risks to QBE. The DERF develops and manages treatment plans for emerging risks in conjunction with the business. In 2019, the GERF reviewed a range of emerging risks including cyber security, big data, demographic change, resource scarcity and disruptive digital technologies.





Promoting sustainability with clients, business partners and employees

We work with our clients, business partners and employees to raise awareness of sustainability issues, manage risks and develop solutions. We offer events, seminars, tools and publications that help our clients, brokers and employees build and develop their risk management knowledge and sustainability awareness. We also promote sustainability awareness in the following ways:

Educating our stakeholders

Across our divisions, we continue to publish market leading insights on sustainability-related topics such as cyber security, workplace accidents and extreme weather events. In North America, we launched a blog called 'QBE Conversations' to help educate customers on important topics such as ergonomics, opioid abuse, hurricane safety, supply chain risks and cyber risks. In Europe, our 'Unpredictability Series' features original research and articles on key global trends such as big data and advanced analytics, cyber risks and property risks to help businesses prepare and take advantage of the opportunities these trends can present. The content was viewed over 130,000 times.

We continue to invest in the learning and development requirements of our intermediary partners. In 2019, we launched the newly refreshed Equip broker education program in Australia. The tailored program consists of face-to-face workshops, access to a dedicated Equip Partner (a QBE nominated coach who works directly with the broker to tailor their learning development plans), and product masterclasses. The aim is to provide bespoke and relevant learnings covering topics such as harnessing strengths, resilience and adaptability.

Engaging our people to innovate on sustainability

Offering sustainable solutions is an increasingly important part of how we support our customers and ensure they are at the core of our decision making. We understand that our employees have enormous potential to use their customer relationships, expertise and creativity to better understand and address the sustainability challenges facing our customers, now and into the future.

Leveraging off this belief, the Global Challenge was developed. In 2019, we ran an ideation process encouraging all our employees to identify an existing or emerging sustainability topic and to suggest a new way to support our customers to manage that challenge - through a risk or opportunity lens.

The Global Challenge created a platform for our employees to innovate on a range of topics faced by our customers such as diversity, climate change, health and safety, disruptive technologies, building more resilient cities, liability risks and supporting financial inclusion. We integrated consideration of our five priority Sustainable Development Goals (SDGs), and alignment to our business purpose and strategy, into the innovation process and judging criteria.

We were delighted to receive 155 submissions from 359 employees, representing every division of our business including our Group Shared Services Centre. We had 11 teams shortlisted to develop a more detailed submission and the final round saw four teams present their ideas in front of 170 leaders at our Global Leadership Forum in Singapore. Our winning idea focused on mental health in the workplace. The business also committed to supporting the other three finalists with seed funding, and several other employee-generated ideas are being pursued within the business.

In addition to the Global Challenge, throughout the year, we continued to raise awareness of sustainability across our business by running topic-specific events. We invited external speakers to present at lunch-and-learn sessions on a range of topics including modern slavery, carbon neutrality, climate change and the SDGs. We also continued to run awareness sessions on our approach to sustainability, and how our employees can get involved.



Sustainable solutions and products

Through our products, services and publications, we continue to help our customers address sustainability issues.

Transitioning to a low-carbon economy

We offer a range of solutions to support our customers' transition to a low-carbon economy and manage the risks associated with climate change. In Asia, we continue to grow our renewable energy portfolio across solar, wind, hydro, biomass and biofuels. We work closely with our customers to understand their evolving needs.

In 2019, we attended a site visit with Sunseap, Singapore's largest clean energy provider. This provided us with an understanding of their risk management procedures and how they carry out their work. Our site visit enabled us to further develop our relationship with Sunseap as we continue to share learnings on leading risk management practices.

We also attended a site visit with Ecowise, a specialist biomass power plant builder, manager and operator. Ecowise provides the power supply for Singapore's Gardens by the Bay, using horticultural and other wood wastes as biomass fuel to generate energy. The tri-generation power plant generates electrical power, heating (steam) and cooling services. This circular economy model supplies the facility and provides excess capacity to the grid. We continue to support Ecowise through our specialist services.

We understand that renewable energy generated from solar power plants is exposed to damage from lightning and electrical surges, which can disrupt transmission. To help minimise interruption, we work with companies such as Dehn, based in Germany, to provide specialist advice on protecting and managing solar installations.



Promoting safety in workplaces

We have been successful in developing a program with SafetyCulture, a technology company developing innovative, low-cost, mobile-first apps to empower users to maintain safe and efficient workplaces. iAuditor is an inspection platform used to empower workers in the field, by providing visibility and insights to help raise safety and quality standards. We have been utilising SafetyCulture's iAuditor tool to help our clients dramatically reduce accident frequencies and downtime within their business operations. The impact of iAuditor in reducing claims has led to inspection data being factored into underwriting decisions for some clients. The original pilot has now moved to a strategic partnership and we are promoting iAuditor to all of our customers in the United Kingdom and have recently started working with iAuditor with our Australian client base.



Insuring the future of transport

Autonomous vehicles will play a key role in the future of mobility, and we recognise the importance of insurance as part of this emerging technology. In Australia Pacific, we are working closely with government, regulatory and industry bodies in developing the necessary future policies to enable autonomous vehicles onto Australian roads.

We are a proud partner to several autonomous vehicle trials, including the Armidale Regional Driverless Initiative (ARDi) which is trialling Australia's first driverless vehicle operating in open traffic. QBE provides the Compulsory Third Party insurance required to enable the ARDi trial to operate on public roads. Through our early involvement in these trials, we seek to increase our understanding of the risks associated with this rapidly developing technology to better determine the role insurance will play in future mobility.





Helping farmers 'listen' to their fields

We provide innovative risk management tools that support farmers with managing their field health and harvest timing. Through our North American business, NAU Country Insurance Company, America's foremost crop insurer, we have developed two technology solutions: Field Insights™ and EASYview Weather. Field Insights™ provides farmers with the most relevant and up-to-date data on environmental conditions, supporting better decisionmaking around the ideal times for crop harvesting. Through tailored hail notifications by email, EASYview Weather enables our farming customers to verify and estimate the possibility of hail damage to their fields.

Additional functions allow farmers to overlay their fields with map data from the National Commodity Crop Productivity Index (NCCPI) to show a ranking of soil capability to produce crops without irrigation. This helps farmers assess land rent values and which crop types will be successful when planted. In addition, our soil moisture content maps can be used by farmers to determine when to run their irrigation systems, thereby reducing water use when possible. Field level data, including current, future and historical weather trends, make these tools an invaluable reference for farmers in managing their farming operation's risk of loss. This improves productivity in crop management, as farmers can access accurate, real-time weather metrics.



Innovating with technology

We are working with strategic partners to develop technology-based innovations and pilots using the Internet of Things (IoT) - the interconnectedness of devices and machines through the internet - and other sources of data, to profile risk. We are developing a partnership with Hitachi Consulting to support our customers in improving their business operations and protecting their property assets using new technology and data from various sources.

In 2019, we also piloted a water monitoring technology with various housing associations in the United Kingdom to reduce the number of water leak incidents they experience across an extensive property portfolio.

Hitachi Consulting is also in discussions with our Motor Fleet performance team to introduce a new technology called Xtract that helps customers improve driver safety and behaviour by learning from motor accidents. The aim of Xtract is to reduce accident frequency, improve road safety and reduce fuel use through improved driver behaviour.

In North America, we have partnered with Roost, a technology company based in Sunnyvale, California, to offer our customers industry-leading smart home products that offer innovative ways to monitor their home smoke detector and water systems.



Supporting healthy people and businesses

In Europe, we continue to tailor our insurance solutions to meet our customers' absence management, wellness and rehabilitation needs.

We focus on early intervention to assist injured parties, protecting our clients and their claims position. QBE Return+, a holistic bespoke service for rehabilitation services, helps employees return to work faster, delivering reduced absence costs for our corporate customers. For example, our services to a large express delivery company helped employees return to work 13% faster, saving the company £852,000 in associated absence costs. We also provided our Major Injury Rehabilitation service to several customers where a major incident resulted in multiple employee injuries. This service involves setting up a bespoke customer rehabilitation hotline to allow injured employees to call in to assess physiological and psychological rehabilitation needs.

In Australia Pacific, we developed the QBE Active Recovery Clinic in partnership with a healthcare provider to improve recovery for people injured as a result of a motor vehicle accident. Run by a multidisciplinary team, this customised program combines wearable sensors and psychological support to aid recovery from whiplash.



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

QBE continued to engage and work with a range of governments, regulators and other stakeholders on a host of sustainability topics throughout 2019. We regularly consult with leading industry experts, and attend conferences and events, to stay well-informed of emerging sustainability trends and their potential impact on our business, customers and stakeholders.

Contributing to sustainable finance in Australia

QBE is part of a collaboration called the Australian Sustainable Finance Initiative (ASFI), established to set out a roadmap for realigning the finance sector to support improved social, environmental and economic outcomes for the country.

ASFI brings together leaders from Australia's major banks, superannuation funds, insurance companies, financial sector peak bodies and academia to develop a Sustainable Finance Roadmap. The roadmap, to be launched in 2020, will recommend pathways, policies and frameworks to enable the finance sector to contribute more systematically to the transition to a more resilient and sustainable economy, consistent with the SDGs and the Paris Agreement on climate change.

The chair of our Australia Pacific Board is a member of the ASFI Steering Committee and senior leaders from our Finance, Sustainability, Risk and Strategy teams are also involved in each of ASFI's four technical working groups.

Advocating for American farmers

Our President of Crop in North America serves as the Chairman of the Board of Directors for the National Crop Insurance Services (NCIS). The NCIS continues to advocate for adequate coverage on all crops to assist farmers in managing the impacts of

catastrophic events. There is also a focus on good farming practices, promoting minorities in farming and providing ongoing education on insurance-related matters.

Collaborating on climate change

In Australia, QBE is participating in the Climate Measurements Standards Initiative to develop standards for measuring the physical risk impacts of climate change on property damage. We are collaborating with a range of stakeholders including other Australian general insurers, reinsurers and banks, and the Earth Sciences and Climate Change Hub (a partnership of Australia's leading climate change research institutions, including the CSIRO and Bureau of Meteorology), Climate-KIC Australia (a 'Knowledge Innovation Community' comprising a range of public and private entities), catastrophe modellers, hazard scientists and financial reporting professionals. The Initiative is expected to complete a draft report in 2020 for wider consultation.

Understanding battery storage

In Singapore, we were invited to participate in the Energy Storage Systems (ESS) working group focused on battery storage as part of the International Machinery Insurers Association. The knowledge gained will help us add value to our customers as ESS technology expands globally.





Tackling resilience in cities and regional communities

In 2019, QBE representatives continued to participate in the Australian Government's National Resilience Taskforce. Key areas of focus included developing a prioritisation framework for disaster risk reduction and a National Disaster Risk Information Services Capability.

The future of smart transport

In Australia, we continue to work with the broader industry and key government entities on the required policy, legislative and regulatory changes that will enable society to benefit from autonomous vehicle technologies.

Advancing risk management in the insurance industry

QBE is a member of the 'CRO Forum', a high-level discussion group for the chief risk officers of major European insurers, that aims to identify and benchmark best practice in risk management and share ideas with the wider industry through publications. We are currently participating in a working group focused on carbon foot-printing.

Adding our voice at key events

Throughout the year, QBE representatives have attended and spoken at business roundtables, seminars and events on sustainability. Topics included impact investing, diversity and inclusion, climate change, international carbon markets, modern slavery, sustainable cities and communities, resilience and sustainable finance. Examples of events include:

- Together with other industry representatives and insurance regulators, we participated in a workshop convened by the International Association of Insurance Supervisors and Sustainable Insurance Forum. This focused on implementing the recommendations of the Taskforce on Climate-related Financial Disclosures within the insurance industry.
- In June 2019, we attended the Australian Government's Department of Home Affairs conference on implementing Australia's *Modern Slavery Act 2018* (Cth) and knowing your supply chain.
- In September 2019, we attended several Climate Week events in New York on renewable energy sourcing, sustainable finance and insurance and innovation in built environment technologies designed to support the transition to a low carbon economy.

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the
UN Global Compact Office

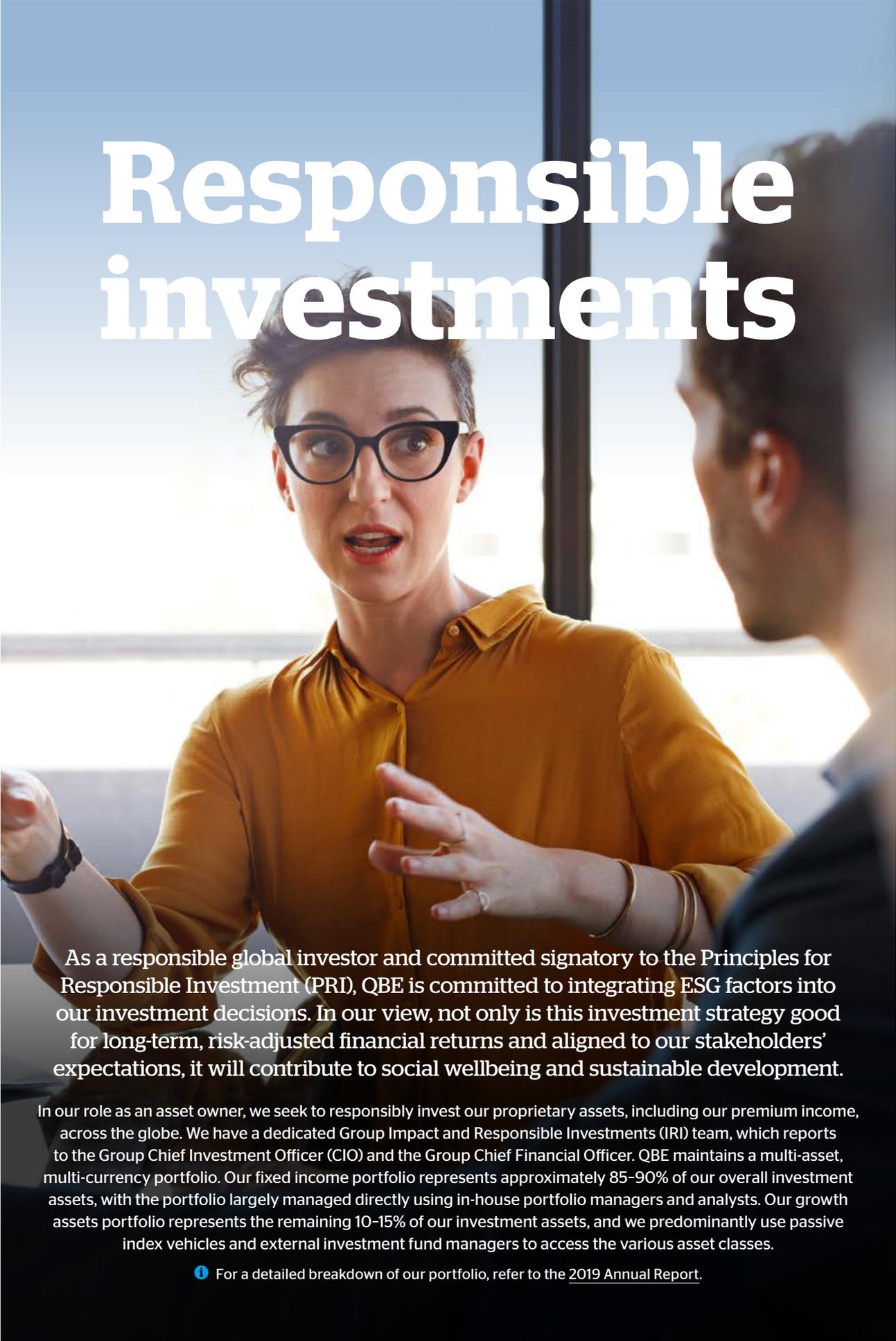


Social bond issuance

In 2019, we continued to give debt investors the opportunity to make a positive impact on society.

In 2017, we issued a \$400 million Gender Equality Bond, a debt product that incorporates gender equality considerations with strict investment criteria. Any issuer must be a signatory to the Women's Empowerment Principles and be included in the Equileap Gender Equality Global Report and Ranking at the time we invest. As at 31 December 2019, the gender bond portfolio was over-collateralised at \$443.2 million on a mark-to-market basis. We published a Gender Equality Bond Progress report showcasing the achievements of companies we have invested in, and the progress towards gender equality in the workplace and the communities we serve.





Responsible investments

As a responsible global investor and committed signatory to the Principles for Responsible Investment (PRI), QBE is committed to integrating ESG factors into our investment decisions. In our view, not only is this investment strategy good for long-term, risk-adjusted financial returns and aligned to our stakeholders' expectations, it will contribute to social wellbeing and sustainable development.

In our role as an asset owner, we seek to responsibly invest our proprietary assets, including our premium income, across the globe. We have a dedicated Group Impact and Responsible Investments (IRI) team, which reports to the Group Chief Investment Officer (CIO) and the Group Chief Financial Officer. QBE maintains a multi-asset, multi-currency portfolio. Our fixed income portfolio represents approximately 85-90% of our overall investment assets, with the portfolio largely managed directly using in-house portfolio managers and analysts. Our growth assets portfolio represents the remaining 10-15% of our investment assets, and we predominantly use passive index vehicles and external investment fund managers to access the various asset classes.

 For a detailed breakdown of our portfolio, refer to the [2019 Annual Report](#).



Advancing our responsible investments approach

In 2019, we further advanced our approach to responsible investing, driving continuous improvement in this area of our business. We have been guided by the PRI, developing industry norms and our ESG Risk Standard. QBE's Investment Philosophy is:

"To strike an appropriate balance between the return objectives of the organisation and our appetite for risk, earnings volatility and capital consumption while managing climate-related and other non-traditional financial risks".

This reflects our strong commitment to considering ESG factors when assessing risk and integrating these factors into key investment decisions and across our investment portfolio.

Our Responsible Investment (RI) Guidelines, updated in December 2018, reflect the above philosophy. We believe that incorporating ESG factors into our investment decisions complements our existing investment due diligence processes and strengthens our overall decision making. The guidelines cover all active asset classes in which we invest and all access types including direct investments, pooled vehicles and mandates, and various investment geographies.

Embedding ESG into our fixed income portfolio

As the largest part of our portfolio, we continue to deepen our ESG integration in the corporate credit portfolio. In 2017, we introduced an independent ESG measure to our corporate credit analysis process, which enabled us to understand and monitor a company's approach to managing ESG issues through its policies, practices and other measures. In 2018, we extended our ESG analysis to cover supranational issuers.

We have enhanced the corporate credit issuer selection process with additional ESG analysis in our reviews. This sees us weight issuers that are leaders in ESG efforts compared to peers, and down-weight those with lower scores. The view being that corporations that are proactive are able to better prepare for unknown risks. We work with corporate credit issuers with lower ESG ratings to better understand what drives their scores and, where appropriate, what their plans are for improvement. We continued to engage with these issuers in relation to material ESG risks.

ESG reviews of our external fund managers

In 2018, as part of our investment manager selection and due diligence program, we strengthened our external fund manager review process, extending the annual ESG review to all existing managers. We are pleased to note that over 85% of our external managers are PRI signatories. In 2019, we continued our ESG review and engagement process with our external managers to determine their progress against the framework developed by the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

QBE is an investor member of the Global Real Estate Sustainability Benchmark (GRESB) the leading ESG benchmark for real estate and infrastructure investments across the world, and we review the ESG performance of our real estate portfolio managers. Based on GRESB real estate benchmarks, the weighted average for our property portfolio continues to be GRESB 4 Star, which is top quartile performance.

During the year, we further engaged with external fund managers on material ESG

Our external fund managers and gender diversity

As part of our selection and appointment process for external fund managers, and our ongoing investments through existing managers, QBE preferences companies that demonstrate gender diversity in their Investment Committees and in decision making roles. Our commitment to responsible investing is to engage beyond the representation of women as a percentage of the workforce or in management. We specifically seek representation of women in decision-making roles, to build diversity into the investments process and deliver post-investment value creation.



issues at investor meetings, and on an investor-fund manager relationship level. We actively seek improvements in investment-level monitoring and performance, and work with our fund managers to improve organisational performance and culture. This is in line with our commitment to responsible investing.

Managing climate risk

Our [Group Energy Policy](#) outlines our approach to investing in thermal coal projects, now and into the future. We integrated new third party data sources into our investments process to ensure compliance with this policy.

As at 31 December 2019, we continue to be compliant with this Policy by maintaining zero direct investment in thermal coal. We continue to maintain less than 0.5% of total funds under management in the thermal coal industry to allow for exposures through our indirectly managed investments, such as through equity index funds.

In 2019, we conducted an initial carbon foot-printing of our fixed income (corporate credit) portfolio based on weighted average carbon intensity, including a retrospective

Advancing our responsible investments approach (continued)

analysis which considered the carbon intensity of the corporate credit portfolio for the past five years. This baseline process identified that our corporate credit portfolio is well positioned, and helped us to establish processes for ongoing monitoring of our corporate credit investments.

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

Collaborating and engaging with industry

We continue to be part of industry and government discussions to share best practice on responsible investing, and regularly contribute to a broad range of submissions, research papers, forums and panels. As a member of the Investor Group on Climate Change, we participate in member meetings and initiatives, including the Low Carbon Working Group.

Through our membership of the Responsible Investment Association Australasia, we are part of the Human Rights Working Group. QBE also co-chairs the Impact Management & Measurement Community of Practice, a group established to facilitate sharing leading practice knowledge and resources for impact management and measurement.

We continue to be an investor member of GRESB, to help us understand the climate resilience of our real assets portfolio. We are also involved in the Australian Sustainable Finance Initiative.

i Refer to [Sustainable insurance](#) for further information on this initiative.

We are an active participant in the global field of responsible investing and impact investing, with our representatives attending the following events this year:

- *PRI in Person* global conference in Paris;
- *Impact Summit France* conference in Paris;
- *2nd Annual Climate and ESG Asset Owner Summit* presented by the CFA Society New York in New York;
- *Sustainable Investment Forum North America 2019* in New York;
- *Global Impact Investing Network Investor Forum* in Amsterdam;
- *Impact Investment Summit Asia Pacific 2019* in Sydney; and
- *UNEP FI-PRI Australia Conference: Towards a resilient and sustainable economy* in Melbourne in December 2019.

Ongoing employee training and engagement

Our IRI team continues to run training sessions to strengthen the ESG knowledge and skills of our broader Investments team. Topics in 2019 included climate risk, the Impact Management Project, the Sustainable Development Goals (SDGs) and our impact investing framework. With more training and development sessions already scheduled, we continue to educate our people on the importance and relevance of ESG issues to our investment decisions.





Premiums4Good - a unique collaboration

Premiums4Good is a unique and innovative collaboration between QBE, our customers, partners and shareholders through which we invest a portion of everyday premiums to make an extraordinary difference in communities across the globe. Through Premiums4Good, we invest up to 25% of select customers' premiums into investments that have additional social or environmental benefits, at no extra cost to the customer. These investments include social impact bonds (SIBs), social bonds, green bonds and infrastructure, supporting a range of projects and programs that seek to create stakeholder value and positive impacts in communities across Europe, North America, Africa, Asia and the Pacific.

From renewable energy initiatives and sustainable infrastructure, to social services and programs to support vulnerable people and communities – Premiums4Good helps us make a real difference. The program is evidence of our belief that we can deliver attractive risk-adjusted returns and business value, while also seeking to deliver positive social and environmental impact.

In January 2019, we enhanced the program by establishing a globally consistent approach to Premiums4Good contributions. This sees us commit a minimum \$100 million, £100 million and A\$100 million of premium income to the program from the United States, Europe and Australia Pacific respectively. These contributions will be made in addition to those from our select customers who elect to allocate 25% of their premiums to the initiative.

QBE invests in line with existing investment mandates and thresholds, and we work with the Classification of Social Investments Committee (COSI)

to oversee the program's governance. COSI comprises three QBE representatives and three independent impact investing experts. COSI meets quarterly to classify and review our investments in line with our criteria for 'additional social or environmental objective' and positive impact. The Committee continues to support us in improving our approach.

In 2019, we enhanced our investment classification framework by introducing a new 'deep impact' category, along with the existing moderate and high impact classifications. This helps better define the range of impact.

We are on track to achieve our ambition to grow our impact investments to \$1 billion by 2021. At the end of 2019, the Premiums4Good pool of assets was 48 securities worth \$663 million, up from 32 securities and \$440 million at the end of 2018. As part of this growth, we aim to increase our deep impact investing and are extending our ambition in impact investments to \$2 billion by 2025.

Premiums4Good

Our ambition is to grow our impact investments to

\$2 billion by 2025

Total investment in Premiums4Good

\$663 million

Up from \$440M in 2018

Securities

48 invested in by QBE as part of Premiums4Good
Up from 32 in 2018

Expanding our ambition

We are on track to achieve our initial ambition to grow our impact investing allocation to \$1 billion by 2021. If achieved, this would represent circa 4% of assets under management directed to impact investing, which is leading among our insurance peers. In response to our customers strong support for Premiums4Good, and the momentum we continue to build for this innovative program, we have now expanded our ambition to \$2 billion by 2025. The intent is for more than half of this to be environmentally impactful investments, particularly renewable energy projects.



Impact investing across the globe

In 2019, we released our *Premiums4Good Investment Impact Report 2018-2019* showcasing highlights and ground-breaking initiatives delivered. A snapshot of some investments from the program is outlined below.

i The Premiums4Good Investment Impact Report 2018-2019 can be downloaded [here](#).

“Through its pioneering Premiums4Good initiative, QBE is showing that blue-chip institutional investors can pursue impact goals alongside their financial goals - which can only encourage other like-minded institutions to follow suit. By supporting the growth of the social outcomes contract market in the United Kingdom, this investment will not only have a direct impact on the lives of some of the most vulnerable people in the country; it will also help to transform our public services by catalysing smarter and more effective delivery models.”

Mila Lukic,

Partner, Bridges Social Outcomes Funds



Bridges Social Outcomes Fund II (UK) - supporting social services for the vulnerable

Social services are key to improving the lives of vulnerable people in the United Kingdom. The Bridges Social Outcomes Fund II provides working capital and additional management resources for delivery partners providing vital services in areas including children and families, housing, employment, health and social care.

These outcome-based contracts are structured so that the commissioner pays directly for social improvements achieved by providers. This means the Bridges fund only makes a financial return if valuable outcomes are delivered for communities and the government.

These contracts support projects that are touching thousands of lives, including helping families whose children are at risk of being taken into care to stay together, enabling people to better manage their long-term health conditions, supporting young people at risk of homelessness and supporting disadvantaged children who are struggling at school.

The contracts have already contributed to reduced levels of homelessness and improved education, health and wellbeing and employment outcomes among its target groups, including:

Over
125,000
days out of care
achieved

About
11,000
qualifications
achieved

Over
2,500
people helped
to enter and/or
sustain
accommodation

Nearly
4,000
wellbeing
improvements
for people
with long-term
health conditions

The fund is expected to achieve further successes in these areas over its 12-year term (which includes a six-year investment period). These results will ultimately help to build stronger, more inclusive communities across the United Kingdom.





Housing New Zealand Ltd Sustainability Bond - supporting social housing in New Zealand

Public and social housing is vital to the livelihoods of thousands of vulnerable New Zealanders. The Housing New Zealand (HNZ) Ltd Sustainability Bond provides funds to HNZ's social housing program, addressing growing public housing demand in communities across New Zealand.

Funds invested via the bond will be used to construct new, or retrofit existing, social housing - delivering more homes at an accelerated pace for vulnerable New Zealanders. The housing that will be provided will give access to safe, affordable places to live and will also connect at-risk New Zealanders with wrap-around social services which further support their social and economic participation in the New Zealand community.

Notably, the bond supports environmental outcomes in addition to social ones. By funding energy-efficient housing design and construction, the program is set to mitigate emissions, water use and waste - creating greener, more sustainable communities.

Through delivery of the next phase of Housing New Zealand's program, these socio-economic and environmental outcomes will be amplified.



LeapFrog Emerging Consumer Fund III - providing access to essential financial and health services across developing nations

Rapid developments in Africa and Asia have impacted the dynamics of global markets. Billions of emerging consumers are now joining the global economy, without access to many of the basic services required for success. By investing in companies that provide essential financial and health services across developing countries, LeapFrog Emerging Consumer Fund III is helping to meet these growing needs at scale. LeapFrog's companies currently serve 188 million people.

QBE, through Premiums4Good, is an investor in the \$743 million fund, joining several investors across the globe in the fund's mission to change lives in communities in countries like Kenya, Nigeria, Ghana, South Africa, India, Indonesia, the Philippines and Sri Lanka.

The fund's investments to date include WorldRemit, which enables fast secure international money transfer, and NeoGrowth, a digitally-enabled financial company that provides business loans and insurance in India. The fund has also made investments in East African healthcare provider Goodlife Pharmacy, providing diagnostics and basic health care in communities where public healthcare is limited, as well as Ascent Meditech, a business that manufactures and delivers orthopaedic products across India.

Through these and additional investments, the fund strives to impact the lives of millions of people as well as generate robust financial returns for investors.

By investing in the provision of essential services, the fund is a powerful enabler of financial inclusion and access to healthcare. It supports the elimination of poverty, contributes to healthier, more productive communities and helps drive economic success. Significantly, the fund targets reaching more than 70 million emerging consumers over the next five years.

“ QBE was the first Australian insurance group to back LeapFrog's new impact investment fund. By investing in high-growth companies in emerging Asia and Africa, the fund aims to reach 70 million low-income people with healthcare and financial tools. Most of those people will be accessing these essential services for the first time, helping lift themselves and their families into security. At over \$1 billion, LeapFrog Fund III is the largest equity fund ever established by a pure impact investor. As a key participant, QBE is sending a powerful signal to the country and the world that it is possible to achieve Profit with Purpose.”

Andy Kuper,
CEO LeapFrog Investments





Social impact bonds

In 2014, QBE committed to invest up to \$100 million in suitable social impact investments, specifically SIBs and pay-for-success (PFS) investments across our global investment portfolio. We aim to lead in making these kinds of investments to signal our support for SIBs/PFS and outcomes-based financing as an institutional investor.

We strongly support investment as a means of raising capital for global social and environmental issues while creating sustainable financial returns. Investments supporting Premiums4Good fall within multiple asset classes and impact areas and range in depth of impact. SIBs are at the high-impact end of the spectrum, as a results-based investment.

We are a leading investor in SIBs across the globe, and one of the few to invest across different impact areas, currencies and geographies. To date, we have invested in 11 SIBs and two SIBs funds in Australia, Canada, the United Kingdom and the United States. QBE was the anchor investor for the first SIB fund in the United States with The Reinvestment Fund and Living Cities in 2017.

These investments seek positive outcomes across diverse impact areas. If our current SIB direct and fund investments achieves the intended outcomes, we have the capacity to positively impact more than 21,000 people in areas such as:

- reducing youth homelessness;
- improving education and employment outcomes;
- improving parenting skills to reduce the number of children removed into state care;
- reducing re-offending; and
- reducing long-term cardiovascular disease.

As we continue to expand our investment in impact bonds, we aim to bring commercial rigour to these investments and help develop the market across multiple jurisdictions - to grow a robust impact bond market. By proactively engaging with stakeholders on the benefits of public-private-social sector partnerships, we aim to strengthen the sector globally, and encourage other institutional investors into the market.



Current Premiums4Good investments¹

IMPACT AREA	IMPACT LOCATION				TOTAL
	NORTH AMERICA	AUSTRALIA AND NEW ZEALAND	EUROPE AND UNITED KINGDOM	GLOBAL AND DEVELOPING MARKETS	
Environment					
Food and agriculture				1	1
Resource efficiency, recycling, re-use and conservation				1	1
Sustainable energy	10	4	6	2	22
Total	10	4	6	4	24
Social					
Education and employment				1	1
Financial inclusion			3	2	5
Health	1	1			2
Housing and social real estate	2	4	1		7
Social care and provision of community services	3	1	1		5
Social inclusion, diversity and gender	1				1
Urban and community development	3				3
Total	10	6	5	3	24
Grand total	20	10	11	7	48

Global recognition of Premiums4Good

Since its inception in 2014, Premiums4Good continues to engage customers, employees and stakeholders. In 2019, Premiums4Good secured industry and peer recognition with its shortlisting in a range of prestigious awards including:



Ethical Corporation's global *Responsible Business Awards* – Finalist, United Kingdom

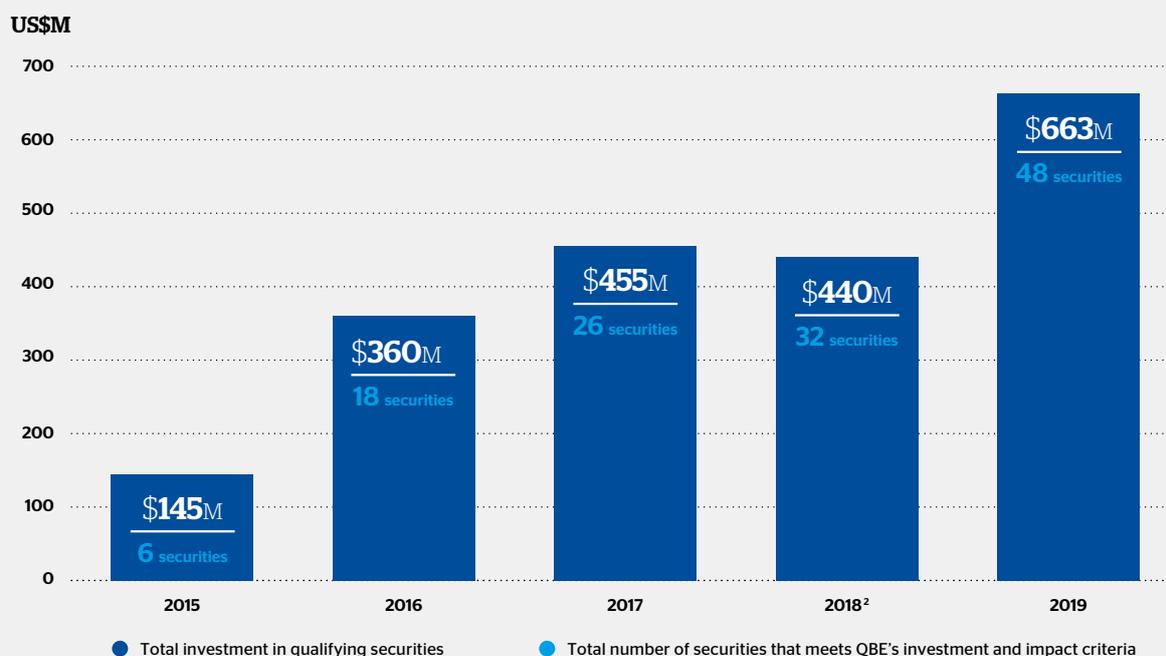


The Shared Value Project's *Shared Value Awards* – Finalist, Australia



Banksia Foundation's *Banksia Sustainability Awards* – Finalist, Australia

Securities and investment totals 2015-2019 (US\$M)



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

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



Customer and community

As an international insurer and reinsurer with a long and proud history of serving our community, we offer a diverse portfolio of products and services to meet our customers' current and emerging needs. Our customers are at the heart of our decision making and we are committed to delivering a consistent level of outstanding customer service across our divisions that reflects community values and expectations.

To provide quality solutions for our customers, we continually seek to understand the trends impacting them, and the broader communities and societies in which we operate. The [Sustainable insurance](#) section of this Report outlines how we incorporate this ambition into our comprehensive range of products and services. We also seek to contribute to the community through thought leadership, advocacy, disaster relief and other online resources, and through our QBE Foundation.

Managing customer conduct risk

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

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

Our Group Executive Non-Financial Risk Committee (ENFRC) has oversight of conduct risk at QBE. Its objective is to support the Group Board and the Board Risk

& Capital Committee (BRCC) with identifying, assessing and mitigating conduct risk. Our Conduct Risk Working Group supports the ENFRC to deliver a consistent approach to managing conduct risk. The Working Group is made up of senior experts across the business and operates under a dedicated Group Head of Conduct.

Demonstrating our commitment as a customer-centric insurer, we maintain several initiatives, processes and controls to ensure fair treatment of our customers through every stage of the policy life cycle, including post-sale services. This includes customer service satisfaction surveys, analysing customer complaints to identify root causes and a continuous focus on improving the customer experience.

Improving customer outcomes through behavioural science

In partnership with academics and institutions, we use experiments, interviews, observation, data analysis and behavioural science research to gain a deeper understanding of what drives customer behaviour.

Our aim is to integrate the emerging science of injury recovery into the claims and recovery process. In Australia Pacific, our Behavioural Insights team is using this knowledge to test options, and introduce changes, that are delivering real benefits to people injured in the workplace and in motor vehicle accidents.

For example, when employers demonstrate support, injured workers are more likely to return to work more quickly, contributing to better personal and professional outcomes. In 2019, our Behavioural Insights team successfully communicated the importance of supporting injured workers to employers, including through the provision of suitable duties. The solutions developed by our Behavioural Insights team are now being shared across QBE, helping other teams apply behavioural science to improve outcomes for all our customers.



Benefitting customers through new data and digital solutions

Data-driven solution transforming customer claims

Our customers seek, and deserve, good quality and efficient service. The Property Decisioning Tool enables us to challenge the traditional claims model by automating non-complex claims – improving and speeding up the claims and recovery process.

The tool quickly determines the likely complexity of a claim, the likely repairs needed and immediately engages the correct supplier. This has allowed us to reduce recovery times for customers, with the correct repairer or restorer responding quickly to mitigate losses, manage claims costs and minimise any delays.

Insurance Awards 2019



In Asia, we were recognised for enhancing our claims experience using digital innovation through our Digital Claims Platform.

Awards included:

1. Claims Initiative of the Year
- Hong Kong Award at the Insurance Asia Awards 2019
2. Top 3 Finalist for the Outstanding Claims Management - General Insurance Award at the Hong Kong Insurance Awards 2019 organised by the Hong Kong Federation of Insurers



Digitising to improve customer experience and satisfaction

A strong focus on implementing digital solutions has helped improve customer experience and accessibility. In Asia, we have started the journey to digitise our insurance value chain and create an enhanced experience for our partners and end customers.

Across Singapore and Hong Kong, we introduced an innovative business to business insurance portal, Qnect. This one-stop web-based platform empowers intermediaries to manage insurance transactions, generate quotes, issue policies, manage customer portfolios and generate data analytics in an efficient manner. The portal supports our customers' insurance needs anytime, anywhere by providing access to a wide range of business and personal insurance products and relevant resources.

In Hong Kong, we took Qnect to the next level by creating a business to business to consumer model for a strategic distribution partner. We piloted this new model for travel and home contents insurance with a plan to expand to other insurance products.

We also introduced a digital claims portal for our travel and domestic helper insurance products in Hong Kong, offering a simpler and faster claims experience. The platform is designed to provide an easy-to-use, efficient and intuitive experience, allowing customers to submit a claim on any mobile device with just a few keystrokes.

As claims via the platform are assessed and processed digitally, it has enabled faster validation and payment, drastically shortening the entire claims lifecycle and delivering operational excellence for the business. Building on our success in Hong Kong, we are looking to extend the digital claims capability to a broader range of products in the future.





Promoting financial inclusion

Reducing complexity, promoting clarity

We provide a range of tools and services to help our customers understand our range of financial products and services, and to provide helpful general information about insurance and risk. We continue to focus on developing and providing clearer and more effective disclosure throughout the customer journey to enable our customers to make the right decision, at the right time, based on accurate information.

As part of our continuous improvement process, we are working to simplify our product disclosure and policy wording to reduce complexity where possible to help our customers more readily understand what they are, and are not, covered for. This supports customer education and decision making. We started to test this with several of our lines of business in 2019.

QBE Australian Housing Outlook

Our report, *The QBE Australian Housing Outlook 2019-2022* equips our customers, partners and consumers with the latest residential property and economic information along with a three-year forecast for house and unit prices across all our major cities and 11 regional centres. We have partnered with BIS Oxford Economics for many years to produce this annual report, now in its 18th edition.



Supporting our vulnerable customers

Across Australia Pacific, we are developing a strategy to assist and support vulnerable customers. This includes a focus on:

- training our workforce to better recognise and deal with our more vulnerable customers; and
- embedding appropriate practices across the customer journey that result in improved customer outcomes and experiences.

In 2019, we piloted an intensive, face-to-face training program with members of our Claims and Customer Relations teams in Australia. Training focused on recognising and understanding vulnerability and related triggers, communicating respectfully with customers experiencing vulnerability and linking customers with appropriate internal and external support.

We also committed to promoting greater financial inclusion for all Australians by joining the Financial Inclusion Action Plan (FIAP) program, an initiative that promotes economic wellbeing, resilience and inclusion. A partnership between Good Shepherd Microfinance, the Australian Government, EY and the Centre for Social Impact, the FIAP is supported by an advisory group and 40 member organisations, including QBE. Tangible commitments have been made to realise greater financial inclusion and resilience for vulnerable groups across the sphere of influence of FIAP program participants.

As part of our commitment, we are developing an action plan to address financial wellbeing, building on a range of initiatives underway to support vulnerable customers and communities. These initiatives focus on providing fair and accessible products and services, enhancing financial capability of staff, customers and the community, understanding financial vulnerability and supporting economic security.



Standing by our customers and communities in the face of disaster

Partnering to build resilient communities and futures

As a global insurer, we see first-hand the impacts natural disasters have on our customers and the communities in which we operate. We are one of the first ports of call for our customers when they are affected by a disaster. We aim to respond quickly, show care and sensitivity, and deliver outstanding service to those customers impacted by catastrophes - in line with our focus on building resilience within our communities.

We recognise that natural disasters are increasing in frequency and severity, impacting billions of people worldwide. Climate change is a material business risk for QBE, and our role is to help our customers build their resilience, and better secure their future, through risk preparation and mitigation.

In 2019, we committed to two strategic multi-year partnerships with leading global not-for-profits involved in natural disaster preparedness and response - Red Cross and Save the Children. These partnerships will streamline our support for disaster recovery initiatives and enable us to deploy vital resources quickly and effectively. Our aim is to support both organisations in their work to address the humanitarian crisis caused by climate change and work collaboratively on disaster preparedness and climate resilience initiatives for vulnerable communities. We continue to stand alongside our customers to address their evolving and complex needs into the future.

While our partnerships will initially focus on immediate relief in the event of a natural disaster, we will work together to leverage the skills and expertise across our organisations to focus on disaster risk reduction and resilience programs.

As outlined in the diagram, our partnerships will focus on supporting communities through disaster recovery programs to help rebuild and prepare for future catastrophes. We will also collaborate to create new disaster risk reduction initiatives.



Innovating in our disaster response

Part of our role as an international insurance company is to help our customers build resilience through risk preparation and mitigation. We provide direct help through on-the-ground catastrophe teams, specialist teams, relief efforts and spending face-to-face time with affected policy holders.

In North America, our claims teams continue to innovate in the way we meet the needs of customers experiencing severe weather events. We continue to invest in technology, targeted communications, virtual assistance and 3D modelling to provide better and faster support to our customers when they need it most.

We model approaching storm activity to identify where, and when, our customers might be at risk. This allows us to proactively communicate, alerting them to possible dangers. Our targeted email alerts give our customers time to put safety measures in place before a severe weather event hits, as well as providing them with information on how to report a claim.

If a claim is required, communication through our platform helps speed up the claims and recovery process. Customers can send smartphone footage of damage to us and these remote assessment capabilities have cut down the estimating process time by as much as 40%, helping us deliver on our goal of making a difference for customers in times of need.





Our Partnership with Red Cross

The International Red Cross and Red Crescent Movement is the world's largest global humanitarian network, consisting of more than 192 member societies. Red Cross provides protection and assistance to people affected by disasters, conflicts and health and social problems.

With a mission to alleviate human suffering, Red Cross supports emergency responses across the world. A key focus area of this work is preparing communities and Red Cross and Red Crescent Societies ahead of disasters. This is done by helping communities identify risks and threats, and develop solutions to reduce or mitigate them.

Through our partnership, we will focus on addressing the increasing humanitarian impacts from climate change within this 'solutions economy'. This aims to contribute to the complex challenges whereby demand for humanitarian assistance is outstripping available financing. The solutions economy will look at innovative ways to solve the increasing gap in financial support and highlights the need for more global players to support communities in preparing for and recovering from disasters.



Our Partnership with Save the Children

Established 100 years ago, Save the Children is the world's leading independent organisation that supports children and children's rights. Save the Children believes in the rights of all individuals to receive aid in an emergency, based on need. However, women and children face disproportionate risks in emergencies, such as forcible displacement and human rights violations. For example, children are particularly vulnerable to being separated from their families, recruited into armed forces, exploited sexually and made victims of gender-based violence. Accordingly, emergency responses are often planned to meet their immediate needs.

In an emergency, Save the Children provides life-saving essentials such as food, clean water, healthcare and shelter, and services such as education and protection support to groups particularly at risk including disabled children, child combatants, gender-based violence survivors, adolescents, out-of-school youth, unaccompanied minors and orphans.

Through our global partnership with Save the Children, QBE aims to save more lives when a disaster strikes and help build communities that are more resilient in the face of natural disasters and more able to withstand the impacts of climate change in order to protect future generations.



Engaging and investing in our communities

QBE has established multiple community-focused initiatives that seek to create value by improving social and environmental conditions in the communities in which we operate.

Our community engagement strategy is aligned to our group-wide priority Sustainable Development Goals (SDGs) as outlined in [Our approach to sustainability](#). This includes a focus on financial resilience and protecting vulnerable communities (SDG 1), diversity and inclusion (SDGs 5 and 10), supporting decent work and economic growth (SDG 8), building sustainable cities and communities (SDG 11), and taking action to combat the impacts of climate change (SDG 13).

Our community engagement strategy also includes an additional focus on supporting the health and wellbeing of our communities (SDG 3), as many of our product lines relate to accident and health, and helping people rebuild their lives after a catastrophe. As always, in 2019, our people have also actively supported their communities, nominating health-related causes they are passionate about for us to support.

We support our community activities via the QBE Foundation, as well as through a variety of partnerships, sponsorships, grants and events.

The QBE Foundation

The QBE Foundation was established in 2011 to ensure that we manage our community-related and corporate giving activities effectively and consistently, in line with our purpose, strategy and investment criteria. The Foundation's stated vision is:

"To help people overcome disadvantage, strengthen their abilities and live more independently, successfully and productively".

This vision is an extension of QBE's purpose: to give people the confidence to achieve their ambitions.

Across our divisions, we have strengthened the Foundation's focus on long-term and impactful strategic partnerships.

Our community engagement and investment activities help us drive employee engagement, improve the communities in which we live and work, and support our efforts to make a meaningful contribution to our priority SDGs.

i Further information about the governance of the QBE Foundation can be found [on our website](#).



Our community investment

The total value of our social and community investment programs in 2019 was over \$5.5 million. This includes financial contributions through our charity partnerships and local grants, employee volunteering, workplace giving, in-kind giving and management overheads arising out of volunteered time, services or office space.

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

Engaging our people

We encourage everyone at QBE to give back to the community by taking a designated, paid-volunteer day every year or by getting involved with our charity partners, through charitable and in-kind giving. Employees can volunteer individually, or with colleagues, to support a cause they are passionate about, with the QBE Foundation managing opportunities to support our charity partners.

Employee feedback tells us that volunteering gives our people personal development opportunities, increases collaboration and teamwork, leads to greater employee satisfaction and generates a sense of pride and connection to both QBE and the wider community.

In 2019, our employees spent over 12,600⁵ hours volunteering as part of their designated volunteer day. We continue to collaborate with our charity partners to identify opportunities for our employees to more closely engage with the communities in which they live and work.

For example, since 2016, the QBE Foundation has partnered with Foodbank, an Australian food relief organisation with a mission to provide sufficient, safe and nutritious food to vulnerable and disadvantaged communities. In 2019, with the support of partners and supporters, Foodbank sourced 41.7 million kilograms of food and groceries, providing the equivalent of 75 million meals to hungry Australians. Foodbank's efforts contribute to improvements in wellbeing, sense of self-worth, social relationships, academic achievements and standard of living. The Foundation's partnership with Foodbank has made a positive, tangible difference to the lives of thousands of Australians in need.

In Western Australia, our employees volunteered as part of the Mega Meal Challenge, a week-long opportunity working in Foodbank's Community Kitchen to produce approximately 2,000 frozen meals. The Community Kitchen uses ingredients which give "rescued" food a third life, reducing Foodbank's food waste from 11% to 3%. The program supports increased resilience, wellbeing and living standards among meal recipients.



1 Total financial contributions for disaster relief, grants, charity partnerships and employee matching for employee fundraising efforts and/or payroll deductions from pre-tax salary.
 2 The equivalent financial cost of time volunteered by employees as logged in our HR system to various community initiatives across our divisions. This is estimated using employee hourly/day rates, i.e. base salary divided by 52 weeks, then divided by either: a) employee weekly appointed hours, for hourly rates; or b) five days, for day rates.
 3 In 2019, we have maintained our process to capture in-kind giving across our divisions by using financial proxy values as estimates.
 4 This includes costs associated with communications and marketing, overheads and administration of our divisional QBE Foundation Committees.
 5 Total time volunteered by our employees as logged in our HR system to various community initiatives across our divisions.

Supporting our communities - the QBE Foundation in action

Across the countries in which we operate, we have several multi-year partnerships. We showcased a range of these partnerships in our [2018 Sustainability Report](#). Below is a small selection of initiatives and achievements from 2019.



Protecting vulnerable communities and enabling financial resilience are key strategic priorities. This includes supporting financial literacy and inclusion, youth social services, adult welfare and natural disaster recovery relief.

Supporting the financial health of disadvantaged populations



Village Capital

In North America, we have collaborated with Village Capital, a highly-networked organisation

in the field of impact investing, to release a report on the drivers and impacts of insurtech on socio-economic trends, within the United States and globally. These themes include insurance for all, the way innovation in insurance is shaping society,

and how technology is helping the industry better address risks resulting from changes in the macro-environment. Ultimately, this research will help startups that are assisting underserved or disadvantaged populations achieve better financial health.



As an insurer that helps people recover from injury, a focus on health and wellbeing is a key strategic priority for our community-related activities. It is also a key driver of employee engagement and satisfaction. Each year, the QBE Foundation partners with charities that strive to improve medical research, treatment and support for health concerns, mental health and physical disability.

Partnering with the Dementia Friends program



Through our partnership with the Alzheimer's Society in the United Kingdom, we supported the Dementia Friends program, which aims to increase understanding and raise awareness about

dementia. The program delivers 'Information Sessions' which cover some of the challenges people with dementia face and how we can support them in the community. By becoming Dementia Friends and taking action, we can create safer and more inclusive communities for people living with, or affected by, dementia. More than 500 QBE employees have taken part in the Information Sessions.

Dementia Friends was created by the Alzheimer's Society to help break down the fear, stigma and misunderstanding of the condition and turn understanding into action. Our people are encouraged to become a Dementia Friend and help make QBE a more dementia-aware business. Dementia Friends is the biggest ever Alzheimer's Society initiative to help change people's perceptions of dementia.



As part of our strategic commitment to encouraging diversity and inclusion, we support community initiatives that promote acceptance and opportunities for vulnerable and under-represented groups. We aim to reduce inequality within and among the communities in which we operate. Our support includes mentoring, awareness-raising, developing educational materials and providing funding.

Equal representation in technology talent



In North America, in partnership with our business resource group the Women's Initiative Network, we supported colorcoded, a Wisconsin-based organisation aimed at increasing the number of girls, minority and low-income youth participating in computing. They do this through a combination of activities,

workshops, mentorships and paid internships. The organisation aims to combat the stark underrepresentation of women and minorities in the computing workforce. The program QBE supported focuses on developing technology talent and future technology professionals in disadvantaged areas and underrepresented demographics. Our Women's Initiative Network and Women In Technology employee working groups will continue to work with colorcoded.



The Pinnacle Foundation - supporting people to bring their whole selves to study and work



For a fourth year, the Australia Pacific QBE Foundation proudly supported the Pinnacle Foundation, which provides educational and vocational support to young adults across Australia whose gender identity, sexual orientation or sexual characteristics have prevented or hindered achievement of their career aspirations or personal development. The underlying aim is to help empower disadvantaged LGBTIQ+ youth to become

self-reliant, maintain their dignity and gain confidence and self-belief.

Our support helps students complete their studies at high school, university, or TAFE, and connects them to mentors who typically share the same academic and professional interests, gender identity, and sexual orientation. Overall, the work of The Pinnacle Foundation has delivered some fantastic results, including 89% of scholars achieving their academic goals, 95% of scholars feeling academically supported, 93% feeling more valued as a person and 95% noting that a Pinnacle Foundation scholarship improved their confidence.



Supporting our communities - the QBE Foundation in action (continued)



Another strategic aim of our Foundation is to foster local economic growth by supporting community-led education and employment initiatives. This will help contribute to social and economic development and poverty reduction. Many of these activities also link to the advancement of other SDGs such as SDG 1: No poverty and SDG 4: Quality education.

Tackling student hunger to improve learning



In the Philippines, a strategic aim of our Group Shared Services Centre QBE Foundation is to foster local economic growth by supporting community-led education, sustainable development, poverty reduction

and employment initiatives. Since 2018, we have partnered with the Philippine Business for Social Progress (PBSP), a business-led organisation at the forefront of strategic corporate citizenship and business sector leadership, to tackle poverty and undernutrition among school children.

Through a strong ecosystem of support, the QBE Foundation has served almost 18,000 meals to 250 undernourished students at two schools based in Cebu

and Manila. This has resulted in students reaching a Healthy Living Index, enabling them to better focus on their education.

In May 2019, QBE sponsored the refurbishment of the kitchen facilities that provide a clean cooking and eating environment for program beneficiaries. Our partnership provides volunteering opportunities for our employees to dedicate three hours of their time every Friday to PBSP's activities.



As an international insurance company, we have an important role to play in developing sustainable cities and communities and building resilience through our charity partnerships and collaborations. Our activities in this area are linked to the advancement of other SDGs such as SDG 1: No poverty and SDG 13: Climate action.

Building resilient cities



The North America QBE Foundation, in collaboration with QBE Ventures and Ashoka, launched the QBE Urban Resilience Challenge, a national social initiative to discover and fund tech-based

innovations to drive resiliency in cities. Ten finalists were selected due to their clear social and environmental impact and benefits, including tackling social welfare, access to water and sanitation, protection of public environment, health and safety and city liveability.

The Urban Resilience Champion 'Drugviu' aims to build a world where medications work for everyone to improve health outcomes, including communities

of colour. The Urban Resilience Pioneer was 'Biocollection', an organisation that recycles 'unrecyclable' plastics, preventing river and ocean pollution, saving wildlife and reducing carbon emissions. This initiative highlighted that transformative tech innovations have the potential to create longer term health and environmental improvements for our customers, communities and cities more broadly.



With natural disasters increasingly impacting our global communities, we are uniquely positioned to support these communities as they tackle the challenging task of recovery. Our activities in this area are linked to the advancement of other SDGs such as SDG 1: No poverty, SDG 11: Sustainable cities and communities and SDG 15: Life on Land.

Employee climate expeditions with the Earthwatch Institute



In 2019, the QBE Foundation partnered with the Earthwatch Institute, an international environmental not-for-profit organisation that offers unique, hands-on experiences in climate change research and ecosystem restoration. Some

of our employees participated in expeditions across the globe - with destinations including the Acadia National Park, Andorran Pyrenees, Daintree River, Great Barrier Reef and La Selva Biological Station in Costa Rica.

The experiential learning program provided our employees with an understanding of how protecting our natural environment is a colossal task, one in which

everyone has a role to play. Our employees came to appreciate the huge amount of work involved in scientific research and data collection, and the importance of environmental issues for QBE. Each employee returned from their expedition with a renewed understanding of the relevance of climate change and our ability to impact change globally.

Managing forests to alleviate water scarcity



Through the Group Shared Services Centre QBE Foundation, we are working with the World Wildlife Fund Philippines to go beyond the usual tree planting activities and expand to forest management around Ipo Watershed in the Norzagary Bulacan region of the Philippines. Metro Manila has been experiencing water shortages over the summer months and even during the rainy season.

Through our partnership under the Forests for Water program, we are aiming to alleviate water

scarcity for inhabitants of Metro Manila by rehabilitating the forest around the main watersheds to help maintain the water cycle. We are also contributing to the fight against climate change by planting trees to offset our carbon footprint.

We are working with the local community in the area to mobilise their support with tree planting, monitoring and maintenance of seedlings. Mobilising the local community also helps spread awareness and contributes to a sustainable livelihood for them. In addition, we will be holding several learning sessions in the Group Shared Services Centre offices to educate our people on the importance of caring for water resources and our forest reserves.



People and culture

At QBE, we offer a dynamic, supportive and inclusive workplace where people are given the space to achieve their personal and professional goals.

We believe that providing a great place to work, and investing in our people now and into the future, are key to the long-term sustainability of our business. Our organisational culture is expressed through seven behavioural elements, the QBE DNA. We know that it is not just what we do, but how we do it, that can make a difference in the lives of our customers and our people, helping us achieve our purpose. Our QBE DNA underpins everything we do and helps us respond to the current and emerging needs of our people, customers, communities and other stakeholders. We are bringing our QBE DNA to life across the organisation and in our activities. Our QBE DNA sets out the expected behaviours for everyone in the Group and is central to the Group's Code of Ethics and Conduct.

Our QBE DNA

We are customer-centred

We are diverse

We are technical experts

We are fast-paced

We are courageous

We are accountable

We are a team



Our culture of risk management

The Board People & Remuneration Committee (PARC) oversees our people strategy and our progress against it. Our Group Board works to continually improve our understanding of risk culture and operational effectiveness.

We have a broad view of risk culture which includes how risk is understood, identified, managed and prioritised to form part of the cultural fabric of the organisation. We take an integrated, holistic perspective on organisational culture rather than treating risk culture as a separate aspect of the Group's culture. During the year, we ran focused campaigns across the Group to highlight good risk management practices and behaviours.

Our QBE Voice employee survey showed that 88% of our employees believe that managing risk is prioritised and valued across the business. In addition, 88% of our employees believe they have a good understanding of QBE's risk management practices, policies and procedures, up three percentage points from 2018.

Our performance management system, ME@QBE, is designed to enable an assessment of risk performance for all employees based on outcomes and behaviours. We developed corporate standards for our employees to help build a stronger risk management culture and highlight that

everyone is accountable for managing risks at QBE.

For all senior leaders (level 3 and above), it is mandatory to have a 'managing risk' goal as part of ME@QBE, the achievement of which is considered when determining incentive outcomes. Executives are also subject to a detailed risk review using input from the Group Chief Risk Officer and Chairman of the Board Risk & Capital Committee, with the outcome shared with the PARC and having an impact on determining incentive outcomes.

i Refer to the [2019 Remuneration Report and Risk - our business in the 2019 Annual Report](#) for further information.

ME@QBE: Managing performance

We continue to foster a working environment where people and performance matter. In 2019, we introduced a new performance management system called ME@QBE, which provides our employees with a simpler and more modern approach to performance management. The process is based on regular conversations with their manager, continual feedback on how that individual is living our QBE DNA and ongoing support for personal and professional development.

Through ME@QBE, our people align their personal goals with QBE's strategic priorities, providing a stronger connection between individual performance and the success of the Group. Our new system also supports our employees to focus on personal and career development.

We recognise, reward and celebrate achievements and outstanding contributions. We strive to offer employees competitive financial benefits

that reflect their efforts and accomplishments, which meet or exceed community expectations. Through our various programs, we also celebrate employees who consistently demonstrate our QBE DNA and continue to create value for our customers, business and stakeholders. For example, in 2019 local executives rewarded employees within their teams who truly live our QBE DNA with an invitation to our Global Leadership Forum.

Engaging our people

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

Our employee network groups empower our people to work together on issues they care about. These groups include QBE Pride (LGBTI+), MIX (ethnic diversity), Women's Initiative Network and The Circle (women) and Valour (veterans). Others include Workability, which focuses on employees living with physical and mental disability, and Open Mind, focused on employee mental health and wellbeing. Across our offices, we have implemented change and advocacy networks to foster employee engagement and bring our QBE DNA to life.

Our annual QBE Voice employee survey focuses on issues such as employee engagement, satisfaction and enablement, organisational culture, leadership and management effectiveness, diversity and inclusion (D&I) and risk culture metrics. The survey gives our people the opportunity to tell us what it feels like to work at QBE, and where we need to improve our employee experience

and workplace culture. We also use the survey process to get a point-in-time view of the demographics and diverse composition of our workforce. Refer to [pages 51 to 53](#) for further information. In 2019, we achieved a strong response rate of 87%, with an overall engagement score of 70%, up four percentage points from 2018, and an enablement score of 71%, up two percentage points from 2018.

Key insights from this year's survey showed that more people are aware of the QBE DNA (up 10 percentage points), highlighting the continued integration of our seven cultural behavioural elements across the business. More people feel QBE is open and honest in communications (up six percentage points) and can express their views freely without fear of negative consequences (up five percentage points). Our people agree that their team is committed to delivering quality products and services, that they are treated with respect as

individuals, and understand what is expected of them in their job.

It was great to hear that more people believe their manager supports them in their development. There is growing trust and confidence in our leaders, both the Group Executive Committee (up seven percentage points) and Divisional Leadership teams (up four percentage points).

Our people have asked us to continue to become more innovative as a company. Feedback has indicated that the work we are doing to achieve our strategic priorities is having an impact and QBE is continually transforming for the better.

How we engage our people

We continue to use platforms such as Yammer and Microsoft Teams to support networking, information sharing and collaboration across the Group. We engage our people through interactive forums, team meetings and networks that encourage two-way conversations. Our Group and divisional Chief Executive Officers (CEOs) provide regular updates in town halls, via email or networking platforms, giving employees the chance to directly comment and ask questions about the business and our strategic priorities. Our executives use town halls, huddles, roundtable discussions, focus groups and 'YamJams' (online chat forums via Yammer) to encourage employees to voice their thoughts, suggest improvements or innovations and engage with their leaders.

QBE Voice survey results

Engagement



70%

Up 4 percentage points from 2018

Enablement



71%

Up 2 percentage points from 2018



Investing in the growth of our people

We know that long-term career development is crucial to employee engagement, satisfaction and retention, and we offer tools and resources to help our people identify and achieve their career goals.

In 2019, we enhanced our focus on the future of work, considering the different capabilities that our people will need in the years to come given the rise of automation, artificial intelligence and machine learning in less complex tasks within the business. We encourage our employees to drive their own development and work with their manager to create a personal development plan. We use our talent management and succession-planning processes to identify high-potential employees and build their capability for future roles within the Group.

Building our technical expertise

We continue to invest in the learning and development requirements of our intermediaries. In 2019, we received two Gold LearnX Live! Awards for our Commercial Lines Authorised Representative (AR) community in Australia

Pacific. This includes Best Learning and Development Project and Best Bespoke Training Project. We developed an AR hub and digital learning platform consisting of several product specific modules offering industry-recognised points for professional development. Our AR hub helps our commercial partners build their insurance product knowledge with associated on-the-job resources in a format that suits their needs and provides practical learnings that can be applied to real-life situations across a range of products.

Developing our leaders

In 2019, we further invested in developing our leaders through a global program called Lead@QBE. The program was designed to uplift the capability of our people leaders and equip them to play a role in driving a high-performance culture.

Across the Group, more than 70% of our people leaders participated in at least one element of the program designed to develop people leadership skills on topics including giving great feedback, performance coaching, shaping futures and differentiating performance. We embedded the QBE DNA into the Lead@QBE program to help further accelerate the cultural shift within the business.

In October 2019, we brought together our top 170 leaders from across the Group in a two-day leadership forum. This enabled our senior leaders to better understand our future strategy as a business to respond to changing environmental and macroeconomic trends. Throughout the year, each QBE division hosted a local leadership forum to reinforce our Group and divisional business strategy, align leadership teams and plan for the future.



Diversity and inclusion

Our people possess the vast range of skills, insights and experience needed to respond to challenges and opportunities, and service our customers. We embrace the diversity of all our people irrespective of difference, and believe this spirit of openness is essential to attracting, retaining and developing the best people for the best organisational and personal outcomes.

Our global policy

In 2018, we revised and relaunched our [Global Diversity and Inclusion Policy](#), which highlights our commitment to promoting equality, and embedding inclusion, in our workplace. The PARC oversees our strategy and progress and the Global D&I Council (comprising our Group Executive Committee) drives our agenda collectively and divisionally. We report our progress publicly through QBE's [Corporate governance statement](#).

Progress on achieving our women in senior management goals

Across the Group, our goal is to achieve 35% women in leadership by women by 2020. In 2019, we achieved a 2% increase to 34%. This was due to our ongoing focus on recruiting, selecting, promoting and developing our people, including our women. For example, in Australia, we continued to run our flagship career acceleration program 'Lead In' with great success.

Promoting equality through advocacy

We continue to strengthen our tone from the top with our QBE Champions of Change network, an initiative led by our Group CEO to encourage the top 50 senior leaders across the business to become powerful role models and champions of D&I and directly influence change. We launched

a series of 'Learning Bites' focused on D&I to educate our employees, and raise awareness, on topics such as speaking up and standing by others as a team.

Further, our Group Executive Committee (GEC) has placed a higher level of visible sponsorship and accountability on issues relating to the progression of women in leadership and the fair treatment of all. This included our senior-level leadership advocating for, or being signatories to, external pledges or charters such as the Male Champions of Change group in Australia, HM Treasury Women in Finance Charter in the United Kingdom, Tech Talent Charter in the United Kingdom to achieve greater gender diversity in technology services and the charter created by the reference French LGBT+ association, L'Autre Cercle, for the inclusion of LGBT+ people in the workplace. We also continue to speak out and advocate on D&I issues through partnerships such as those with Lloyd's Dive In festival in the United Kingdom, an annual event promoting year-round best practice in diversity and inclusion in the global insurance industry.

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

Equality in recruitment

We continue to focus on strengthening our hiring practices to promote D&I across our

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office



These icons denote integration of WEPs

workforce including tracking of gender-diverse hirees, interview panels and shortlisted candidates. We created a new recruitment guide in 2019 to help support and upskill people leaders in hiring and promoting diverse hiring practices.

Diversity in our supply chain

We are committed to encouraging D&I in our supply chain. Our Supplier Sustainability Principles outline our desire to work with businesses that reflect 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 partners and other not-for-profit businesses.

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

Reactions

NORTH AMERICA AWARDS

 QBE North America was named **Insurer of the Year for Diversity and Inclusion** at the Reactions North America Awards 2019 to acknowledge our progress and commitment to D&I initiatives.





Flexible working at QBE

We create and maintain a diverse and inclusive workforce by recognising and responding to people's needs at different stages of their lives and the role that new technologies can play in making our workplaces more flexible and adaptable. We also support flexible working to help employees balance personal obligations with their careers.

In 2019, we continued to embed our Flex@QBE Principles, aligned to our QBE DNA, across the business. These principles outline the standards, values and practices that underpin our approach to flexible working and guide both employees and people leaders as they carry out their respective roles and responsibilities.

Across our offices, we have formal 'Work from Home' policies to further support our employees. We also offer our employees a variety of local benefits including leave support for carers, discounted insurance products, health and wellbeing programs and more.

We track our employees' access to flexible working and collaboration tools, including working remotely. Insights show that the ability to work flexibly is an important part of the employee experience as our people seek to balance their professional, personal and family commitments. Our QBE Voice survey results indicate that 84% of our employees believe that their work schedule is flexible enough to allow them to meet family and personal responsibilities.



Sharing the care

We are changing the face of parenting for our employees with the introduction of a new paid parental leave initiative in Australia and New Zealand - Share the Care. The initiative aims to make parenting, career breaks and flexible working 'business as usual' for both men and women. Share the Care eliminates the gendered terms of 'primary' and 'secondary' carer, instead now offering our existing 12-weeks' paid parental leave to every new parent - acknowledging the important roles all parents play within a working family. We are the first general insurer in Australia, and first organisation in New Zealand, to adopt a gender-equal, flexible paid parental leave policy as we continue to foster an ever more inclusive workplace.



Supporting our employees who are carers

Across our divisions, we offer several options to support our employees with family or carer responsibilities. In North America, our employees can access up to 20 days of 'back-up care' each year, being discounted childcare or elder care that can be in-home, or centre-based. This provides much needed support when an employee's regular care options fall through, for any reason. We also offer Mother's Milk Shipping to support mothers returning to work whose jobs require them to travel.

Across a number of our countries, including Australia, Hong Kong, New Zealand, Singapore and the United Kingdom, we offer our employees paid maternity leave in excess of the legally required minimum. In the United States, Australia and Hong Kong, we also offer our employees paid paternity leave in excess of the legally required minimum.

Financial literacy and wellbeing

We offer a wide range of initiatives to support our employees' financial wellbeing and literacy. This includes one-on-one financial reviews, webinars on financial wellness, classes on financial budgeting, training on retirement planning (including superannuation and pension fund management) and estate planning. This is particularly relevant as our workforce demographics continue to change.

Upholding human rights

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

i Refer to **Governance** for further information on how we manage human rights across our business.

Addressing discrimination and equal employment opportunity

As part of QBE's commitment to treating our people, and our customers, with respect and dignity, we do not tolerate any form of discrimination as outlined in our [Group Code of Ethics and Conduct](#). Equal employment opportunity is key to our approach to workforce diversity and inclusion, and we strive to be an equal opportunity employer wherever we are in the world.

QBE provides training and education on discrimination and appropriate workplace behaviour to all employees, and the [Group Whistleblowing Policy](#) details how to report incidents of discrimination.

Promoting health, safety and wellbeing

Across our business, we actively promote the health, safety and wellbeing of all employees, contractors and visitors. Along with the policies and initiatives discussed in the [Governance](#) section, the following core policies support our efforts in this area:

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

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

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

To help our people and their families live healthy, well-balanced lives we provide a range of wellbeing support services, including stress management information and training, dedicated training for mental health first aiders, access to confidential counselling programs, lifestyle benefits, health and nutrition programs, flexible working arrangements, childcare facilities and leave and carer provisions. These all help create a more productive and healthier workplace where employees can prioritise health (mental and physical) and minimise stress.

Fair remuneration and gender pay equity

At QBE we seek to reward our employees fairly and support our objective of gender pay equity through regular analysis, monitoring and transparent communication. Since 2012, in Australia, we have internally measured the gender pay gap as required under the *Workplace Gender Equality Act 2012* (Cth) and reported findings to the Australian Workplace Gender Equality Agency. We continue to report the gender pay gap in the United Kingdom in accordance with local legislation.

In both instances, we measure the gap based on the requirement to report average salaries of males and females in the specified country, which has highlighted a gender pay gap driven predominantly by having more males than females in senior roles. We continue to remain focused on the diversity of our leadership roles, including progressing our target of 35% women in leadership by 2020. Our analysis has indicated that in our three largest commercial markets (the United Kingdom, the United States and Australia), we pay our employees in excess of publicly acknowledged levels of what is understood in those jurisdictions as the 'living wage' (broadly, the minimum income necessary to meet basic needs).

Since 2018, we have been using multivariate regression analysis to assess the gender pay equity gap based on the key drivers of pay in our organisation including the role, location and performance of the employee. This methodology is applied across all our major markets of Australia, the United States, the Philippines and the United Kingdom, covering approximately 90% of QBE's workforce. As an average across these markets, our gender pay equity gap is sufficiently small enough to be confident that we pay men and women equally in like-for-like roles. However, we recognise that at an individual level, some pay gaps still exist and we are working to address any identified gaps through our ongoing salary review processes and other initiatives. During 2020, we expect to make further progress in this area with targeted adjustments to an employee's pay as identified and required, alongside ongoing reviews of our people processes to ensure gender-balanced outcomes.



Our workforce

Overall workforce¹

11,704

Total number of employees

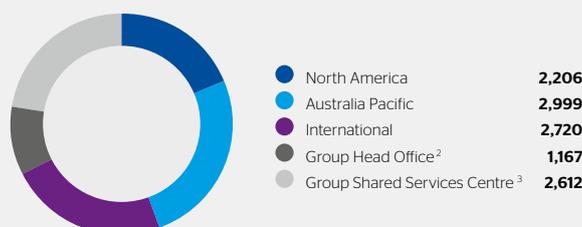
52.2% Female

47.8% Male

11,314

Total number of full-time equivalent (FTE) employees

Geographic footprint by division (headcount)



Workforce (%) by employment level and gender⁴

	2019		2018 ⁵		2017		2016	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Group Executive Committee (GEC)	27	73	27	73	11	89	10	90
Level 1	20	80	23	77	22	78	23	77
Level 2	29	71	26	74	22	78	23	77
Level 3	35	65	34	66	32	68	30	70
Level 4	48	52	48	52	47	53	47	53
Level 5	56	44	56	44	55	45	56	44
Level 6	64	36	64	36	64	36	64	36
Women Workforce Total	52	48	53	47	53	47	53	47
Total % of women in leadership (GEC-Level 3)⁶	34	66	32	68	30	70	28	72

Average tenure by gender across levels of workforce⁷

AVERAGE TENURE (YEARS)	2019			2018		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
Group Executive Committee	3.4	5.1	4.6	2.4	4.6	4.0
Level 1	4.3	10.2	9.0	3.7	9.7	8.3
Level 2	5.9	8.6	7.9	6.0	8.6	7.9
Level 3	6.8	8.3	7.7	7.0	8.1	7.7
Level 4	7.0	7.0	7.0	7.1	7.1	7.1
Level 5	6.3	4.8	5.7	6.3	4.7	5.6
Level 6	6.0	3.6	5.2	5.9	4.2	5.3
Grand Total	6.4	6.0	6.2	6.4	6.0	6.2

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

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

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

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

5 2018 data restated to align with current year methodology.

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

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

Our workforce (continued)

Workforce by age and gender

Overall workforce by age and gender (headcount)¹

AGE	2019			2018		
	FEMALE	MALE	TOTAL	FEMALE	MALE	TOTAL
<30	1,225	1,026	2,251	1,386	1,096	2,482
30-50	3,705	3,231	6,936	3,945	3,377	7,322
>50	1,176	1,338	2,514	1,232	1,416	2,648



HEADCOUNT %

<30		
Female	54	
Male	46	
30-50		
Female	53	
Male	47	
>50		
Female	47	
Male	53	

Overall workforce by average age

DIVISION	2019	2018	2017
North America	47	47	46
Australia Pacific	42	42	43
International	41	41	41
Latin America ²	-	40	38
Group Head Office	42	42	41
Group Shared Services Centre	32	32	31
Overall average age	41	40	40

Attrition³

	OVERALL TERMINATIONS ⁴		VOLUNTARY ATTRITION ⁵ %		INVOLUNTARY ATTRITION ⁶ %		OVERALL ATTRITION %	
	2019	2018	2019	2018	2019	2018	2019	2018
By gender								
Female	1,334	1,804	12.4	14.5	9.2	11.8	21.5	26.2
Male	1,145	1,708	12.4	15.0	8.0	12.5	20.4	27.5
Grand Total	2,479	3,512	12.4	14.7	8.6	12.1	21.0	26.8
By age								
<30	520	738	18.9	21.4	6.3	9.4	25.2	30.7
30-50	1,435	2,213	12.0	14.6	8.2	13.4	20.2	28.0
>50	524	561	8.4	9.3	11.4	10.8	19.8	20.0
Grand Total	2,479	3,512	12.4	14.7	8.6	12.1	21.0	26.8
By division								
North America	349	311	9.0	8.8	6.4	4.1	15.4	12.9
Australia Pacific	565	529	11.3	12.5	8.3	5.7	19.6	18.2
International	425	526	11.8	14.4	4.3	4.2	16.1	18.7
Group Head Office ⁷	208	224	10.6	14.4	8.0	6.8	18.6	21.2
Group Shared Services Centre ⁸	607	669	18.1	21.4	4.1	1.0	22.2	22.4
Subtotal	2,154	2,259	12.5	14.6	6.0	4.0	18.5	18.5
Latin America ⁹	325	1,253	5.0	17.0	196.9	122.0	201.9	139.0
Grand Total	2,479	3,512	12.4	14.7	8.6	12.1	21.0	26.8

1 This includes permanent and fixed term, excludes casual/temporary employees and contingent workers not directly employed by QBE. 2018 data has been updated to reflect changes in our HR system. Three employees with gender noted as 'Unspecified' have been excluded from this table.

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

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

4 Overall terminations include both voluntary and involuntary figures.

5 Voluntary terminations typically comprise resignations, contract terminations or voluntary retirement.

6 Involuntary terminations principally include those terminated through dismissal, redundancy or involuntary retirement.

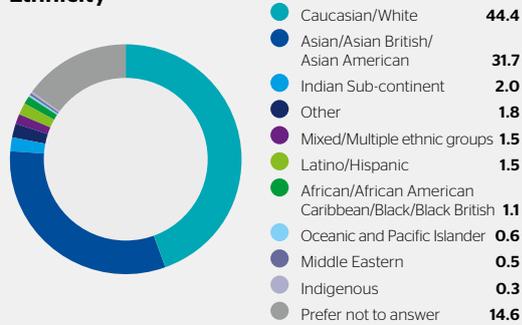
7 Group Head Office employees are based across all regions.

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

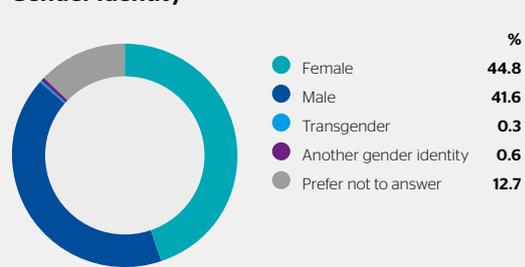
9 Latin America disposed of in 2018 and therefore discontinued operations. High level of attrition in Latin America is due to the consolidation of the Group's divisional structure from six to five divisions.

Workforce diversity indicators¹

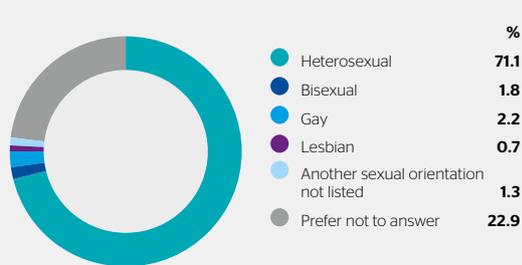
Ethnicity²



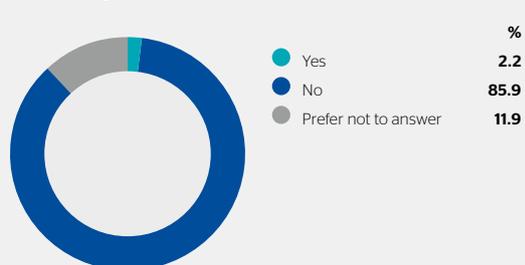
Gender identity³



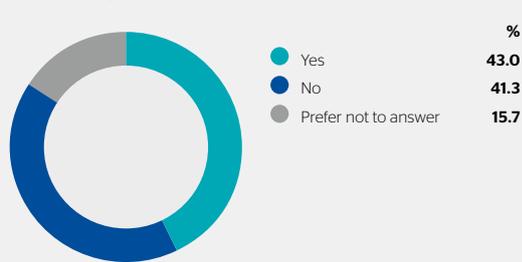
Sexual orientation⁴



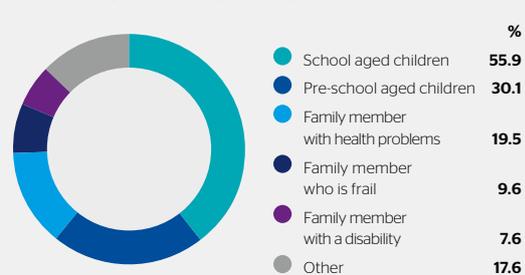
Disability⁵



Carer responsibility⁶



Carer responsibility: care provided to⁷



Diversity breakdown of workforce

PART-TIMERS	2019	2018	2017 ⁸
Female	472	484	630
Male	57	51	167
Total	529	535	797
Total Workforce	11,704	12,452	14,140
Part time %	4.5	4.3	5.6

4.5% of employees work part-time
Up from 4.3% in 2018

1 The following information is at a point in time, collected anonymously and voluntarily as part of the annual QBE Voice employee survey completed in November 2019.
 2 Based on % of survey respondents. Total survey respondents = 9,587. Papua New Guinea, Solomon Islands and Vanuatu were excluded from this survey question.
 3 Based on % of survey respondents. Total survey respondents = 9,338. Papua New Guinea, Solomon Islands, Vanuatu, UAE and Malaysia were excluded from this survey question.
 4 Based on % of survey respondents. Total survey respondents = 9,298. Papua New Guinea, Solomon Islands, Vanuatu, UAE and Malaysia were excluded from this survey question.
 5 Based on % of survey respondents. Total survey respondents = 9,578.
 6 Based on % of survey respondents. Total survey respondents = 9,679.
 7 Based on % of survey respondents. Total survey respondents = 4,164. Respondents were able to select multiple options, therefore the % does not add up to 100%.
 8 Figures have been restated.

Operational excellence

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

In 2019, supported by the Board Operations & Technology Committee, our operations teams continued to focus on enhancing the customer experience, increasing the rate of response to change and strengthening operational governance, performance and resilience.



Digitisation, innovation and analytics

Our digitisation, innovation and analytics efforts have remained core to us delivering better customer experiences and becoming a more innovative and competitive business. In 2019, we continued to strengthen our capabilities in this area and some of our efforts include:

- In Australia, we are working on easier, faster and more transparent digital claims management solutions for our brokers, agents and customers. These are currently being used for Accident and Health claims and will be extended to other lines from 2020.
- We continue to integrate emerging technologies to help expedite the claims management process and allow customers to interact and chat with us via a range of mobile devices, providing us with real-time feedback on how we are doing, with new capabilities introduced to our North American market. We also continue to implement digital claims solutions to enhance our customer experience.
 - **Refer to Customer and community for further information.**
- In our North America crop business, NAU Country Insurance Company continues to provide market leading digital capabilities. We entered a new collaboration with The Climate Corporation to help our farming customers and their insurance agents move planting and harvest data electronically into the NAU Country Precision Farming and Acreage Crop Reporting system, for faster completion and delivery of planting and production reports.
 - **Refer to Sustainable insurance for further information about innovative risk management tools developed by NAU Country Insurance Company.**
- In the United Kingdom, QBE's collaboration with Synectics Solutions and the Cabinet Office to fight insurance fraud was recognised with the 'Claims Initiative of the Year - Insurer' at the British Insurance Awards 2019 and the 'Claims Innovation of the Year' at the Insurance Post Claims Awards, United Kingdom. By integrating new external data sources and using advanced analytics techniques such as machine learning and natural language processing, we have achieved an uplift in identifying potentially fraudulent claims.
- Our North American Accident and Health team has developed machine learning models to bring together data from internal sources, and external medical data from Truven Health Analytics, to provide deeper insights into how an individual's medical journey may evolve - supporting our clinical risk managers and underwriters in recommending optimal coverage at the right price.
- In Europe, our analytics team has delivered new machine learning models that enable greater pricing precision for our motor insurance business. In North America, our pricing analytics team has leveraged internal and external data to identify which aircraft have a higher risk for claims during the policy term.

QBE Ventures

Our partnerships with leading insurtech companies continue to drive innovation. Established in 2017, QBE Ventures is our corporate venture fund focused on forming commercial relationships with startups that will enhance our business model, drive efficiencies and develop new paths for growth. These startup companies provide intelligence, insights and potentially industry-changing ideas. We actively seek to invest in companies whose products or ideas can be implemented into our operations to help us solve particular business problems or to grasp an opportunity - accelerating both the startup's growth and our transformation.

This year, we took our partnership with CLARA Analytics to the next level with an investment through QBE Ventures. CLARA Analytics improves claims outcomes in commercial insurance with easy-to-use artificial intelligence (AI)-based and machine learning products which have been used in Australia since 2018. This is our sixth investment through QBE Ventures.

We have extended the use of CLARA Analytics products to North America where they are helping our team direct injured workers to those providers who produce the best medical outcomes and can help them return to work faster.

Technology and operational resilience

In 2019, our Technology Services team continued to strengthen the foundational aspects of our IT systems. Our focus is to rationalise the number of legacy applications, increase the stability of our platforms, improve the user experience and strengthen our cyber security and disaster recovery capabilities.

This essential work, to modernise our infrastructure and applications, helps us to implement innovative solutions faster and easier, delivering value to our stakeholders, customers and people.

We have also matured our approach to managing technology risk, growing the size and capability of our risk management function globally. We have introduced a revised set of minimum control standards to improve governance and help improve the early identification and mitigation of risk.

We continue to make significant investments to uplift our cyber security capability. We have adopted a new global operating model to set strategic direction and common goals for security with our people, partners and regulators. Our global function helps ensure new initiatives are 'Secure by Design' and progress our technology agenda to benefit the entire business. We commenced executing QBE's comprehensive cyber security strategy, which outlines our plan to ensure that effective controls are in place across people, process and technology, to protect our customer and corporate data from cyber threats.

In 2019, we delivered a range of initiatives such as uplifted cyber threat detection and response, identity and access management and data loss prevention to help further enhance our capabilities. We also focused on enhancing operational insights by providing more granular reporting to the QBE Group Board and Committees on cyber operation to support governance and oversight. Our comprehensive, multi-channel global awareness program delivered phishing simulations, online compliance training, face-to-face presentations, targeted training and cyber safety news and communications to our employees to assist them to stay safe at work and at home.

Our Technology teams are also committed to finding ways to reduce our carbon footprint. Since 2015, the team that manages our Data Centre in Sun Prairie, Wisconsin, have reduced power consumption by over 60% through upgrades to next-generation technologies and by using the outside air for eight months of the year on average to provide cooling. Our contract with the local utility provider results in QBE being reimbursed for power our generators produce which is either pumped back into the grid or used to power our facilities at peak times.

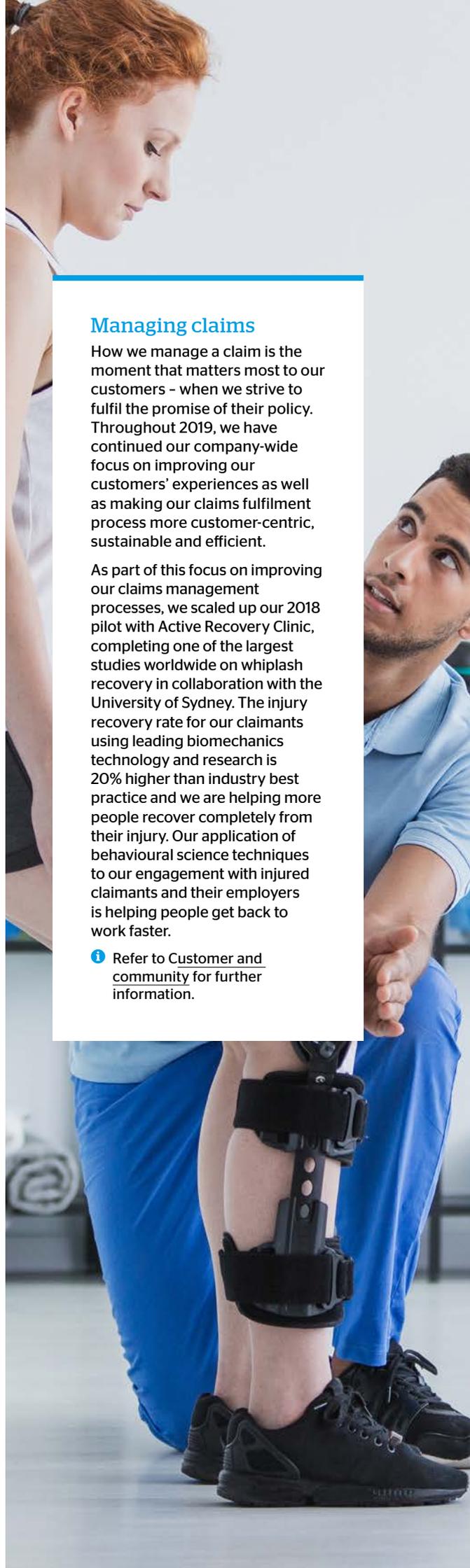
During the year, as part of our approach to strengthening business resilience, we have established new backup sites for our Group Shared Services Centre in the Philippines to support the recovery of business-critical functions and ensure continuity of service in the event of a disaster.

Managing claims

How we manage a claim is the moment that matters most to our customers - when we strive to fulfil the promise of their policy. Throughout 2019, we have continued our company-wide focus on improving our customers' experiences as well as making our claims fulfilment process more customer-centric, sustainable and efficient.

As part of this focus on improving our claims management processes, we scaled up our 2018 pilot with Active Recovery Clinic, completing one of the largest studies worldwide on whiplash recovery in collaboration with the University of Sydney. The injury recovery rate for our claimants using leading biomechanics technology and research is 20% higher than industry best practice and we are helping more people recover completely from their injury. Our application of behavioural science techniques to our engagement with injured claimants and their employers is helping people get back to work faster.

i Refer to Customer and community for further information.





Procurement

Our procurement teams aim to deliver business value in a responsible and sustainable manner, with a focus on minimising operational and supply chain risk when interacting with suppliers.

Aligned to our Supplier Sustainability Principles, we are commencing a process to integrate sustainability considerations as part of procurement. We seek to engage suppliers and partners who share our understanding and commitment of developing sustainable supply chains for our regional and global communities, and who will work with us to achieve these objectives, where relevant and applicable for our strategic relationships.

The Supplier Sustainability Principles are referenced as

part of our supplier agreement templates (including our Global Services Agreement template). In North America, as part of the 'Request for Proposal' process, we include questions on environmental initiatives and metrics that the supplier tracks.

In Australia Pacific, we worked on utilising our supply chain decisions to support diversity and financial inclusion through our partnerships with:

- **Social Traders** - Australia's leading organisation connecting social enterprises with social procurement opportunities;

- **Supply Nation** - Australia's leading database of verified Indigenous businesses; and
- **WEConnect International** - a global network connecting women-owned businesses to qualified buyers around the world.

During 2019, we were able to work with these partners to enter diverse supplier relationships equating to A\$425,000 of spend. We also promoted sustainable travel by integrating sustainability considerations into our accommodation-sourcing activities.

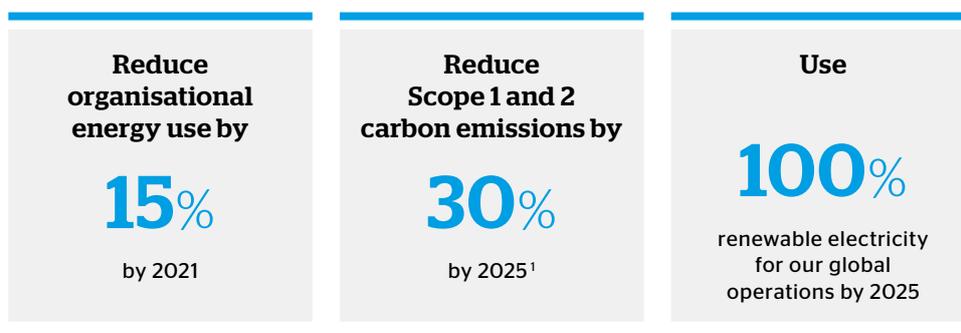


Operational environmental management

We are committed to reducing the environmental impact of our operations by integrating resource efficiency considerations into our business decisions, switching to renewable electricity, and engaging our employees and suppliers to build capability. We continue to maintain carbon neutrality for our global business operations.

On World Environment Day this year we launched our [Group Environmental Policy](#), outlining our commitment to environmental sustainability across all aspects of our business - from our operations, underwriting and investment activities, to how we engage employees, contractors, partners and suppliers and provide our customers with environmental solutions and products.

Climate change is undoubtedly one of the most significant economic, social and environmental challenges affecting our world. To address the climate-related impact of our operations, we have set three new targets (measured from 2018 levels). These are to:



Our 2019 performance against targets is outlined in the table below.

INDICATOR	BASELINE ²	TARGET	TARGET YEAR	ACTUAL PERFORMANCE	PERFORMANCE AGAINST TARGET	STATUS
Air travel (tCO ₂ -e)	17,739	-20%	2021	12,160	-31%	Achieved
Energy use (GJ)	178,976	-15%	2021	153,296	-14%	On track
Net Scope 1+2 emissions (tCO ₂ -e) ¹	29,696	-30%	2025	12,772	-57%	Achieved
Renewable electricity use (MWh)	0	100%	2025	18,876	63% ³	On track

1 This is a science-based emissions reduction target calculated in line with the most ambitious decarbonisation scenario, which is the 1.5°C scenario.

2 Air travel baseline is 2017. Baseline for all other indicators is 2018.

3 Actual 2019 percentage of total electricity sourced from renewable electricity. This is not a year-on-year percentage change.

Reducing our climate-related impact

In 2019, we joined some of the world's most influential companies in the RE100 initiative, committing to target 100% renewable electricity across our global operations by the end of 2025. We are the first Australian-headquartered insurance business to do so. We are making good progress towards this target, with 63% of our global electricity use coming from renewable sources. We have achieved our scope 1 and 2 science-based emissions reduction target and aim to maintain this going forward.



Minimising our environmental impact

In striving to achieve our environmental targets, we are focused on greater efficiency in the design and operations of our buildings. This year we:

- Consolidated our Melbourne operations into a single office in the central business district which has a six star 'Green Star - Design & As Built' rating, and moved to more energy efficient LED lighting during recent office refurbishments at some of our offices in Georgia, Iowa and Massachusetts.

- Progressed virtualisation and consolidation of our data centres to improve energy efficiency and reduce carbon emissions.

i Refer to the Technology and operational resilience subheading for further information.

- Took significant steps to remove single-use plastic and paper items from our Australian, United States and United Kingdom operations. This included removing all plastic bottles from vending machines and broker lounges in the United Kingdom, providing reusable cups in our largest office premises in the United States and United Kingdom and providing reusable KeepCups to all employees in our Melbourne office.

Upskilling our people through collaboration

We continue to collaborate with our external partners, such as the Qantas Future Planet program and the Earthwatch Institute, to build internal awareness and capability on environmental issues.

i Refer to Customer and community for further information.

This has helped establish a strong network of environmental champions across our global operations. In 2019, employees across our offices, including Adelaide, Brisbane, Dusseldorf, Italy, Madrid, New York, Paris, Parramatta, Stockholm, and a few offices in the United Kingdom, have formed sustainability working groups with an initial focus on pressing environmental issues.

Greening our environment

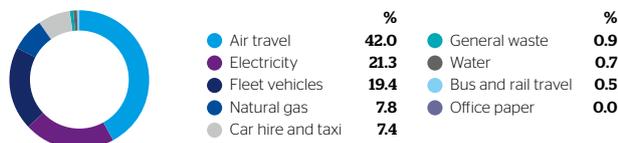
This year, in Canada, we introduced QBtree - a new initiative that supports environmental groups to plant trees in urban and rural areas. QBE provides financial support for these activities by offsetting a proportion of our annual merchandising budget, historically spent on less environmentally sustainable items. Instead of purchasing those items, we now allocate that money towards planting trees in the communities in which we operate. We trialed this initiative at a prominent broker conference and it received positive feedback. We will be rolling it out across our European office footprint in 2020.



Operational environmental management (continued)

Greenhouse gas (GHG) emissions by activity

tCO ₂ -e GHG EMISSIONS ¹	% CHANGE FROM PRIOR YEAR	2019	2018	2017	2016	2015
Direct emissions (Scope 1)²						
Business travel - fleet vehicles	○ -20%	5,615	6,988	6,631	7,529	10,500
Stationary energy - gas ⁴	○ -26%	985	1,326 ⁴	1,273	1,157	1,900
Total Scope 1	○ -21%	6,600	8,314	7,904	8,686	12,400
Indirect emissions (Scope 2)²						
Stationary energy - renewable and non-renewable electricity	○ -22%	16,729	21,382	23,899	25,155	33,344
Stationary energy - renewable electricity purchased		(10,557)	-	-	-	-
Total Net Scope 2	○ -71%	6,172	21,382	23,899	25,155	33,344
Other indirect emissions (Scope 3)^{2,3}						
Stationary energy - gas indirect ⁴	○ 7%	1,274	1,186 ⁴	1,570 ⁴	2,081 ⁴	-
Business travel - air ⁵	○ -19%	12,160	14,973	17,739	19,524	10,698
Business travel - car hire and taxi	○ -1%	2,146	2,161	2,158	1,669	-
Business travel - rail and bus travel	○ -4%	133	139	133	168	-
Office paper purchased	○ -29%	5	7 ⁸	13 ⁸	11 ⁸	-
Waste - recycled and landfill	○ -2%	249	253 ⁴	277 ⁴	406 ⁴	-
Water	○ 2%	192	188	229	193	-
Total Scope 3	○ -15%	16,159	18,907	22,119	24,052	10,698
Total GHG emissions (Scope 1, 2 and 3)	○ -40%	28,931	48,603	53,922	57,893	56,442
Carbon offsets	○	(28,931)	(48,603) ⁶	-	-	-
Net GHG emissions (carbon neutral from 2018)		-	-	53,922	57,893	56,442

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

Key performance indicators - GHG emissions intensity

tCO ₂ -e GHG EMISSIONS	% CHANGE FROM PRIOR YEAR	2019	2018 ⁴	2017 ⁴	2016 ⁴	2015
Net Scope 1+2 GHG emissions per GEP US\$M	○ -54%	0.96	2.11	2.20	2.30	3.07
Net Scope 1+2 GHG emissions per FTE ⁷	○ -54%	1.13	2.45	2.25	2.38	3.15
GHG emissions per GEP US\$M	○ -37%	2.18	3.46	3.73	3.93	3.78
GHG emissions per FTE ⁷	○ -36%	2.56	4.00	3.81	4.07	3.88

Carbon offset by project type (%)

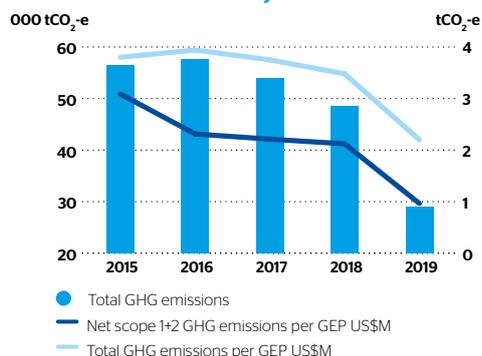


Electricity use by source (%)

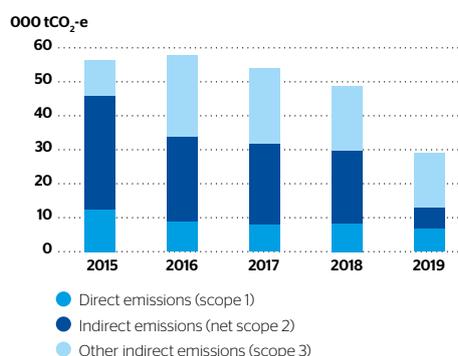


- GHG emissions data is calculated based on QBE business activities and includes emissions from CO₂, N₂O and CH₄. Emissions from HFCs, PFCs, SF₆ and biogenic activities are not applicable to QBE's operations and therefore have not been reported.
- Estimates have been made for certain office locations and activity data streams where actual activity was not available, and were based on comparable offices/activities in the same region.
- Scope 3 emissions from 2016 onwards include waste disposal, water consumption and indirect stationary energy consumption. Scope 3 emissions from investments and employees commuting are not included in QBE's GHG inventory due to unavailability of data. Other Scope 3 activities related to capital goods, transportation and distribution, real estate and franchisees are not applicable to QBE's operations.
- In 2019, as part of our ongoing focus on improved data quality, we have been able to capture more complete natural gas emissions data for both direct and indirect emissions and waste emissions. For consistency, we have restated natural gas and waste emissions for 2016-2018.
- Scope 3 emissions from business air travel from 2016 onwards include DEFRA's required distance uplift and exclude radiative forcing. For 2015 these emissions exclude distance uplift and radiative forcing.
- The carbon offsets amount purchased in 2018 was sufficient to cover the 2018 increase in emissions due to the restatement of natural gas consumption and waste mentioned in point 4 above and we remained carbon neutral.
- The emissions intensity indicators for 2019 and 2018 are per FTE. The 2018 indicators have been restated from per number of employees to per FTE. Indicators for 2015-2017 are per number of employees.
- Restated to reflect emissions related to office paper purchased only. In 2018, the reported emissions included emissions related to paper and board recycled, these are now reported as part of Waste - recycled and landfill.

Emissions intensity



Direct and indirect emissions



Other environmental indicators

	UNITS	% CHANGE FROM PRIOR YEAR	2019	2018	2017	2016	2015
Stationary energy use¹							
Non-renewable electricity	MWh	🟢 -69%	11,304	35,916	40,691	46,500	54,089
Renewable electricity ²	MWh		18,876	-	-	-	-
Electricity use per FTE ⁶	MWh/FTE	🟢 -10%	2.67	2.96	2.88	3.27	3.72
Gas - direct	GJ	🟢 -26%	19,513	26,231	25,362	20,772	16,515
Gas - indirect	GJ	🔴 7%	25,133	23,446	31,218	37,460	
Gas use per FTE ⁶	GJ/FTE	🟢 -3%	3.95	4.09	4.00	4.09	
Business travel							
Air travel	'000 km	🟢 -16%	93,074	110,499	132,851	124,195	97,569
Road travel ⁴	%	🔴 2%	11,876	11,623	11,831	5,882	
Rail and bus travel	%	🔴 4%	3,240	3,101	2,828	3,385	
Business travel per FTE ⁶	'000 km/FTE	🟢 -10%	8.23	9.10	9.40	8.73	6.71
Office paper purchased¹							
Office paper purchased per FTE ⁶	kg/FTE	🟢 -21%	22	28	44	35	
Water use¹							
Water use per FTE ⁶	kL/FTE	🔴 10%	16.13	14.72	15.43	12.93	
Waste and recycling¹							
Waste to landfill	tonnes	🟢 -11%	2,235³	2,522 ³	3,266 ³	2,734 ³	
Waste per FTE ⁶	kg/FTE	🟢 -2%	1,512	1,536	1,770	1,764	
Paper recycled	tonnes	🟢 -5%	198	208	231	192	
Other recycled waste ⁵	tonnes	🔴 -30%	589	844	1,340	833	
Recycling rate	%	🔴 -17%	32.34	39.08	45.80	35.48	

How we account for the numbers

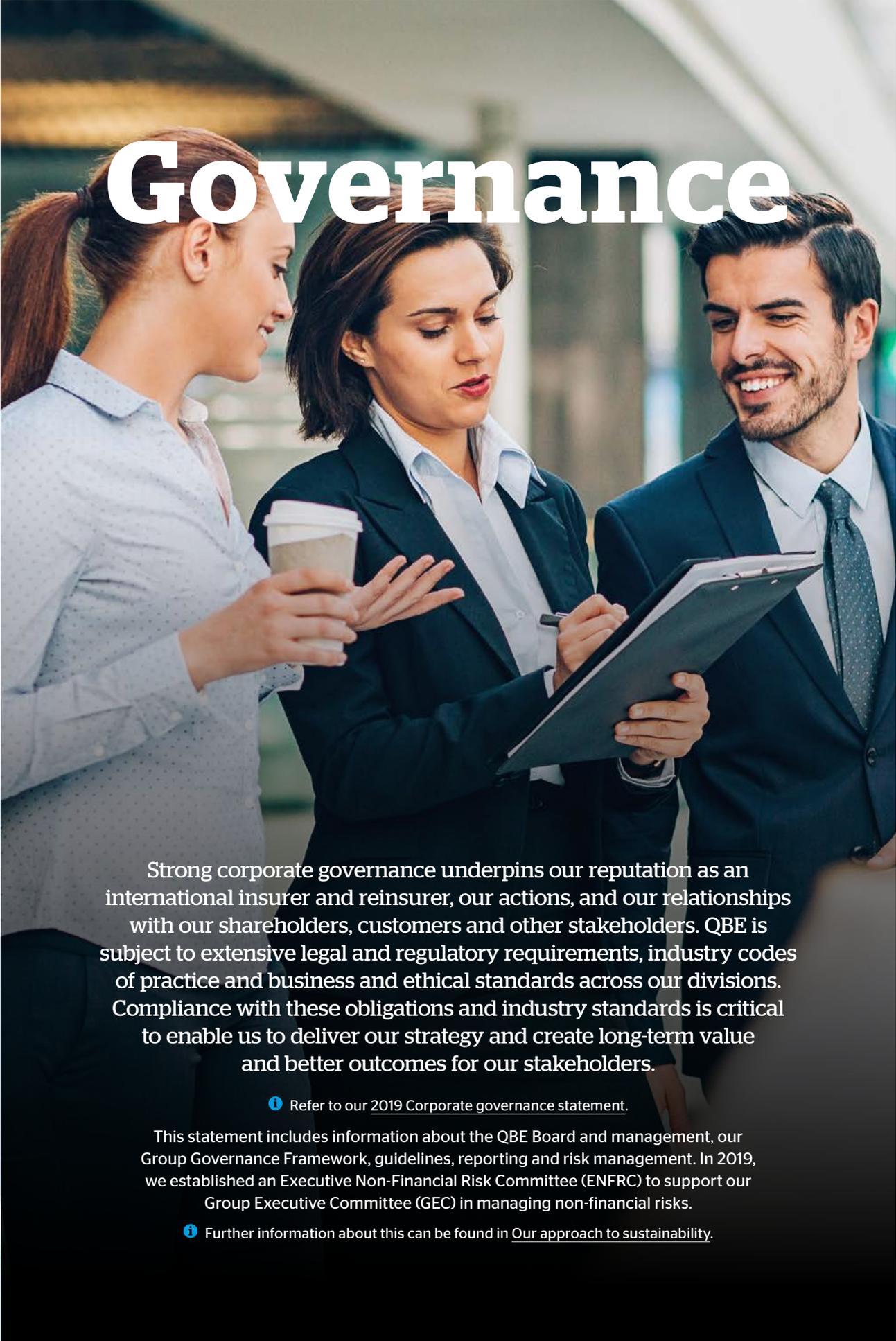
Our reporting on environmental data follows the guidelines outlined in:

- the Global Reporting Initiative (GRI) Standards' requirements for Emissions Disclosures 305-1, 305-2, 305-3 and 305-4;
- the Greenhouse Gas Protocol's *Corporate Accounting and Reporting and Corporate Value Chain (Scope 3) Accounting and Reporting Standards*; and
- QBE's Greenhouse Gas Reporting Framework which governs our data collection process.

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

- Australian Government's Department of Environment and Energy: *National Greenhouse Accounts Factors 2019*;
- United Kingdom Government's Department for Business, Energy & Industrial Strategy: *GHG Conversion Factors for Company Reporting 2019*;
- United State's Environmental Protection Agency (EPA): *Emission Factors for Greenhouse Gas Inventories: Direct Emissions from Stationary Combustion 2018*;
- United State's EPA: *Emissions & Generation Resource Integrated Database (eGRID) 2016* (released in 2018); and
- International Energy Agency: *CO₂ Emissions from Fuel Combustion, 2019* edition.

1 Estimates have been made for certain office locations and activity data streams where actual activity was not available, and were based on comparable offices/activities in the same region.
 2 2019 is the first year QBE has started sourcing on renewable electricity. No comparable data is available.
 3 In 2019, we revised the methodology used in estimating waste data as part of our ongoing focus on improved data quality. For consistency, we have restated waste volume for 2016-2018.
 4 Road travel includes business travel by car hire, taxi and private car.
 5 Includes recycled IT asset waste and mixed plastics and glass.
 6 Indicators for 2019 and 2018 are per FTE. The 2018 indicators have been restated from per number of employees to per FTE. Indicators for 2015-2017 are per number of employees.



Governance

Strong corporate governance underpins our reputation as an international insurer and reinsurer, our actions, and our relationships with our shareholders, customers and other stakeholders. QBE is subject to extensive legal and regulatory requirements, industry codes of practice and business and ethical standards across our divisions. Compliance with these obligations and industry standards is critical to enable us to deliver our strategy and create long-term value and better outcomes for our stakeholders.

[i](#) Refer to our [2019 Corporate governance statement](#).

This statement includes information about the QBE Board and management, our Group Governance Framework, guidelines, reporting and risk management. In 2019, we established an Executive Non-Financial Risk Committee (ENFRC) to support our Group Executive Committee (GEC) in managing non-financial risks.

[i](#) Further information about this can be found in [Our approach to sustainability](#).

QBE's Group Compliance Risk Policy

QBE's Group Compliance Risk Policy (Policy) outlines our approach to managing compliance risk across our international operations. It is overseen by the Board Risk & Capital Committee (BRCC) and outlines our governance arrangements, key roles and responsibilities relating to compliance management, and describes the core components of our approach.

In 2019, we updated our Policy to clarify that the responsibility for identifying, managing and monitoring compliance is spread across multiple parts of the business. We also outlined specific responsibilities to manage compliance risk across the Group's three lines of defence.

The Policy has been developed to take into account the International Standard ISO 19600:2014 *Compliance management systems - Guidelines*. This is the recognised benchmark for the development of organisational compliance management

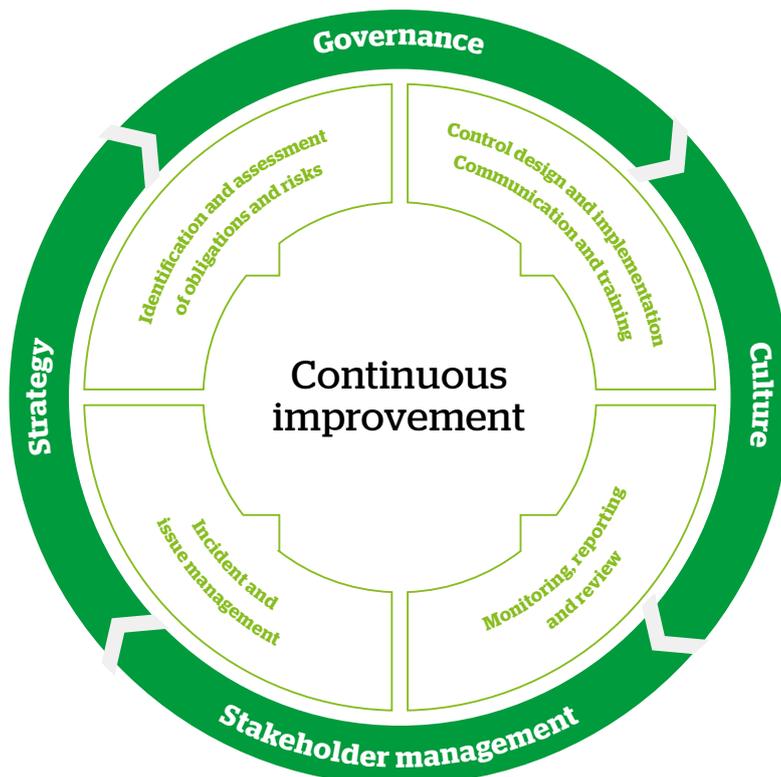
systems, which is based on the principles of good governance, proportionality, transparency and sustainability.

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

Compliance across QBE is overseen by our Group Compliance team, with

responsibility for providing independent assurance and oversight to the BRCC that compliance is being appropriately managed across our divisions. In 2019, we appointed our first Group Chief Compliance Officer, who is tasked with establishing and overseeing group standards on compliance programs.

This is to help ensure that compliance programs across our operations are effective in identifying, preventing, detecting and correcting noncompliance with applicable laws, regulations and internal requirements.



Our Group Code of Ethics and Conduct

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

In 2019, we updated the Code to respond to regulatory changes and community expectations of our business and ethical standards. The Code now includes a stronger focus on our 'speak up' culture, data and privacy, and customer conduct. The Code incorporates QBE's DNA and is a demonstration of who we are and what we value – collectively and individually. Acting in accordance with our Code is a condition of employment, as is annual training in the Code.

Employees are encouraged to report genuine concerns about any conduct or activity they believe is dishonest, corrupt, inappropriate or illegal. We offer several channels for reporting, including to direct line managers, Compliance and Human Resources (HR) teams or via our QBE Ethics Hotline – an independently hosted hotline through which anonymous reports can be made.

Complying with financial crime laws

QBE is committed to ensuring compliance with financial crime-related laws in the countries in which we operate. Accordingly, employees must not commit, or become involved in, any form of financial crime, including but not limited to:

- tax evasion;
- bribery and corruption, including making any facilitation payments or the offering or receiving of gifts and benefits in order to retain/obtain business;

- internal and external fraud and cybercrime;
- money laundering and terrorist financing; and
- sanctions including trade, economic, targeted (focused on individuals, organisations or industries) and comprehensive sanctions (restrictions against a whole country's regime).

The proper giving and receipt of gifts and entertainment is an essential element of our approach to managing bribery and corruption risk. In 2019, we updated our [Gifts and Entertainment Policy](#) to have group wide application. The intention of the Policy is to ensure that any gifts and/or entertainment given or received across the Group are reasonable, modest and proportionate, given or received in good faith, and appropriately approved and registered, depending on value.

We have a suite of Group-wide policies and training on sanctions and anti-bribery and anti-corruption available on our [website](#). In 2019, we also updated our Sanctions and Anti-bribery and Anti-Corruption policies to clarify requirements for due diligence on high risk third parties.

In line with our Code, in 2019, we introduced a new [Group Conflicts of Interest Policy](#) to promote consistent, fair and objective decision making. All employees are required to report conflicts across areas such as secondary employment (including business interests and voluntary work), personal relationships with employees, suppliers or customers, employment of relatives, personal investments, and gifts and entertainment.

Fair competition

We believe in free and fair competition and our competitive activities are undertaken ethically and lawfully. When we interact with competitors or potential competitors, we do not share confidential information that may impact how we all compete. Business decisions are made independently of our competitors. Agreements among competitors to fix prices, reduce prices or exclude other competitors from the market are serious antitrust or anti-competitive offences and is behaviour we do not tolerate.



Our 'speak-up' culture: the QBE Ethics Hotline

We are committed to providing an open, safe, supportive and transparent work environment. All employees are encouraged to speak up and feel empowered to do and say the right thing, including about any conduct or activity they believe is dishonest, corrupt, inappropriate or illegal. Employees can report genuine concerns internally to their manager, a senior manager or their HR or Compliance teams. Depending on the issue, employees can choose to report to those working in other teams including, but not limited to, Legal, Fraud or Financial Crime, Risk or Procurement. Alternatively, concerns can be reported confidentially and anonymously through our QBE Ethics Hotline. This message is supported by our Code and [Group Whistleblowing Policy and Guidelines](#).

Where a genuine concern is raised, we will assess whether the issue should be investigated in accordance with the investigation requirements of our Group Whistleblowing Policy. We acknowledge, investigate appropriately and fairly, and document all reported concerns. Reports made by employees will be kept confidential to the extent possible. Where reports are substantiated, we take appropriate remedial action, advise the reporter promptly and document the outcomes. We do not tolerate any form of retaliation against anyone who raises a concern or participates in an investigation.

In 2019, we updated our Group Whistleblowing Policy and training to reflect changes to Australian whistleblowing laws which have broader impact across our Group as protected disclosures can be

made to any 'eligible recipient' based in any location.

Respecting human rights

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

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

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

We reject any form of slavery, including forced or child labour and take measures to prevent our involvement in human rights harm through our supply chain relationships. This commitment is detailed in our [Group Modern Slavery and Human Trafficking Statement](#) and in our Code. We are developing our approach to compliance with modern slavery laws, which will include a risk assessment exercise to identify modern slavery risks and embed ongoing due diligence for supplier selection and screening.

In 2019, we worked with leading human rights specialists to develop a risk assessment tool

for assessing modern slavery and human trafficking risk. We commenced the process of risk assessing certain suppliers who have a direct relationship with QBE, to identify those who may pose a greater risk of involvement in these practices.

We are also focusing our efforts on developing and further enhancing our existing due diligence processes for appointing new suppliers, with a view to implementing enhanced procedures to encompass modern slavery risk.



Protecting the privacy of our stakeholders

We respect our customers' and employees' privacy and are committed to protecting their personal information from misuse or unauthorised disclosure and to complying with privacy laws across all our divisions. We only collect and share personal information where it is needed for legitimate business or employment/engagement purposes, or where there is a legal need to do so. We ensure all our employees understand the importance of keeping personal information private. When we work with third parties, we make it clear to them the importance we place on privacy, and the standards we expect.

Privacy at QBE is governed centrally through our Group Compliance team and our Chief Privacy Officer. The Chief Privacy Officer chairs QBE's Group Privacy Council (GPC) which provides advice, evaluation and approval. Its role is to ensure there is adequate consideration and review of the privacy risks and implications related to international activities that cross divisions.

The GPC is also responsible for QBE's Group-wide privacy governance and work program and for ensuring that the program meets the requirements of the Group Compliance Risk Policy.

QBE operates in compliance with applicable privacy laws in the countries in which it operates, including the General Data Protection Regulation (GDPR) and the Australian Privacy Act.

We have privacy policies that provide data protection for both our customers and employees. In 2019, we developed a Group Third Party Risk Framework which sets baseline data protection requirements for third parties.

In 2019, we developed a Group Privacy Framework which outlines QBE's approach to privacy governance and privacy program expectations across the Group. We require personal data issues and incidents to be tracked and reported to the Chief Privacy Officer along with a root cause analysis, which we report to the BRCC. Our Code sets out disciplinary actions for deliberate, wilful or negligent release of employee or customer personal data, which may include termination of employment. Our Group Privacy Program is subject to review by our Group Internal Audit team, with the most recent review completed in 2019.

We also refined our Global Privacy Impact Assessment process and updated our Global Priority Personal Data Breach Policy to further clarify how we will respond to personal data breaches and clearly set out employee and stakeholder responsibilities with regards to personal data protection. In 2019, we also assessed our privacy resourcing capability and recruited an additional resource to support our Group Privacy Program.





Mandatory compliance training

QBE provides mandatory compliance training to ensure our employees understand all relevant laws, regulations and internal policies and how to adhere to them, and apply them, in their daily work. Compliance topics, such as our Code, the QBE Ethics Hotline, Sanctions, Anti-Bribery and Anti-Corruption, are supported by local mandatory compliance training.

Tax strategy and transparency

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

The Group Board has oversight of tax governance across our divisions through the Group's Tax Risk Framework, with local boards having oversight of divisional tax governance. Operationally, the Group Chief Financial Officer (CFO) is responsible for the Group's tax risk management and for ensuring the implementation of the Group's Tax Risk Framework. The Group CFO is assisted by the Group Head of Tax and divisional CFOs to ensure that policies and procedures that support the framework are in place, and are maintained and applied consistently around the world. They also ensure that the divisional tax teams have the skills and experience to implement the approach appropriately.



Sustainability scorecard

We have outlined several commitments, initiatives and targets that enable QBE to stay focused on our sustainability priorities, address our material topics, and drive improved environmental, social and business outcomes. Our commitments and targets are aligned to our priority SDGs that we believe we can best support and advance. QBE's Sustainability Committee will oversee progress on targets and regularly report to the Board Risk & Capital Committee and Group Executive Committee. We will disclose progress on our commitments annually in our Sustainability Report.

SUSTAINABILITY FRAMEWORK	COMMITMENT	ASSOCIATED INITIATIVE / TARGET	PROGRESS	SDG ALIGNMENT
 <p>Sustainable insurance</p>	Address the risks and opportunities related to climate change	Implement our three year Climate Change Action Plan (2018-2020)		
		Oversee implementation, monitoring and compliance of our underwriting and investment portfolio in line with our Group Energy Policy		 
	Continue to embed consideration of ESG risks into our Group-wide risk management framework	Review Group Underwriting Standards in 2020 with reference to the proposed ESG in underwriting guide issued by Principal for Sustainable Insurance (PSI)		All SDGs
	Collaborate with industry, government, community partners and other stakeholders to support the achievement of our priority United Nations Sustainable Development Goals	Contribute to the development of a sustainable finance roadmap for Australia by 2020 through our membership of the Australian Sustainable Finance Initiative		All SDGs
		Maintain ongoing participation in a range of external initiatives and partnerships to ensure a collaborative approach to addressing climate change		 
 <p>Responsible investments</p>	Support impact investing as a means to raise capital to address global environmental and social issues while creating appropriate financial returns	Achieve our ambition to grow our total impact investments to US\$2 billion by 2025 ¹		All SDGs
		Invest in suitable social impact bond (SIB) opportunities across our global investment portfolio up to US\$100 million ²		 
 <p>Customer and community</p>	Develop a vulnerable customer strategy for the Australia Pacific Business	Building on our membership of the Financial Inclusion Action Plan program, roll out a foundational plan for Australia in 2020		 
		Implement and roll out a vulnerable customer policy and staff training for Australia Pacific in 2020, and deliver process improvements for Australian customers experiencing hardship		 
	Maintain a group-wide community engagement strategy in line with our priority SDGs	Maintain annual QBE Foundation budget of 0.5% of previous year's cash profit after tax		 
		Refresh our global community engagement strategy by 2020		 
	Support communities affected by natural disasters through the QBE Foundation	Work with partners Red Cross and Save the Children to develop and implement a global approach to disaster relief and resilience		 
Treat our customers fairly at every stage of the policy cycle, from product development/design through to post sales and claims, including complaints handling	Implement and roll out new Group Conduct Risk Policy across the divisions during 2020			

SUSTAINABILITY FRAMEWORK	COMMITMENT	ASSOCIATED INITIATIVE / TARGET	PROGRESS	SDG ALIGNMENT
<p>People and culture</p>	Continue to focus on diversity and inclusion in the workplace	35% of women in leadership by 2020		
		Maintain fair remuneration on a like-for-like role basis		
<p>Operational excellence</p>	Minimise the impact of our operations on the environment	Use 100% renewable electricity for our operations by 2025		
		Achieve our science-based target of reducing scope 1 and 2 carbon emissions by 30% by 2025 (from 2018 levels)		
		20% reduction in air travel by 2021 (from 2017 levels)		
		15% reduction in energy use by 2021 (from 2018 levels)		
<p>Governance</p>	Cultivate and continue to drive compliance awareness across the business	Roll out refreshed Code of Ethics and Conduct training on an annual basis		
		Aim to achieve 97% ³ completion of the Code of Ethics and Conduct training		
		Aim to achieve 97% ³ completion of Whistleblowing Policy (or local equivalent) training		
	Take measures to prevent involvement in human rights harm, including modern slavery	Publish an annual Modern Slavery and Human Trafficking Statement describing our actions to assess and address modern slavery risks in our business and across our supply chain during the financial year		
		Incorporate a focus on human rights in our 2020 Code of Ethics and Conduct training for all employees to raise general awareness		
	Continue to be transparent about our tax contributions across the Group	Publish an annual Group Tax Transparency Report		

1 This has an extension of our previous ambition set in 2019 of \$1 billion by 2021 which is on track for achievement.
 2 We have committed a minimum of \$100 million, £100 million and A\$100 million of premium income to the program from the United States, Europe and Australia Pacific respectively. These contributions will be made in addition to those from our select customers who elect to allocate 25% of their premiums to the initiative.
 3 Completion of compliance training is mandatory for all employees. QBE acknowledges that there may be a valid reason why some employees may not have completed this training. Our target completion rate accounts for these reasons. For example, ad hoc variances to HR/learning system outlining worker absences during training rollout.

Key: Behind On Track New Target

Our memberships and industry collaboration

As part of our focus on stakeholder engagement, we are members of, or signatories to, several global and local sustainability-related initiatives. These provide us with a platform to collaborate with stakeholders on key sustainability issues through open dialogue and knowledge sharing. These initiatives assist us to develop solutions to address local and global challenges relevant to our industry and beyond.

We also belong to industry bodies and other local membership organisations in countries where we operate, as well as forums and institutes related to risk management, accounting and finance and actuarial services. We encourage employees to be involved in these organisations through training and qualifications, events, participation in working groups and taking leadership positions.



In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the
UN Global Compact Office



Performance and reporting

By engaging with stakeholders and reporting on our sustainability approach and initiatives, we aim to be transparent and open about our sustainability performance and achievements. Sustainability ratings and industry benchmarks provide an important opportunity for us to improve our sustainability performance over time.

We participate in a range of external reporting and benchmarking initiatives including:





Independent limited assurance report

to the management of QBE Insurance Group Limited

Deloitte.

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Independent Assurance Practitioner's Limited Assurance Report on the 2019 Sustainability Report to the Management of QBE Insurance Group Limited

We have undertaken a limited assurance engagement relating to the selected Sustainability Performance Indicators detailed below (the 'Subject Matter') presented in the QBE Sustainability Report for the year ended 31 December 2019 ('2019 Sustainability Report').

Subject Matter and Reporting Criteria

The Subject Matter and Reporting Criteria for our limited assurance engagement for the year ended 31 December 2019 and disclosed in the QBE 2019 Sustainability Report is as follows:

SUSTAINABILITY PERFORMANCE INDICATORS	REPORTING CRITERIA
Current Premiums4Good investments; Security and investment total (count of securities and US\$), page 31	QBE 2019 Sustainability Reporting Framework
QBE Voice survey results - employee engagement and enablement score including response rate (%), page 46	QBE 2019 Sustainability Reporting Framework
Overall workforce; Geographic footprint by division (headcount); Workforce (%) by employment level and gender; Average tenure by gender across levels of workforce; Overall workforce by age and gender (headcount), pages 51 to 52	GRI standard 405-1(b) (2016) QBE Sustainability Reporting Framework
Overall workforce by average age by division, page 52	QBE Sustainability Reporting Framework
Attrition by gender, age group and division - Overall terminations (headcount), voluntary attrition (%), involuntary attrition (%), overall attrition (%), page 52	GRI 401-1(b) (2016) QBE 2019 Sustainability Reporting Framework
Workforce diversity indicators by ethnicity, gender identity, sexual orientation, disability and carer responsibility (including care provided to) (%), page 53	GRI standard 405-1(b) (2016) QBE Sustainability Reporting Framework
Diversity breakdown of workforce - part-timers by gender and % of total workforce, page 53	QBE Sustainability Reporting Framework
2019 performance against targets (excluding baseline); Greenhouse gas (GHG) emissions (tCO ₂ -e) by activity (excluding carbon offsets); Key performance indicators - GHG emissions intensity (tCO ₂ -e); Other environmental indicators, pages 58 to 61	GRI standard 305-1, 305-2, 305-3, 305-4 (2016) QBE Sustainability Reporting Framework

Independent limited assurance report (continued)

Responsibilities of Management

Management of QBE is responsible for:

- Ensuring that the Subject Matter is properly prepared and presented in accordance with the Reporting Criteria
- Confirming the measurement or evaluation of the underlying subject matter against the applicable criteria, including that all relevant matters are reflected in the subject matter information
- Designing, establishing and maintaining internal controls to ensure that the Subject Matter is properly prepared and presented in accordance with the Reporting Criteria.

Assurance Practitioner's Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements*, and accordingly 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.

Assurance Practitioner's Responsibility

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

We conducted our limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ASAE 3000') issued by the Australian Auditing and Assurance Standards Board in order to express a conclusion whether, based on the procedures performed and the evidence obtained, anything has come to our attention that causes us to believe that the Subject Matter has not been reported, in all material respects, in accordance with the Reporting Criteria. ASAE 3000 requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter is free from material misstatement.

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

The procedures we performed were based on our professional judgement and consisted primarily of:

- Interviewing respective Subject Matter data owners and sustainability report responsible management to understand and assess the approach for collating, calculating and reporting the respective Subject Matter across the reporting period ended 31 December 2019;
- Undertaking a sample of detailed walkthroughs of key systems and processes used/relied upon to compile the Subject Matter for the 2019 QBE Sustainability Report;
- Assessing the supporting process documentation developed to support the collation, calculation and reporting process in accordance with the GRI Standards and QBE policies and procedures as applicable;
- Completing analytical reviews over material data streams to identify any material anomalies/gaps for the Subject Matter and investigate further where required; and
- Agreeing overall data sets for the Subject Matter to the final data contained in the 2019 QBE Sustainability Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance about whether the Subject Matter has been reported, in all material respects, in accordance with the Reporting Criteria.



Inherent Limitations

There are inherent limitations in performing an assurance engagement – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all misstatements, as an assurance engagement is not performed continuously throughout the year that is the subject of the engagement and the procedures are performed on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

Limitations of Use

This report has been prepared for use by Management of QBE for the purpose of enhancing the confidence of the users (i.e. Directors and Management of QBE, and the readers of the Sustainability Report), over the accuracy of the data presented in the QBE Sustainability Report for the agreed Subject Matter. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Management of QBE or for any purpose other than that for which it was prepared.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter have not been reported, in all material respects, in accordance with the Reporting Criteria in the GRI Standards and the QBE policies and procedures.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Paul Dobson

Partner

Sydney, 17 February 2020



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