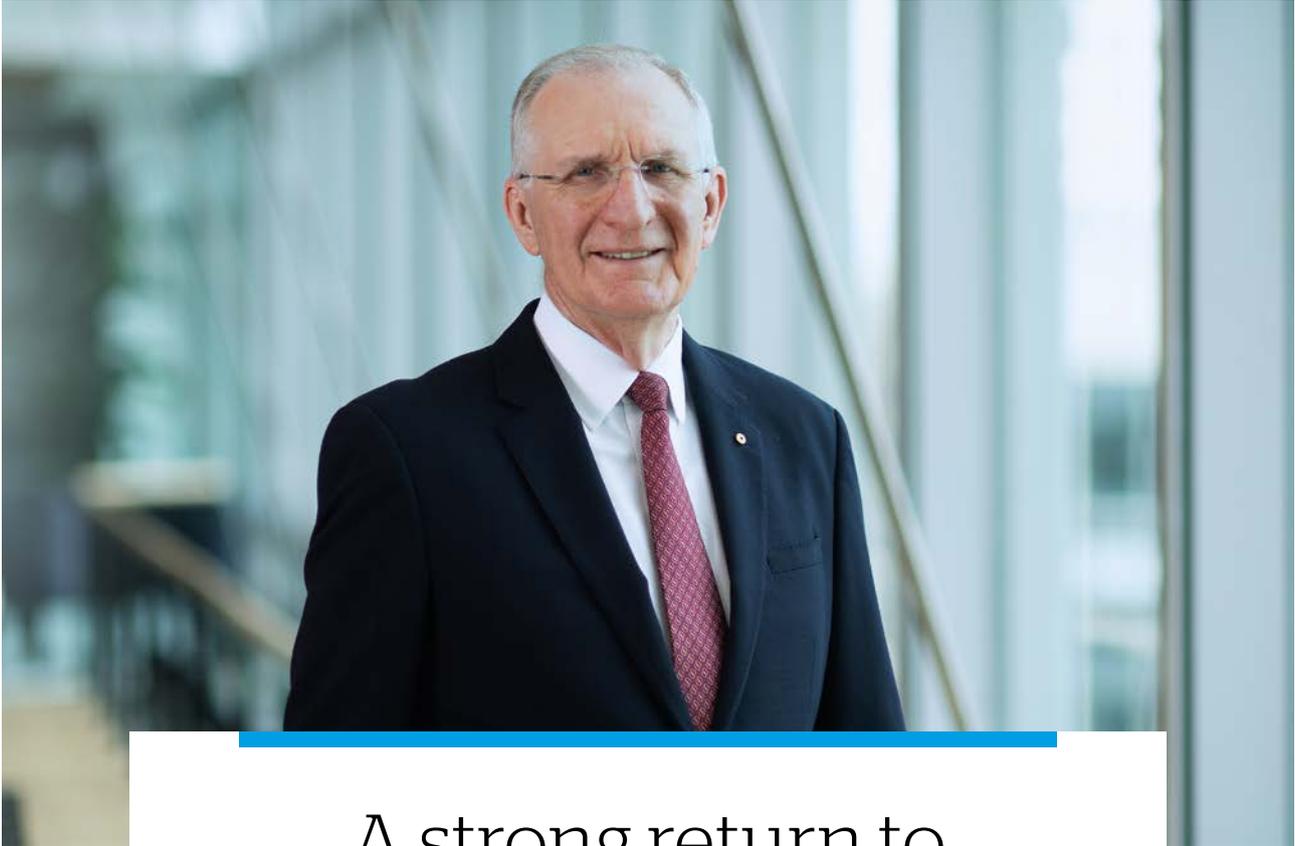


CHAIR'S MESSAGE



A strong return to profitability and growth

We started 2021 with cautious optimism and while global economic growth surpassed expectations, headwinds still remain with a resurgence of the pandemic and inflationary pressures contributing to uncertainty.

We are acutely aware of the ongoing impact of the pandemic on our people, customers and the communities in which we operate. In this environment we continue to provide support and innovative solutions in response, focusing on their wellbeing and continued recovery.

While the global pandemic and associated economic and societal impacts have been top of mind for everyone, we recognise the ever-increasing threat of climate change. In 2021 a high level of natural catastrophes ranging from severe flooding and hurricanes to unprecedented rainfall and record-breaking temperatures impacted our results during the year.

Amidst this backdrop, QBE has seen a strong return to profitability and growth, reflecting the strength of our business and the ongoing hard work by our teams across the world. We remain well placed to support and grow with our customers as the economies in which we operate recover.

We are pleased with our statutory profit of \$750 million for the 2021 financial year

and the significant level of growth in each of our divisions. This growth and operating performance were achieved while also maintaining our strong capital position. Delivery against strategic priorities and an unrelenting focus on the fundamentals of the business were critical to this improved performance. As a result of this improved outcome, the Board has declared a final dividend of 19 Australian cents per share, up from nil for the 2020 final dividend.

Leadership

In March 2021, we were pleased to announce the appointment of Andrew Horton as our new Group Chief Executive Officer with effect from 1 September. Andrew has over 30 years' experience in insurance and banking and has a deep understanding of the insurance landscape. During the interview process, the Board was particularly impressed with his engaging, inclusive and collaborative leadership style. It is evident that Andrew is a leader who believes in the power

of culture as a key driver of business success and he has already demonstrated his keenness to build on the important work of our Board-sponsored Culture Accelerator program to enhance and evolve QBE's culture.

Andrew succeeded Richard Pryce who provided important continuity and stable leadership as Interim Group Chief Executive Officer for the better part of 2021. On behalf of our shareholders, the Board and all of the people of QBE, I extend my thanks to Richard for his leadership during his time at QBE and wish him well in his retirement.

We also made key appointments to our Group Executive Committee in 2021, complementing the existing team and skillset. We welcomed Fiona Larnach as Group Chief Risk Officer in March and Sue Houghton as our new Chief Executive Officer, Australia Pacific in August. Sam Harrison was promoted to the role of Group Chief Underwriting Officer in April and Amanda Hughes was promoted to the role of Group Executive, People and

Culture in December, reflecting our focus on succession planning and investment in the development of our talent pipeline.

Our Group Executive Committee now comprises 45.5% women and reflects our commitment to diversity. We continued to make progress on our target of having 40% women in leadership by 2025, with an increase over last year from 34.8% to 35.9%.

Culture

The Board is committed to a respectful and inclusive environment for all our people and culture has remained a key focus throughout the year. We made significant progress with our Culture Accelerator, which has been sponsored by John Green, Deputy Chair, and Tan Le, non-executive director, reflecting its importance. We believe culture is foundational to our future success.

As a result of this work, we have a clear view of our target-state culture and a blueprint for change which will guide our focus over coming years. Our people are at the heart of our culture and have shaped the pathway forward. We have undertaken a comprehensive review of our culture by engaging with our people through a global survey, interviews with over 150 senior leaders across the business and workshops with over 1,000 employees. A global culture advisory group of 20 leaders and a culture connectors group of 120 employees were established and will continue to shape how we better foster and embed a QBE culture which embraces an inclusive and respectful workplace.

To help our people understand expected behaviour, we refreshed our QBE DNA which interlinks seven cultural attributes that are fundamental to who we are and how we operate to achieve success. Moreover, we introduced a shared language of behaviours, to help everyone live the QBE DNA each day.

Central to our cultural efforts has been an ongoing focus on inclusion and diversity. We conducted a global maturity assessment and refreshed our Inclusion of Diversity Policy.

A key aspect of culture is how we invest in our people and foster talent, particularly with a focus on succession planning and building future-ready leaders across our organisation. During the year, QBE introduced the executive team health framework which is designed to support the development of our current and future Group Executive leaders, with specific and measurable outcomes based on relevant context and priorities. We will continue to use these tools as we look to cascade our talent practices to build a consistent people focus and accountability throughout the organisation.

Operating sustainably

QBE remains committed to integrating sustainability across the business. Our sustainability framework helps drive performance, manage risks and identify opportunities across the areas

of sustainability that are most important to our business, customers, communities and other stakeholders. There are six focus areas outlined in our framework: sustainable insurance, impact and responsible investment, operational excellence, people and culture, customer and community, and governance.

In line with our framework, we publish an annual Sustainability Scorecard that outlines our key initiatives, commitments and targets. During 2021, we made strong progress against our scorecard and continued to strengthen our approach to sustainability. Further information can be found in our [2021 Sustainability Report](#).

In June 2021, we published QBE's Human Rights Policy outlining our commitment to respecting human rights in our role as an employer, insurer, investor and business partner. We have also outlined how we respect human rights in our interactions with customers and in our communities. We will continue to integrate human rights considerations across the business according to international principles.

Our annual Modern Slavery and Human Trafficking Statement will be released in due course, outlining the steps we have taken to identify and address modern slavery risks across our operations and supply chain. In 2022, we will continue to enhance our modern slavery program of work.

Our new Environmental and Social Risk Framework became effective from 1 January 2022 and our focus has been on integrating this into our business over the last year. The framework further supports the integration of environmental, social and governance (ESG) considerations into our core business and helps improve transparency for our customers.

Through our positions in the framework, we have committed to reduce our exposure to higher transition risks in the energy sector including no new coal and oil sands projects, and only supporting oil sands and Arctic drilling where the company is on a pathway consistent with achieving the Paris Agreement objectives. Further detail on how we assess the transition pathway is on [page 36](#). We also continue to maintain zero direct investments in thermal coal.

QBE has a diverse and international portfolio of customers in the energy sector, and we are committed to working with them to support a shift to more sustainable business models and reducing the emissions intensity across the economy.

An exclusionary approach to all fossil fuel-related activity on a categorical basis does not represent an orderly path to a net-zero economy. Gas continues to be an important transition fuel and oil has a role in many transport sectors, in addition to its inclusion in many industrial processes, until viable alternatives are available. We need energy that is reliable, safely produced and affordable as well as clean. We continue to support a smooth transition pathway

and new business models that are being implemented at pace, particularly where this is towards renewable energy.

Climate change is a global challenge requiring the collaborative efforts of a range of stakeholders to minimise economic disruption and deliver an orderly transition to a net-zero emissions economy. We engage in climate-related partnerships for impact, working with government, industry, customers and community groups.

In 2020, we were proud to be the first Australian-based insurer to join the UN-convened Net-Zero Asset Owner Alliance, committing to transition our investment portfolio to net-zero greenhouse gas emissions by 2050. We also extended our commitment to supporting the transition to a net-zero economy by joining the UN-convened Net-Zero Insurance Alliance in January 2022 and by setting a new target to achieve net-zero emissions for our global operations by 2030. We remain focused on our commitment to reduce our overall energy use and source 100% renewable electricity for our operations by 2025.

In January this year, we launched a sustainable energies unit in our International business to support customers as they transition to lower carbon energy. The unit will align QBE underwriting to the growing range of companies and energy systems that form part of a rapidly changing energy mix throughout the world. Projects include hydrogen, ammonia, hydro, solar, fixed and floating wind-power and carbon capture and sequestration.

We remain proud of our impact investment initiative, Premiums4Good, which now has \$1.4 billion invested in 83 securities across 10 impact areas, and our ambition is to grow impact investments to \$2 billion by 2025.

Looking ahead

While some uncertainty surrounds the global economic outlook for 2022, we start the year expecting supportive trading conditions across the major markets in which we operate. Noting the strong momentum across the Group, we remain confident of further growth and margin improvement in 2022.

We also start the year with a renewed QBE Vision and Purpose and longer-term strategic priorities, which are outlined in detail in the Group Chief Executive Officer's report on [page 6](#). It has never been more important to have a Vision and Purpose that appropriately reflect the ambitions of the organisation and the world in which we live. Our refined Vision and Purpose provide a strong sense of direction for the future.

2021 was another momentous but ultimately successful year for our organisation and I thank all our employees, customers, partners, shareholders and my fellow directors for their continued support of QBE.

Mike Wilkins AO
Independent Chair