

GROUP CEO MESSAGE

Building on our commitment to sustainability

I was honoured to join QBE on 1 September 2021, and quickly recognised the importance of QBE's committed and integrated approach to sustainability. We will continue to build on this commitment, ensuring we further integrate sustainable practices into our business and continually improve our approach.

It has never been more important to drive long-term sustainability measures in our business to achieve a more sustainable future for our customers, people, stakeholders and the communities in which we live and work.

Our purpose and sustainability

In January 2022, we launched our new vision and purpose. Our vision is to be the most consistent and innovative risk partner and our purpose is to enable a more resilient future. Our approach to sustainability remains an essential part of our ability to deliver on our purpose and make a positive and impactful contribution to the environments, economies and communities in which we operate. Our six new strategic priorities have been shaped by our organisational purpose and vision and include portfolio optimisation, sustainable growth, bringing the enterprise together, modernising our business, and our people and culture. These strategic priorities are outlined in more detail in our [2021 Annual Report](#) on page 9.

How we integrate sustainability into all facets of our business is foundational to our strategic priorities and future success. We believe that our commitment to greater consistency in how we plan and deliver performance, an enterprise mindset, and continually evolving the experience we

provide to our customers and partners, will support our future success.

QBE's 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. Our framework comprises six pillars: sustainable insurance; impact and responsible investments; operational excellence; people and culture; customer and community; and governance. This report outlines our performance for the year and initiatives underway related to the focus areas of our Sustainability Framework.

We strongly support the aims and objectives of the United Nations Sustainable Development Goals (SDGs), which seek to address the world's most urgent economic, environmental and social challenges. Our sustainability agenda continues to align with, and support, the advancement of the SDGs.

As a global insurer and reinsurer, we recognise our industry has a critical role in supporting the transition to a net-zero economy. 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. In January 2022, we also joined the UN-convened Net-Zero

Insurance Alliance, which seeks to accelerate the transition to net-zero emissions economies through the use of science-based decarbonisation targets.

Consistent with this, we recently set a new target to achieve net-zero emissions (Scope 1 and 2) for our global operations by 2030, remaining focused on our commitment to reduce our overall energy use. In 2021, we met our RE100 target, sourcing 100% of our electricity from renewable sources¹.

As part of our efforts to support the transition to a net-zero economy, over the past year, we continued to further develop and integrate our new Environmental and Social Risk Framework across our business. The framework outlines QBE's approach to addressing key ESG risks across our investment and underwriting activities, increasing transparency for our customers and stakeholders. The framework includes our commitment to phase out all direct insurance services for thermal coal customers by 2030. We continue to maintain zero direct investments in thermal coal.

We are delighted that our impact investment initiative, Premiums4Good, now has \$1.4 billion invested in 83 securities across our key impact areas. Our ambition is to grow our impact investments to \$2 billion by 2025.

¹ In 2021, we aligned our reporting to the RE100. RE100's calculations (as per RE100 Materiality Threshold guidance) exclude electricity use from countries with small electricity loads (<100MWh/year and up to a total of 500MWh/year) and where it is not feasible to source renewable electricity. The exclusion equated to 0.5% of our global electricity use in 2021.



In June 2021, we published QBE's Group Human Rights Policy, outlining our continued commitment to respecting human rights in our role as an employer, insurer, investor and business partner. We 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 taken to identify and address modern slavery risks across our operations and supply chain. In 2022, we will continue to enhance our human rights and modern slavery programs of work.

Continuing our focus on customers and community

Customer@QBE is our global approach to delivering value to customers in a responsible and accountable way, seeking to ensure long-term sustainable relationships. Our approach focuses on three key elements - mindset, insight, and how we deliver - which help us better understand how we can support our customers and bring value to every interaction. To enable this, our global sales approach unifies our people to drive more customer-focused behaviours across our policy cycle. We constantly strive to develop innovative solutions that will positively impact our customers and the communities in which we operate. Customer@QBE builds on our QBE DNA to provide an aligned approach across our business, leveraging shared resources and best practice, and enabling flexibility within local markets.

We are honoured to have the opportunity to support communities around the world and, in 2021, our QBE Foundation celebrated its 10th birthday. To mark the anniversary,

we launched a new strategic framework and guiding principles for the QBE Foundation, focusing our efforts towards addressing climate resilience and greater inclusion for communities. We believe our renewed focus can contribute to greater access to opportunities, more resilient communities, improved financial stability and better outcomes for those in need. Our new strategy draws on our Group-wide Sustainability Framework, priority SDGs and annual materiality assessment to seek to achieve greater impact and directly address the areas where we can make the greatest contribution.

Evolving our culture

Culture has been a strategic focus for our business throughout 2021. We built on our QBE DNA, further defining the type of culture we want to create, mapping this against where we are, then working through a blueprint for change to guide our focus over coming years. Our people are at the heart of our culture, and they shape the path forward. We have undertaken a comprehensive culture review by engaging with our people through a global survey, interviews with more than 150 senior leaders, and workshops with over 1,000 employees across the business. In 2021, we established a Global Culture Advisory group of 20 leaders and a Culture Connectors group of 120 employees. These groups will continue to shape how we better foster and embed a culture that embraces an inclusive and respectful workplace, and collectively build an innovative risk-based and high-performing culture reflecting our new vision across our global enterprise.

To help our people understand expected behaviours, we refreshed our QBE DNA with the aim of improving clarity. Our QBE DNA

comprises seven, interlinked cultural attributes that are fundamental to who we are and how we operate to achieve success. We introduced shared language for calling out behaviours - both those which are positive and those which do not align with our values - to help everyone live our QBE DNA in their interactions with others.

Central to our cultural efforts has been an ongoing focus on inclusion of diversity. We conducted a global maturity assessment, established a new global Inclusion of Diversity community of practice, and launched our refreshed Inclusion of Diversity Policy in January 2022.

Our Group Executive Committee consists of 45% women and reflects our genuine commitment to diversity. We continued to make progress on our pledge to have 40% women in leadership by 2025, with an increase over last year from 34.8% to 35.9%.

The wellbeing of our people remained a key priority for us during 2021. Our people continued to experience upheaval and uncertainty due to the ongoing impacts of COVID-19, and we continued to support them and their families through initiatives including virtual events; providing people leaders with relevant tools to support their teams; the refresh and relaunch of our Flex@QBE principles globally; and implementation of a robust, global COVIDSafe plan that was tailored to fit local conditions, as required.

Our purpose, culture and commitment to an inclusive and more sustainable future underpins our 2021 Sustainability Report, which we are honoured to share with you now.

Andrew Horton
Group Chief Executive Officer