

Materiality

Our approach to materiality considers how our business creates value for all stakeholders across the short, medium and longer-term horizons. Aligned to the Global Reporting Initiative (GRI) Standards, we assess our economic, environmental and social impacts across the value chain (including positive, negative, actual and potential) on stakeholders, society at large and on our business.

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

Identification

Sustainability topics are identified using both internal and external inputs. This involves gathering perspectives from a wide range of sources including internal and external stakeholder engagement. We continue to align our materiality process to:

- the GRI Reporting Principles for defining report content and report quality including Stakeholder

Inclusiveness, Sustainability Context, Materiality and Completeness; and

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

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

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

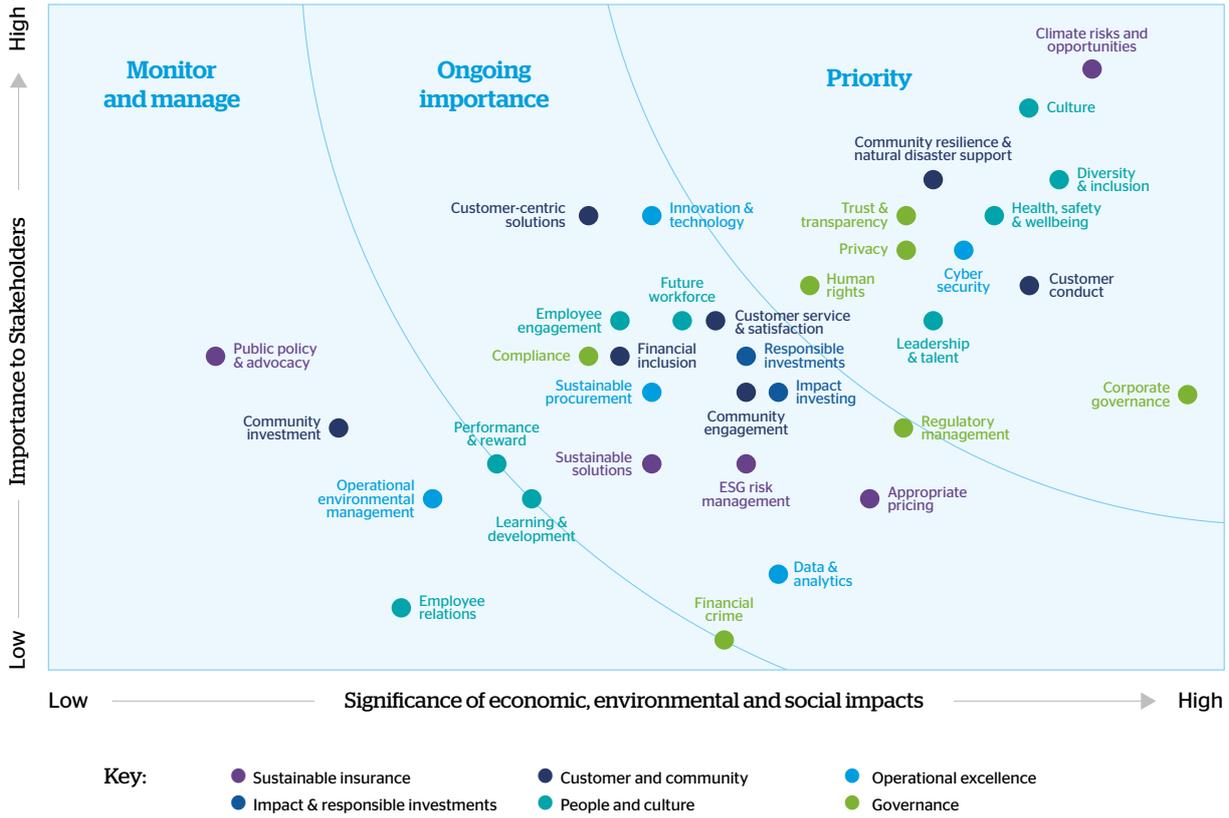
stakeholder. During these interviews, stakeholders were also asked to identify the SDGs most relevant to QBE. The process enabled us to understand our stakeholders' unique needs, expectations, perceptions or concerns.

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

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

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





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

Prioritisation

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

Each topic was then positioned on our revised materiality matrix in light of three different stages of relevance and maturity:

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

Validation

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

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

Material topics for 2020

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

Climate risks and opportunities



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

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

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

Community resilience and natural disaster support



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

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

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

Corporate governance



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

Aligned to SDGs: 8, 16.

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

Culture



We are committed to maintaining an organisational culture that supports and enables us to achieve our purpose and strategy in an ethical and responsible way. Our Group Code of Ethics and Conduct (the Code) helps guide employees to act ethically and with honesty and integrity, to promote QBE's reputation and create a positive organisational culture where employees feel safe and supported to speak up. Our QBE DNA and Code underpin our culture, helping us to deliver on our strategic plan and priorities.

Aligned to SDGs: 3, 4, 5, 10, 16.

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

Customer conduct



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

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

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

Cyber security



Cyber security is one of the greatest threats shaping today's risk landscape. As an escalating, ever-evolving business risk, cyber security has the potential to impact our operations, business, customers, communities and other key stakeholders. We employ a global approach to effectively manage internal and external threats to the confidentiality, integrity and availability of our customer and corporate data. We proactively monitor and respond to known and emerging threats across all our divisions and invest in innovation and digital transformation to benefit our customers and shareholders through secure solutions. We manage and mitigate emerging threats, including cyber threats, by seeking to adhere to all legislation relevant to our business and our Code.

Aligned to SDGs: 9, 16, 17.

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

Diversity and inclusion



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

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

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

Health, safety, and wellbeing



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

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

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

Human rights



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

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

- Refer to [People and culture](#) and [Governance](#) for further information on how we are addressing this topic.

Leadership and talent



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

Aligned to SDGs: 4, 5, 8, 10, 16.

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

Privacy



QBE is committed to respecting our customers' privacy, protecting their personal data from misuse or unauthorised disclosure and compliance with privacy laws. Our Global Privacy Framework defines the core principles of our privacy program which are the foundation for QBE's ongoing compliance with privacy laws globally.

Aligned to SDGs: 8, 9, 16.

- Refer to [Governance](#) for further information on how we are addressing this topic.

Trust and transparency



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

Aligned to SDGs: 8, 10, 16, 17.

- Refer to [Sustainable insurance](#), [Customer and community](#), [People and culture](#), [Operational excellence](#) and [Governance](#) for further information on how we are addressing this topic.