



2021

Modern Slavery &
Human Trafficking
Statement

QBE INSURANCE GROUP LIMITED



Our commitment

At QBE, we are committed to the highest standards of ethical and sustainable business practices.

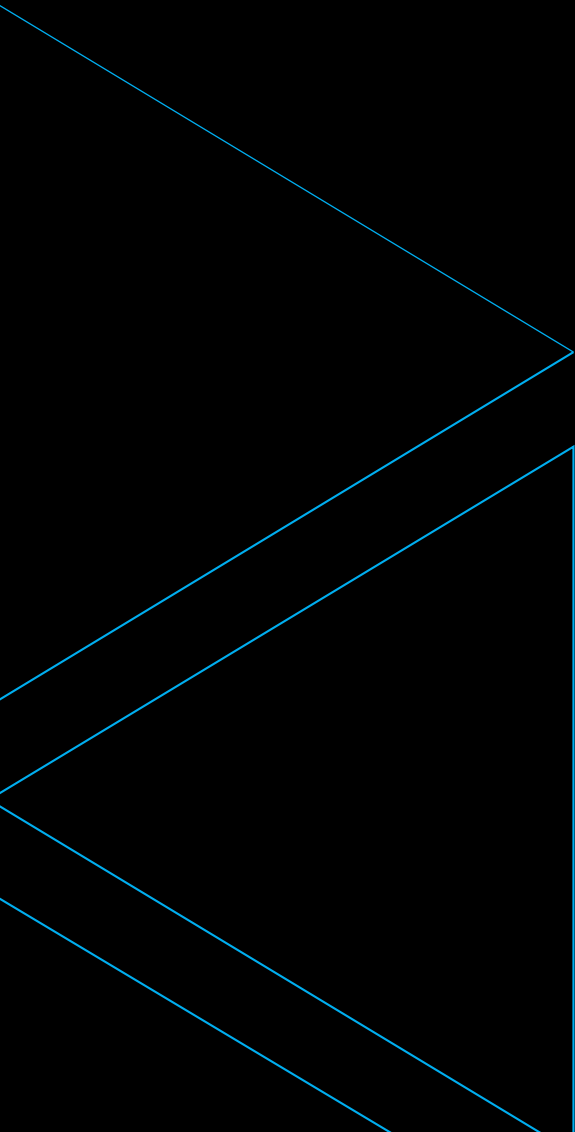
We recognise that modern slavery can occur anywhere, and that understanding, and managing, these risks require a collaborative approach with our customers, suppliers, employees and industry stakeholders. We understand that modern slavery risks may arise in our operations and supply chain, and we are committed to identifying, assessing and addressing those risks across our value chain to mitigate and prevent harm to people, in line with our purpose, culture and values.

We are fully committed to promoting and upholding the human rights of our employees, customers, suppliers and communities. We do not tolerate slavery and human trafficking in our operations and supply chains and expect our suppliers and business partners around the world to adopt practices that are consistent with our QBE DNA.

We seek to continually improve our approach to combatting modern slavery risks in our supply chain. Our primary focus is to continue taking meaningful steps to further refine our risk-based approach in assessing and addressing modern slavery risks, including focusing on actions that we believe will drive greater impact and change for individuals and communities.

We recognise that this requires an ongoing year-on-year commitment and involves a multifaceted program of work, which we are dedicated to implementing, to support the objectives and principles underpinning modern slavery laws applicable to our business.

Andrew Horton
Group CEO



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This statement reflects the steps that QBE Insurance Group Limited (QBE), the ultimate parent company of the QBE Group, has undertaken to address modern slavery and human trafficking risks within its operations and supply chains for the financial year ending 31 December 2021. The statement is made under section 14 of the Australian Modern Slavery Act 2018 (Cth) and section 54 of the United Kingdom's Modern Slavery Act 2015 (the UK Act) and applies to QBE Insurance Group Limited, its subsidiaries and controlled entities. The reporting entities under the UK Act are QBE UK Limited, QBE European Operations plc, QBE Europe SA/NV, QBE Management Services (UK) Limited, QBE Underwriting Limited and QBE Partner Services (Europe) LLP.



Our position on modern slavery

We reject any form of slavery, servitude, forced labour or compulsory labour (including child labour) and human trafficking. We are committed to implementing and enforcing effective systems and controls to seek to ensure these practices do not take place in our own business or our supply chains. To this end, we aim to identify and manage risks related to modern slavery across our own organisation and through our supply chain relationships.

Respecting human rights

During the reporting period, QBE released its **Group Human Rights Policy** outlining the principles we have adopted in relation to managing human rights across our business. The policy covers our role and activities as an employer, insurer, investor and business partner, and how we interact with our customers and communities.

Wherever we operate, we respect the human rights of our employees, customers, communities and those of our suppliers and business partners. Our commitment to human rights is underpinned by our status as a signatory to, or responsibility to uphold a number of international principles supporting human rights. Further information on this can be found on [our page](#).

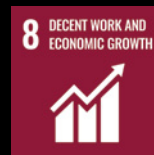
Our prioritisation of SDGs 8 and 10 relate to our focus on protecting labour and human rights within our business and across our supply chain. We are committed to remaining a responsible employer and business partner. Further information on our five priority SDGs can be found in our latest **[Sustainability Report](#)**.

QBE's sustainability agenda seeks to support the advancement of the United Nations (UN) Sustainable Development Goals (SDGs). While our agenda seeks to support all of the SDGs, we have chosen to prioritise five goals, namely:



Goal 1: No Poverty

End poverty in all its forms everywhere.



Goal 8: Decent Work and Economic Growth

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



Goal 10: Reduced Inequalities

Reduce inequality within and among countries.



Goal 11: Sustainable Cities and Communities

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



Goal 13: Climate Action

Take urgent action to combat climate change and its impacts.

About us

QBE is listed on the Australian Securities Exchange (ASX) [ASX: QBE] and headquartered in Sydney.

We are a specialist insurer and reinsurer, offering a diverse portfolio of commercial, personal and specialty products including accident and health, aviation, inland marine, professional lines, specialty programs, surety, trade credit and transactional liability, as well as risk management solutions to personal, business, corporate and institutional customers. Our diverse product portfolio includes property, motor, crop, public/product liability, professional indemnity, workers' compensation, energy and marine cargo and aviation insurance.

As at 31 December 2021, we employed over 11,651 people, with operations in 27 countries.

Our core operations are divided into three geographical divisions: International (including Europe and Asia), Australia Pacific and North America.

Our business structure, operations and supply chain

International

International comprises our operations in the UK, Europe, Canada, Dubai, Bermuda, the United States of America (where our global Reinsurance function known as QBE Re is located), and Asia, including Hong Kong, Singapore, Malaysia and Vietnam. International provides a range of insurance products and risk management solutions across commercial, personal and specialty lines.

Australia Pacific

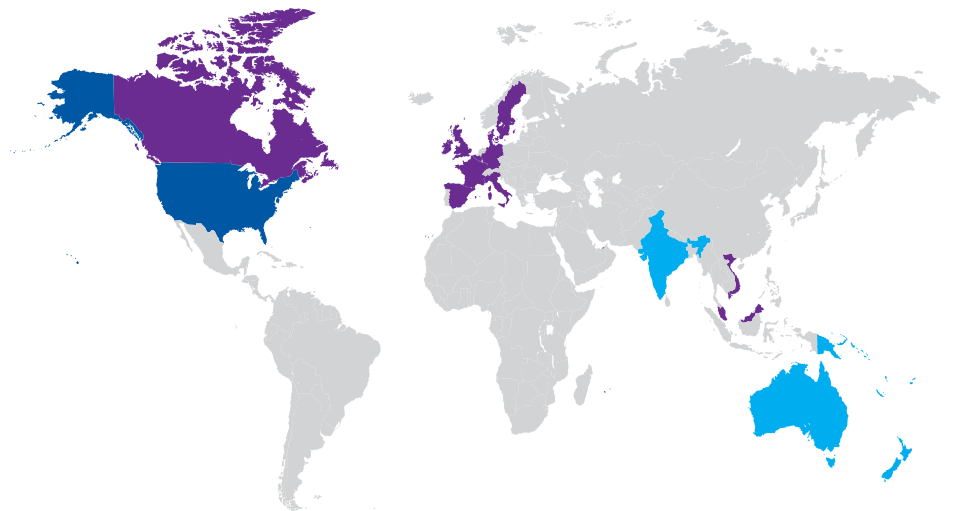
Australia Pacific comprises our operations in Australia, New Zealand and the Pacific, and combines our expertise in commercial and small and medium enterprise customers with a targeted presence in personal lines.

North America

North America comprises operations in 15 major office hubs across the United States. We are an integrated specialist insurer providing specialty personal, commercial and reinsurance capabilities.

Group Head Office and Group Shared Services

Our three operating divisions are also supported by our Group Head Office (GHO) function based in Sydney and the Group Shared Services Centre (GSSC) based in Manila and Cebu in the Philippines. The GSSC provides a range of insurance services to QBE's customers and brokers across North America, Australia, New Zealand, the Pacific Islands, Europe and Asia such as underwriting support, policy servicing, claims, control and customer service.



● International ● Australia Pacific ● North America



Investments

QBE manages a multi-asset and multi-currency investment portfolio. Our fixed income portfolio, of which the majority is corporate credit, represents 94% of our total investment assets as at 31 December 2021.

We use external fund managers to manage our infrastructure and real estate investments. We aim to maintain a minimum of 75% of all funds under management with external managers that are UN Principles for Responsible Investment (PRI) signatories. The PRI supports investors' efforts to address social issues such as human rights, working conditions and modern slavery within companies in their portfolio.

As an asset owner, we seek to responsibly invest our proprietary assets, including our premium income, across the globe. Our fixed income portfolio represents the majority of our overall investment assets, with the portfolio largely managed directly using in-house portfolio managers and analysts. Our growth assets portfolio represents our remaining investment assets, and we use external asset managers and funds to access the various asset classes.



QBE Foundation

As a global insurer our role in the community matters to our people, customers and stakeholders, and we are uniquely placed to make a difference. Through the QBE Foundation, we seek to improve the resilience and preparedness of our communities through long-term partnerships that will help people and communities be better equipped to protect themselves. These initiatives include education, financial and other assistance, and raising awareness around risk.

The QBE Foundation is creating strong, resilient and inclusive communities, focusing investment and effort on two key areas where we believe we can have the greatest impact - climate resilience and inclusion.

The total of our social and community investment programs in 2021 was over \$6 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 volunteering time, services or office space. We encourage all employees at QBE to give back to the community by taking a designated, paid volunteer day each year, or by getting involved with charity partners through charitable, and in-kind, donations.

During the reporting period, we continued to positively impact human rights through our work in the community. For example, in North America, we partnered with Collective Liberty, a finalist in the QBE AcceliCITY Resilience Challenge 2020 (a unique collaboration supporting ventures that seek to effectively manage and respond to an evolving environment of physical, economic and social risk). Collective Liberty leverages technology to produce insights needed by law enforcement and other agencies to prosecute human traffickers, as well as to help protect and liberate survivors. They provide data, intelligence and case studies, and cutting-edge approaches to fighting and stopping perpetrators. Combined with legislative efforts to create systemic change through public policy, it is their mission to effectively end all forms of human trafficking and ensure survivors have access to necessary resources. In 2021, 20 employees from QBE North America volunteered ongoing support to the organisation. Collective Liberty launched a fundraiser and awareness campaign during the United States' National Slavery and Human Trafficking Prevention Month in early 2022.

Further information about this can be found in the annual [**Sustainability Report**](#).

Our supply chain

As a global insurance and reinsurance provider with international operations, our supply chain is extensive and comprises a global supplier network.

QBE's supplier landscape is predominantly made up of the following sectors:

- **Goods:** IT equipment; office equipment and stationery; marketing and branding; merchandise;
- **Services:** consultancy, professional and financial services, recruitment, investments, payment and transactional, catering, real estate and facilities, travel and hospitality, courier and mail services, and
- **Front office third parties:** including directly appointed and customer-nominated third parties that support our underwriting and claims processes.

These suppliers are mainly sourced from our procurement functions that operate across QBE, which are divided into three key operational areas - Claims, IT, and Indirect Procurement. Other areas that also procure goods and services are Group Head Office functions such as Underwriting and Investments.

During the reporting period, we procured over \$1 billion of goods and services from more than 1,500 suppliers. A large percentage of our procurement spend was for suppliers who provide corporate services such as facilities, HR services and professional services.

Additionally, our largest claims procurement spend was for suppliers who provide property and motor repair services.

We recognise that as an entity with a global supply base, our approach to modern slavery can influence the business conduct and performance of our suppliers. As such, we remain fully committed to continually improving our approach to identifying, assessing and mitigating modern slavery risks in our supply chains.



Assessment of modern slavery risk in our operations and supply chain

Our operations

We seek to comply with all relevant labour laws in the countries in which we operate. This includes pay and entitlements that are aligned to national employment standards, employee rights and fair work principles including, but not limited to:

- continuing to pay our employees at least the living wage or equivalent in our countries of operation;
- providing and maintaining a safe, secure and healthy working environment for all employees; and
- creating an open, safe and transparent environment where employees are encouraged to speak up and report genuine concerns about conduct or activity, including modern slavery and human rights violations.

We are committed to maintaining ethical hiring practices with the aim of ensuring that no forced labour, child labour or involuntary labour is being used within our operations. We have a clearly defined hiring protocol in place that requires all individuals to undergo pre-employment checks to verify their identity, eligibility to work and educational qualifications, where applicable. Contractors and sub-contractors are also subject to probity checks with the aim of ensuring compliance with all laws, regulations and codes applicable to the provision of their services.

More information on our People and culture can be found in our latest **[Sustainability Report](#)**.



Our supplier landscape

QBE's supplier landscape is made up of an extensive list of suppliers that are mainly sourced from the following procurement functions:

- **IT Procurement:** Our IT Procurement function engages with a wide range of IT suppliers to provide the necessary services, hardware, software and networks that are integral to supporting QBE's business. The categories of our IT Procurement consist of the following types of suppliers: software subscriptions, license and support outsourced application development, maintenance and testing services, cloud and hosted infrastructure technology, and hardware.
- **Indirect Procurement:** Our divisional based Indirect Procurement function is responsible for the sourcing of all back office goods and services that support the day-to-day running of our operations. This includes areas such as real estate and facilities management; office services (including office equipment, printing, hospitality, catering, corporate travel and entertainment, courier services and fleet), professional services (including consultancy, recruitment, financial, legal and actuarial services); and marketing (including printing, advertisements, and corporate merchandise).
- **Claims Procurement:** QBE's core operations are the sale and underwriting of general insurance products to retail and commercial clients, which include claims management. Our claims procurement spend is based on variable claim events throughout the year and is managed by our divisional based claims procurement teams. Our claims procurement spend covers a vast array of geographies and sectors including legal and loss adjusting services, medical and other experts as well as suppliers engaged in the fulfilment of motor and property claims.

We adopt a risk-based approach to identify the areas that have higher risks of modern slavery, utilising guidance from an external industry consortium, focused on mitigating human trafficking and modern slavery within supply chains. The risk assessment process considers two key modern slavery risk factors that our suppliers are assessed against.

These are:

- **Geographic risk:** which may exist where suppliers have operations or source materials from certain areas considered high risk for modern slavery; and
- **Sector risk:** which may exist for industries that are known to be at higher risk of modern slavery practices.

Based on these risk factors and data from publicly available research about high-risk sectors and activities, we consider the modern slavery risks are most likely to be found in the following supply chain sectors:

- **IT Procurement:** Being IT technology and electronic goods. Our electronic and IT service providers are most likely to have operations in high-risk countries where a low-skilled labour force is used. Suppliers from this sector may likely connect QBE to modern slavery through their manufacturing or sourcing activities.
- **Indirect Procurement:** Being accommodation and food service activities and office and facilities management, including contractors fulfilling base skill roles such as cleaning, maintenance and security. We consider these employees as more susceptible to the risk of exploitation due to the various levels of contracting giving rise to decreased visibility for QBE, and we recognise these roles require greater focus.
- **Claims Procurement:** We consider that certain claims partners may have an extended supply chain where modern slavery risks may be present. For example, due to the sourcing and manufacturing of certain raw materials required to manufacture goods and/or provide services during the claims fulfilment process. This includes agriculture, forestry and fishing, property, motor, construction, mining, quarrying, and jewellery.

As we continue to further map our supply chain landscape for modern slavery risks, our focus is primarily on our direct suppliers and extending to other types of third-party groups over time, which include third-party relationships with delegated claims authorities, intra-group parties and underwriters.

We recognise that our divisions and Group Functions have differing levels of maturity and existing capacity. Our aim is to continue to focus on our central risk functions and procurement teams globally to achieve:

- a more centralised approach to identifying modern slavery risks within our supply chains;
- a greater understanding of our supplier landscape and third-party relationships to determine where modern slavery risks can be further assessed; and
- greater reporting of modern slavery risks in a standardised and consistent manner to proactively monitor risk trends and generate actionable insights.

This process will enable greater transparency and identification of modern slavery risks within our supply chains globally, which we aim to continually improve on and address in subsequent modern slavery statements.



Impact of COVID-19

We recognise the impact of COVID-19 on the world economy and global supply chains. We also understand that the pandemic has had, and continues to have, wide-ranging impacts on people particularly the vulnerable. These impacts could include workforce reductions or changes to working conditions, and sudden changes to supply chain structures that may disproportionately affect some workers.

While we have not identified any workers within our supply chain that have been disadvantaged as a result of COVID-19, we recognise this could happen at any time as the pandemic continues to evolve. Throughout the reporting period, we continued to conduct due diligence and modern slavery risk assessments on suppliers, where reasonably possible.

Where instances of modern slavery practices are identified, we will follow the remediation process set out on [page 18](#).

QBE's response to the COVID-19 pandemic was also reported on in our latest [Sustainability Report](#). The report outlines the steps that we have undertaken to reduce the impact of COVID-19 on our employees and our business.

Actions taken to address modern slavery risks

Modern Slavery Action Plan

QBE is committed to continuous improvement and to ensuring that adequate policies, processes, systems and controls are in place to identify and mitigate modern slavery and human rights issues and risks within our business and supply chains.

During the reporting period, we continued to implement our global Modern Slavery Action Plan (Action Plan).

This year, we focused on:

- ongoing modern slavery risk assessment of our direct (tier 1) suppliers and tracking responses;
- benchmarking and uplift opportunities identified through external benchmarking exercises;
- increasing data-based evidence to inform divisional procurement activity relating to modern slavery risk;
- identification of areas for communications and training improvement; and
- enhancing modern slavery risk governance and oversight to divisional governance forums and boards.

QBE will continue to review our Action Plan to further define our control environment as our approach develops and matures over time.

ESG Risk Committee

The Environmental, Social and Governance (ESG) Risk Committee monitors the progress of our annual Action Plan and oversees its key deliverables with the aim of ensuring that objectives are carried out in a timely manner to support the Board in its approach to modern slavery risk management. The Committee is chaired by the Group Chief Risk Officer and attended by senior leaders from across the Group including Risk, Underwriting, Group Investments, Legal, Corporate Affairs & Sustainability, Compliance and Procurement.

The Committee meets at least quarterly and is provided with regular updates on our annual Action Plan.

Modern Slavery Working Group

In line with our mission to address modern slavery issues that may potentially arise in our operations and supply chain, we established a global Modern Slavery Working Group. The group comprises senior employees across the Risk, ESG Risk, Legal, Compliance, Procurement and the Corporate Affairs & Sustainability teams and aims to ensure that QBE meets its compliance obligations as well as its reporting requirements. The group meets at least monthly and provides a valuable forum for key stakeholders to share expertise, explore approaches to best practice, and improve on modern slavery controls.



Modern Slavery Risk Management - Third Parties

During the reporting period, we introduced Third-Party Risk Management Policy and Standard (TPRM) to improve and uplift our controls and capabilities to manage third party risk, with the final version approved by the Group Board in early 2022.

Modern slavery risk management is a fundamental aspect of the TPRM policy and compliments our Group Modern Slavery Risk and Compliance Standard (the Standard) requirements to include additional types of third party (such as delegated claims providers, investment fund managers and others) upon which QBE relies to deliver core services.

The TPRM Policy requires risk assessments to be undertaken on our key third parties and must incorporate modern slavery as a risk domain. The TPRM Policy also requires any subsequent modern slavery related due diligence and remediation plans to be carried out for QBE's key third-party relationships.

The enhancements to QBE's modern slavery risk management approach that the TPRM will deliver once approved, implemented and embedded, will be in the following areas:

- a greater focus on modern slavery as a key risk domain and as a mandatory assessment criterion for QBE's key strategic third parties;
- improved risk management, governance and oversight in relation to our key strategic third parties; and
- wider use of common, automated, risk assessment and due diligence processes is anticipated, which should facilitate coordinated oversight and enhance our ability to proactively monitor risk trends and generate actionable insights and reports on modern slavery risks.

The Standard sets out how to manage the risk of modern slavery through risk identification, mitigation, monitoring and reporting. The Standard applies across all subsidiaries and controlled entities of the QBE Group, and to all QBE suppliers where we have a written contract in place. The Standard received Group Board approval in 2021.

Supplier risk assessment and due diligence process

As part of our due diligence process, we assess suppliers for modern slavery risk, to determine whether the supplier is deemed low, medium or high risk. This helps us to understand and determine the modern slavery risk inherent in their business. Those higher risk suppliers are asked to complete a modern slavery risk assessment questionnaire and suppliers with inadequate controls are required to be further assessed by our Risk and Compliance teams to determine whether the supplier is acceptable and falls within our risk appetite, prior to continuing negotiation of a supplier agreement.

Contractual provisions

We use reasonable endeavours to include our anti-modern slavery provisions in all of our key supplier contracts, which are aimed at ensuring that our suppliers comply with our modern slavery principles and guidelines. Communication of our Supplier Sustainability Principles and the Group Code of Ethics and Conduct (the Code) form part of our standard onboarding process for our global suppliers, and we request our suppliers to read and acknowledge their understanding of both documents before the contract commences.

Our remediation process

Any actual or potential risk of modern slavery within our operations or supply chain can be reported either through our anonymous QBE Ethics Hotline (Hotline), or to our Risk and Compliance teams directly. Following any such report, we would take all reasonable steps to investigate matters. We would then attempt to address any modern slavery concerns with the relevant supplier and endeavour to agree a remediation action plan including the steps set out below, where appropriate.

1. Ensuring all individuals are safe

This means protecting the safety and wellbeing of anyone who has been identified as a potential victim of modern slavery and/or individuals who have raised grievances through our whistleblowing process (see Group Whistleblowing Policy on page 22) or Hotline).

2. Identify and respond

We will explore together with our suppliers all possible avenues of remedial action to immediately assist any person that may be subject to any level of harm or trauma.

3. Verification of allegation or suspicion

Where there is reasonable evidence of a real or potential modern slavery risk within our supply chain, all relevant procurement teams are required to report it to our Risk and Compliance teams for further investigation. Where this occurs within our operations, our internal teams, such as HR, will adopt our internal grievance procedure to manage a resolution.

4. Determine the type and level of response

Certain types of remedial action may vary or require tailoring to the particular situation, risk or incident. We may require that suppliers work collaboratively with internal and external stakeholders with the aim of ensuring any person at risk is safe and removed from further risk of harm.

5. Design remediation action plan

We may require our suppliers to take various remediation steps which may range from an apology through to restitution or compensation, trauma counselling, securing agreed remedial action from the relevant supplier, facilitating the right of workers to collective action, supporting affected persons to access legal remedies and/or assisting at-risk persons to secure alternative employment. This list of potential remediation actions is not exhaustive.

6. Implement and monitor the remediation action plan

All plans that are formally implemented are monitored by appropriate employees with the aim of ensuring they are completed effectively, and in a timely manner.

7. Document and close the case

Once a plan is complete, with all necessary action(s) undertaken, the issue and remediation is appropriately documented and closed in accordance with our internal Incident and Issue Management Standard.

Our internal policies and procedures

QBE has a global policy framework in place, aimed at ensuring transparency and accountability across all areas of governance. We incorporate a wide range of policies and procedures that align with our approach to modern slavery. We are fully committed to promoting and upholding human rights principles and continue to embed these principles across a wide range of policies, frameworks and processes.



Group Code of Ethics and Conduct

QBE believes everyone has the right to a fair and inclusive working environment and that everyone is responsible for fostering a working environment where all are treated with dignity, courtesy and respect, and which is free from all forms of unlawful behaviours. We believe that when we, and our suppliers, live by the Code, we will be able to demonstrate the highest standards of ethical behaviour in all of our actions and relationships which can, in turn, positively impact societies, economies and the environment.

The Code incorporates QBE's DNA - seven interwoven cultural elements that, together, describe who we are, what we stand for, and how we should operate to deliver our vision and strategic plan.

Our QBE DNA can be summarised as follows:

- **We are a team**
- **We are courageous**
- **We are inclusive**
- **We are customer-focused**
- **We are accountable**
- **We are fast paced**
- **We are technical experts**

During the reporting period, we updated our Code to respond to regulatory changes and community expectations of our business and ethical standards. The Code includes a stronger focus on human rights to promote awareness and encourage employees to report genuine concerns about any conduct they believe to be in violation of human rights.

The Code applies to all employees, directors, contractors, contingent workers, joint ventures controlled by QBE, and anyone else who represents QBE in any capacity. As the Code is critical in defining and guiding our behaviours, it is a requirement that everyone at QBE undertakes mandatory training regarding our Code each year, and always acts in a positive, respectful and professional manner.

Group Modern Slavery Risk and Compliance Standard

During the reporting period, we deployed a **Modern Slavery Risk and Compliance Standard** which sets out our commitment to identifying, assessing and addressing risks of modern slavery across all divisions. This Standard supports our overarching TPRM Policy and applies to all employees, informing our minimum expectations relating to the following processes:

- our modern slavery risk assessment process;
- our contractual arrangements with suppliers;
- reporting and remediation of modern slavery incidents;
- regular reporting to support the preparation of our annual modern slavery statement, including extensive consultation with key stakeholders across our key divisions; and
- training and education on modern slavery.

The Standard was approved by our Board in early 2021 and is sponsored by executive leaders from Risk, Legal and Compliance, and is owned by the Procurement and Compliance teams jointly.

Group Human Rights Policy

QBE's **Group Human Rights Policy** is underpinned by our status as a signatory to, or our commitment to uphold, a number of international human rights-related principles.

These include 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;
- UN Guiding Principles on Business and Human Rights;
- Ten Principles of the UN Global Compact;
- UN Environment Programme - Finance Initiative's Principles for Sustainable Insurance (PSI) and the UN PRI;
- Women's Empowerment Principles; and
- UN's 2030 Agenda for Sustainable Development and the 17 SDGs.

While respecting these international human rights principles, we also aim to comply with local law and regulation at all times in the jurisdictions in which we operate. QBE is subject to various laws implemented to address human rights, including those related to modern slavery.

Our policy provides an overview of the principles QBE adopts in relation to managing human rights, the requirements to integrate human rights considerations into all our business operations and the roles and responsibilities of our different business units. The policy enables issues relating to human rights violations to be identified, managed, resolved and reported. It applies to our role and activities as an employer, insurer, investor and business partner and in our interactions with customers and communities.

Group Whistleblowing Policy

QBE aims to maintain the highest of ethical standards, including that our employees are respectful, professional and considerate, and act with honesty and integrity, at all times.

Our **Group Whistleblowing Policy** outlines QBE's minimum standards in encouraging and supporting employees (including contractors, directors and authorised representatives of QBE-controlled entities), in reporting misconduct and other illegal or inappropriate behaviours, including matters relating to our supply chain, or any human rights-related issues or concerns. The policy reflects:

- our commitment to high standards of openness, honesty and accountability;
- the seriousness with which QBE treats, manages and responds to reported matters;
- our commitment to ensuring appropriate confidentiality; and
- our commitment to ensuring people do not suffer any detrimental treatment as a result of reporting their concerns.

All QBE employees who hold concerns, based on a reasonable belief, about any conduct or activities relating to modern slavery can report those concerns through several channels, including to their manager or a senior manager, or to the HR, Risk, Legal, Financial Crime Management or Compliance teams. QBE also provides an independent **Hotline**, established through an external provider, to enable employees to raise serious or sensitive concerns confidentially or anonymously (subject to local laws). The Hotline has multilingual capabilities and can be accessed via web or by phone.

We are committed to ensuring that all employees feel safe and supported to raise concerns. Employees raising concerns will be protected in accordance with our policy from any detrimental acts or omissions, including victimisation and retribution.

Supplier Sustainability Principles

QBE is committed to conducting business in a responsible and sustainable manner. We understand that our purchasing decisions not only affect our performance, reputation and risk profile, but also affect the economy, environment and communities in which we operate, including impacting people.

Our Supplier Sustainability Principles (the Principles) are designed to set minimum expectations in the areas of;

- compliance
- diversity and inclusion
- sanctions
- workplace health and safety
- bribery and corruption
- environmental management
- privacy
- supplier diversity
- human rights
- community
- workplace practices
- whistleblowing.

The Principles form part of our Global Services Agreement template. Our request for tender proposal documents, used for our most strategic arrangements, require a supplier to accept and confirm their ability to comply with the Principles.

We believe that all workers in our supply chain deserve to be treated with dignity, respect, and in a manner which complies with ethical workplace practices. We acknowledge that some workers in our supply chain may be vulnerable due to factors including their age, gender, race, religion, marital status, sexual orientation, disability, immigration status, or any other status protected by law. As such, we believe that by setting clear expectations, all suppliers to QBE understand the importance of ensuring such workers are aware of their rights.

Training and awareness

Each year, we aim to deliver training to employees identified as having direct responsibility or contact with our supply chains in order to build on the capability of our employees through these training sessions. These training sessions are designed to help our employees develop their knowledge of modern slavery, including how to identify modern slavery risk within our operations and supply chains.

As we progress to uplift our framework across our operations, we plan to roll out awareness training sessions for a greater number of employees across our organisation to seek to ensure that modern slavery risk becomes a core focus. Our aim is that our employees understand the risks of modern slavery, which can occur in, and infiltrate, any area of our operations and supply chain.

Further, we continue to collaborate with external stakeholder groups and bodies to address the risks of modern slavery including active membership of the UN Global Compact Network (UNGC) and Australian business led network of the UNGC, the Global Compact Network Australia (GCNA). We actively participating in industry-led initiatives such as the GCNA-led Modern Slavery Community of Practice, which aims to support companies to improve knowledge and actions in assessing and addressing modern slavery risk as well as sharing knowledge to cultivate best practice. We believe that building strong relationships with the broader industry is integral to creating and empowering real change.



Sustainable Insurance

As a proud signatory to the PSI, we take an active approach to risk management. We continually work to integrate sustainability and current and emerging ESG risks, such as modern slavery risk, and opportunities in our decision-making processes. Our Group Underwriting Standards continue to support our commitment to 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;
- a commitment to developing products and services that reduce risk, positively impact ESG issues, and encourage better risk management; and
- working with customers and business partners to raise awareness of ESG issues, manage risk and develop solutions.

Throughout the reporting period, QBE underwriting teams developed due diligence and risk management processes to integrate considerations of our **Environmental and Social Risk Framework**. The framework outlines the minimum criteria to which we are committed to adhering in our investment and underwriting business regarding human rights and the environment. The framework came into effect on 1 January 2022.

Responsible Investment

QBE is a proud signatory to the UN PRI. We have a dedicated Impact and Responsible Investments team and believe that factoring ESG considerations into investment decision making will improve long-term, risk-adjusted financial returns and better align to stakeholder and community expectations. As a responsible global investor, we recognise that our decisions have an impact on the economy, environment and society at large - including on people and communities. We invest with more than 14 external fund managers, incorporating ESG considerations as part of our external fund manager selection, appointment, and monitoring process.

We continue to strengthen our external fund manager reviews, and an annual ESG review applies for all existing managers. As part of this, we have included due diligence questions on human rights and modern slavery that are designed to help us better understand what mechanisms our external fund managers have in place to identify modern slavery risks, including whether direct awareness training and incident management takes place.

During the reporting period, we developed a scoring methodology based on best practice industry frameworks that is used to assess ESG risk in our external fund managers. Each response received produces an overall indicator score that complements our qualitative insights with a quantitative assessment of how our external fund managers are implementing responsible investment practices and approaching topics such as human rights and modern slavery. The outcome of each assessment enables us to further understand the ESG journey of our external fund managers and their approach to ESG governance, particularly within the areas of workplace health and safety (infrastructure assets), climate risk, Task Force on Climate-related Financial Disclosures, human rights, modern slavery and gender diversity and inclusion, as well as progress against the UN SDGs.



Collaborating with stakeholders

We acknowledge the importance of working alongside other industry leaders and bodies to share information, and learn best practice, in order to tackle new and emerging modern slavery issues collectively, for a greater impact.

As part of our focus on stakeholder engagement, we are members of the UN GCNA and its Modern Slavery Community of Practice, which explores challenges and best practices, as well as providing an interactive platform for companies working to comply with modern slavery laws. This working group also provides us with a platform to collaborate with stakeholders on modern slavery issues and assists us to develop solutions to address local and global challenges relevant to our industry.

Throughout the reporting period, we participated in a variety of forums and discussions on modern slavery, taking our learnings in-house and translating these to enhance and develop our processes. Most notably, we engaged in open dialogue with reputable research institutes to understand where we can review and improve our modern slavery processes in line with industry best practice.

Assessing the effectiveness of the actions undertaken during the reporting period

We continue to assess the effectiveness of our actions by conducting regular progress checks against our Action Plan, which outlines QBE's key initiatives to maintain a robust modern slavery risk management framework.

In addition to these progress checks, we have assessed the effectiveness of our actions against the following activities:

Governance

In line with its charter, the Group Board is responsible for overseeing QBE's social, ethical and environmental responsibilities across the business. The Board is supported by the Board Risk & Capital Committee, comprised of independent directors, which oversees and guides QBE's sustainability approach, initiatives and reporting. This includes oversight of human rights and modern slavery risks.

Benchmarking and feedback through industry peers and bodies

We believe that external benchmarking helps us to continue developing our roadmap to enhance modern slavery risk management. This year, we engaged with a reputable research institution and a leading industry council to carry out a benchmarking exercise which ranked the modern slavery statements of the top, largest listed companies on the ASX. This benchmarking assessment included QBE, and assisted our understanding of how we can further improve on our existing modern slavery processes and knowledge base.

Law enforcement

We acknowledge the key role that the Australian Border Force (ABF) and United Kingdom Home Office each play in combatting modern slavery, particularly through their administrative and regulatory controls to maintain oversight of modern slavery statements. During the reporting period, we utilised feedback received from the ABF on our previous modern slavery statement to address the areas that were identified as requiring greater focus.

Risk management review

Each year, we aim to undertake cyclical reviews of internal policies and standards that make up our risk and compliance framework. Both internal and external policies are reviewed on a regular basis with the aim of ensuring that we remain up to date within all areas of risk management, including the management of modern slavery risk.

Training

We monitor the effectiveness of training by tracking staff completion rates through our internal systems with the aim of ensuring that employees who are involved in our supplier management processes understand modern slavery and how to identify risk indicators.

Reporting concerns

Each year, we aim to understand the types of concerns that have been raised through our Hotline. To date, no reports of modern slavery, or indicators of actual or potential modern slavery, have been reported through this mechanism.

Over subsequent reporting periods, we will continue to develop key performance indicators to measure the effectiveness of our actions, in line with our continuous improvement approach.

Process of consultation with other controlled entities

This statement has been prepared by the QBE Group parent entity, QBE Insurance Group Limited (ASX: QBE), and its controlled entities comprising its Australia Pacific, North America and International divisions. The statement is submitted on behalf of QBE and each of these reporting entities in respect of the financial year ending 31 December 2021.

The process of consultation involved direct engagement by QBE with each QBE division, and extensive stakeholder engagement with our key teams that sit within our Group and divisional functions who are responsible for delivering and leading our modern slavery objectives for our operations and supply chains. These teams include our Legal, Risk, ESG Risk, Corporate Affairs & Sustainability, Compliance, and Procurement teams.

All teams are led by the Group Executive Committee, and have contributed to the ongoing development and implementation of our strategy relating to modern slavery risks.

Prior to this statement being approved by the Board, the statement was also reviewed and approved by all Group Executive Committee members including QBE's Group General Counsel and Company Secretary, Group Executive Corporate Affairs & Sustainability, Group Chief Risk Officer and Group Chief Executive who are collectively responsible for the day-to-day management of the Group and leading the delivery of our strategic objectives.

Next Steps

We are committed to improving our efforts to identify and prevent modern slavery risks and we recognise that this requires an ongoing year-on-year commitment with a multifaceted program of work, as well as the continued development of a mature and sophisticated framework to enhance our risk reporting capabilities. Moving forward into 2022, we will continue to focus on, and progress, three key streams of activity contained within our ongoing Action Plan, namely:

Uplifting our modern slavery risk management program

We intend to:

- review the effectiveness of our modern slavery risk management processes and identify areas of control improvement;
- implement closer collaboration between our ESG Risk, Corporate Affairs & Sustainability, Compliance, Legal and Procurement teams to drive greater efficiencies and impact;
- extend modern slavery risk assessments to other key third parties;
- continue to target direct suppliers for risk assessment and due diligence;
- develop a process to assess the effectiveness of our actions through key risk indicators;
- perform desk top audits with the aim of ensuring that established procedures are being followed;
- undertake an annual review of our Group Modern Slavery Risk and Compliance Standard to include regular reporting of modern slavery risks to all relevant risk and compliance committees; and
- undertake a cyclical review of internal policies to align to third-party risk management best practice.

Improve visibility of modern slavery risks

We intend to:

- leverage available tools to drive consistency in our due diligence processes and generate actionable insights;
- continue to build meaningful relationships with suppliers to improve their responses to modern slavery risk; and
- regularly communicate our standards and expectations of ethical workplace practices through the Principles and the Code.

Building capacity and raising awareness

We intend to:

- continue to raise awareness and deliver modern slavery training across the business, including targeted learning for employees that have direct responsibility and contact with our supply chain;
- improve internal readiness for responding to potential modern slavery incidents;
- continue to drive enhancement of compliance and improve monitoring through top-down governance; and
- continue working closely with external stakeholders and industry forums to support modern slavery risk management initiatives.

This statement was approved by the Board of QBE Insurance Group Limited ABN 28008485014 on 15 February 2022 and has been prepared on behalf of QBE Insurance Group Limited and its subsidiaries and controlled entities.

A handwritten signature in black ink, appearing to read 'A Horton', is positioned above the printed name and title.

Andrew Horton
Group Chief Executive Officer

18 February 2022

