

Materiality

In late 2017, we began updating our materiality assessment to identify the issues, risks and opportunities that are most significant for QBE and our stakeholders. The results of our materiality assessment inform our sustainability approach, strategic priorities and reporting.

Identification

Sustainability topics were identified using guidance developed by AccountAbility's AA1000 AccountAbility Principles (AA1000AP) 2018, including their five-part materiality test. This included a review of:

- media and global peer activities;
- a range of sustainability indices such as the Dow Jones Sustainability Index and MSCI ESG-indexes;
- industry standards and benchmarks such as the Global Reporting Initiative Standards;
- the United Nations Sustainable Development Goals;
- emerging risks and opportunities for the insurance industry including those outlined in the World Economic Forum Global Risks Report;
- employee surveys such as QBE Voice;
- stakeholder expectations including feedback from investors and customers; and
- targeted stakeholder interviews with representatives from across the business.

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 company.

Prioritisation

The risks and opportunities associated with each sustainability topic were reviewed based on their importance to our business and to our stakeholders. In addition to the sources reviewed above, a survey of Sustainability Committee members and other senior leaders provided input into the analysis of the relative importance of sustainability topics to QBE.

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

- **Prioritise** – Topics with high importance to both our stakeholders and our business. These topics require continuous review and focus.
- **Maintain** – Relevant topics for the business for which we have well-established management processes. Stakeholder interest in these topics may vary.

- **Explore** – Topics with increasing relevance from an internal perspective and an expected increase in stakeholder interest. These topics warrant further analysis.

Validation

Following the development of the materiality matrix by an independent third party, an internal validation workshop was held with the Sustainability Committee to test and validate the assumptions used and the outcomes. This validation took into account the short, medium and long-term potential impacts of each topic. The final outcomes were then shared with the GEC and the Group BRCC.

Material topics for 2018

Our prioritised material topics for 2018 included:



Climate change management

As an international insurance company, we have a significant role to play in understanding and managing the potential exposures to climate-related risks and opportunities across our entire value chain. This includes transparent disclosure of climate-related financial impacts in line with regulatory expectations and the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures. As well as the physical impacts of climate change, we are also aware of the potential transition risks (e.g. policy, technology, market) due to the global shift towards a lower-carbon economy. Refer to the [Spotlight: climate change](#) for more information on how we are addressing this topic.



Ethics and 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. Our Group Code of Ethics and Conduct helps guide our employees to act with honesty and integrity, promoting QBE’s reputation and supporting a positive compliance culture. The increased focus on trust in the financial services sector, with greater regulatory attention, has led to the need for enhanced transparency and disclosure around key customer issues. Refer to [Governance](#) section.



Culture

Building a culture that supports and enables us to achieve our purpose, vision and strategy in an ethical and responsible manner is a strategic priority for our business. Culture is key to ensuring that how people go about their work is seen as just as important as what gets achieved. Our newly defined cultural attributes – being fast paced, accountable, technical experts, courageous, diverse, customer-centred and team-oriented – help us to deliver on our strategic plan. Our behaviours and Group Code of Ethics and Conduct also underpin our culture. Refer to [People and culture](#) section.



Leadership and talent

Developing and empowering our people to be effective leaders and change agents and building a diverse talent pipeline are core to developing an effective organisational culture. This includes developing the appropriate skills to deliver our strategic priorities. Refer to [People and culture](#) section.



ESG risk management

As an insurance company, our financial strength and long-term sustainability rely on effective risk management, including the consideration of economic, political and regulatory risks, as well as ESG risks. We understand the importance of having a robust ESG risk management framework in place that identifies, assesses and manages current and emerging risks that are likely to impact us and our shareholders, customers, partners and communities. Refer to [Sustainable insurance](#) and [Responsible investments](#) sections.



Customer service and satisfaction

As a customer-centred business, we engage with our customers to understand their current and emerging needs and to deliver the right products and services. We are focused on continuous improvement in customer service, providing appropriate and

affordable services, efficient and effective resolution of customer complaints and customer education. Refer to [Customer and community](#) section.



Quality and transparency of products and services

We are committed to providing high quality products and services that account for the risks being mitigated. Designing products that meet customers’ needs, provide value, and are responsible and reliable is fundamental. This includes providing transparent, simple and accurate product and service information including information related to pricing, fees and charges. Refer to [Customer and community](#), [Sustainable insurance](#), and [Responsible investments](#) sections.



Claims management

As part of our focus on Brilliant Basics (see our [Group CEO’s message](#) in this Report), we are focused on redesigning our core claims processes to improve customer experience and reduce costs. We are committed to responding to clients quickly and ethically in line with our Group Code of Ethics and Conduct, and making sure that claims processes are clearly understood. Refer to [Operational excellence](#) section.



Privacy and security

We believe that the security of data and information, including cyber security, is integral to building partnerships with our customers in an increasingly digital economy and workplace. We have a responsibility to protect customer privacy through the ethical use and control of customer data. 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. Refer to [Operational excellence](#) section.



Appropriate pricing

We have a strong focus on pricing across our business, with detailed assessment of existing pricing models implemented as part of our renewed focus on Brilliant Basics. Enabling the balance between risk and reward so that underwriting models appropriately reflect current and emerging risks is important to the continued adequacy and appropriateness of our pricing models. Refer to [Customer and community](#) and [Sustainable insurance](#) sections.