

# QBE INSURANCE YEAR 1 REPORT FINANCIAL SERVICES HUMAN RIGHTS BENCHMARK

Company Name	QBE INSURANCE GROUP LIMITED
Industry	insurance
FY end	31 December 2019
Revenue FY19	\$19.075 bn (gross earned premium revenue) – converted to AUD
Employees	11,704
Retail divisions	retail customer purchasing insurance products
CLIS divisions	insurance products for business; investment activities
Law reform contributions	None in our sample
Overall level of disclosure	Extensive disclosure

Our overall rating of QBE Insurance Group’s human rights performance for each domain is set out below

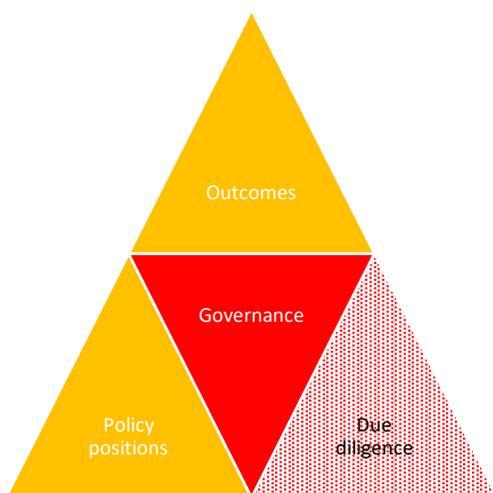
## RETAIL: AMBER

QBE Insurance does have some elements of an appropriate governance process of human rights risk arising from its services to retail customers. There is a clear statement of recognition of human rights and commitment to eliminate breaches. There is less clear evidence of the extent of that recognition as it relates to our six human rights categories.

We found some good policy statements to address aspects of human rights risks for customers, including those for Family and Domestic Violence (economic security, health and safety), but less clear disclosure on some other obvious policies such as its internal complaints handling processes. We note its Financial Inclusion Action Plan (FIAP) and its ambitions in terms of products and services for parts of its retail customer base.

We found little evidence to suggest a feasible human rights due diligence process.

In terms of outcomes, we found some positive outcomes for retail customers, but also a lack of disclosure by QBE Insurance on its own internal complaints handling process, how it responded to identified human rights risks by adjusting its products and services. Again we note the aspirational statements in the FIAP: we expect fuller disclosure of new services and products to emerge.



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## COMMERCIAL LENDING INVESTMENT AND SERVICES: AMBER

There are two aspects to this area of QBE Insurance’s operations: its services to its business insurance customers, and its investment activities with respect to policyholder funds and to shareholders’ funds. In our assessment of QBE Insurance’s performance we considered each of these separately before arriving at our colour coding for this area as a whole.

We note QBE Insurance’s Board has oversight of ‘sustainability’, although most of QBE Insurance’s disclosures and commentary are devoted to climate change and environmental matters. We note some aspirational statements around offering products to respond to these risks, but found little concrete evidence to allow us to evaluate QBE Insurance’s performance across our four factors as they relate to human rights.

There was more extensive disclosure on its investment activities. However we did not find sufficient evidence to allow us to conclude that QBE Insurance’s governance of its human rights risk satisfied our performance indicators. We note, in particular, some vagueness around the extent to which the Board would be actively engaging in discussions around investments, especially in light of disclosures (such as its UN PRI Transparency Report for 2020) which indicated much of the investment activity was outsourced to external managers.

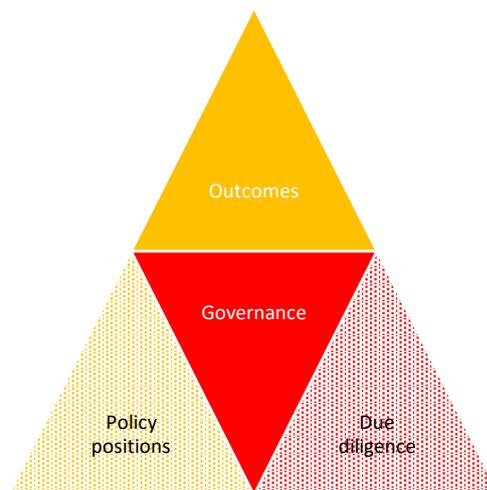
There was an extensive list of relevant policies, but only some of these were publicly available, either by way of summary or as a full policy. We found evidence of a due diligence process in the selection of external managers and in monitoring their performance on ESG, but not enough to support a view that there was a feasible human rights due diligence process.

There was mixed evidence in terms of outcomes. We note the Premiums4Good initiative and the disclosures of the investments made under that program, which provided good evidence of a commitment to having a positive human rights impact. However that program is only a fraction of the total investments made by QBE Insurance. Other than a breakdown by asset classes across the two funds, we had little other information to assess the human rights outcomes from the bulk of QBE Insurance’s investments.

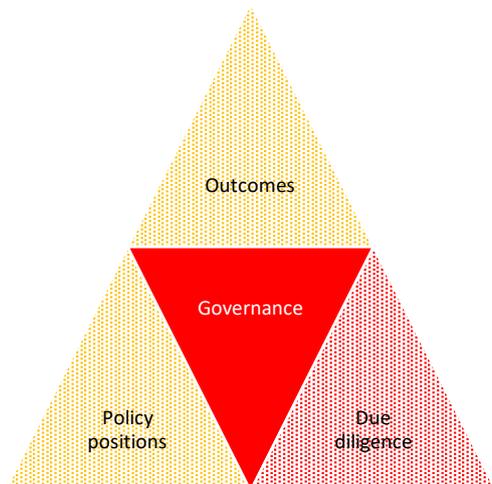
This report is presented for the purpose of disseminating information and research findings for the benefit of the public. It has been prepared on the basis of evaluation of human rights performance based on publicly available material for the 22 ASX listed entities included in the sample.

The University of Sydney (“University”) makes no representations or warranties as to the accuracy, completeness, or reliability of the information contained in the report, and accepts no legal liability whatsoever arising from, or connected to, the material contained in this report.

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**EMPLOYEES: AMBER**



As one of the larger employers in our FSE sample, with employees located in several countries around the world, QBE Insurance has a strong position on respect and commitment in respect of ‘human rights’ of its employees. We found evidence of that commitment to some of our human rights categories, notably privacy (but not clear on information), anti-discrimination and health and safety.

Our coding for governance reflects an absence of holistic governance of this area. Given the extensive disclosures made by QBE Insurance on some areas of its employment practices (such as diversity), we noted in particular its silence on other issues, not only in terms of its governance of that source of human rights risk, but also its policies and human rights due diligence. The Code of Ethics and Conduct places expectations and obligations on employees but is less clear on what employees can reasonably expect from their employer.

We found some good outcomes evidence in respect of employee diversity, broadly defined. Our coding for this factor indicates there is a lack of disclosure around some other employee information. For example, we note disclosure of a gender pay gap, but no real commentary to confirm it is being adequately (and quickly) addressed. We found no evidence of how employee grievances were managed and data to indicate the extent of these. We found no disclosure of the nature and extent of any disciplinary actions taken to respond to breaches of the Code of Ethics and Conduct.

**SUPPLY: AMBER**

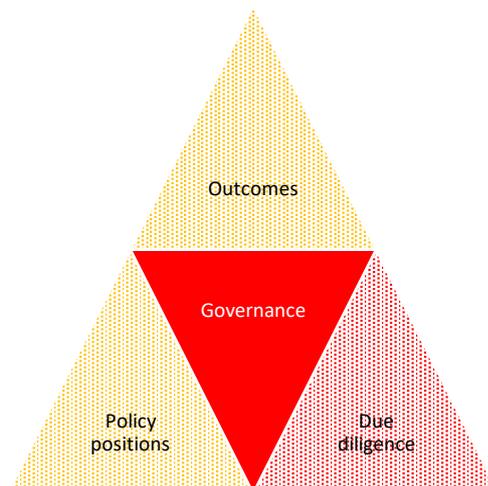
QBE Insurance has not yet released its FY20 Modern Slavery Act statement under the Australian requirements. We relied upon its FY19 statement under the UK requirements particular in relation to its human rights due diligence of its suppliers.

QBE Insurance recognises the potential for modern slavery risk within its operations and its supply chain. However that strong commitment and evidence of policy positions covering a range of these risks is not supported by an overarching governance framework that considers all six of our human rights categories.

Our coding for policy positions indicates the lack of public availability of some key policies identified by QBE Insurance as relevant to management of risk in this area. The Supplier Sustainability Principles place expectations on QBE Insurance’s suppliers, but we are also interested in what suppliers can expect from QBE Insurance.

Our coding for due diligence indicates a lack of clarity around the human rights due diligence process. The FY19 MSA (UK) statement indicates that work is ongoing in this area.

Our coding for outcomes is common across our year 1 FSE sample.



**SOCIETY: RED**

There is no recognition at Board level of public policy advocacy as a source of human rights risk. While several policies exist to deal with communications with shareholders, the market, and regulators, we did not find any policy positions to understand how the human rights risk was managed in this area.

We were also unable to uncover any evidence of a feasible human rights due diligence process.

QBE Insurance did not make any submissions directly to the law reform inquiries we identified in this year’s study. We consider this presents several missed opportunities to fulfil its statement in the Code of Ethics and Conduct that ‘[w]e will engage with governments on public policy and legislative issues that affect our business. We will contribute useful information and share our experiences to contribute to the development of policy and legislation where relevant to our business.’

