QBE

QBE EUROPEAN OPERATIONS

Tax Strategy Document

2023

Contents

About QBE European Operations 2
About this statement 2
Compliance with tax legislation and regulations 3
Governance 3
Tax risk management 4
Relationship with HMRC 4
Attitude to tax planning 4
QBE attitude to risk 5
Internal tax resourcing 5

About QBE European Operations

QBE European Operations is a division of QBE Insurance Group Ltd ("QBE" or "Group"), one of the world's largest global insurance and reinsurance companies.

QBE is headquartered in Sydney, Australia, and is regulated by the Australian Prudential Regulation Authority ('APRA'). QBE is listed on the Australian Securities Exchange and is a for-profit entity.

QBE employs over 14,000 people in 27 countries, with significant operations in Australia, Europe, North America and across the emerging markets of Asia Pacific.

QBE European Operations plc, is a company incorporated in the UK. QBE European Operations is regulated as a Solvency II group by the Prudential Regulatory Authority.

The QBE European Operations division employs more than 2,000 people across the UK and Europe. It writes approximately £6bn of gross written premium annually, using its network of offices across Europe servicing its (re)insurance companies and its Lloyd's of London platforms.

About this statement

This statement is prepared in accordance with rules and guidelines initiated by the UK government and HM Revenue & Customs ("HMRC") in Schedule 19, Finance Act 2016.

QBE European Operations strives to be a responsible corporate citizen and to make a positive contribution to the communities in which it operates. The taxes we pay and collect form a significant part of our economic contribution to the countries in which we operate. Our business activities generate a substantial amount and variety of taxes, including corporate income taxes, state income taxes, premium taxes, stamp duties and other taxes. In addition we collect and pay employment taxes as well as indirect taxes such as VAT.

QBE supports the principles behind multilateral moves towards greater transparency on tax. QBE Group published a 2021 Group tax transparency report in line with the Australian voluntary tax transparency code and intends to do so again in 2022.

This UK tax strategy statement is wholly aligned with the principles outlined in the QBE Group tax transparency report.

QBE tax strategy
and governance

Compliance with tax legislation & regulations

QBE European Operations seeks to comply with all applicable tax laws, regulations and disclosure requirements and to pay within the timeframes set by legislation the amount of tax that is legally required to be paid in all of the jurisdictions in which we operate. Where compliance processes have been outsourced, we ensure through contractual arrangements that this principle is adhered to by our service providers.

All material positions taken in the tax compliance process must be supportable in terms of documentation and legal interpretation. Where a tax law or its interpretation is unclear, external advice may be sought in order to determine the appropriate tax treatment and, where practical, QBE European Operations engages with tax authorities pro-actively to seek clarification.

Governance

The Board of QBE has oversight of global tax governance through the Group's tax risk framework, with local Boards heading each QBE Division having oversight of Divisional tax governance. Operationally, the QBE Group CFO has ultimate responsibility for global tax risk management and for ensuring implementation of the Group's tax risk framework with assistance from the Group Head of Tax and Divisional CFOs. This ensures that policies and procedures that support the framework are in place, are maintained and applied consistently by QBE around the world, and that the global tax teams have the skills and experience to implement the approach appropriately.

The QBE global and divisional tax risk frameworks set out how QBE European Operations identifies tax risk, how we seek to mitigate tax risk and the manner in which tax risk is escalated to the QBE European Operations CFO, Board, and/or to the Group CFO. Tax provisioning, including material positions taken, are subject to external review and/or audit on a bi-annual basis. In order to prevent potential conflicts of interest QBE European Operations does not use its external auditor for tax advice.

QBE tax strategy
and governance

Tax risk management

We maintain a robust tax risk management framework as part of our internal control processes. The framework facilitates the identification and assessment of tax risks that management then mitigates and/or accounts for appropriately.

The key operational principles covering these risks are: regular review of risk appetite; risk analysis; confirmation that tax risk data is fit for purpose; and appropriate controls. These are regularly reviewed and updated. In addition to this, the QBE Group Internal Audit function provides independent assurance to the relevant Boards that the design and operation of the tax risk controls across QBE European Operations are effective.

We follow QBE's risk management framework as part of our internal control processes. We identify, assess and manage tax risks and account for them appropriately. We implement risk management measures including controls over compliance processes and monitor their effectiveness. We report on a periodic basis to the QBE European Operations Audit Committee on how tax risks are managed, and monitored. In this way the Audit Committee provides governance and oversight over tax risks.

Relationship with HMRC

We seek to have an open, honest and transparent relationship with HMRC.

We strive to build and sustain respectful and constructive relationships with all the relevant HMRC specialists with whom we engage.

We work collaboratively wherever possible with HMRC to achieve early agreement and certainty and to resolve any disputes which may arise.

We engage appropriately on the development of tax laws either directly or through trade associations and other similar bodies.

Attitude to tax planning

We engage in efficient tax planning that is in line with the QBE group risk appetite and which supports our business and reflects commercial and economic activity. No transaction is entered into where obtaining a tax benefit is the primary purpose. We do not engage in artificial tax arrangements and we conduct transactions between other QBE companies on an arm's length basis in accordance with current OECD principles.

Tax incentives and exemptions are sometimes implemented by governments and fiscal authorities in order to support investment, employment and economic development. Where they may apply to us, we will seek to apply them in the manner intended.

QBE tax strategy
and governance

QBE attitude to risk

QBE European Operations has a low appetite to tax risk and applies a disciplined approach to risk management and our tax risk management practices and systems are robust and aligned with global best practice. QBE's Enterprise Risk Management (ERM) framework is supported by frameworks for each risk class, including strategic risk, with tax risk being a subset of this risk class.

QBE's risk appetite forms the basis of the ERM framework and represents the level of risk that the principal QBE European Operations Boards and management are prepared to accept in pursuit of our objectives. QBE European Operations tax risk appetite is included in the QBE Group risk appetite. It cascades directly to QBE European Operations and is aligned to all strategic and material business planning decisions made by QBE European Operations. Our appetite for tax risk is not influenced by external stakeholders.

Internal tax resourcing

The QBE European Operations tax team is small and predominantly UK-based. The team's role is to manage the tax affairs and tax risks relating to QBE European Operations. The team members' roles and responsibilities are aligned with the taxes for which QBE European Operations is liable, and we recruit at the level of skill and experience appropriate to the management of our tax affairs and tax risks.

The QBE Group Code of Business Ethics and Conduct applies to all employees. It outlines a range of business ethics and standards of conduct and requires QBE employees to be respectful, professional, considerate, to maintain high ethical standards, uphold QBE's reputation and to report unethical or illegal behaviour. The code covers matters such as a commitment to compliance with applicable laws and regulations and the giving and receiving of gifts, conflict of interests, use of company resources and external activities.

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