



2018

**GENDER EQUALITY BOND
PROGRESS REPORT**

YEAR ENDED 31 DECEMBER 2018

QBE INSURANCE GROUP LIMITED

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A man and a woman in business attire are shown from the chest up, looking down at their smartphones. The man is on the left, wearing a light blue shirt and a dark jacket. The woman is on the right, wearing a dark blue blazer over a patterned top. They are standing in what appears to be a modern office or public space with a wooden wall and a metal railing visible in the background.

Introduction

QBE Insurance Group Limited (QBE) recognises that we have responsibilities not only towards our customers, employees and shareholders, but also the countries and communities in which we operate. This means understanding and managing the impact we have on society and the environment, and investing in the future of our employees and the communities we serve.

In November 2017, QBE issued its inaugural Gender Equality Bond (Gender Bond) raising US\$400 million in Additional Tier 1 capital (AT1). It was the first Gender Bond issued by an insurance company and only the second ever issued globally. QBE is proud to be part of this innovative and evolving market.

Since the first report, QBE has continued to support its commitment to backing responsible and impact investments.

Compliance statement

As at December 31, 2018, QBE confirms that the Use of Proceeds of the Gender Bond aligns with the criteria set out in the QBE Gender Bond Framework. Sustainalytics has conducted an external review of the Gender Equality Bond Portfolio and confirms “nothing has come to Sustainalytics’ attention that causes us to believe, that in all material respects, the reviewed companies, funded through proceeds of the QBE Gender Equality Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Gender Equality Bond Framework”.

UN Women's Empowerment Principles¹

The United Nations Women's Empowerment Principles (UN WEPs) are a set of seven principles that offer guidance for business based on best practices from around the world. The UN WEPs were developed as a joint initiative between UN Women and the UN Global Compact.

 1. Leadership promotes gender equality	 2. Treat all women and men fairly at work - respect and support human rights and non-discrimination	 4. Promote education, training and professional development for women	 6. Promote equality through community initiatives and advocacy
	 3. Ensure the health, safety and well-being of all women and men workers	 5. Implement enterprise development, supply chain and marketing practices that empower women	 7. Measure and publicly report on progress to achieve gender equality

QBE has invested in a range of companies that are a signatory to the United Nations Women's Empowerment Principles and are strongly committed to Gender Equality in their workforce and in the wider community.

¹ <https://www.unglobalcompact.org/take-action/action/womens-principles>

Framework summary

QBE's Gender Bond Framework aligns to the four core components of the International Capital Markets Association (ICMA) Social Bond Principles 2018.

Use of proceeds

The proceeds of the QBE Gender Bond will be used towards the financing/refinancing of the Gender Bond investment portfolio, meeting our specific criteria under the QBE Gender Bond Framework, as detailed below.

The bond must:

- have been issued by a company that is a signatory to the United Nations Women's Empowerment Principles (UN WEPs), a joint initiative of the UN Global Compact and UN Women; and
- have been issued by a company recognised in the Equileap 2018 Gender Equality Global Report and Ranking.¹

Process for investment evaluation and selection

QBE identifies eligible bonds for inclusion in the portfolio that align with our specific criteria under the QBE Gender Bond Framework.

QBE has also developed a list of exclusionary criteria to ensure that it will not knowingly finance a cause that is not aligned to the ICMA Social Bond Principles.

Management of proceeds

QBE tracks the Use of Proceeds of the Gender Bond via internal information systems, with periodic adjustments to match allocations to eligible Gender investments made during that period.

Reporting

QBE will provide annual allocation and impact reporting to investors via the Gender Bond Progress Report and will engage an appropriate external second party assurance provider to independently assure and verify the bond complies with the Gender Bond Framework and UN WEP.

¹ <https://equileap.org/wp-content/uploads/2018/10/Equileap-Gender-Equality-Global-Report-and-Ranking-2018.pdf>

And this is us...

QBE

QBE is committed to gender equality both in terms of people and in the practice of its insurance business.

As a signatory to the UN WEPs and with the Group CEO as a Male Champion of Change¹, there is a greater strategic focus on diversity and inclusion across QBE's business.

¹ <https://malechampionsofchange.com/>

Standout initiatives

Focusing on fair remuneration and women in senior management

QBE is committed to rewarding employees fairly, and drives gender pay equity through regular analysis, monitoring and transparent communication.

QBE has a goal of achieving 35% of senior management roles being filled by women by 2020. In 2018, we achieved a 2% increase to 32%. This has been achieved through an ongoing focus on recruiting, selecting, promoting and developing our people, including our women.

UN Women's Empowerment Principles:



Flexible working at QBE

QBE creates and maintains a diverse workforce by recognizing and responding to people's needs at different stages of their lives. QBE also supports flexible working to help employees balance personal obligations with their careers.

In 2018, QBE developed a new set of Flex@QBE Principles that outline the standards and values that guide both employees and people leaders as they carry out their respective roles and responsibilities.

UN Women's Empowerment Principles:



Supporting the health, safety and wellbeing of employees

To help employees and their families live healthy, well-balanced lives, QBE provides a range of wellbeing support services including stress management information and training, various lifestyle benefits, health and nutrition programs, and flexible working benefits. QBE's wellbeing initiatives include offering employees access to confidential Employee Assistance Programs (EAPs) for counselling to support mental health.

UN Women's Empowerment Principles:



Standout achievements

Bringing your 'whole self' to work

The QBE Pride employee group, established in QBE's Australian & New Zealand Operations, was recognised as a joint winner of the Australian Human Resource Institute's Michel Kirby LGBTIQ Aware for its work on the initiative "Bringing your 'whole self' to work".

Top 200 company by Equileap

QBE was recognised as a top 200 company by Equileap in the 2018 Gender Equality Global Report & Ranking.

2019 Bloomberg Gender Equality Index

QBE was included in the 2019 Bloomberg Gender Equality Index for a second year.

ANZ is committed to gender balance and diversity across its organisation. It maintains a focus on creating an inclusive workforce in which the background, perspectives and life experiences of its employees assist in forming stronger connections, insightful innovation and better decisions for the business.

As part of this commitment, ANZ has set the following targets for diversity and inclusion into 2019:

- Increase women in leadership by 1.1% to 33.1% in FY19 (34.1% by end FY20).
- Recruit greater than 1,000 people from under-represented groups, including indigenous Australians, people with a disability and refugees by 2020.

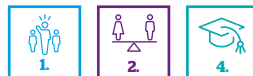
¹ <http://www.anz.com/resources/d/b/db2f3c3a-bffb-46b3-980c-732eec1057c8/2018-sustainability-review.pdf?MOD=AJPERES>

Standout initiatives

Gender pay reporting

ANZ Human Resources Committee conducts an annual performance and remuneration review with a focus on gender pay reporting, with all outcomes reviewed by the CEO.

UN Women's Empowerment Principles:



Women's learning programs

ANZ has established learning programs for women through the Notable Women (program based on enhancing capability of senior female leaders) and Accelerating Banking (rotational program for female managers to broaden skills).

UN Women's Empowerment Principles:



Standout achievements

Women in leadership roles

Since September 2017, ANZ has increased Group-wide representation of women in leadership from 31.1% to 32%.

Recruitment

Since 2016, ANZ has recruited 510 people from under-represented groups.

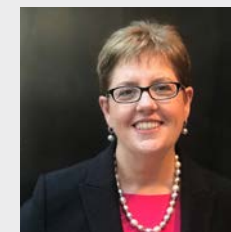
Inclusiveness

ANZ has maintained an organisation inclusiveness score of 93% in 2018.

Spotlight:

Alexis George

Deputy Chief Executive Officer
and Group Executive, Wealth Australia



“What do you think your organisation can do better over the next five years to improve equality and diversity in the workplace?”

We know we still have more work to do to improve our representation of women in leadership roles. As they say, 'what gets measured, gets done' and we've had targets for many years, but progress is slower than we would like. Last year we reframed our target and measurement from women in management to women in leadership which has ensured we focus on representation of women in key pipelines most in need of improvement. This has resulted in strong progress both in terms of representation (as at the end of FY18, women in leadership was 32%) and gender pay equity. We are constantly working to understand and address the barriers preventing women from being represented in leadership roles.”

Alexis has more than 25 years experience in the financial service industry. She is responsible for ANZ's group services centre in Manila, Bengaluru and Chendu, as well as assisting the Chief Executive Officer with Group-wide initiatives including ANZ's engagement with government, regulators and employees. Alexis is a Fellow of FINSIA, the Institute of Chartered Accountants and a graduate of the Australian Institute of Company Directors.

Commonwealth Bank of Australia¹

Since 2010, the Commonwealth Bank of Australia (CBA) has focused on ensuring diversity is consistent across the organisation and there is appropriate gender and cultural representation across leadership roles.

Accordingly, CBA has established its 2018+ Global Diversity and Inclusion Strategy which focuses on how it can achieve better outcomes for customers, communities and people by building a more inclusive and diverse culture. As part of this commitment, CBA seeks to do the following:

- Increase the number of women comprising executive manager and above roles to over 40% by 2020.
- Increase the number of women in manager roles and above to over 45% by 2020.

¹ <https://www.commbank.com.au/content/dam/commbank/about-us/shareholders/pdfs/results/fy18/cba-annual-report-2018.pdf>

Standout initiatives

Parental Leave

CBA, in late 2017 changed its parental leave entitlements to remove the distinction between fathers, mothers or other guardians. This allows employees to switch from being the secondary to primary carer (and vice versa) during the first 12 months of a child's life.

UN Women's Empowerment Principles:



Domestic and Family Violence Emergency Assistance Program

In August 2017, CBA established the Domestic and Family Violence Emergency Assistance Program, which provides expert counselling and financial support for those looking to leave an abusive relationship. To support this, CBA also increased domestic violence leave from five days to 10 days, developed domestic violence support kits and offers more training both internally and externally for staff suffering from domestic violence.

UN Women's Empowerment Principles:



Standout achievements

2018 Australian Workplace Equality Index Awards

CBA received a Platinum Employer Accreditation from the 2018 Australian Workplace Equality Index Awards, and the 2017/18 Employer of Choice for Gender Equality by the Workplace Gender Equality Agency.

Workplace Diversity Excellence in 2018

Bankwest, a subsidiary of CBA, was awarded the Australian Institute of Management WA Pinnacle Award for Workplace Diversity Excellence in 2018.

Domestic and Family Violence Emergency Assistance Program

Over the year, CBA distributed the Domestic and Family Violence Emergency Assistance Program in partnership with Telstra, Women's Service Network, and Rape and Domestic Violence Services Australia to more than 6,000 customers.

Westpac¹

Westpac has established a 2018 to 2020 inclusion and diversity strategy focusing on inclusion and embracing the different views and experiences from the individuals within the organisation.

The strategy aims at fostering innovation and supporting people to be able to bring “their whole self to work”. The goal of this strategy is to promote an inclusive working environment where employees feel safe to speak up. Ultimately, the aim of this approach is to deliver improved service experiences for customers.

To do this, Westpac has established the following measures to continue into 2020:

- Maintain global high-performance norm on employee engagement.
- Maintain 50% Women in Leadership roles.
- Maintain gender pay equity, on a like for like role basis.
- Maintain indigenous employment parity.

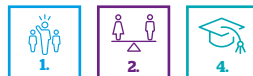
¹ <https://www.2018annualreport.westpacgroup.com.au/downloads/2018-Sustainability-Performance-Report.pdf>

Standout initiatives

Future leaders learning program

Westpac developed the ILEAD program which is a suite of learning packages to support people and to create future leaders.

UN Women's Empowerment Principles:



Diversity awareness program

Westpac was invited to participate in the Fellowship Program with the University of Sydney and the Race Discrimination Commissioners at the Australian Human Rights Commission to enhance participants' awareness of diversity and leadership.

UN Women's Empowerment Principles:



Standout achievements

Employer of Choice for Gender Equality

Westpac was named Employer of Choice for Gender Equality by the Workplace Gender Equality Agency for the 8th consecutive year.

Group board female representation

Since 1 October 2018, Westpac achieved its target of 30% of the Group Board being female.

Bloomberg Gender Equality Index

Westpac was included in the Bloomberg Gender Equality Index for the 2nd year in a row.

Spotlight:

Felicity Duffy

Head of Women's Markets



“ Could you please provide an example of an organisational initiative you have found inspiring and impactful? ”

I was part of the Equilibrium program - a program supporting women to change industries and change disciplines at a senior leadership level. With a cohort of likeminded women, supported by mentors and buddies, provided with further learning experiences and injections of executive team involvement, this program really helped me accelerate my confidence and learning to move to the next phase of my career. This program gave me the opportunity to sit at an executive table, and even better, remain at that post the program. The program then supported my transition to a new role from corporate affairs to a business role - Head of Women's Markets and it has allowed me to help many others to make similar career transitions.”

Felicity has over 20 years' experience in financial services with a focus on communications and marketing. Much of this time Felicity has spent in Westpac where she has been fortunate to grow her career and her family at the same time.

Impact of investments

Portfolio composition as at 31 December 2018

Gender Bond Portfolio
over-collateralised at (US\$M)

\$422.3M

on a 'mark-to-market' basis

Investment in UN WEPs and Equileap Gender Equality ranking organisations



The specific allocations to each of the counterparties are set out below:

(US\$M)

- ANZ **201.2**
- CBA **81.6**
- Westpac **139.5**

Key statistics

Equileap¹ is a global leader in researching gender balance and gender equality in public companies. The ranking orders the Top 200 companies and gives them an overall grade based on how well they scored against various data points.

ANZ	CBA	Westpac
<p>Women on the board</p> <p>33%</p> <p>Women in management</p> <p>32%</p>	<p>Women on the board</p> <p>40%</p> <p>Women in management</p> <p>45%</p>	<p>Women on the board</p> <p>30%</p> <p>Women in management</p> <p>50%</p>
<p>Equileap</p> <p>61 ranking</p> <p>55 score</p> <p>B- grade</p>	<p>Equileap</p> <p>22 ranking</p> <p>60 score</p> <p>B grade</p>	<p>Equileap</p> <p>7 ranking</p> <p>66 score</p> <p>B+ grade</p>

¹ <https://equileap.org/>

Information for investors



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