



QBE

QBE GENDER EQUALITY BOND FRAMEWORK

**QBE INSURANCE GROUP LIMITED (QBG)
ABN 28 008 485 014**

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1. Introduction

QBE Insurance Group (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.

QBE seeks a balance of economic, social and environmental factors by following good international practices on environmental and social risks. Furthermore, QBE recognises and supports gender equality.

The QBE Gender Equality Bond Framework represents a further step in supporting investors to meet their objectives whilst supporting insurance clients to realise opportunities in the fast developing social impact economy.

QBE's Gender Equality Bond Framework aligns in spirit to the four core components of the ICMA Social Bond Principles 2017, and reflects recent guidance by the investor groups.

The QBE Gender Equality Bond Framework is not an offer of, or invitation to apply for, or a recommendation to buy securities to any person in any jurisdiction. Any offers or invitations to apply for securities will be made only in accordance with all applicable laws.

2. Framework Overview

For the purpose of issuing a Gender Equality Bond, QBE has developed the following framework, which addresses the four core components of the ICMA Social Bond Principles (SBP):

- Use of Proceeds
- Project Evaluation and Selection Process
- Management of Proceeds
- Reporting

3. Use of Proceeds for any QBE Gender Equality Bond

The cornerstone of a Gender Equality Bond is the use of the bond proceeds. The proceeds of any QBE Gender Equality Bond(s) will be allocated towards financing / refinancing investments in qualifying bonds. This portfolio may invest in bonds that are eligible as per the criteria defined below. In addition to defining eligibility criteria for the framework, QBE has committed that where gender equality bond review and evaluation has been completed and the allocation of proceeds has been determined at the time of issuance, it will disclose the specific projects funded through any bond proceeds, and the relevant eligibility criteria the funded projects will fall under, upon issuance of any QBE Gender Equality Bond.

Eligibility Criteria

Companies' bonds are rated based on multiple criteria of gender leadership, including:

1. The bond has been issued by a Company that is a signatory to the United Nations Women's Empowerment Principles (UN WEP), a joint initiative of the UN Global Compact and UN Women. The principles being:
 - Principle 1: Establish high-level corporate leadership for gender equality
 - Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination
 - Principle 3: Ensure health, safety and well-being of all women and men workers
 - Principle 4: Promote education, training and professional development for women
 - Principle 5: Implement enterprise development, supply chain and marketing practices that empower women
 - Principle 6: Promote equality through community initiatives and advocacy
 - Principle 7: Measure and publicly report on progress to achieve gender equality

AND

2. The bond has been issued by a Company recognised in the Equileap 2017 Gender Equality Global Report and Ranking.

Exclusionary Criteria

QBE has developed a list of exclusionary criteria for the proceeds of any QBE Gender Equality Bond. QBE commits itself to not knowingly be involved in financing any of the following projects/activities through the proceeds of any QBE Gender Equality Bond(s):

1. Manufacture or wholesale retail of alcoholic beverages
2. Manufacture or wholesale retail of tobacco products
3. Ownership or operation of gambling enterprises
4. Production or distribution of adult entertainment materials
5. Manufacture or retail sale and distribution of weapons and small arms
6. Transportation of live cattle
7. Whaling
8. Predatory lending activities
9. Production or refining of palm oil
10. Extraction or refining of fossil fuels
11. Large scale hydro projects (i.e. projects that generate greater than 20 MW of electricity)
12. Technology and equipment for large scale hydro projects
13. Transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated
14. Technologies that increase the energy efficiency of fossil fuel production and/or distribution
15. Systems and infrastructure used primarily for the transportation of fossil fuels
16. Agricultural or afforestation operations located on land designated as primary forest, high conservation value areas, or legally preserved areas
17. Bonds from issuers that are involved in major environmental, social or governance

controversies (Category 5 controversies), as assessed by Sustainalytics. See Annex 1 for details on Sustainalytics' controversy assessment methodology.

4. Project Evaluation and Selection Process

QBE's Investment Team identifies corporate bonds that meet the company's investment risk/return criteria, and makes the investment in the bond. If the investment is in a bond from a company that meets our Gender Equality Bond eligibility criteria, the Manager, Responsible Investments (MRI) is notified. The MRI then conducts deeper assessment to ensure that the bond meets the eligibility and exclusionary criteria defined in the framework, and whether proceeds from the QBE Gender Equality Bond(s) can therefore refinance the investment in the corporate bond.

Bonds from an eligible company is presented by the MRI to the QBE Gender Equality Bond Committee. The QBE Gender Equality Bond Committee is also responsible for annually reviewing its eligible bond investments to ensure their suitability and eligibility for any QBE Gender Equality Bond.

The QBE Gender Equality Bond Committee consists of a QBE Group Non-Executive Director, the QBE Group Treasurer, the QBE Group Head of Diversity and Inclusion and the QBE Group Chief Investment Officer.

5. Management and Tracking of the Proceeds of Issuance

QBE will track the Use of Proceeds of any Gender Equality Bond(s) via its internal information systems. Each QBE Gender Equality Bond will be booked under an earmarked position which is set up for each Gender Equality Bond specifically in the appropriate internal system. QBE will establish a register, recording each specific acquired gender equality bond ID allocated as Use of Proceeds for each Gender Equality Bond by a unique position identifier.

6. Reporting on Use of Proceeds

Allocation and Impact Reporting

The QBE Gender Equality Bond issuing entity will provide a Gender Equality Bond Progress Report on an annual basis including:

- (i) The cost of the investment(s);
- (ii) Aggregate amounts of funds allocated to each of the Eligibility Criteria (Section 3) together with a description of the types of projects being financed / refinanced;
- (iii) The remaining balance of any unallocated Gender Equality Bond proceeds at the reporting period end; and

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- (iv) Confirmation that the Use of Proceeds of any Gender Equality Bond (s) issued conforms with the QBE Gender Equality Bond Framework.

QBE recognises investors' preference for enhanced information on Use of Proceeds. Where possible QBE will provide further information and examples of bonds financed / refinanced by a QBE Gender Equality Bond.

With respect to impact reporting, QBE intends to, at a minimum, report on the percentage of women on the boards of companies that meet the eligibility criteria.

The QBE issuing entity will prepare the report and the QBE Gender Bond Committee will review and approve each Gender Equality Bond Progress Report. Each Gender Equality Bond Progress Report will be produced to a 31 December reporting date and will be published on the QBE Fixed Income Investor webpage, found through www.qbe.com

7. Amendments to the Framework

Pursuant to the QBE Gender Equality Bond Charter, the QBE Gender Equality Bond Committee is authorised to approve ongoing amendments to the QBE Gender Equality Bond Framework.

8. Assurance

QBE will obtain a second party opinion from an appropriate provider to confirm the validity of the QBE Gender Equality Bond Framework. The second party opinion will be published on the QBE Investor Relations webpage, found through www.qbe.com.

For any Gender Equality Bond issuance under the QBE Gender Equality Bond Framework, we will engage an appropriate external assurance provider to independently assure the Gender Equality Bond Progress Report, on an annual basis, and opine on its conformity with the QBE Gender Equality Bond Framework.

The annual Gender Equality Bond Progress Report and related assurance report will be made available, to the public at the QBE Investor Relations webpage, found through www.qbe.com.

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