



Second-Party Opinion

QBE Gender Equality Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the QBE Gender Equality Bond Framework is credible and impactful, and aligns with the four core components of the Social Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds are aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. QBE intends to use the proceeds to finance corporate bonds of companies that fulfill both of the following two criteria: (i) being signatory to the United Nations Women’s Empowerment Principles (UN WEP), joint initiatives of the UN Global Compact and UN Women, and (ii) recognised as one of the top 200 ranked companies in the current Equileap 2018 Gender Equality Global Report and Ranking. Sustainalytics considers that the use of proceeds can contribute to foster workplace gender equality while advancing the UN Sustainable Development Goals, especially SDG 5.



PROJECT EVALUATION / SELECTION QBE has a three-step project evaluation and selection process to identify eligible corporate bonds. QBE’s Investment Team identifies corporate bonds that meet the company’s investment risk/return criteria. The Portfolio Manager of Impact and Responsible Investments (PMIRI) conducts a deeper assessment on the gender bond eligibility criteria and presents every bond from an eligible company to the QBE Gender Equality Bond Committee. This committee, which 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, is responsible for the final selection. This process is in line with current market practices.



MANAGEMENT OF PROCEEDS QBE’s gender equality bonds’ proceeds will be managed and tracked by QBE’s internal information systems through a register. Pending full allocation, proceeds may be invested in accordance with the company’s liquidity management policies in cash or cash equivalents, or used the repay existing borrowings under general credit facilities. This process is in line with current market practices.



REPORTING QBE commits to report to investors annually on the allocation of proceeds on its website. The (i) allocation report will include the cost of investments, aggregate amounts of funds allocated to each of the eligibility criteria, the remaining balance of any unallocated Gender Equality Bond proceeds, and confirmation that the Use of Proceeds of any Gender Equality Bond(s) issued conforms with the QBE Gender Equality Bond Framework. Regarding the (ii) impact report, where feasible, QBE intends to report on the percentage of women on the boards of the financed companies. Sustainalytics views QBE’s allocation and impact reporting to be in line with current market practice.

Evaluation date	16 July, 2019
Issuer Location	Sydney, Australia

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Introduction

QBE Insurance Group (“QBE”, or “the Company”) underwrites general insurance and reinsurance risks worldwide. It operates through its North American Operations, European Operations, Australian & New Zealand Operations, Emerging Markets, and Equator Re segments. The company offers insurance for commercial and domestic property, motor and motor casualty, agriculture, public/product liability, workers’ compensation, marine energy and aviation, professional indemnity, financial and credit, accident and health, and other insurance products. It also manages Lloyd’s syndicates. The company was founded in 1886 and is headquartered in Sydney, Australia.

QBE has developed the QBE Gender Equality Bond Framework under which it intends to issue social bonds and use the proceeds to finance and refinance its corporate bonds to companies that are leaders in fostering workplace gender equality. Qualifying bonds are those that meet both of the eligibility criteria outlined below:

1. The bond has been issued by a company that is a signatory to the United Nations Women’s Empowerment Principles (UN WEP),¹ a joint initiative of the UN Global Compact and UN Women. The principles being:
 - a. Principle 1: Establish high-level corporate leadership for gender equality
 - b. Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination
 - c. Principle 3: Ensure health, safety and well-being of all women and men workers
 - d. Principle 4: Promote education, training and professional development for women
 - e. Principle 5: Implement enterprise development, supply chain and marketing practices that empower women
 - f. Principle 6: Promote equality through community initiatives and advocacy
 - g. Principle 7: Measure and publicly report on progress to achieve gender equality
2. The bond has been issued by a company recognised as one of the top 200 ranked companies in the current Equileap 2018 Gender Equality Global Report and Ranking.²

QBE engaged Sustainalytics to review the QBE Gender Equality Bond Framework, dated July 2019³, and provide a second-party opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2018 (SBP).⁴ This Framework has been published in a separate document.⁵

As part of this engagement, Sustainalytics held conversations with various members of QBE’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the QBE’s social bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the QBE Gender Equality Bond Framework, dated July 2019, and should be read in conjunction with that Framework.

¹ <https://www.empowerwomen.org/en/weps/about>

² <https://equileap.org/wp-content/uploads/2018/10/Equileap-Gender-Equality-Global-Report-and-Ranking-2018.pdf>

³ This SPO is a slightly revised version of a previous SPO (dated September 2017). It has been updated to incorporate new information provided by the issuer on the exclusionary criteria. Sustainalytics is of the opinion that the changes do not have a material effect on the impact of the intended use of bond proceeds or the Framework’s alignment with the SBP.

⁴ The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

⁵ The QBE Gender Equality Bond Framework is available on QBE’s website at : <https://www.qbe.com/investor-relations/debt-investor-centre/debt-investor-centre/social-bonds>

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the QBE Gender Equality Bond Framework

Summary

Sustainalytics is of the opinion that the QBE Gender Equality Bond Framework, dated July 2019, is credible and impactful, and aligns with the four core components of the Social Bond Principles 2018. Sustainalytics highlights the following elements of QBE's Social Bond Framework:

- Use of Proceeds:
 - Sustainalytics recognizes that the QBE Gender Equality Bond is financing corporate bonds and not projects. Sustainalytics also recognizes that the eligibility criteria for the use of bond proceeds is based on the sustainability credentials of the borrowing entity, rather than on the nature of projects being financed. Due to the nature of the impact being funded, Sustainalytics is of the opinion that there is a constraint with respect to using bond proceeds for specific projects. However, Sustainalytics also acknowledges that workplace gender equality is created systemically, by embedding initiatives for creating an equal workplace in an organisation's strategy and daily operations. It is challenging to fund workplace gender equality in a meaningful way through short-term projects. Given that the QBE Gender Equality Bond clearly seeks to achieve positive outcomes, and that activities that improve gender equality are aligned with Socioeconomic Advancement and Empowerment category which is recognized by the SBP as impactful, Sustainalytics is of the opinion that the QBE Gender Equality Bond is aligned with the spirit of the SBP 2018.
 - QBE uses the UN Women Empowerment Principles and the Equileap gender equality ranking as selection criteria for its bond investment. Sustainalytics has assessed these eligibility criteria as being credible to assess workplace gender equality (Please see Section 3).
 - While Sustainalytics is of the opinion that the QBE Gender Quality Bond provides positive social outcomes through supporting gender equality in working environment, Sustainalytics recognizes that the eligibility criteria has several limitations such as lack of past performance and identification of best practice on a continuous basis in the Equileap Criteria, as well as lack of comparability across signatories in the UN Women Empowerment Principles (Please see Section 2).
 - Given that QBE intends to invest in corporate bonds that meet the eligibility criteria, the company does not disclose a lookback period for refinancing. Sustainalytics encourages QBE to report on the share of financing vs. refinancing of the bonds it invests in.
- Project Evaluation and Selection:
 - QBE has established a three-step project evaluation and selection process: The company's Investment Team will make an initial selection of bonds based on company's investment risk/return criteria. If the investment is in a bond from a company that meets the Gender Equality Bond eligibility criteria, the Portfolio Manager of Impact and Responsible Investment (PMIRI) is notified. Afterwards, selected bonds are presented by the PMIRI to the QBE Gender Equality Bond Committee which 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. Sustainalytics views QBE's project evaluation and selection process as aligned with market practice.
- Management of Proceeds:
 - QBE's gender bonds' proceeds will be managed and tracked by QBE's internal information system using a register and a unique position identifier. Each QBE Gender Equality Bond will be booked under an earmarked position. Pending full allocation, proceeds may be invested in cash or cash equivalents, or used the repay existing borrowings under general credit facilities in conjunction with the company's liquidity management policies This process is in line with current market practices.
- Reporting:
 - QBE commits to report to investors annually on the allocation of proceeds on its website. The allocation report will include (i) the cost of investments, (ii) aggregate amounts of funds

allocated to the specific projects funded through any bond proceeds, and the relevant eligibility criteria, (iii) the remaining balance of any unallocated Gender Equality Bond proceeds, and (iv) confirmation that the Use of Proceeds of any Gender Equality Bond (s) issued conforms with the QBE Gender Equality Bond Framework.

- Regarding impact reporting, where feasible, QBE has committed to disclose data on the percentage of women on the boards of the financed companies.
- Sustainalytics views the QBE's allocation and impact reporting aligned with market practices.

Alignment with Social Bond Principles 2018

Sustainalytics has determined that, although the QBE Gender Equality Bond Framework does not fund projects, it aligns with the four core components of the Social Bond Principles 2018. For detailed information please refer to Appendix 2: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of Framework to issuer's sustainability mandate

QBE commits to recognize "the importance of diversity and inclusion extending to all areas of [its] business practices"⁶ and states that its values "expect all employees to foster and promote a work environment that is respectful of each other, [its] customers, [its] shareholders and the community".⁷ In December 2015, QBE signed the UN Principles for Sustainable Insurance and shifted its sustainability strategy from compliance to implementation of sustainability aspects into its business in 2016. The company's sustainability strategy, overseen by QBE's executive ESG Committee, also includes positive contributions to the communities in which it operates.

While the company's current community contributions are mainly focused on philanthropic initiatives, the company discloses a diversity and inclusion strategy for its workforce building on five commitments and related initiatives: (i) Diverse leadership representation, including to foster inclusive, gender-balanced leadership teams, (ii) Inclusive capabilities that drive collaboration and inclusion in teams, leveraging flexibility to increase productivity and retention, (iii), Strong pipeline and diverse talent, which the company aims to achieve through offering employee development opportunities and to progress in their careers, (iv) Higher engagement of all employees focusing on creating a fair, inclusive and respectful environment for all employees, and (v) Customer satisfaction and retention, which builds on innovation and creativity to support diverse customer needs.⁸

QBE also set its 2020 targets to increase the percentage of women on the QBE board and in management positions from 27% and 28% in 2016 to 30% and 35%, respectively. In 2018, QBE achieved a 2% increase to 32%.⁹ Moreover, the company reports on initiatives to foster gender diversity, such as flexible working hours, compressed working weeks, time work, job sharing, carer's leave, purchased leave and unpaid leave at both employee and management level for both women and men.¹⁰ Sustainalytics believes QBE's reporting and disclosure on targets and performance are indicative of the priority that the company assigns to gender diversity.

Given QBE's shift to a more inclusive ESG strategy and the company's commitments and targets on gender equality, Sustainalytics is of the opinion that the social bond is aligned with the company's sustainability strategy. QBE's gender equality initiatives align with the bond's purpose to foster companies that promote gender equality. Additionally, although QBE does not have an overall mission or strategy to promote gender equality through its investments, Sustainalytics recognizes that the company is going beyond the internal promotion of gender equality and is promoting gender equality in the broader market.

⁶ QBE Corporate Governance Statement 2018, released February 2019, <https://www.qbeap.com/investor-relations/corporate-governance>

⁷ QBE Sustainability Report 2016, released March 2017,

https://www.group.qbe.com/sites/default/files/Default%20Media/QBE%202016%20Sustainability%20Report_0.pdf

⁸ QBE's Global Diversity and Inclusion Policy available at: <https://www.qbe.com/investor-relations/corporate-governance/global-policies>

⁹ QBE's Sustainability Practices available at: <https://www.qbe.com/about-qbe/sustainability>

¹⁰ QBE's Sustainability Practices available at: <https://www.qbe.com/about-qbe/sustainability>

Well positioned to address common social risks associated with the projects

Given that QBE financed companies and not specific projects, environmental and social risks associated with the use of proceeds are specific to the companies' business model and activities by the financed companies that have a negative social or environmental impact.

Sustainalytics highlights the following measures that help QBE to mitigate related social and environmental risks:

- (i) The Equileap framework excludes companies that meet any of the following criteria for one year (see Section 3 for more information):
 - A legal judgement or an official ruling has been made regarding discrimination against any employees,
 - Two or more legal cases have been brought against the company regarding discrimination against any employees,
 - A legal judgement or an official ruling has been made regarding unethical marketing practices at the company.
- (ii) QBE excludes the financing of companies that are involved in sectors such as alcoholic beverages, tobacco products, gambling, adult entertainment, weapons and civilian firearms, as well as activities such as predatory lending, production of palm oil, extraction or refining of fossil fuel, large scale hydro projects that generate greater than 20 MW of electricity, transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated, infrastructure used primarily for the transportation of fossil fuels and corporate issuers that have a Controversies Score of Zero '0' with MSCI or that are involved in 'Very Severe' environmental, social, or governance controversies.

Given the fact that UN WEP and the Equileap excludes companies with a negative track related to gender equality and QBE's exclusion list, Sustainalytics is of the opinion that QBE is well positioned to address the social and environmental risks associated with the companies selected.

In addition, Sustainalytics consider the Equileap gender equality ranking to be credible for the following reasons:

The Equileap Gender Scorecards and ranking were published for the first time in 2017. The ranking lists the top 200 companies, evaluated in the areas below, using a pool of 3,000 public companies from 23 countries and 19 indicators grouped according to the following categories; (i) Gender Balance in Leadership and Workforce, (ii) Equal Compensation and Work/Life Balance, (iii) Policies Promoting Gender Equality, and (iv) Commitment, Transparency & Accountability. Sustainalytics assessed the Equileap citation framework that partly determines the eligibility of the organization to be financed through QBE Gender Bond proceeds and determined its strength and limitations.

The strength of the Equileap framework derives from the following three factors:

- (i) The Equileap criteria are both results and process based, and are relevant and meaningful means for assessing workplace gender equality

Equileap uses both results-based criteria and process-based criteria in its assessment. Results-based criteria assess the performance of a company, such as the percentage of women in the general workforce and in leadership positions, whereas process-based criteria assess policies and programmes that ensure gender equality is embedded in general processes in the workplace. Results-based metrics like the number of women in leadership positions serve only as a signal that the organization could have an inclusive workplace and environment. Process-based criteria, on the other hand, play an important role in establishing equal opportunity in the workplace. Embedding processes, such as flexible working arrangements and parental leave, is key to ensuring an equal chance of advancement for both men and women. Equileap's assessment includes policies on topics such as human rights, freedom from sexual harassment, equal opportunity and fair remuneration. The framework also includes whether a company offers flexible working hours and locations, parental leave to both men and women and a strategy to close gender gap pay.

While the weight distribution of process-based criteria and result-based criteria sets a strong emphasis on result-based criteria (see limitations), Sustainalytics believes the combination of results-based and process-based criteria, as well as an annual update of the ranking, ensures that Equileap citation on workplace gender equality is comprehensive and meaningful.

- (ii) Minimum criteria for company selection ensures holistic approach to ethical behaviour

Sustainalytics considers the overall ethical performance of companies as important factor in relation to gender equality as it can provide an indication of the vision of a company towards equality in more general terms. In addition, a negative track record in relation to discrimination can be an indication that policies and programmes have not been effectively implemented. Companies may have policies and programmes but without sound implementation, these programmes and policies may not be fully integrated into all work processes and embraced by all employees and can thus lead to unwanted behaviour.

Equileap uses broad ethical and discrimination-related criteria to exclude companies from the benchmark. The framework also excludes companies that have a negative record regarding discrimination or unethical practices within the past two years. Sustainalytics is of the opinion that the integration of controversies and general ESG criteria ensure a holistic approach towards equality and integration in business processes by the ranked companies.

- (iii) Equileap framework allows for relative and absolute assessment as well as tracking progress over time

The Equileap framework provides two types of assessment of the companies. A relative (ranking) and an absolute assessment (grades from A to F). The ranking allows the identification of best practices among the 200 companies. The grade system allows to identify performance gaps of all companies with respect to the indicators. This approach reveals potential performance gaps even among best performers. It also enables the tracking of progress of a company's performance in absolute terms and relative to others.

Limitations of Eligibility Criteria

Limitations of Equileap Criteria

Sustainalytics acknowledges that the Equileap citation framework also has certain limitations. Overall the framework has relevant indicators, but besides the exclusion criteria, companies listed are not required to achieve a certain level of performance. Thus, for example a company listed may not have achieved a minimum level of performance on processes-based indicators, i.e. the company may not have developed certain programmes or policies that are important to the integration of gender equality in business processes.

As the ranking is conducted for the first time, it is currently not possible to track the past performance of companies. While the frameworks' exclusion criteria decrease the chance of unethical companies being included, the lack of past performance is seen as a limitation of the framework. In addition, while the ranking is conducted annually, and no company has so far reached the highest grade, it remains unclear whether the indicators will be updated to allow a continuously highlighting of relevant best-practices. The fact that no company received the highest grade possible does not pose a limitation but leaves room for improvement for companies to attain best-practices. However, if the indicators are not continuously updated a number of companies may receive the highest grade in the future, which do not reflect the most recent best practice.

Based on the above, Sustainalytics is of the opinion that Equileap's relative and absolute assessment provides an increased level of transparency about the performance of companies in absolute and relative terms. Especially given that the Equileap framework is used as an addition to the UN Women empowerment Principles, Sustainalytics is of the opinion that QBE's investments in companies that are recognised in the current Equileap 2018 Gender Equality Global Report and Ranking will support gender equality in working environment.

Limitations of the UN Women Empowerment Principles

Sustainalytics acknowledges that the UN WEP has certain limitations. The Principles provide guidance but are not obligatory for signatories to implement. Another limitation is that there is no overall score across all seven principles that identifies leaders in gender equality. While the WEP does identify some best and good practice companies, these labels are based on certain specific initiatives that are voluntarily shared by companies. This reduces comparability across signatories and carries a risk that best-in-class companies for gender equality are not identified. As a result, poor performers that are signatories may appear to be similar to best-performing companies. As QBE combines the UN WEP with the Equileap company assessment, Sustainalytics is of the opinion that QBE Gender Bond Framework accounts for the limitations of the UN WEP. Thus, Sustainalytics considers the UN WEP to be a robust way for companies to declare their commitment to fostering a diverse and inclusive workplace.

Despite these limitations, Sustainalytics is of the opinion that the UN WEP Principles provide a meaningful means to identify organizations that have good practices in workplace gender equality

Section 3: Impact of Use of Proceeds

Importance of fostering gender equality and empowerment in Australia

Over the last years, Australia has improved in gender equality in education, health and female workforce participation, but the country is still facing a gender gap in its workforce. Australia has continuously slipped on the Global Gender Gap Index by the World Economic Forum, from rank 15 in 2006 to rank 39 in 2018.¹¹ Overall the Australian government states that women, continue to earn less, are less likely to advance their careers, and accumulate less retirement or superannuation savings compared to men. Meanwhile men have less access to family-friendly policies such as parental leave.

Given that QBE’s selection criteria for its gender equality bond address both gender equality and women empowerment in a meaningful way, Sustainalytics is of the opinion that the use of the bond proceeds will contribute to fostering gender equality and women’s empowerment in Australian companies.

Impact of the UN Women Empowerment Principles on supporting gender equality

QBE’s Gender Equality Bond only includes companies that have signed the UN Women Empowerment Principles (WEP). By signing the Principles, the CEO of a company declares his support for the Principles and commits to promoting them as guidance for the empowerment of women in the workplace, marketplace and community. The CEO also commits to report on progress by using sex-disaggregated data and other benchmarks.

Sustainalytics believes signatories of the UN WEP made relevant and important commitments to increase gender equality in their own organization and on the global market. While signatories commit to use the Principles as a guidance and are not obliged to fully implement the Principles, becoming a signatory demonstrates a company’s awareness of the importance of gender equality and their willingness to dedicate resources and priorities to the issue. Thus, Sustainalytics considers the UN WEP a relevant criterion to identify companies that demonstrate good practices in gender equality. In addition, Sustainalytics is of the opinion that the use of the Principles as an eligibility criterion may encourage more companies to sign the Principles.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This social bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Gender Equality	5. Gender Equality	<p>5.1 End all forms of discrimination against all women and girls everywhere</p> <p>5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate</p> <p>5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>

¹¹ World Economic Forum Global Gender Gap Index 2018; http://www3.weforum.org/docs/WEF_GGGR_2018.pdf

Conclusion

QBE has developed the QBE Gender Equality Bond Framework under which it intends to issue social bonds and use the proceeds to finance and refinance its corporate bonds of companies that are leaders in fostering workplace gender equality. Eligible bonds fulfil both of the following two criteria (i) 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, and (ii) The bond has been issued by a company recognised as one of the top 200 ranked companies in the current Equileap 2018 Gender Equality Global Report and Ranking. Sustainalytics considers the use of proceeds to be impactful and highlights that QBE uses credible selection criteria to assess workplace gender equality for its bond investment.

QBE's processes for project selection and evaluation, management of proceeds and reporting are aligned with market practice. Based on the above Sustainalytics considers the QBE Gender Equality Bond Framework, dated July 2019, to be credible, robust and impactful, and aligned with the Social Bond Principles 2018.

Appendices

Appendix 1: Social Bond/ Social Bond Programme -External Review Form Section 1. Basic Information

Issuer name:	QBE Insurance Group
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	QBE Gender Equality Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July, 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	Updated version of a Second Party Opinion provided on September 2017

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The proceeds of the QBE Gender Equality Bond will be allocated towards financing/refinancing investments in bonds issued by a Company that is a signatory to the United Nations Women's Empowerment Principles (UN WEP) and which has been issued by a company recognized as one of the top 200 ranked companies in the current Equileap 2018 Gender Equality Global Report and Ranking. In addition, QBE applies exclusion criteria related to controversial business activities.

Use of proceeds categories as per SBP:

- | | |
|--|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Gender Equality |

If applicable please specify the social taxonomy, if other than SBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

QBE's Investment Team will make an initial selection of eligible projects based on company's investment risk/return criteria. If the investment is in a bond from a company that meets the Gender Equality Bond eligibility criteria, the Portfolio Manager of Impact and Responsible Investment (PMIRI) is notified. Afterwards, selected bonds are presented by the PMIRI to the QBE Gender Equality Bond Committee which 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. Sustainalytics views QBE's project evaluation and selection process as aligned with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's social objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

QBE's gender bonds proceeds will be managed and tracked by the company's internal information system using a register and a unique position identifier. Each QBE Gender Equality Bond will be booked under an earmarked position. This process is in line with current market practices.

Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

QBE commits to report to investors annually on the allocation of proceeds on its website. The (i) allocation report will include the cost of investments, (ii) aggregate amounts of funds allocated to each of the eligibility criteria, (iii) the remaining balance of any unallocated Gender Equality Bond proceeds, and (iv) confirmation that the Use of Proceeds of any Gender Equality Bond (s) issued conforms with the QBE Gender Equality Bond Framework. Regarding the (ii) impact report, where feasible, QBE intends to report on the percentage of women on the boards of the financed companies. Sustainalytics views the QBE's allocation and impact reporting to be in line with current market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (*please specify*):

Information reported:

- Allocated amounts Social Bond financed share of total investment
- Other (*please specify*):

Frequency:

- Annual Semi-annual
- Other (*please specify*):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (*please specify*):

Frequency:

- Annual Semi-annual
- Other (*please specify*):

Information reported (expected or ex-post):

- Number of beneficiaries Target populations
- Other ESG indicators (*please specify*):
percentage of women on the boards of companies

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (*please specify*):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

QBE's Debt Investor Centre: <https://www.qbe.com/investor-relations/debt-investor-centre/debt-investor-centre/social-bonds>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. Second Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialized research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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