

QBE Gender Equality Bond Annual Review 2019

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Introduction

In 2017, QBE Insurance Group (QBE) issued Gender Equality bonds aimed at financing investments in organisations that are leaders in fostering workplace gender equality. In January 2019, QBE engaged Sustainalytics to review the projects funded through the issued Gender Equality bonds and to provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the QBE Gender Equality Bond Framework (updated July 2019²).

Evaluation Criteria for the Gender Equality Bond

Sustainalytics evaluated the companies and assets funded in 2018 based on whether the companies financed and QBE:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Gender Equality Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Gender Equality Bond Framework.

Table 1 lists all the Use of Proceeds and Eligibility Criteria, while Table 2 lists the associated KPIs.

Table 1: Use of Proceeds and Eligibility Criteria

Use of Proceeds	Eligibility Criteria
Gender Equality	<ol style="list-style-type: none"> 1. The bond has been issued by a Company that is a signatory to the United Nations Women’s Empowerment Principles (UN WEP)³, a joint initiative of the UN Global Compact and UN Women. The principles being: <ul style="list-style-type: none"> ○ 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

¹ This Annual Review is a slightly revised version of a previous Annual Review (dated April 2019). It has been updated to incorporate new information provided by the issuer on the date of fully investment of remained allocation. The changes are in no way material to Sustainalytics’ opinion regarding the conformance of proceeds with the Use of proceeds and Reporting Criteria outlined in the Framework.

² 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>

³ <http://www.wepprinciples.org/>

	2. The bond has been issued by a company recognized as one of the top 200 ranked companies in the Equileap Gender Equality Global Report and Ranking. ⁴
	3. Exclusionary criteria are listed in Appendix 1.

Table 2: Key Performance Indicators

Key performance indicators	
Gender Equality	<ul style="list-style-type: none"> Percentage of women on the boards of companies that meet the eligibility criteria

Issuing Entity's Responsibility

QBE is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of QBE's Gender Equality Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from QBE employees and review of documentation to verify conformance with the Gender Equality Bond Framework.

Sustainalytics has relied on the information and the facts presented by QBE with respect to the Nominated Projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by QBE.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

⁴ <http://equileap.org/wp-content/uploads/2017/04/Equileap-gender-equality-global-report-ranking.pdf>

QBE INSURANCE GROUP - GENDER EQUALITY BOND

Conclusion

Based on the limited assurance procedures conducted,⁵ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of QBE Gender Equality Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Gender Equality Bond Framework. QBE has disclosed to Sustainalytics that the proceeds of the Gender Equality bond were fully allocated as of 31 December 2017 and remained fully allocated as at 31 December 2018.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the gender equality bond in 2018 to determine if projects aligned with the Use of Proceeds criteria outlined in the Gender Equality Bond Framework (updated August 2018) and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the gender equality bond in 2018 to determine if impact of projects was reported in line with the KPIs outlined in the Gender Equality Bond Framework (updated August 2018) and above in Table 2. For a list of KPIs reported please refer to Appendix 2.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

⁵ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Exclusionary Criteria

QBE's Gender Equality excluded investments in companies and bonds that are involved or finance the following activities:

- Manufacture or wholesale retail of alcoholic beverages
- Manufacture or wholesale retail of tobacco products
- Ownership or operation of gambling enterprises
- Production or distribution of adult entertainment materials
- Manufacture or retail sale and distribution of weapons and small arms
- Transportation of live cattle
- Whaling
- Predatory lending activities
- Production or refining of palm oil
- Extraction or refining of fossil fuels
- Large scale hydro projects (i.e. projects that generate greater than 20 MW of electricity)
- Technology and equipment for large scale hydro projects
- Transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated
- Technologies that increase the energy efficiency of fossil fuel production and/or distribution
- Systems and infrastructure used primarily for the transportation of fossil fuels
- Agricultural or afforestation operations located on land designated as primary forest, high conservation value areas, or legally preserved areas
- Gender Equality bond 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.

Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds and Eligibility Criteria Category	Environmental Impact Reported by Eligibility Criteria	Scope of the Calculated Impact
Gender Equality	Representation of women in leadership positions: Westpac: 22% ANZ: 32% CBA: 37.6%	Included roles in measurement of women in leadership: Westpac: Board Only ANZ: Senior Management and above CBA: Executive Management and above

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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider". The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

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