

# QBE Gender Equality Bond Annual Review 2018

**Type of engagement:** Annual Review  
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## Introduction

In 2017, QBE Insurance Group Limited (QBE) issued a gender equality bond aimed at financing and/or refinancing investments in organisations that are leaders in fostering workplace gender equality. In March 2018, QBE engaged Sustainalytics to review the companies financed through the issued gender equality bond and provide an assessment as to whether the investments met the Use of Proceeds criteria and the Reporting commitments outlined in the QBE Gender Equality Bond.

## Evaluation Criteria for the Gender Equality Bond

Sustainalytics evaluated the companies and assets funded in 2017 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 list the associated the KPIs.

**Table 1: Use of Proceeds and Eligibility Criteria**

Use of Proceeds	Eligibility Criteria
<b>Gender Equality</b>	<ol style="list-style-type: none"> <li>1. The bond has been issued by a Company that is a signatory to the United Nations Women’s Empowerment Principles (UN WEP)<sup>1</sup>, a joint initiative of the UN Global Compact and UN Women. The principles being: <ul style="list-style-type: none"> <li>○ Principle 1: Establish high-level corporate leadership for gender equality</li> <li>○ Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination</li> <li>○ Principle 3: Ensure health, safety and well-being of all women and men workers</li> <li>○ Principle 4: Promote education, training and professional development for women</li> <li>○ Principle 5: Implement enterprise development, supply chain and marketing practices that empower women</li> <li>○ Principle 6: Promote equality through community initiatives and advocacy</li> <li>○ Principle 7: Measure and publicly report on progress to achieve gender equality</li> </ul> </li> <li>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.<sup>2</sup></li> <li>3. Exclusionary criteria are listed in Appendix 1.</li> </ol>

<sup>1</sup> <http://www.weprinciples.org/>

<sup>2</sup> <http://equileap.org/wp-content/uploads/2017/04/Equileap-gender-equality-global-report-ranking.pdf>

**Table 2: Key Performance Indicators**

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

**Issuing Entity's Responsibility**

For the Gender Equality Bond, QBE is responsible for providing accurate information and documentation relating to the companies financed, realized investment in debt securities, and impact metrics.

**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. For the Gender Equality Bonds, the work undertaken as part of this engagement included review of documentation, research related to the Equileap Gender Equality Ranking and Sustainalytics' controversy and product involvement research to confirm the conformance with the Gender Equality Bond Framework.

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.

**Conclusion**

Based on the limited assurance procedures conducted<sup>3</sup>, 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. QBE has disclosed to Sustainalytics that the proceeds of the sustainability bonds were fully allocated as of March 2018.

<sup>3</sup> 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.

### Detailed Findings

**Table 3: Detailed Findings**

<b>Eligibility Criteria</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded by the gender equality bond in 2017 to determine if projects aligned with the Use of Proceeds criteria outlined in the Gender Equality Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded by the gender equality bond in 2017 to determine if impact of projects was reported in line with the KPIs outlined in the Gender Equality Bond Framework 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

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## 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
- Green bond issuers that are involved in major environmental, social or governance controversies (Category 5 controversies), as assessed by Sustainalytics.

## Appendix 2: Impact Reporting by Eligibility Criteria

Use of Proceeds and Eligibility Criteria Category	Environmental Impact Reported by Eligibility Criteria
Gender Equality	Percentage of women in board positions: CBA : 40% Westpac: 22% ANZ: 37.5%

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