

QBE Insurance Group

Type of Engagement: Annual Review

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Introduction

In 2017, QBE Insurance Group (QBE) issued Gender Equality bonds aimed at financing and refinancing investments in qualifying bonds that are rated based on gender equality in leadership criteria. In January 2021, QBE engaged Sustainalytics to review the bonds funded through the issued Gender Equality bonds and provide an assessment as to whether the bonds met the Use of Proceeds criteria and the Reporting commitments outlined in the QBE Gender Equality Bond Framework.¹

Evaluation Criteria

Sustainalytics evaluated the companies and bonds funded in 2020 based on whether they:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the QBE 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 QBE Gender Equality Bond Framework.

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

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Gender Equality	1. The bond has been issued by a Company that is a signatory to the United Nations Women’s Empowerment Principles (UN WEP) ² , 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. 	Representation of women in leadership positions

¹ 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>

² <http://www.wepprinciples.org/>

	<p>2. The bond has been issued by a Company recognised in the current Equileap Gender Equality Global Report and Ranking.³ Exclusionary criteria are listed in Appendix 2</p>	
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Issuing Entity’s Responsibility

QBE is responsible for providing accurate information and documentation relating to the details of the bond that have been funded, including description of bonds, estimated and realized costs of bonds, and 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 QBE Gender Equality Bond Framework.

Sustainalytics has relied on the information and the facts presented by QBE with respect to the Nominated Bond. 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.

Conclusion

Based on the limited assurance procedures conducted,⁴ Sustainalytics’ believes the reviewed bonds funded through proceeds of QBE’s Gender Equality Bond, are in conformance, in all material aspects, with the Use of Proceeds and Reporting Criteria outlined in the QBE Gender Equality Bond Framework. QBE has disclosed to Sustainalytics that the proceeds of the Gender Equality bond were fully allocated as of 31 December 2020.

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the bonds funded by the gender equality bond in 2020 to determine if bonds aligned with the Use of Proceeds criteria outlined in the Gender Equality Bond Framework and above in Table 1.	All bonds reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the bonds funded by the gender equality bond in 2020 to determine if impact of bonds was reported in line with the KPIs outlined in the Gender Equality Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All bonds reviewed reported on at least one KPI per Use of Proceeds criteria.	None

³ Gender Equality Global Report & Ranking is available at: <https://equileap.org/publications/>

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the bonds purchased, which were provided by the Issuer. The Issuer is responsible for providing accurate information.

Appendices

Appendix 1: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Social Impact Reported by Eligibility Criteria	Scope of the Calculated Impact
Gender Equality	Representation of women in leadership positions: Westpac: 20.0% ANZ: 33.4% CBA: 41.2%	Included roles in measurement of women in leadership: Westpac: Board Only ANZ: Senior Management and above CBA: Executive Management and above

Appendix 2: Exclusionary Criteria

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

- Production, distribution or retail of alcoholic beverages
- Production, distribution or retail of tobacco products
- Ownership or operation of gambling facilities
- Production or distribution of adult entertainment materials
- Production or retail sale and distribution of weapons and civilian firearms
- Predatory lending activities
- Production of palm oil
- Production (extraction) or refining of fossil fuels
- Large scale hydro projects (i.e. 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
- Corporate issuers that have a Controversies Score of Zero '0' with MSCI or that are involved in 'Very Severe' environmental, social, or governance controversies.

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.

5th Green Bond Pioneer Awards

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Largest Verifier for Certified
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More information conference.climatebonds.net/awards



GlobalCapital
SRI Awards

Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider



**The
Green Bond
Principles**