



Premiums4Good™

Investment Impact Report

2019-2020

At a glance

About QBE

QBE is listed on the Australian Securities Exchange (ASX) and headquartered in Sydney.

We employ more than 11,000 people in 27 countries. QBE is a general insurance and reinsurance company.

Across our operations, we offer commercial, personal and specialty products and risk management solutions to our customers.

Our purpose is to give people the confidence to achieve their ambitions. Our focus on sustainability, and the identification of current and emerging environmental, social and governance (ESG) trends, is an integral part of achieving this purpose, understanding the needs of our customers and ensuring the sustainability of our own business.

About Premiums4Good

Premiums4Good is an innovative initiative that sees QBE invest everyday premiums to make an extraordinary difference to communities across the globe.

Through Premiums4Good, we invest customers' premiums into investments that have additional social or environmental benefits at no extra cost to the customer.

These investments include social impact bonds, social bonds, green bonds and infrastructure, supporting a range of projects and programs that seek to create change.

From renewable energy initiatives and sustainable infrastructure, to social services and programs to support vulnerable people and communities - Premiums4Good helps us, together with our customers and partners, make a difference.

About our Premiums4Good investment approach

Premiums4Good supports our belief that we can deliver attractive risk-adjusted returns and business value, while also seeking to deliver positive social and environmental impact.

We have a globally consistent approach to impact investment across our North American, European and Australia Pacific operations.

To help us grow Premiums4Good, select customers can also choose to contribute more and opt in to allocate 25% of their premiums to the initiative.

Our ambition is to grow our impact investment allocation to USD 2 billion by 2025.

Overview

Welcome	5
Premiums4Good snapshot	8
Investment summary 2018 - 2019	10
Investment highlights	13
International Finance Corporation Social Bond	13
International Bank for Reconstruction and Development (IBRD) Sustainable Development Bonds	15
Cheyne Social Impact Property Fund	17
Motability Operations	19
Ontario (province of) Green Bonds	21
Youth CONNECT Social Benefit Bond	23
National Housing Finance and Investment Corporation (NHFIC) Social Bonds	25
Kāinga Ora - Homes and Communities Wellbeing Bonds	27
The Ford Foundation Social Bond, Series 2020	29
Future Shapers Social Impact Bond	31
Benevolent Society 'Resilient Families' Social Benefit Bond	33

This collaborative program strengthens ties with customers and partners and invests in projects that drive a better future for people and the planet.

The 2019-2020 Premiums4Good investment impact report again demonstrates our leadership in the impact investment sector. This report highlights the impact that our customer premiums are making to individuals and communities across the globe.

Premiums4Good is a unique initiative that sees QBE integrate social value with business value by connecting insurance customer premiums to growing demand for impact investments. Premiums4Good supports QBE's belief that we can deliver attractive risk-adjusted returns and business value, while also seeking to deliver positive social and environmental impact. This collaborative program strengthens ties with customers and partners and invests in projects that drive a better future for people and the planet.

Earlier this year, we announced that we were expanding the program with an ambition to grow our impact investment allocation to USD 2 billion by 2025. We're nearly halfway to this target already and continue to be encouraged by the support shown by our customers, partners and employees.

As we publish this report, we have USD 904 million invested across 66 investments including social impact bonds, social bonds, green bonds and infrastructure - supporting a range of initiatives from renewable energy and sustainable infrastructure, to social services and programs to support vulnerable people and communities.

Premiums4Good has also been key in our response to the COVID-19 pandemic. We've been able to direct funding to a number of global initiatives that are supporting vulnerable individuals and communities hit hard by the health and economic impact of the virus. We're financing healthcare initiatives, microfinance opportunities for women and small business owners and financial support for charities around the globe.

We recognise there is growing consensus that the financial services sector needs to find ways to direct capital flows into investments that can support the transition to a lower carbon, climate-resilient economy and the investments we make through this program support this drive.

The program also provides evidence that other financial institutions too can direct a portion of their funds to impact investments and we hope that Premiums4Good can contribute to transformation of capital markets and long-term sustainable change.

Thank you to all our customers, partners and staff who continue to support this valuable program. Together we are making a difference to communities across the globe.

Together, we're making a difference.

Yours sincerely,



Gary Brader
Group Chief Investment Officer
QBE Insurance Group

Premiums4Good snapshot

Ambition to grow our impact investments to

USD 2 billion

by 2025

USD 904 million

total invested in Premiums4Good at the end of June 2020

66 securities

invested in by QBE as part of Premiums4Good in June 2020, up from 43 in June 2019

11 impact areas



invested in by QBE as part of Premiums4Good in June 2020

Key areas of geographical impact

Premiums4Good has a global reach. The below map indicates key geographical regions invested in through its pool of assets as at June 2020. Significantly, the Premiums4Good investment pool invests in developing markets across the globe.



Industry recognition



Banksia Foundation Sustainability Awards
Banksia Large Business Award, Finalist, Australia, 2019



Shared Value Project 2019 Shared Value Awards
Finalist, Australia



Finder Awards
Green Insurer of the Year, Australia



Ethical Corporation's global Responsible Business Awards
Finalist United Kingdom, 2019

Sustainable Development Goals

Aligned with 17 Sustainable Development Goals and the Global Priorities to 2030

We support the aims and objectives of the United Nations Sustainable Development Goals (SDGs) which arose through collaboration between governments, civil society, the private sector and academia. The SDGs seek to address the world's most pressing environmental and social challenges and form part of a wider 2030 Agenda for Sustainable Development. At QBE we aligned our sustainability agenda to support advancement of these global goals. As a universal agreement to work towards a better future, the SDGs align closely with our own purpose to give people the confidence to achieve their ambitions.



Investment summary

2019-2020

As the Premiums4Good program grows, we have continued to invest in a way that shows the potential of capital markets to direct funds to areas of both near-term and long-term resilience for our community, customers and partners.

Over the year, we've increased the value of investments from USD440 million at the end of 2019, to USD904 million.

In alignment with QBE's wider commitment to addressing climate risk, we continue to invest in renewable energy projects and other initiatives around the globe that are designed to address the physical and transition risks and opportunities of climate change.

Since March 2020, we have made more than USD40 million in new investments which support private and public sector businesses and programs in countries and communities exposed to the economic and health effects of the COVID-19 pandemic.

Highlights of this period included:

- Investment into an International Finance Corporation social bond that is funding initiatives to support those impacted by the COVID-19 pandemic. The proceeds of IFC's social bonds support vulnerable communities and help people gain access to essential services, including healthcare and microfinance, as well as financing opportunities for women and small business owners.
- Premiums4Good invested in a number of World Bank (IBRD) bonds which support sustainable development and economic growth, and more recently which aim to support health and wellbeing and support the global response to COVID-19.
- We added to investments with Community Development Finance Institutions in the US like The Reinvestment Fund (TRF), and Low Income Investment Fund (LIIF) through our investment in the LIIF Sustainability Bond. LIIF supports poverty alleviation through access to housing, and patient capital for borrowers in lower socio-economic urban communities in the US.
- Further attention to social and affordable housing across the globe, including Cheyne Social Housing Fund (UK), National Housing Finance Investment Corporation (NHFIC) in Australia and in New Zealand through Kāinga Ora (formerly Housing New Zealand).
- Motability Operations continues to support financial inclusion and access to transportation and independence to thousands of people with a disability and their carers across the UK.
- Increased investments in the growing issuance of green and social bonds funding renewable energy, energy efficiency and clean transportation in Australia, UK, and Asia. For example, improving energy efficiency and clean energy in Ontario, Canada, through continued investment in the provincial government's green bond program.
- Most recently, we invested in the Ford Foundation social bond that is providing support to charitable organisations globally that have seen their funding diminish due to the COVID-19 pandemic. Grants are focussed on building resilience in the non-profit sector and stabilising and strengthening the social justice sector.

As the Premiums4Good program and impact investing continues to develop we revised our impact framework, with review from the Classification of Social Investments Committee (COSI), to Moderate, High and Deep impact categories to reflect the growing types of deeper impact investments we seek.

Since 2014, we have added our voice, as a global institutional investor, to support the demand for impact investments at a scale. Further development of these types of investments will enable us to efficiently invest for positive impact. We continue to engage with government, industry and community sector partners to advance the transformation of capital markets.

In 2019-2020, we shared the Premiums4Good story with other financial services organisations at the Global Impact Investing Network, UN PRI, and the Asia Pacific Impact Summit among others. We provided input to the Australian Federal Government Department of Social Services, and the Australian Social Impact Investing Taskforce, and the UNDP SDG Impact draft standards which are advancing impact practice in the green, social and sustainability (GSS) bond market and in private equity. These efforts are important to support the alignment of financial flows towards impact and achieving the UN Sustainable Development Goals by 2030.

The intended positive outcomes of these investments showcases how these investments are changing lives and helping us support people in the communities we operate in while also delivering attractive, risk-adjusted financial returns.

Premiums4Good Investments

Impact area and location of impact as at June 30 2019

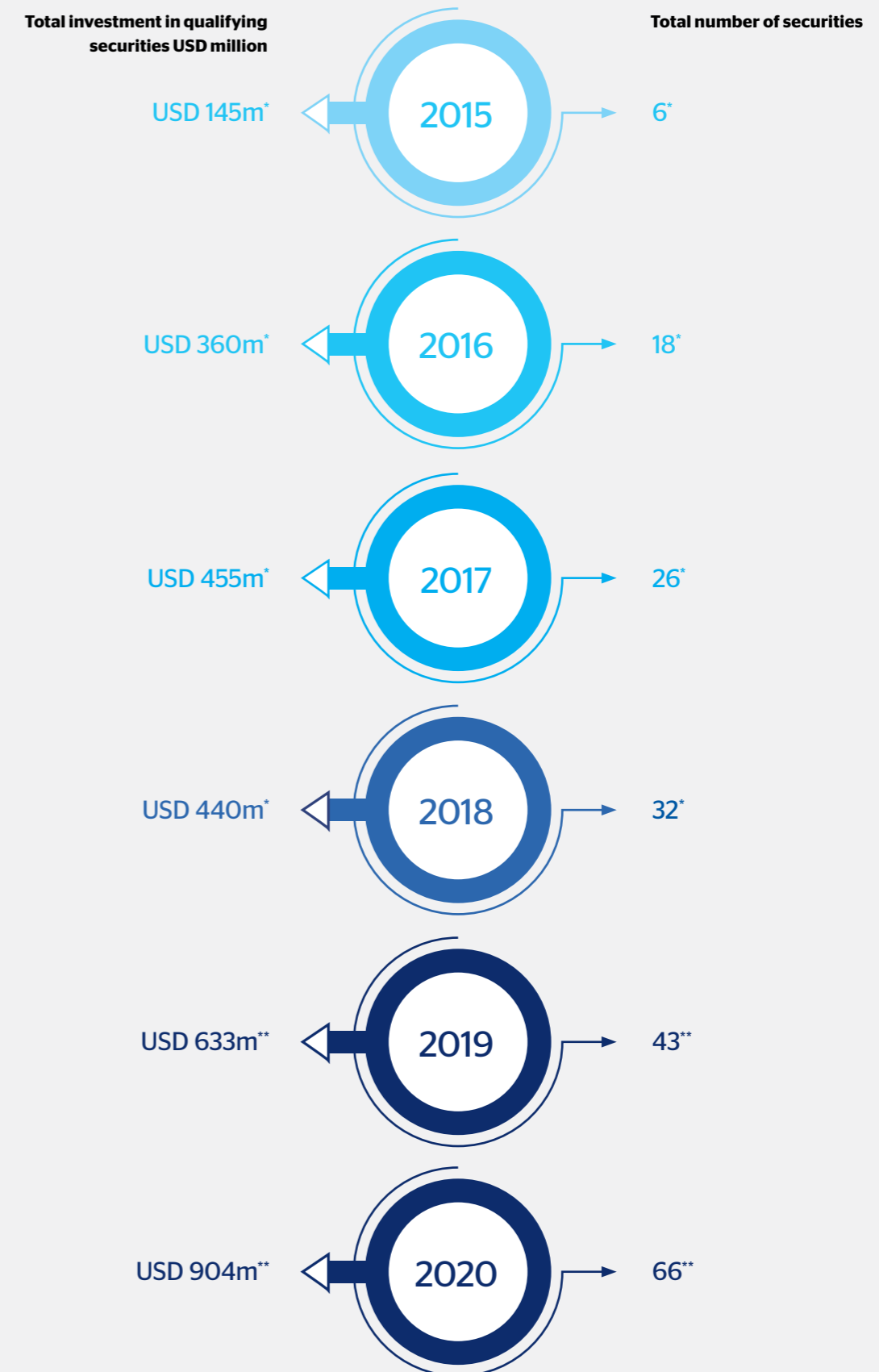
	Australia and New Zealand	Europe and UK	North America	Developing markets	Total
Environment					
Food & Agriculture				1	1
Resource Efficiency, Recycling, Re-use & Conservation				1	1
Sustainable Energy	4	7	9		20
Total	4	7	9	2	22
Social					
Education & Employment				1	1
Financial Inclusion		2		1	3
Health	1		1		2
Housing & Social Real Estate	4	1	1		6
Social Care & Provision of Community Services	1	1	3		5
Social Inclusion, Diversity & Gender			1		1
Urban & Community Development			3		3
Total	6	4	9	2	21
Grand total	10	11	18	4	43

Impact area and location of impact as at June 30 2020

	Global	Australia and New Zealand	Europe and UK	North America	Asia	Developing markets	Total
Environment							
Food & Agriculture						1	1
Resource Efficiency, Recycling, Re-use & Conservation						1	1
Sustainable Energy	2	8	9	12			31
Water	1				1		2
Total	3	8	9	12	1	2	35
Social							
Education & Employment						2	2
Financial Inclusion	1		3			1	5
Health	2	1		1			4
Housing & Social Real Estate		6	1	2			9
Social Care & Provision of Community Services		1	1	3			5
Social Inclusion, Diversity & Gender				1	1		2
Urban & Community Development		1		3			4
Total	3	9	5	10	1	3	31
Grand total	6	17	14	22	2	5	66

Primary impact areas, impact areas, geographies and Sustainable Development Goals in this report are mapped and categorised by QBE in line with our QBE impact investment definitions and classifications. Please note that individual investments or investees may classify these differently.

Securities and investment totals 2015-2020



*Figures as at 30 December. **Figures as at 30 June.

International Finance Corporation Social Bond

Primary impact area:
Social

Impact area:
Financial Inclusion

Commencement date:
2020

Geographic location of impact:
Global

SDG alignment:



IFC was the first issuer to bring a social bond to market after COVID-19 began to spread globally, pricing a USD 1 billion benchmark global bond - its largest ever social bond - on the same date that the World Health Organisation declared the virus a pandemic. Despite market volatility, the deal gathered exceptional investor interest of over USD 3.4 billion, demonstrating that investors are keenly interested in supporting social outcomes in this environment. Since its inaugural issuance in 2017, IFC has now raised a total of USD 3 billion through 30 social bonds across 10 currencies.

As coronavirus disrupts emerging markets/developing countries, social bonds can offer an avenue for public and private sectors to access vital capital for healthcare sustaining jobs, and economic recovery. Improving access to finance, technology and markets for women is a key focus for IFC, with proceeds of social bonds going to projects and lending that address barriers for participation by women in the economy. In many parts of the world, good-quality jobs and access to assets are out of reach for millions of women. Lack of safe and affordable transport, violence and disproportionate care responsibilities can restrict access to jobs and hinder prosperity. The disruptions of COVID-19 amplify many of these existing inequalities. For women entrepreneurs, access to finance is a strong enabler of success.

IFC has been a lamplighter in the sustainable bonds market through its legacy issuances as well as efforts to create best practices and market standards. Since 2016, IFC has chaired the Social Bond Working Group which governs updates to the Social Bond Principles.

In addition, with overwhelming interest about financing avenues for corporates during these difficult times, IFC published a Social Bonds Case study to illustrate how issuers from various industries in the private sector can use social bonds to raise financing to combat the crisis. This additional guidance demonstrates that the Social Bonds Principles are immediately applicable to efforts addressing the COVID-19 pandemic.

IFC is proactively educating investors of the benefits of changing capital markets towards achieving positive social and environmental impact through these financial products. IFC is leading dialogue about frameworks and transparency about impact reporting to investors, including, with the support of the International Capital Market Association and private sector partners, as the new Chair of the Green, Social and Sustainability Bonds Steering Committee.

In light of COVID-19 and the worldwide social and economic challenges of the coronavirus, social bonds are now front and center of the thematic bond market. Demand is higher than ever as social bonds hold the keys to unlocking the benefits for under-served communities in the developing world.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector.

The proceeds of IFC's Social Bonds support vulnerable communities and help people gain access to essential services, including healthcare and microfinance as well as creating opportunities for women and small business owners.

Case study: Mali Shi (Inclusive Finance and Agribusiness 2019)



Building agricultural productivity is critical for Mali, which ranked 182nd out of 188 countries on the 2018 United Nations Human Development Index. Ninety percent of poor people in Mali live in rural areas, and drought, instability and conflict have increased the incidence of poverty.

Mali Shi is a nut processing company in Mali that produces shea butter. The project is expected to increase the incomes of the individual women nut collectors that will supply the company

Mali is the world's second-largest producer of the shea nut and accounts

for approximately 20 percent of the global supply of shea. Shea butter is used as an alternative to cocoa butter in the cosmetics and food industries. A lack of technology and modern industry means that Mali produces virtually no industrial shea butter. Most of Mali's shea nuts are sold raw or processed locally into low-quality artisanal shea butter, keeping the country on the fringes of the lucrative and fast-growing industrial shea butter market. For a conflict-affected country like Mali, where over 42 percent of the population lives in poverty, this is an opportunity lost - especially for the approximately one million mostly poor, rural women who work in Mali's shea value chain.

IFC and program partners provided a loan of EUR 2.5 million to Mali Shi - a shea nut processing company based on the outskirts of Mali's capital, Bamako.

Together, the financing will enable Mali Shi to build the country's first active modern shea butter processing plant, increasing incomes for the 120,000 shea producers who supply nuts to the company. Over 95 percent of these producers are women, for whom the secure livelihood is critical. The income provides families with critical funds for school fees for children and household expenses.

As part of IFC's work towards strengthening Mali's ability to produce industrial shea butter locally, IFC will offer training in business skills, finance, and management to members of 100 women-led cooperatives that work with Mali Shi. IFC will also help the company improve energy efficiency, environmental and social management, traceability of its products and international food safety standards.

International Bank for Reconstruction and Development (IBRD) Sustainable Development Bonds

Primary impact area:
Social, Environment

Impact area:
Water, Health

Geographic location of impact:
Global

Investment commencement:
2020

SDG alignment:




Securing funding for health and wellbeing projects has become ever more urgent with the emergence of the COVID-19 virus. International Bank for Reconstruction and Development (IBRD) is a member of the World Bank Group. IBRD bonds support the financing of a range of sustainable development projects and programs in member countries, including health and wellbeing, and more recently the country-level response to detect and respond to COVID-19. In addition to this, they support sustainable livelihoods and food through the improved ecological health of oceans and waterways.

The World Bank (International Bank for Reconstruction and Development, IBRD) operates as a global development cooperative owned by 189 nations and has been the world's largest source of development finance for the past 70 years. It provides its members with financing, expertise and coordination services so they can achieve equitable and sustainable economic growth.

All financing is directed towards the World Bank's two main goals: to end extreme poverty and promote shared prosperity.

QBE invested in a number of IBRD bonds which support sustainable development and economic growth, and more recently which aim to support health and wellbeing, and support countries response to COVID-19.

Health and Wellbeing



The IBRD bonds support the financing of a range of sustainable development projects and programs in member countries, including health.

A second bond that QBE invested in was part of the IBRD's effort to raise awareness about the institution's health programs, with an emphasis on how the IBRD is working with member countries to support their efforts to prevent, detect, and respond to the rapid spread of COVID-19.

Oceans & Water

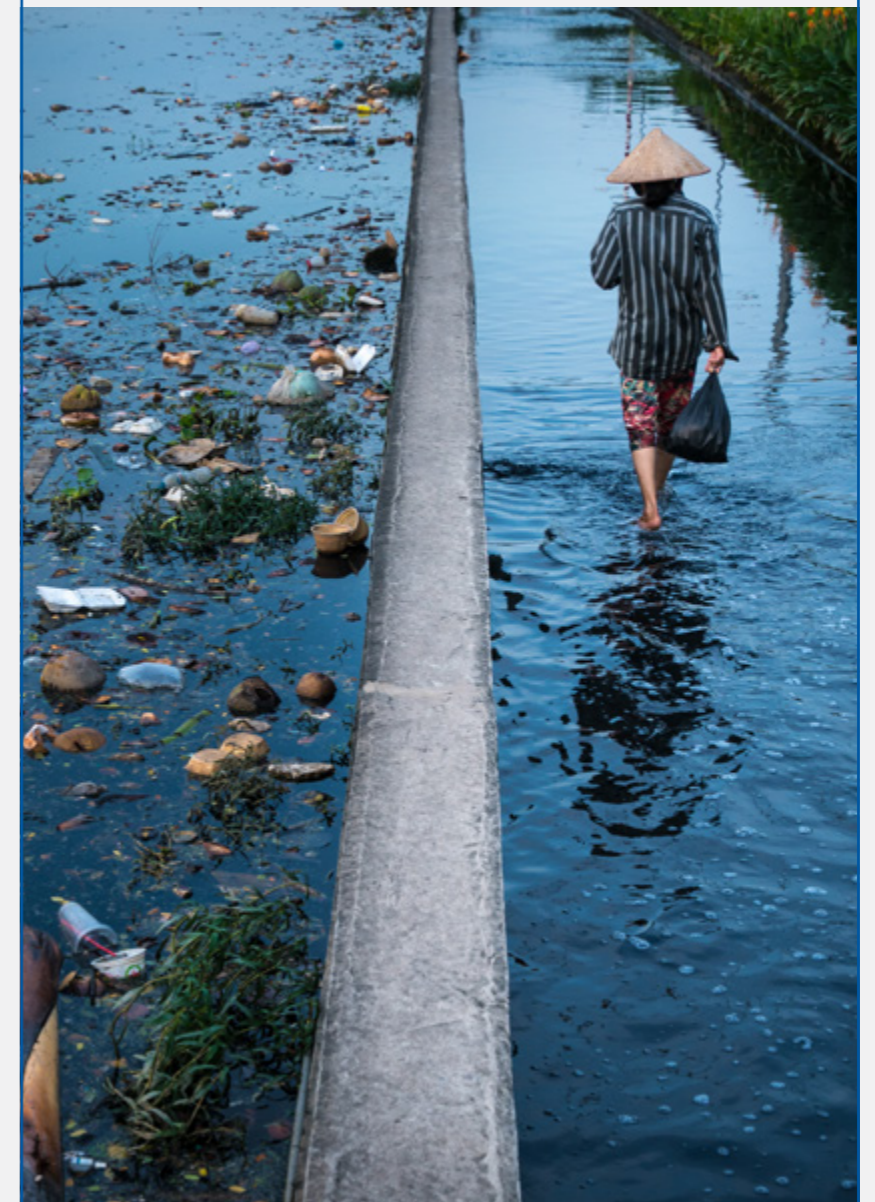


3-5% of global GDP is derived from the oceans, providing livelihoods and an important source of food. Further, oceans and coastal vegetation helps to regulate global climate.

Less than 2% of the world's oceans are protected. Threats to oceans and life below water include the destruction of marine habitats, overfishing and pollution including plastics. Warming waters and emissions are causing sea level rises, coral bleaching and stronger storm surges, affecting coastal habitats as well as livelihoods.

Indonesia: improvement in solid waste management to support regional and metropolitan cities

The project aims to increase the proportion of the population in selected urban areas who have regular household waste collection, increased capacity for landfill and solid waste disposal, and ensuring that the beneficiaries of these programs are largely women. By improving solid waste management to support regional and metropolitan cities, it will improve drainage, reduce flooding risk, and reduce plastics and waste which ends up in the ocean - affecting the global fishing industry and livelihoods.



Cheyne Social Impact Property Fund

Primary impact area:
Social

Impact area:
Housing & Social Real Estate

Geographic location of impact:
UK

Investment commencement:
2018

SDG alignment:




Access to affordable, secure, and suitable housing is an important determinant of health, and is an important foundation for participation in employment and community. Poor quality housing has detrimental effects on both physical and mental health. The financial stress related to maintaining secure housing and lack of affordable housing may amplify poor mental health.

The Cheyne Social Impact Property Fund was launched to help tackle chronic shortages of housing for disadvantaged groups and address the challenge of social and affordable housing.

Cheyne works with organisations that are delivering services such as social housing, elderly additional care, housing

for previously homeless adults, adult social care and supported living for people with physical and/or learning disabilities.

Cheyne's Impact Real Estate team acquires or builds properties and then leases them to social sector organisations at affordable rates.

Increasing supply of affordable housing supports a wide span of people in the community, including key workers, by increasing supply of housing under ethical market rents. Further, by improving the supply of affordable homes, the fund also supports reducing the costs that local Council authorities may pay to fulfil duties to provide homelessness prevention and relief.

To date, the Fund has invested in 882 homes across the UK. Cheyne will deliver 389 new build homes which are allocated for affordable, sub-market and private tenures; and purchased 155 street properties which are leased to local organisations to provide tenants with supported living (care), and stables homes to those at risk of harm or homelessness.

More than 70% of properties purchased or built by the Fund have supported affordable housing purposes (i.e. those that are somewhat below market rent) and support housing supply for people such as key workers - in locations as diverse as Sheffield, Bristol, Luton and Barnet.

QBE's investment in the Fund has allowed us to address the greater-than-ever need for long-term, affordable housing in the UK. It's more important than ever to develop secure and affordable housing - and close the gap between supply and growing demand

Stuart Fiertz
Co-Founder and Head of Responsible Investment

Case study: Accessible homes improving lives



The Fund's recent social impact review for properties providing bespoke housing, including modifications, for people with learning disabilities identified 'compelling evidence that the Fund is having a real impact on individual lives, enabling meaningful improvements to the health, wellbeing, relationships and independence of people with learning disabilities, as well as improvement in the lives of their families.'

The Fund investment has had an impact for the people through improved accessibility, as well as people feeling more settled, having more freedom - all of which are associated with happiness, confidence and sociability.

Two residents, Joe and Emily, 'had all but stopped walking in their previous home' and their mobility improved as a result of living in the property with widened hallways and levelled floors. Joe's family believed that had Joe remained living in the previous home, he would have stopped walking altogether: "going back to that time, he lost his confidence in walking. He'd got to hold onto something. Where he lived, there wasn't room for his walker, and so he was going from chair to table to door frame."

Similarly, Emily's father observed how his daughter is now able to walk more freely around the home, where Emily had previously been reliant on an electric chair.

"It has got a nice, wide hallway. Emily can walk with support, but if it was narrower, then the support staff would have to be walking behind her or in front of her, or not walking with her, but it's wide enough to be able to do that. ...In the past, she was using her electric chair much more. Now, they've been able to do more walking with her. Her walking is much better than it was."

A physically accessible home also offers a safer environment for people such as Charlie, who suffer from seizures.

Charlie moved out of his family home into a property established for residents with limited mobility. Moving to an accessible property was vital in mitigating the risk to his life during seizures, compared to the limited access in their family home. Not only does the presence of at least two staff on site now make it safer to manage the seizures, the accessible layout of the property also enables emergency services workers to attend to Charlie at his bedside, when needed.

Motability Operations

Primary impact area:
Social

Impact area:
Financial Inclusion

Geographic location of impact:
UK

Investment commencement:
2010, 2019

SDG alignment:




Access to reliable transportation enables independence, choice and control. Motability Operations delivers affordable leasing to more than 600,000 disabled people in the UK.

Motability Operations (MO) operates the Motability Scheme which enables disabled people to exchange certain mobility allowances to lease a new car, Wheelchair Accessible Vehicle, scooter or powered wheelchair, providing worry-free independence and meeting their transportation needs.

Around a third of eligible people in the UK choose to use their Disability Living Allowance or Personal Independence Payment to lease a Motability Scheme car which comes with a worry-free package of insurance, maintenance, breakdown assistance and an allowance of 60,000 miles. Today, over 600,000 disabled

people and their families benefit from the mobility available through the Scheme; from everyday journeys to the shops or doing the school run, to accessing healthcare, education and employment.

MO's customers are keen to look for greener choices and as such, MO offers a range of lower-emission vehicles including hybrids, combined fuel and new technology

products, which in turn may have lower running costs.

MO's business model is designed to ensure their operation is stable and sustainable in the long term. This enables them to provide customers with sustained affordability throughout the economic cycle. All profit is retained in the Scheme for the benefit of customers.

"The investments by institutions like QBE supports our ability to operate the Motability Scheme sustainably which in turn means we can continue to enhance the lives of disabled people across the UK by providing reliable and worry-free solutions for their transportation needs."

Dominic Hart
Head of Treasury at Motability Operations.

Case study: Owen's Story



Motorsport fan and YouTuber Owen has been a Motability Scheme customer since he was five years old. Now aged 22, and driving himself, Owen believes that the Scheme offers "excellent peace of mind".

Owen has spina bifida, so has reduced mobility in his legs. His friends and family members often ask him how he drives, they think it's 'magical' he explains, "I've thought about posting videos on my YouTube channel explaining how I drive and how the Scheme works."

"My car allows me to do all the things I want to, to go out and see friends, go to motorsport events and stay independent."

Case study: Bianca's Story



The Motability Scheme has given Bianca and her family a new lease of life, enabling them to continue to go on journeys and adventures together. Bianca has a five-year-old son Anthony, who has cerebral palsy. Bianca explains how the Scheme has allowed them to spend time together as a family - with Anthony's brother and sister.

"They didn't just take into account that I have a disabled child, they took into account my whole family."

"The Motability Scheme has made a massive difference to my life, we wouldn't be able to go on the journeys and adventures we go on without the Scheme."

Ontario (province of) Green Bonds

Primary impact area:
Environment

Impact area:
Sustainable Energy

Geographic location of impact:
N America

Investment commencement:
2017, 2019

SDG alignment:



Improving access to public transport, new mobility options and improving energy efficiency are central to improving the liveability of our cities. The Province of Ontario Green Bond program helps Ontario finance transit and other environmentally friendly projects across the Province.

Projects funded under the program can include clean transportation, energy efficiency and conservation, clean energy and technology (such as smart grid infrastructure and storage and renewables), forestry, agriculture and land management, and climate adaptation and resilience projects. The financing excludes fossil fuel and nuclear energy projects.



QBE is invested in two of the province's green bonds issued since 2014. Together, the bonds finance clean transportation and energy efficiency and conservation projects. Some of the transportation projects include

the Eglinton Crosstown Light Rail Transit (LRT), Finch West LRT and GO Expansion. In addition, the bonds finance energy efficiency projects such as the Centre for Addiction and Mental Health, St. Joseph's

Healthcare Hamilton - West Fifth Campus, St. Joseph's Healthcare London (Parkwood) and St. Thomas, and the ErinoakKids Centre for Treatment and Development.

"Since its start in 2014 until now, Ontario's Green Bond program has evolved and will continue to evolve to reflect market developments. Going forward, we expect Green Bonds to continue to have an important role in our borrowing program. Funding from partners such as QBE has allowed us to help finance clean transportation, energy efficiency and conservation, and climate adaptation and resilience projects."

Mike Manning
Executive Director & Chief Investment Officer, Ontario Financing Authority



Case study:
Clean Transportation

The Eglinton Crosstown LRT project is a \$5.3 billion (2010 \$) investment by the Government of Ontario to expand transit in Toronto and is currently under construction with scheduled completion in 2022. The Eglinton Crosstown LRT was selected in 2014 as the first green project to receive funding from the inaugural Green Bond issue and financed in subsequent green bonds issued by the Province.

The new LRT line will bring 19 new kilometres of rapid transit to Toronto, connecting Mount Dennis in the west to Toronto Transit Commission's (TTC) Kennedy Station in the east, and will include a 10 km underground tunnel in its central section between Keele Street and Laird Avenue.

It will have 25 stations and stops, link to 54 bus routes, three subway stations and three GO Transit lines. It is anticipated to be up to 60 per cent faster than today's existing bus corridor service. In addition to moving people across the city more quickly, the Eglinton Crosstown LRT will ease traffic and congestion by providing a reliable travel alternative. The LRT vehicles are electric powered and produce near zero emissions, making them the right choice for the environment.

Youth CONNECT Social Benefit Bond

Primary impact area:
Social

Impact area:
Housing & Social Real Estate

Geographic location of impact:
Queensland, Australia

Investment commencement:
2017

SDG alignment:




"We thank QBE for their investment, which is helping to reduce youth homelessness in Queensland. Through their support for this world-first Social Benefit Bond, QBE is helping to create brighter futures for young people who would otherwise have nowhere to turn."

Gary Edwards
Chief Executive Officer
Churches of Christ in Queensland

An estimated half a million Queenslanders have experienced homelessness in their lifetime, with many of these aged under 25 years. Youth CONNECT Social Benefit Bond addresses homelessness for young people leaving out-of-home care or juvenile detention and will help more than 300 people over six years in three locations in Queensland.

The Youth CONNECT SBB provides a 'housing-first' program for young people aged 15-25 who are leaving statutory care and at risk of homelessness. The objective is to develop the resilience of young people who are homeless or at risk of homelessness.

Youth CONNECT is delivered by Churches of Christ in Queensland, in partnership with the Queensland Government. The 'housing-first' approach supports young people find homefulness—a stable home environment where they can feel at home, have agency and experience independence—so that they can then focus on employment, education, work-readiness and personal development.

The Youth CONNECT Program provides early intervention and support for individual participants, and involves the finding of appropriate, stable and supported housing

options and followed by assistance with finding employment, education, personal development and life skills. Youth at risk of falling into homelessness with few supports are supported into an independent, connected future.

By building resilience and independent living skills for young people, the program aims to:

- Reduce incidence of homelessness or reliance upon specialist homelessness services
- Reduce interactions with the justice system
- Improve mental and physical health
- Support social and cultural connectedness
- Improve education and employment opportunities.

The program launched in 2018 and by the end of Year 2, 121 young people have engaged with the program at various stages of their journey to independence and successful adulthood.

Youth CONNECT participants include a high proportion of Aboriginal and Torres Strait Islander young people, reflecting the ongoing over-representation of Aboriginal and Torres Strait Islander children and young people who are in, or who have been in, statutory care. Youth CONNECT programming for these young people aims to embed an understanding of the strength of culture for indigenous young people.

Case study: Ben's Story



Ben* was referred to the Youth CONNECT program early in 2019 by a youth homelessness service. At the time he was couch surfing and sleeping rough.

After about 6 months in the program, Ben was able to move into a Youth CONNECT self-contained one-bedroom unit in Brisbane. Since moving into his own home, his case manager noted a huge improvement in Ben's situation, with him now also starting casual employment at the local Hungry Jacks outlet.

Ben has an extensive placement history from his time in statutory care. He was from his mother when he was about six years old, and subsequently had "too many places to count." He was placed in different foster care and residential homes, as well as being placed in youth detention on several occasions, although he has not offended now for three years.

Six years ago, Ben's mother passed away. He expresses deep grief and sadness that he was not given the opportunity to know his mother better. Ben identifies as Aboriginal, but does not know his Traditional Clan Group or any details surrounding his culture. His disconnection from his cultural identity has added to his sense of loss in relation to his mother, and while he is aware of a few family members, he has fallen out of contact with the majority of his family and is unsure how to reach out and reconnect with them.

Ben did have a kinship care placement with his uncle, but it was during a time he was committing criminal offences. He has deep shame surrounding his behaviour at this time and what his uncle must think of him, which has prevented him from reaching out.

Ben is reluctant to participate in cultural events within the community, battles with ongoing depression, and is socially anxious and struggles to speak to new people. Ben's case manager has observed that he is talented at drawing and has suggested they try an art class together run by a local Aboriginal group. Ben does not think he is good enough to go and expresses embarrassment over the praise.

Ben's story provides an insight into the everyday struggle of young people who have experienced significant trauma to feel a sense of connection and self-worth. These young people are disconnected from their family and their history, and this impacts on their own sense of self. For young people who are Aboriginal and Torres Strait Islander the disconnection from their cultural identity exacerbates their sense of loss.

The Youth CONNECT team have committed to progressing Cultural Strengths Plans for all Aboriginal and Torres Strait Islander young people.

* Case studies have been de-identified. Images are not of the individual

National Housing Finance and Investment Corporation (NHFIC) Social Bonds

Primary impact area:
Social

Impact area:
Housing & Social Real Estate

Geographic location of impact:
Australia

Investment commencement:
2019

SDG alignment:



In Australia housing supply has not kept up with demand, particularly in major metropolitan areas, impacting the ability of Australians to find affordable accommodation. The Australian Government established the National Housing Finance and Investment Corporation (NHFIC) in 2018 to improve housing outcomes for all Australians.

The NHFIC operates the Affordable Housing Bond Aggregator - which provides cheaper and longer-term secured finance for Australian Community Housing Providers (CHPs) by issuing bonds in Australia's debt capital markets.

In 2019, NHFIC issued two social bonds to support loans to CHPs which increase the supply and quality of social and affordable housing, maintenance of social housing and social wraparound services.



Tenants and residents in social housing include low-income tenants, young people, people with disabilities, older women over 55, and vulnerable and disadvantaged families and individuals.

Wrap around services for tenants range from youth services and employment services, financial and literacy skills training, training and employment counselling, to mental health support and services to address domestic and family violence.

QBE supported both of NHFIC's bonds issued in 2019 which enable investment in social and affordable housing at an institutional investor scale. By the end of 2019, the combination of both bond issuances brought the total value of loans the NHFIC Board had approved to more than AUD 830 million, supporting the delivery of more than 1000 new, and 3600 existing, social and affordable homes, ultimately benefiting tenants on lower incomes.

"Through our social bond issuances, investors have the opportunity to invest in AAA rated, Government-guaranteed social bonds, helping to address the significant and prevailing financing gap in Australia's community housing sector. The first two social bonds have assisted community housing providers in saving around AUD 93 million in interest - helping them increase their operational capacity, support further developments and new builds, develop disability accommodation and provide community programs to further support those most in need."

Nathan Dal Bon
NHFIC CEO

Case study: Unity Housing Company Limited, South Australia



Arron's home is a building block of independence

Living with cerebral palsy has not discouraged Arron from enjoying an independent and rewarding life. Having a two-bedroom home provided through Unity to call his home, with generous living space and 24/7 support located nearby, enables Arron to have a fulfilling and empowering life.

"Compared to where I was, my living room now used to be my whole apartment in the other place so this is a lot better," he says. "My journey has been interesting. I've had a lot of external support and a lot of encouragement. I've got some really good carers. I've started going out a bit more now that I have better conditions for living."

Arron attended Underdale High School then went on to study naturopathy at a school of natural medicine, where he received three individual certificates. *"I did it to improve my knowledge," he says. "I don't use it much now, but I still retain the knowledge."*

Arron's cat, Tina, is a constant and affectionate support. *"I got her from the RSPCA and she's nearly 21 years old," he says. "She's a very annoying but lovable cat."*

Arron's attitude to life is "pretty straight forward and to the point". *"I don't mince my words," he smiles. "It's got me into trouble over the years but my outlook on life is pretty positive - as long as I have got a roof over my head, food in the house and Tina is taken care of. I enjoy my surroundings, where I live and my everyday life."*

*Unity Housing is one of the CHPs which have received finance through NHFIC.

Kāinga Ora – Homes and Communities Wellbeing Bonds (previously Housing New Zealand)

Primary impact area:
Social

Impact area:
Housing & Social Real Estate

Geographic location of impact:
New Zealand

Investment commencement:
2019, 2020

SDG alignment:




Kāinga Ora

Increased supply of social and affordable housing is vital for meeting the needs of the most vulnerable New Zealanders and a crucial step in moving individuals towards building better lives.

Kāinga Ora supports people across New Zealand to have good quality, affordable homes, and live in strong, healthy communities. Kāinga Ora's approach to sustainability is aligned with the New Zealand Government's commitments including the UN Paris Agreement and the Sustainable Development Goals (SDGs), and its focus on wellbeing as a measure of the Government's Living Standards Framework (LSF).

Kāinga Ora Homes and Communities (incorporating Housing New Zealand) operates as the NZ public housing landlord, and is focussed on partnering with the development community, Māori community, and local and central government on urban development projects.

In leading the Government's priorities for housing and urban development, Kāinga Ora provides emergency, transitional and affordable housing. It provides social housing services for high risk, high need people, delivers public housing and works towards sustaining tenancies, and where it can move people to housing independence and social and economic participation in New Zealand society.

Kāinga Ora provides services to a cross section of the community, including those with health issues, disabilities and those that are socially disconnected. Kāinga Ora provides tailored services and housing solutions for individuals and families in need of additional support.

The Wellbeing Bonds are issued under ICMA Sustainability Bond framework, and fund

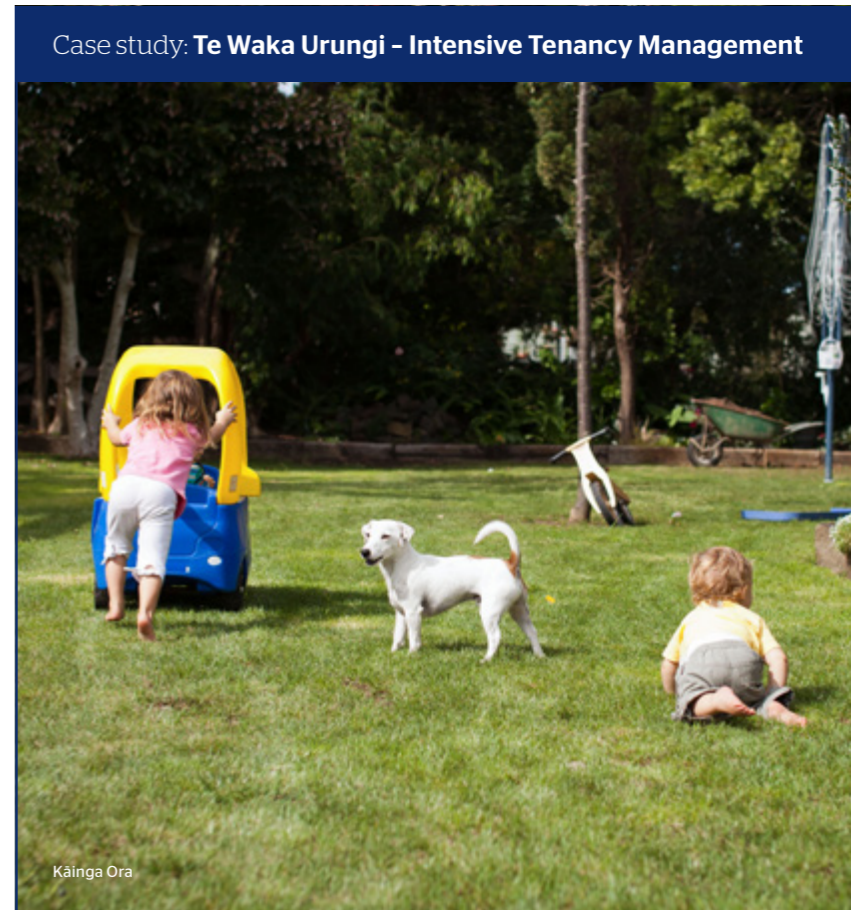
development and retrofit for housing stock. The bonds also support environmental outcomes: through energy-efficient housing designs and construction, the bond is set to reduce emissions and waste – building greener, more sustainable communities.

The financing, over 4 years, hopes to see 5,295 people housed with new and/or retrofitted social housing accommodation; 192 new and/or upgraded facilities for supported housing for customers that need intensive support to continue to live in their homes; and 49 new and/or upgraded facilities that include mobility concerns.

In addition, wrap-around support will be provided for customers identified as most at risk of poor wellbeing outcomes. Since first established (October 2018), intensive tenancy management has supported 520 tenants.

Kāinga Ora's role is to contribute to sustainable, inclusive and thriving communities. QBE's investment in our Wellbeing bond program helps us achieve our social, environmental and wellbeing objectives. Kāinga Ora has a significant task ahead in delivering housing and support to those in need and at risk. We see the importance of impact investing continuing to grow and evolve with the investor community requiring positive socio-economic outcomes to align with investment mandates.

Sam Direen
Treasurer



Kāinga Ora

Case study: Te Waka Urungi – Intensive Tenancy Management

Intensive Tenancy Management focuses on complicated tenancy cases that require a greater level of care and attention. By pulling together a wide network of different support services, the Intensive Tenancy Management team can understand and address the issues tenants are facing in order to turn lives around.

Jessica, a 24-year-old mother with two children, Ruby and Jacob, who were in the care of their grandparents, lived with their whole family in the same home. Jessica had physical and mental health issues and had made multiple suicide attempts. There was a very challenging family dynamic and a lack of support from other agencies.

The Intensive Tenancy Management team advocated for Jessica, for the necessary support from other agencies, and referred Jessica for help getting work and built a trusting relationship. By building these connections across existing agencies and departments, vulnerable people such as Jessica are engaged with suitable and existing government programs, rather than presenting at times of crisis. Jessica now has her own space to focus on her health, with other agencies and whānau also providing support. She is more assertive, confident about the future and focused on getting her children back in her care.

The Ford Foundation Social Bond, Series 2020

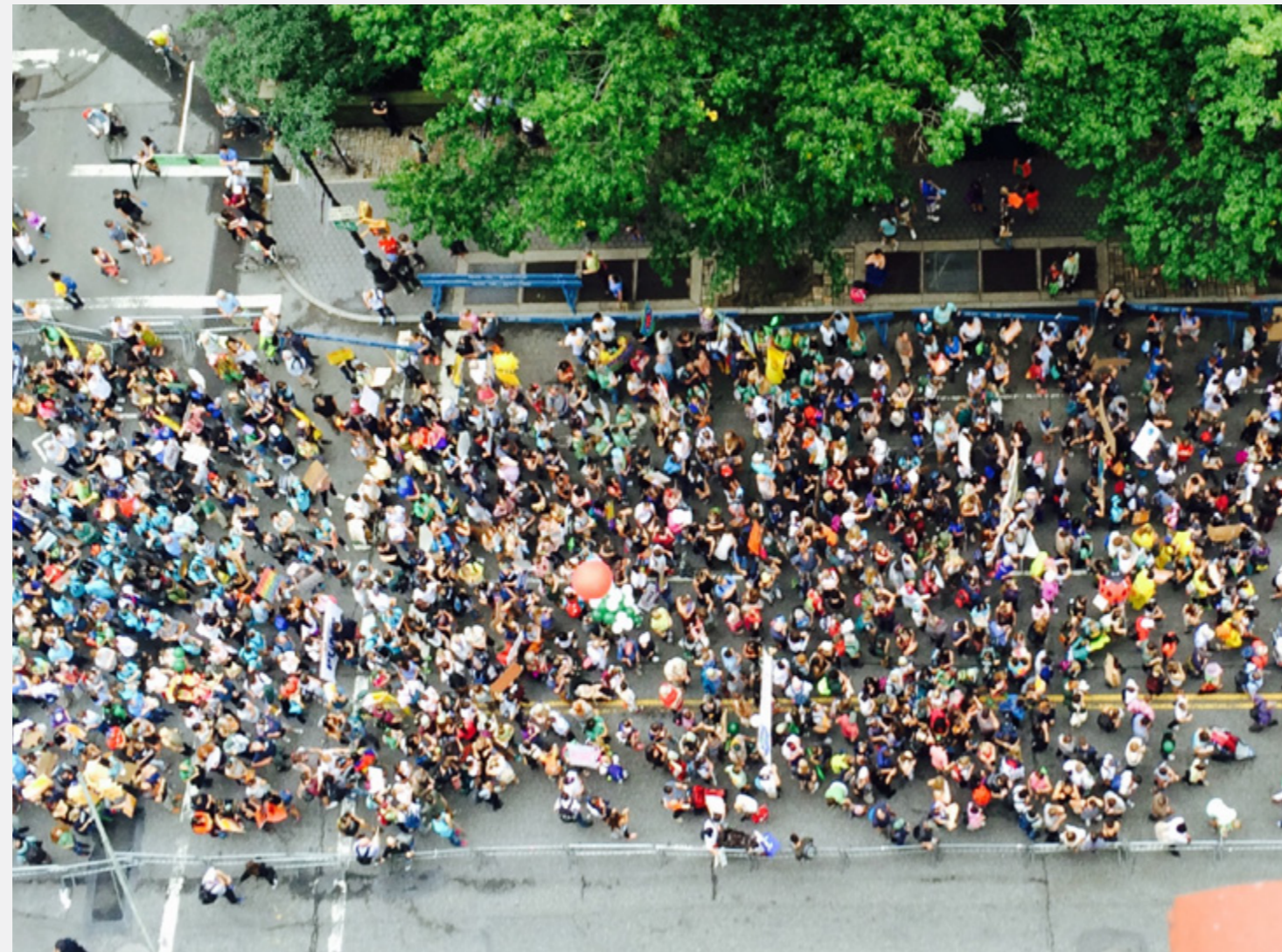
Primary impact area:
Social

Impact area:
Provision of Community & Social Services

Geographic location of impact:
North America, global

Investment commencement:
2020

SDG alignment:

The non-profit or third sector provides an important connector between government and philanthropic funders and underserved populations, people and communities in need, to address important issues of inequality and social justice, 'yet more than half of these organisations struggle to become financially sustainable and meet that demand'.

Following the rapid economic effect in early 2020 of the COVID-19 virus, and the impact this had on the non-profit sector due to the drop in charitable giving, and deepening need due to the recession, Ford Foundation issued a USD1 billion social bond offering to increase grant funding and support viability of charitable organisations. The proceeds of the bond will be allocated over the course of 2020-2022. These Special Allocation Grants are focussed on building resilience in the non-profit sector and stabilising and strengthening the social justice sector.

The Ford Foundation, founded in 1936, is one of the largest philanthropic organisations globally. The Ford Foundation focuses

on supporting visionary leaders and organisations working in key social justice issues: civic engagement and government; gender, racial and ethnic justice, technology and society; natural resources and climate change; future of workers; creativity and free expression (US Only), and cities and states (US only).

The Foundation 'believes the non-profit sector has been severely harmed by the COVID-19 pandemic and its economic fallout, and that non-profit financial organisations will require substantial financial resources to continue to carry out their charitable missions. In response, the Foundation seeks to substantially increase its grant making

in coming years directed at building the resilience in the NFP sector and stabilising and strengthening the sector'.

This is a commercial social bond issuance by Ford Foundation, rated AAA (Moody's)/AAA (S&P), and issued in line with the ICMA Social Bond Principles. Security-holders receive interest coupon payment, with a 30- and 50-year term.

The funds will help stabilize and strengthen the non-profit sector along with building the long-term resilience of social justice organisations in the US and around the world.

The COVID-19 pandemic presents an existential threat to the global economy, relations among nations and global health. In the United States, the pandemic has brought into sharp relief the results of decades of growing inequality in our economics, politics, and culture. The pandemic will likely accelerate some of the negative economic trends that serve to compound these inequities and the sense of hopelessness that an increasing number of Americans feel.

The communities that are hardest hit by the pandemic must have a voice in influencing recovery and reimagining a "new normal" that is more just and inclusive. Social justice and nonprofit organizations play a vital role in organising and advocating on behalf of these communities, but they are already experiencing significant harm from the economic fallout of the pandemic. According to a Nonprofit Finance Fund survey in 2019, only 25% of nonprofits have at least six months of cash reserves on hand. On average, the unrestricted net assets of black-led organisations are 76% smaller than the assets of their white-led counterparts. In the U.S., nonprofits employ more than 10 percent of the private workforce or approximately 12.3 million people. The economic demise of nonprofit organisations will have a ripple effect on overall jobless rate in the U.S that is formidable.

Now more than ever, the Ford Foundation is committed to ensuring that key social justice organisations protecting and promoting the rights and priorities of vulnerable and marginalised communities have the resources to be strong and resilient during the challenging days ahead. The proceeds from the social bond will provide some of this key funding.

Ford Foundation

Future Shapers Social Impact Bond

Primary impact area:
Social

Impact area:
Education & Employment

Geographic location of impact:
UK

Investment commencement:
2015

Investment maturity:
2019

SDG alignment:




Young people taking part in Future Shapers Sheffield have been given a better chance of finding a job by developing their skills, attitudes and understanding as they move from education to the world of work.

Personal mentors offered support tailored to the young people's specific needs. This could include helping them to grow in confidence, improve school attendance, gain qualifications, take part in extra-curricular activities, socialise with other young people, look for work and more.

The program targeted young people who are at risk of not being in education, employment or training and dropping 'through to cracks' in the economy. This identified young people who have poor attendance at or have been excluded from school, who have experience in the youth justice system, are 'looked after', have special educational needs or disability, or are teen parents.

The project was launched in 2015 as a social impact bond, under which investors finance the project and receive payments based on results.

"QBE's Premiums4Good initiative financed the Future Shapers program, which helps vulnerable young people improve their educational attainment and access to work."

"Through the focus on outcomes in the impact bond, Sheffield Futures, worked with young people over three years to establish a good foundation in education, employment or training, to reduce the number of young people in Sheffield facing an uncertain future."

"We are so proud of the achievements of all of the young people on the program. Our mentors have seen young people face their fears and gain the confidence needed to try new things; whether this is the high ropes, making friends or learning something new and improving their educational attainment"

Gail Gibbons
CEO Sheffield Futures

Key Results

Over the course of the program, Future Shapers worked with 1319 young people across Sheffield. The program supported both young women and young men: 43 percent of young people on the program were female and 57 percent were male.

Some of the highlights:

451
young people have moved on to college

542
young people have achieved entry level qualifications so far

722
achieved Level 1 qualifications

92
young people are now in employment

783
have shown an improvement in behaviour and

915 have shown an improvement in attitude.

Ongoing impact

While the social impact bond and the program has come to an end, young people who have been supported through the three-year program have continued to progress, and positive benefits for the young people involved have continued.

For example, in January 2020, a more than 100 people in the Future Shapers gained employment through local job fairs with employers.

Case study: Trevor's Story



Trevor, 16, from Sheffield, was becoming increasingly isolated and excluded from society with low school attendance and problems at home brought about by the dysfunction that can be caused for families when living in poverty, until a Future Shapers mentor stepped in to help Trevor get back on track and manage his home life and education.

When the Future Shapers mentor first met Trevor, he was very isolated, spending most of his time on his own in his room using computers and not attending school consistently. The Future Shapers mentor met with Trevor several times to build a trusting relationship and look at ways to help Trevor engage with society again. *"My mentor really helped me to get back to school by helping me to set up a plan with school for my return"* he says.

With arguments at home disrupting Trevor's attendance at school further, the Future Shapers mentor continued to visit Trevor and during this time helped him with techniques to deal with his situation at home including tips for staying calm rather than getting angry. The disruption at home coincided with his year 11 exams and the Future Shapers mentor worked with Trevor to ensure Trevor attended all his exams. At this point, Trevor was doing well at school and school said that he was their most improved student.

Unfortunately, just as things were starting to look up, events took a turn for the worse and Trevor's relationship with his family completely broke down. Trevor was given a place to live within a young people's housing project and his mentor helped and supported him to settle in there and to attend college.

Sometime later, Trevor is still living in the housing project and has gained new life skills such as managing money and cooking his own food. Trevor is now managing his life well, the conflicts with his family have reduced, and he has improved his attendance at college.

"My life has gained stability that I would never have achieved without the support of my Future Shapers mentor" he says.

"For the first time I feel like I'm in a position to look forward and start to build a future."

Benevolent Society ‘Resilient Families’ Social Benefit Bond

Primary impact area:
Social

Impact area:
Social and Community Services

Geographic location of impact:
NSW, Australia

Investment commencement:
2014

Investment maturity:
2018

SDG alignment:




Overall, the Resilient Families program achieved an 86 per cent preservation rate for families referred to the program, meaning that 86 per cent of children and families remained together, even after their time in the program was completed. This is comparable to the best evidence-based programs from around the world and supports better longer-term outcomes for those children in school, society, education and employment.

Jo Toohey, CEO, The Benevolent Society said, “Resilient Families has demonstrated that we can significantly reduce the number of children being removed from their families - a challenge that many service providers and government seek to address urgently.”

“Thanks to the unique dynamics of partnership across families, government, for purpose organisations and investors over the five-year program, we have seen significant results with the Resilient Families program,” she said.

Over the five years of the program, 303 eligible families were referred to Resilient Families, with 816 children supported.

The program and its evaluation also tracked the wellbeing and mental health of parents in the program, and the factors that improve family functioning.

“I learned that I can handle a lot more than I credited myself for,” said one Resilient Families client. “Thought the support I have received I have built my confidence and things are a lot better.”

There were also strong results for investors, with the SBB achieving a 16 per cent weighted average performance rate, which

triggered returns of six per cent to Protected Class Investors and 10.5 per cent to Equity Class Investors.

Since maturity in 2018

A key purpose of the Social Benefit Bond was as a funding mechanism to enable more investment in innovative early intervention models, for future services and avoided cost to government. Private investors (including Premiums4Good) supported the five-year pilot program. The Resilient Families Framework which underpins the program has been proven to scale effectively.

In recognition of the leading outcomes achieved by the Resilient Families program, and its role in reducing the number of children entering the NSW child protection system, The Benevolent Society, FACs, and OSII successfully established the first payment-by-results model subsequent to the Bond, to fund the continuation of the program.

Performance metrics will be based on outcomes achieved, measured against the control during the time of the Bond.

Since bond maturity, Resilient Families continues to perform strongly for families, tracking at a 91 per cent preservation rate in 2019-2020 and reporting a 39 per cent reduction in parental mental health concerns and a 31 per cent increase in wellbeing - deepening the positive impact on overall wellbeing of the family unit. Going forward, The Benevolent Society will grow and refine the Resilient Families program further, so that this proven model can deliver more outcomes by improving family functioning and creating a safer environment for children.

Key results

816
children in total were supported by Resilient Families

303
families accessed Resilient Families

32%
Fewer children from Resilient Families entered out-of-home care compared to children from the matched control group families.

86%
of families that accessed the program remained intact, compared to 80% for the matched control group of families, during the life of the social benefit bond.

16%
the overall weighted average performance percentage, used to measure investor returns, achieved across the full five years of The Benevolent Society social benefit bond

Case study: Sally's Story



Sally was referred to Resilient Families after testing to positive for heroin while in hospital following the birth of her son, George.

Already mum to Maddie, Sally agreed to be referred to a drug treatment program and made good progress.

By the time Sally completed that program, she had developed a strong relationship with The Benevolent Society.

When she and George moved to live with Maddie and her partner, The Benevolent Society continued to visit. Sally was making good progress and managing her drug use.

However, as time went on a senior Resilient Families practitioner noticed a change in Sally's demeanour. Eventually it emerged that Sally was being emotionally and physically abused by her partner.

The Benevolent Society helped Sally access housing support through Centrelink. She and George moved into their own accommodation, while Maddie stayed with Sally's mum so she could be closer to school.

Sally missed Maddie so in time she and George moved in with Sally's mum also.

Sally went through a significant journey during her time with Resilient Families. Despite this, she made significant progress ensuring the safety of herself and her children. When the program finished, she reported that life as a whole, safety, community engagement and her sense of future security were better than when she began working with Resilient Families.

*Source: Benevolent Society SBB investor report and website.

How a pioneering social benefit bond helped keep families together

Keeping children with their families, and not in out-of-home care, was the core aim of one of Australia's first social benefit bonds (SBB), which matured in 2018.

The Benevolent Society Resilient Families program was funded by this five-year social benefit bond and delivered by The Benevolent Society in partnership with private investors, Commonwealth Bank, Westpac and the NSW Government.

The impact of this pioneering social impact bond has been considerable. The performance of Resilient Families was assessed against a control group of families that received a 'business as usual' response from the NSW Department of Family and Community Services (FACs). Thirty-two per cent fewer children in the program entered out of home care than those of the control group.





QBE Insurance Group Limited
ABN 28 008 485 014
qbe.com