Premiums4Good™

Investment Impact Report

2020-2021

At a glance

About QBE

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.

We are listed on the Australian Securities Exchange (ASX) and headquartered in Sydney. We employ more than 11,000 people in 27 countries and have more than $27bn in assets under management in 2021.

Our purpose is to give people the confidence to achieve their ambitions and we strive to make a positive contribution to the economies and communities in which we operate.

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, International (Asia), European and Australia Pacific operations.

A portion of all premium is directed to Premiums4Good. To help us grow Premiums4Good, select customers also 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

We are incredibly proud of Premiums4Good and the way it continues to be a catalyst for positive change.

The 2020–2021 Premiums4Good investment impact report once again demonstrates our leadership in the impact investment sector.

This year's report highlights more of the impact that customer premiums are making to people, communities and systems across the globe.

Premiums4Good is a unique initiative that sees QBE integrate social value with business value by connecting insurance customer premiums to a growing demand for impact investments. It also supports QBE's belief that we can deliver attractive risk-adjusted returns and business value, while also delivering positive social and environmental impact.

One of the things we love most about this initiative is that it's a collaborative program, that strengthens ties with our customers and partners and invests in securities and projects that drive a better future for people and our planet.

Earlier this year, we announced that we had grown our impact investment allocation to over USD 1 billion well ahead of schedule.

As we publish this report, we have USD 1.4 billion invested across 85 investments including social impact bonds, green social and sustainability (GSS) bonds, and infrastructure. Our investments range from renewable energy and sustainable infrastructure, to outcomes-based financing social services and programs, which deliver better outcomes for vulnerable people and communities.

In the last 12 months, Premiums4Good has played a key role in our response to the ongoing COVID-19 pandemic. We've continued to invest in securities that direct financing to a number of global initiatives that are supporting the economic and social response in communities.

Through our investments, we're also continuing to finance healthcare initiatives, business finance opportunities for women and small business owners.

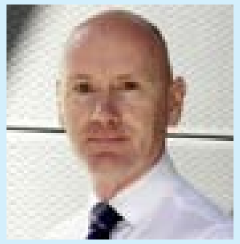
Premiums4Good has provided a catalyst for many positive changes, including within our own business. Over time, it has helped us rethink the role that we can play in creating a more resilient, inclusive and sustainable low-carbon economy.

We are proud of our active role in sharing the value of impact investing. Our hope is that Premiums4Good can contribute to the transformation of capital markets and long-term sustainable change.

Thank you to all our customers, partners and employees who make this possible.

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 1,410 million

total invested in Premiums4Good at the end of June 2021

85 securities

invested in by QBE as part of Premiums4Good in June 2021, up from 66 in June 2020

11 impact areas

invested in by QBE as part of Premiums4Good in June 2021

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 2021. Significantly, the Premiums4Good investment pool invests in developing markets across the globe.

Industry recognition

Inaugural Environmental Finance IMPACT Awards

Re/Insurer of the Year

Business Intelligence Group

Sustainability Leadership Award

Finder Awards 2020

Green Insurer of the Year, Australia

Finder Awards 2021

Green Insurer of the Year, Australia

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 **2020–2021**

Impact investment and sustainable investing is growing globally as capital markets and institutional investors explore how to invest towards a resilient, inclusive and sustainable net-zero economy.

Premiums4Good has continued to grow. Over the year, we've increased the value of investments from USD1,130 million at the end of 2020, to USD1.41bn. Since March 2020, we have made more than USD100 million in investments (USD60m since June 2020) which support private and public sector businesses and programs exposed to the economic and health effects of the COVID-19 pandemic.

The intended positive outcomes of our investments are changing the lives of people and environmental outcomes we operate in, while also delivering attractive, risk-adjusted financial returns. Within the Premiums4Good program, we monitor the ESG performance and impact reporting of these investments.

Highlights of this period included:

- In alignment with QBE's wider commitment to addressing climate risk, we continued to invest in initiatives around the globe that are designed to address the physical and transition risks and opportunities of climate change.
- We increased investments in green, social and sustainability (GSS) bonds. We continued to invest in green and sustainability bonds that direct financing to renewable energy, energy efficiency, climate adaptation and mitigation projects including: NSW TCorp (Treasury Corporation) Green Bond (Australia); EIB Climate Awareness Bond; KfW (Europe); and bank green project financing through ING Group and Svenska Handelsbanken (Europe).
- We also continued to support the development of social and affordable housing across the globe, through GSS bonds issued by financial institutions, as well as Cheyne Social Housing Fund (UK), and Foyer Central (Australia).
- Investment in social and sustainability bonds issued by International Bank for Reconstruction & Development (IBRD). They are helping to address the economic and social impacts on people and businesses caused by the COVID-19 pandemic (SDG 3) and ongoing circular economy improvements in Oceans and Water (SDG 6, 14).
- 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.
- We invested in social and sustainability bonds which direct financing to address inequality: include Bank of America 'Equality progress' sustainability bond (US) and through our existing investments in Ford Foundation Social Bond (US); and also through Community Development Finance Institutions (CDFIs): Low Income Investment Fund and The Reinvestment Fund.
- We supported gender lens investments including the CIBC Women in Leadership Social Bond, and the Asian Development Bank (ADB) Gender Note and bonds which direct financing to women-owned businesses and consider the role of women in resilience strategies to deal with disaster and climate-related shocks and stresses, in climate adaptation.

First Nations People and Inclusion

Over the past few years, we have made several deep impact investments which seek to address intersecting disadvantage, and positively support stronger futures and culture of young people and adults who identify as Aboriginal and Torres Strait Islanders (ATSI).

- Investments which aim to address the over-representation of ATSI people in youth and adult homelessness through 'housing first' programs, include Aspire in South Australia where 12% of adult participants identity as ATSI; and Youth CONNECT in Queensland, where 125 or 42% of the 300 young people in the program identify as ATSI.
- Additionally, the first investment made by the Save The Children Impact Fund is Ngutu College, which aims to change education outcomes in South Australia and 34% of students identity as ATSI.

Supporting Innovation

With Premiums4Good, and in our capacity as an institutional investor, we are signalling that there is demand for impact investment. We continued to invest in opportunities considered to be 'firsts' and seek out innovation.

- In 2020, we invested in Save The Children Impact Investment Fund, which is a first-time fund manager.
- In the social and affordable housing space, we invested in Cheyne Social Impact Property Fund (UK) in 2018, which has pioneered a model of institutional private capital helping to alleviate the UK's affordable housing crisis; and in Foyer Central, a social impact bond demonstrating how a scaled 'Foyer' model can reduce youth homelessness in NSW, Australia.
- We also invested in Australia's first climate, equity-linked green bond, which saw QBE collaborate with BNP Paribas, the Clean Energy Finance Corporation and Aware Super.

Since 2014 we have added our voice, as a global institutional investor, to support the growing demand for impact investments.

We continued to engage with government, industry and community sector partners to advance the transformation of capital markets.

- In the last year, we have shared the Premiums4Good story with other organisations including through the Global Steering Group on Impact Investing (GSG) Summit, Responsible Investment Association Australasia (RIAA) Impact and Harvard Medical School 'Innovative Financing for Global Surgery' panel (US/global).
- We've also participated in case studies about the program through **The Shared Value Project (Australia)** and as part of the **Lloyds** Climate program, to showcase impact investment with other insurance sector companies and brokers.

These efforts have been important to support the alignment of financial flows towards impact and further achieving the UN Sustainable Development Goals by 2030.

Impact Bonds

Through Premiums4Good, we have had a specific commitment to social bonds or outcomes-based financing since 2014.

- In June 2021, QBE, through direct and fund investments, has invested in circa 10% of the social impact bonds (including pay-for-success and DIBs) issued globally. We're proud to showcase examples in this report which demonstrate the success and ongoing commitment of these innovative approaches and how they have continued delivering throughout the COVID-19 pandemic.

Premiums4Good Investments

Impact area and location of impact as at 30 June 2020

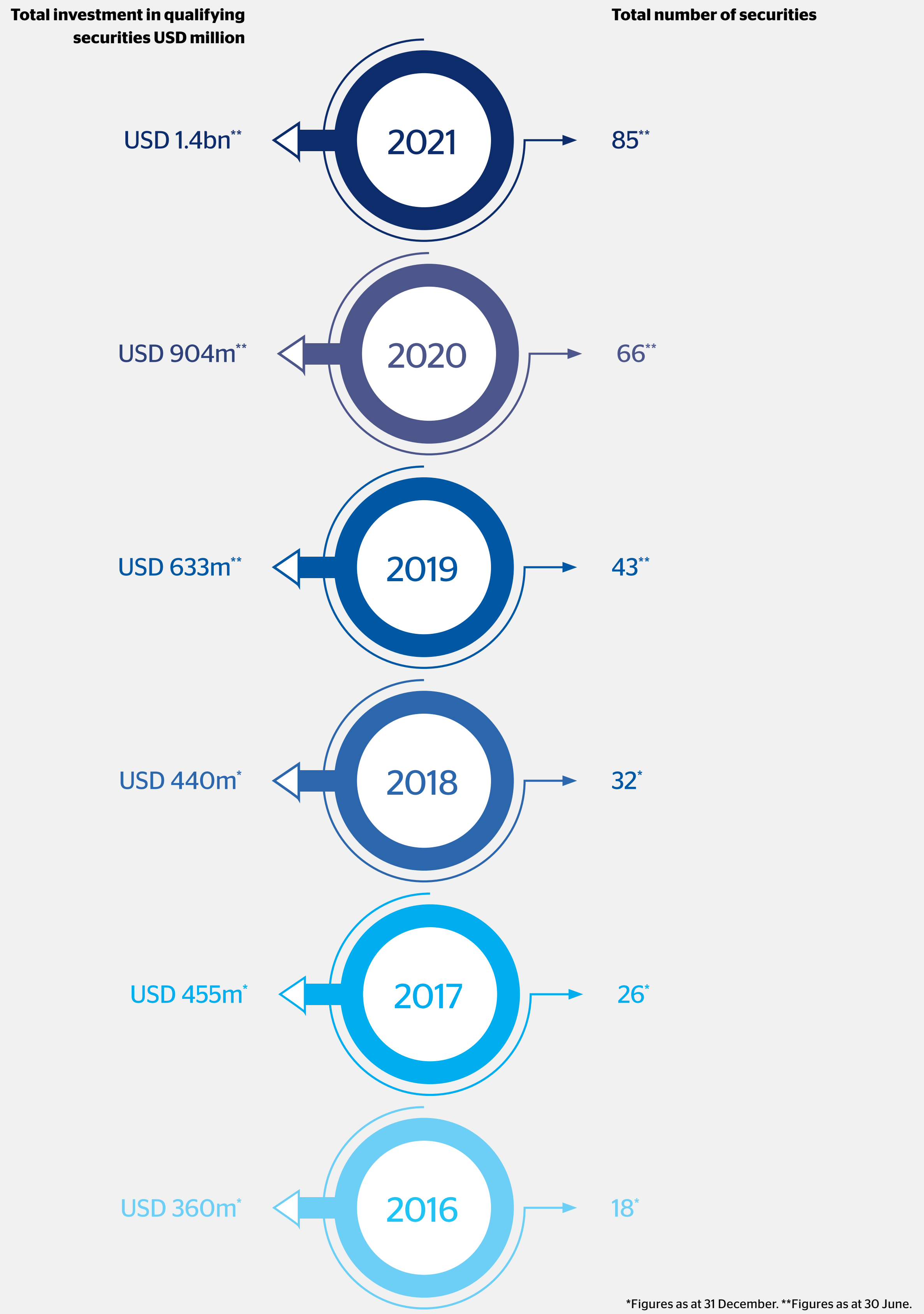
	Global	Australia and New Zealand	Europe and UK	North America	Asia	Developing markets	**Total**
Environment							
Food & Agriculture						1	**1**
Resource Efficiency, Recycling, Re-use & Conservation						1	**1**
Sustainable Energy	2	8	9	12			**31**
Water	1				1		**2**
Total	**3**	**8**	**9**	**12**	**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**

Impact area and location of impact as at 30 June 2021

	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	10	14	12			**38**
Water	2						**2**
Total	**4**	**10**	**14**	**12**		**2**	**42**
Social							
Education & Employment		2	3			2	**7**
Financial Inclusion	1		4			1	**6**
Health	3	1					**4**
Housing & Social Real Estate		6	1	4			**11**
Social Care & Provision of Community Services	1	1	1	3			**6**
Social Inclusion, Diversity & Gender				1	3		**4**
Urban & Community Development		2		3			**5**
Total	**5**	**12**	**9**	**11**	**3**	**3**	**43**
Grand total	**9**	**22**	**23**	**23**	**3**	**5**	**85**

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 2016-2021



*Figures as at 31 December. **Figures as at 30 June.

Inter-American Development Bank 'EYE' Bond

Primary impact area:
Social

Impact sector:
Education & Employment

Impact category:
High Impact

Geographic location of impact:
Latin America and the Caribbean

Date of Investment:
2016, 2019

SDG alignment:

Image Supplied: Inter-American Development Bank

Poverty and inequality are major challenges in many countries in Latin America and the Caribbean. Changing the lifetime outcomes for children and young people in the region requires a focus on the long-term accumulation of human capital and life skills to improve education and employment outcomes.

The Fund invests aims to address pressing social and humanitarian issues for children.

Established in 1959, the Inter-American Development Bank (IDB) works to improve lives in Latin America and the Caribbean by providing financial and technical support for countries to promote sustainable growth, poverty reduction and social equity in Latin America and the Caribbean.

IDB is the largest government-owned regional source of development finance for Latin America and the Caribbean and is the main source of multilateral financing in the region.

The IDB Bond 'EYE' (Education, Youth, Employment) proceeds are used to finance eligible projects in Latin America and the Caribbean.

To improve long-term education and employment outcomes for young people, IDB focus on a 'life cycle' approach which coordinates investments in human capital over the course of a lifetime.

Projects financed through the bond promote the accumulation of human capital and life skills, from early childhood care and education, through formal primary and secondary education, as well as programs that facilitate labour market placement by improving the transition from school to work through vocational training.
The result is to increase productivity and improve social inclusion for young people in the region, and positive economic growth for the region.

Case study: **Belize: Education Quality Improvement Program (EQIP) II**

Education is a sector that has been severely hit by the global pandemic. School closures have created an unprecedented disruption to education systems. Prior to the pandemic, Belize had no distance education experience or resources.

As the government has moved towards an at-home learning modality, many students in vulnerable conditions are disadvantaged as they experience uneven access to distance learning and hybrid education resources, online learning opportunities and hardware. Already pre-pandemic, Belize struggled with some of the lowest attendance rates at the primary level of education within the region It is likely that these rates will drop further because of pandemic-related school closures, particularly among students from the lowest socioeconomic groups.

In order to address the challenges, IADB broadened the scope of the Education Quality Improvement Program II (EQIP) to improve the quality of education in primary and secondary schools. The objectives of EQIP II are to improve the quality and gender equity of education at the primary and secondary levels, with a special focus on innovation in Science Technology Engineering Arts and Mathematics (STEAM) education. This general objective is pursued by achieving the following objectives: (i) improve the quality of primary school teachers by expanding the Inquiry- and Problem-based Pedagogy (IPP) learning approach; (ii) improve the quality of secondary education teachers by improving teaching practices with a focus on student-centered science and mathematics learning; and (iii) promote gender-sensitive STEAM teaching.

LeapFrog Emerging Consumer Fund III

Primary impact area:
Social

Impact sector:
Financial inclusion & healthcare

Impact category:
Deep Impact

Geographic location of impact:
Asia and Africa - Emerging Markets

Date of Investment:
2018

SDG alignment:

Rapid developments in Africa and Asia have impacted the dynamics of global markets. Billions of emerging consumers are now joining the global economy, without access to many of the basic services required for success.

The global COVID-19 pandemic has made expanding equitable access to healthcare services, financial inclusion and insurance in emerging markets even more crucial, with digital technology becoming increasingly important in bridging the gap.

Image supplied: LeapFrog Investments

"QBE was the first Australian insurance group to back LeapFrog's new impact investment fund. At over $A1 billion, LeapFrog Fund III is the largest equity fund ever raised by a pure impact investor. As a key participant, QBE is sending a powerful signal to the country and the world that it is possible to achieve Profit with Purpose."

Andy Kuper
Founder & CEO
LeapFrog Investments

LeapFrog Emerging Consumer Fund III is helping to meet these growing needs at scale by investing in companies that provide essential financial and health services across developing countries. Currently, LeapFrog companies reach over 221 million people.

QBE, through Premiums4Good, is an investor in the USD 743m fund, joining a number of investors across the globe in the Fund's mission to change lives in communities in countries like Kenya, Nigeria, Ghana, South Africa, India, Indonesia, Vietnam, the Philippines and Sri Lanka.

The Fund's investments to date include BIMA Mobile, a mobile-delivered health and insurance provider for underserved families in emerging markets; and PT PasarPolis, an insurtech company in South East Asia.

The Fund has also made investments in East African healthcare provider Goodlife Pharmacy, which provides diagnostics and basic health care in communities where public healthcare is limited; as well as Ascent Meditech, a business that manufactures and delivers orthopaedic products across India.

The Fund has also invested in WorldRemit, which enables fast and secure international money transfers; and NeoGrowth, a digitally enabled financial company that provides business loans and insurance in India.

Through these investments and additional opportunities, the Fund strives to impact the lives of millions of people as well as to generate robust financial returns for investors. By investing in the provision of essential services, the Fund is also a powerful enabler of financial inclusion and access to healthcare.

It supports the elimination of poverty, contributes to healthier, more productive communities and helps drive economic success.

Significantly, the Fund reached 67 million consumers across Asia and Africa in 2020.

Impact

In 2020, the LeapFrog portfolio companies collectively reached 221 million people and households, of whom 167 million were women and children. Of those reached, 175 million were classified as emerging consumers, expanding access to financial and health products in this underserved category.

The Fund's portfolio companies reached 67 million people, including over 52 million emerging consumers and households with expanded access to traditional and micro-insurance products providing confidence and peace of mind.

LeapFrog portfolio companies supported 130,000 quality jobs in total and more than 34,000 of these full-time. In 2020, 41% of all direct customers to LeapFrog companies were women.

Case study: **BIMA**

Image supplied: LeapFrog Investments

BIMA is a leading mobile-delivered health and insurance provider in emerging markets. The company uses mobile technology to bring simple, affordable, digital health, telemedicine and insurance services to millions of people across Africa and Asia.

BIMA focuses on customers in 'underserved families that typically live on less than $10 per day and are at high risk of illness or injury' and states that 75% of its customers are accessing insurance services for the very first time[1] The primary entry point to online services for many of these people is via mobile phones.

BIMA is active in 10 countries — Ghana, Tanzania and Senegal in Africa; and Bangladesh, Cambodia, Indonesia, Malaysia, Pakistan, Philippines and Sri Lanka across Asia.

In these regions it has held 2 million tele-doctor consultations, reached 35 million customers and sold over 41 million policies.

During 2020, in its operations across Africa and Asia, BIMA created awareness of women's health issues, expanded consultation services to them and offered special insurance policies to meet their needs. It was a needed response when the health concerns and insurance needs of women - often ignored in emerging markets - became more crucial during the pandemic.

One of these programs is 'women's health' covering issues such as menstrual and sexual health. In 2020, there were approximately 45,000 customers subscribing to this program, receiving around 200,000 pieces of health information per month. As part of its telemedicine services, BIMA offers customers phone consultations with specialists including gynaecologists.

"The onset of COVID-19 has brought home the value of telemedicine, to help prevent the spread of disease, and the importance of insurance, for peace of mind. Through digital solutions, and a human touch, we've been able to serve hard-to-reach communities with tools and services that bring them a sense of security at such a challenging time," said Gustav Agartson, CEO, BIMA Mobile.

1. BIMA - https://bimamobile.com/ Adapted: This case study was first published on June 2nd, 2021.

Sydney Light Rail

Primary impact area:
Environment

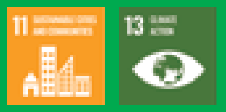
Impact sector:
Sustainable Energy, Urban Development

Impact category:
Moderate Impact

Geographic location of impact:
Sydney, Australia

Date of Investment:
2016

SDG alignment:

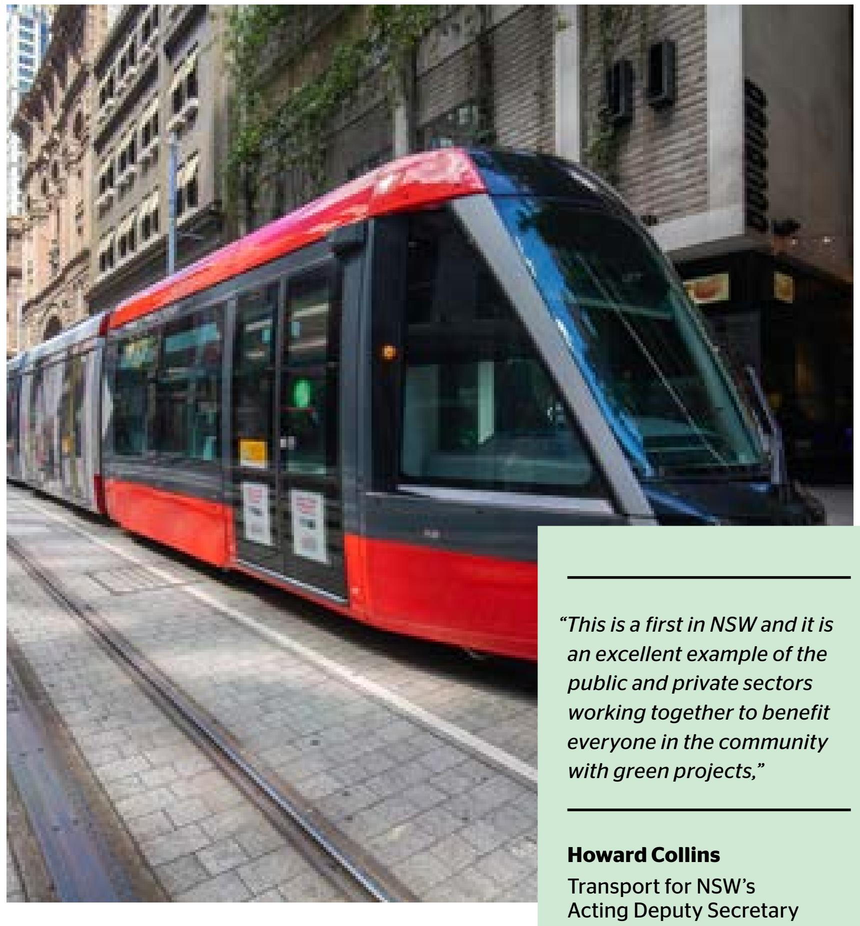


Transport currently accounts for a quarter of the world's energy-related greenhouse gas emissions, and the trend is not encouraging. By 2030, annual passenger traffic will exceed 80 trillion passenger-kilometres—a 50% increase compared to 2015; global freight volumes will grow by 70% and 1.2 billion more cars will be on the road—double today's total.[1]

Cars are a major source of greenhouse gas pollution in Australian cities. Transport is the source of 17% of Australia's greenhouse gas emissions (Australian Government 2020).[2]

Light Rail infrastructure has a low impact on the environment and supports a more sustainable city through reducing greenhouse gas emissions.

As a low-carbon transport alternative, electric powered light rail is an inherently sustainable form of transport. Encouraging people to transition from using cars and buses to light rail can significantly reduce traffic congestion, noise and air pollution, and greenhouse gas emissions.



"This is a first in NSW and it is an excellent example of the public and private sectors working together to benefit everyone in the community with green projects,"

Howard Collins
Transport for NSW's Acting Deputy Secretary of Greater Sydney

Major construction on the 12km electric powered light rail began in 2015 and was completed in 2020.

The NSW Government expanded Sydney's public transport offering through the Sydney Light Rail network and has transformed the city with more sustainable transport options. It has been designed to coincide with other major public transport options across the CBD, to include interchanges at ferry, rail, and bus stations along the route.

The project supports significant social benefits to Sydney by improving equitable access to services in local communities.

The planning, infrastructure delivery and operation of the Light Rail has also benefited the NSW economy by supporting the construction sector and allied industries through the creation of local jobs, skills development, and workforce diversity.

The project has increased transport capacity, provided more reliable travel times, supported economic prosperity and broader economic benefits, all while contributing to reducing the cost of congestion in the Sydney CBD.

The Sydney Light Rail was delivered and is operating in partnership between Transport for NSW and ALTRAC, with project financing provided by the private sector.

Subsequent to the project development financing, Sydney Light Rail has continued to lead in sustainable financing. It will be the first operational public private partnership to be financed with a certified Green Loan certificate in NSW[3] consistent with the NSW Government's target of net zero emissions by 2050.

The Infrastructure Sustainability Council (ISC) rated the Design of the Sydney Light Rail project as 'Excellent', and 'Leading' in the As-Built phase, and noted its innovation to the regenerative braking system. 99% of the energy produced during braking is recoverable.

The recovered energy can be re-used to power other vehicles running on the same line, or injected back into the network.

Transdev Sydney Light Rail are the first light rail operator in Australia to register with ISC for an Operational Sustainability rating. Sydney Light Rail is the first project in NSW and the third in Australia to be registered with ISC for an Operational Sustainability rating. Transdev's efforts over a three-year period in areas as diverse as climate change adaptation, enhancing ecological values and habitat connectivity, and community wellbeing, will go towards the rating assessment.

- Sydney Light Rail is projected to reduce greenhouse gas emissions by 663,000 tonnes of CO2 over 30 years
- 99% recyclable light rail vehicles
- One light rail vehicle can carry as many people as 7 standard buses or 88 cars
- Over 8,600 square meters of new pedestrian space in the CBD
- Approximately 220 fewer buses per hour in the CBD during the morning peak.

Benefits associated with construction of the project include:

- Approximately 95% of construction waste diverted from landfill
- Over 20% of jobs sourced from the local community

Case study

Image Supplied: ALTRAC Light Rail

"The environmental benefits of public transport are widely known. Green credentials alone won't do the job...For Transdev, sustainability is entwined with our social licence," said Ajenta Conrad, Sustainability Manager with Sydney Light Rail. "Rather than being separate, we are part of the community in which we serve, with our people living, commuting and working within our contracted service area."

With local council and community groups, Sydney Light Rail introduced several initiatives to create greater employment opportunities for residents living near the network. Since 2017, partnering with the Asylum Seeker Centre at Newtown in Sydney's Inner West, to mentor and coach job seekers and get them job ready. Under the partnership, more than 100 people have been supported with mentoring sessions, and between July 2019 and June 2021 Transdev Sydney employed 31 individuals from the Asylum Seeker Centre. In addition, they work with local schools and First Nations groups to engage in training, knowledge sharing, and mentoring opportunities. In 2020 Sydney Light Rail launched the Sustainable Procurement Action Plan which aligns with the Australian Modern Slavery Act 2018. The Plan focuses on three areas, the social, environmental, and economic impact of procuring goods and services. In practice, this means working with specialised social procurement organisations such as Supply Nation, Social Traders and others.

"Over the last three years Transdev's businesses have tripled the number of First Nations goods and services suppliers we work with. There is still much more that we can do in our business and community to achieving more sustainable operations, but through the initiatives, partnerships and actions already in place we at Sydney Light Rail are on the right track." Ajenta Conrad, Sustainability Manager with Sydney Light Rail.

1. Transitions at the Heart of the Climate Challenge (worldbank.org). 2. Quarterly Update of Australia's National Greenhouse Gas Inventory: December 2020 (industry.gov.au). 3. QBE Premiums4Good is not currently invested in the green loan.

Reinvestment Fund, Impact Investment Taxable Series Bonds

Primary impact area:
Social

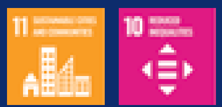
Impact sector:
Urban & Community Development

Impact category:
High Impact

Geographic location of impact:
North America

Date of Investment:
2018

SDG alignment:



Reinvestment Fund is expanding economic opportunity in low income communities through financial products and services.

Reinvestment Fund is a mission-driven financial institution committed to making communities work for all people. Founded in 1985, it is one of the largest and most comprehensive Community Development Financial Institutions (CDFIs) in the United States. CDFIs are financial institutions that share a common goal of expanding economic opportunity in low income communities through financial products and services.

Reinvestment Fund is a non-profit organisation, rated A+ by S&P (and its taxable bonds are rated A+ by S&P).

Reinvestment Fund brings financial and analytical tools to partnerships that work to ensure that all communities across the United States have access to essential opportunities: affordable places to live, access to nutritious food and health care, schools where their children can flourish, and strong, local businesses that support jobs.

Image credit: Reinvestment Fund

It uses data to understand markets, communities, and impediments to opportunity – and how investment and policy decisions can have the most powerful impact. Reinvestment Fund is also part of coalitions that work to shift how entire sectors work to dismantle systems that perpetuate social and economic inequality.

For 35+ years, Reinvestment Fund has disrupted inequitable investment practices and driven measurable impact. It brings capital into communities by supporting and partnering with businesses and organizations that are motivated by a common mission – to expand opportunities. It works in places and sectors historically excluded by traditional capital sources. It supports entrepreneurs and organizations with big ideas, who struggle to get capital because they cannot access generational wealth, or because their track records or project types don't match the expectations of traditional lenders.

Since its founding, Reinvestment Fund has put more than USD 2.4 billion to work for good – investing in projects that are both targeted and transformative. It has financed the development of 23.5 million square feet of commercial and community facilitate space and 89,472 educational opportunities for students. It has also financed 184 grocery stores and healthy food outlets, and 273 minority or women-owned businesses.

By tailoring financing solutions, fostering local partnerships, building coalitions, and informing strategies for tackling systemic injustices, Reinvestment Fund is charting paths and forging collaborations that catalyze positive, lasting impact.

Response to the pandemic and racial injustice

In the communities served by Reinvestment Fund, poor housing, environmental pollution, segregation, lack of opportunity and limited access to quality health care are persistent challenges—amplified by the pandemic.

Responding to the COVID-19 pandemic, Reinvestment Fund has been working with communities and businesses to alleviate some of the immediate financial pressures and ultimately to preserve local assets. The first of these efforts was the Philadelphia Emergency Fund for Stabilization of Early Education (PEFSEE). PEFSEE provides grant funds to minimize the loss of capacity and expertise in the early learning sector so that children and families continue to have access to high quality early learning opportunities once this crisis has passed.

To date, Reinvestment Fund has awarded $6.7 million in grant awards to 416 childcare providers, early intervention and home visiting services. For example, we helped People's Emergency Center develop new early childhood education tools for families quarantined in shelters in Philadelphia.

Events of the past year have also brought fresh energy and urgency to work that was already in motion to challenge injustice and deliver equitable solutions. For example, Reinvestment Fund is investing capital in complex community projects led by people of colour and accountable to communities of colour. They are committed to not just building facilities; but increasing the capacity of local leaders to leverage resources and power on behalf of their communities.

Reinvestment Fund also served as a lender in the US federal Paycheck Protection Program (PPP). Reinvestment Fund has helped 111 organizations access a total of $5.6 million in PPP funds. The average loan size was $50,000 and most applicants had around five employees. Almost 70% were businesses owned by women and/or people of colour and 1 in 4 was owned by a low-income individual.

Case study: **Jumpstart**

An affordable home in a healthy neighborhood is fundamental to safety, stability, and opportunity. Leveraging its 35+ years of experience in affordable housing finance, Reinvestment Fund is using its capital to help small scale developers in this sector grow.

One such example is its investment in Jumpstart, a training and a loan program that helps start-up and small-scale property owners in Philadelphia redevelop housing in their neighbourhoods. The program explicitly seeks to enable residents to invest and develop in their neighbourhoods and build wealth locally.

More than 85% of Jumpstart graduates are women and people of colour – populations that have traditionally been grossly under-represented in real estate development both in Philadelphia and nationally.

Jumpstart graduate, Tabitha Giddens, heard about the program through a co-worker who had signed up. Giddens wasn't sure she was interested in the program but agreed to go for moral support.

What Giddens found was the opposite of what she was expecting. Struck by how easy and straightforward the program was, she decided to take it seriously. Giddens graduated, secured her first loan, and went shopping for her first property – eventually landing on a row home in the Carroll Park section of West Philadelphia.

"I always thought of investing in real estate as a man's job," said Giddens. "But as an African-American woman, I feel extremely empowered by Jumpstart. This is something bigger than I ever dreamed or experienced. And I did this myself. I don't need to stand in the background anymore."

Jumpstart Philly is off to a good start in fulfilling that goal. To date, the program has 1,200 graduates and has provided more than 160 loans, with a total of more than $17.2 million. The result has been more than 170 rehabilitated properties across Philadelphia.

Salt Lake County 'Pay For Success' (PFS) Initiative

Primary impact area:
Social

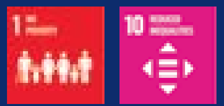
Impact sector:
Provision of Social & Community Services

Impact category:
Deep Impact

Geographic location of impact:
North America

Date of Investment:
2016

SDG alignment:

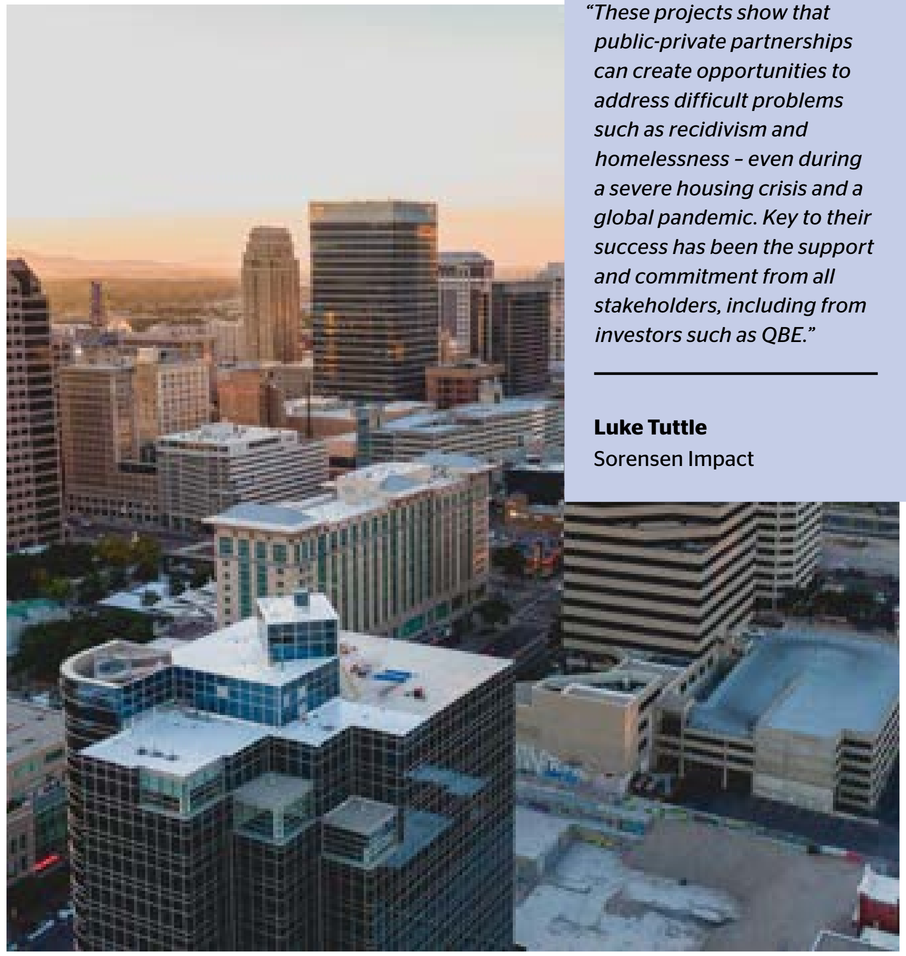


The Salt Lake County Pay for Success (PFS) Initiative targets the linked issues of crime and homelessness. Aimed at vulnerable individuals at high risk of falling into a life of homelessness, drug abuse and criminality, it seeks to reduce the jail time and rearrest rates in the county.

Together it is hoped the programs will make a real impact on reoffending rates in a county where prior to project start, 74% of high-risk offenders return to the criminal justice system within four years of release from incarceration and 43% become chronically homeless within two years of release[1].

Since its launch in 2017, over a six-year period the initiative will finance two separate programs - a Criminal Justice Program (REACH) and a Homelessness Program (HNJ).

REACH (Recovery, Engagement, Assessment, Career, and Housing) is delivered by First Step House, and works with more than 200 male ex-offenders over six years using First Step House's REACH program. It provides participants with tailored support, using evidence-based therapies, short-term housing support, and case management. All of these elements in the program aim to reduce repeat offending and to address the factors that contribute to recidivism (the tendency of an ex-offender to reoffend).



The Homelessness program 'Homes Not Jail' (HNJ) will serve more than 300 persistently homeless people and is delivered by The Road Home. It provides individuals with Rapid Rehousing services including move-in support, time-bounded rental assistance, roommate matching opportunities for peer support and cost efficiency, and intensive case management for self-sufficiency and employment needs. These elements go towards the aim of supporting individuals to build the blocks to sustain their tenancies and build independence, in order to reduce homelessness.

"These projects show that public-private partnerships can create opportunities to address difficult problems such as recidivism and homelessness – even during a severe housing crisis and a global pandemic. Key to their success has been the support and commitment from all stakeholders, including from investors such as QBE."

Luke Tuttle
Sorensen Impact

Social Impact bonds or 'pay for success' PFS are public-private-social sector partnerships which source program financing for interventions providing prevention or innovation and improve the focus on results and outcomes. Investors are repaid by outcomes payers (in this case government), based on the program achieving agreed metrics and based on independent evaluation, which demonstrate a clear outcome has been achieved.

In Salt Lake County, the low availability of affordable housing was an important factor contributing to persistent homelessness. At the outset of the HNJ project in 2017, few could have predicted that a crisis of affordable housing in the county would have reached the intensity it did only a year or two later – together with a general housing shortage observed across the state starting in 2020.

Adaptability to challenges can be seen in the Salt Lake affordable housing shortages, and the global COVID-19 pandemic which has presented an unprecedented situation in which the service providers have had to be quick and adaptable to keep staff and clients safe and faced significant challenges to continue the provision of services to their clients due to the COVID-19 pandemic.

Successful PFS/ SIB models not only create positive outcomes for the participants and the community in the scope and duration of each program; but act as a catalyst to innovation and service improvement to address durable issues such as homelessness and re-offending.

While the two programs are still ongoing, the Road Home has gained valuable knowledge about the group of people that are persistently homeless and their unique needs and effective intervention methods. They plan to continue utilising the HNJ model beyond the scope of the current PFS project.

The REACH model, developed for this initiative, has been successful and First Step House has already begun implementing the model with their ex-offender client population beyond the bounds of the project, whilst taking care not to interfere with the randomised control trial currently underway.

It is a significant achievement that both projects continue providing services, despite not being able to interact with clients as they had prior to the pandemic.

The projects are ongoing and while the final impact is yet to be measured, the early data is promising – towards building better lives. Both projects are having a positive effect on the people in their target client population, whether in homelessness or in reducing re-offending, based on analysis by the independent evaluator.

REACH works with male ex-offenders, with the majority being white (more than 75%), along with people of Hispanic/ Latinx, Black and Alaska Native / American Indian ethnicity.

In the HNJ program, over 70% men, 27% women and <1% non-binary. The majority of the intake population supported by HNJ are white, HNJ includes Hispanic/ Latinx, Black and Alaska Native / American Indian ethnicity.

1. Sorensen 2016 Data.

Case study: **Cindy's Story**

Photo supplied: The Road Home

'Housing First' programs like HNJ emphasise the importance of housing as the foundation for people to build better lives and build out the other elements of their lives like mental health, employment, and connection, to find a permanent stable home.

Cindy was experiencing homelessness. Cindy was staying at the Gail Miller Resource Centre, an emergency service shelter in Salt Lake City. She was also disconnected from her children.

Cindy enrolled into the Homes Not Jail (HNJ) program in November 2020.

The HNJ Housing specialists assisted Cindy in applying for rental properties that met her needs. However, Cindy was denied tenancy with two local property managers, but finally found a property manager willing to take a chance on her as a tenant.

Just over two months after enrolling in the HNJ program, Cindy moved into new housing.

Since moving into her own apartment, Cindy has been able to focus on other areas of her life, rather than just surviving. Cindy worked with the HNJ case workers to gain employment.

The HNJ Program provided short-term rental assistance to allow Cindy the opportunity to settle into her new life. She has since been promoted at her new job, reconnected with her children and able to have ongoing visits with them. Cindy graduated from the HNJ program in June 2021 and is maintaining her apartment independently.

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

Bridges Social Outcomes Fund II

Primary impact area:
Social

Impact sector:
Social Care & Provision of Community Services

Impact category:
Deep Impact

Geographic location of impact:
United Kingdom

Date of Investment:
2019

SDG alignment:

Image supplied: Bridges Fund Management

Bridges Social Outcomes Fund provides working capital and additional capacity building resource to delivery partners providing vital services in areas such as children's services and child protection, employment, health and social care, education, and housing

Public services can play an important role in improving the lives of vulnerable and underserved people in the United Kingdom (UK).

The £35 million Bridges Social Outcomes Fund supports a number of projects commissioned by local and central Government departments via Social Outcomes Contracts (SOCs). These contracts are structured so that rather than paying for a pre-defined set of activities, Government instead pays for specific delivery milestones linked to positive change in homeless people's lives.

Bridges Social Outcomes Fund provides working capital and additional capacity building resource to delivery partners providing vital services in areas such as children's services and child protection, employment, health and social care, education, and housing. The Fund only makes a financial return if these projects successfully deliver valuable outcomes for communities and the government over and above historical levels. This shared focus on outcomes promotes a more collaborative approach to project design, more flexible and personalised delivery, and clearer accountability for improving lives.

By supporting the growth of the social outcomes contract market in the UK, QBE's investment will not only have a direct impact on the lives of some of the most vulnerable people in the country; it can also help to transform public services by catalysing smarter, more effective and innovative service delivery models.

These contracts support delivery that has touched thousands of lives, including: helping families whose children are at risk of being taken into care to stay together; enabling people to better manage their long-term health conditions; supporting young people at risk of homelessness; and supporting disadvantaged children who are struggling at school.

In the last 18 months, the Covid-19 pandemic has exacerbated many of those pressing social challenges. However, the security of the funding provided by the fund has ensured that its delivery partners have been able to continue providing services to vulnerable people; and the flexibility inherent to the SOC model has allowed these organisations to continually adapt their delivery models to the extremely challenging operating environment.

"We are grateful for QBE's support for the Fund through its pioneering Premiums4Good initiative. Like Bridges, this initiative believes in using the power of investment to achieve both impact and financial goals. In doing so, it is not only directly helping to improve the lives of vulnerable people; it is also supporting broader systems change within public services, both in the UK and beyond."

Mila Lukic
Partner
Bridges Social Outcomes Funds

The GBP35 million fund's Children, Young People and Family projects include Stronger Families Suffolk, Stronger Families Norfolk, Forward and West London Zone; while its Adult Services projects include Kirklees Better Outcomes Partnership, Pan-London Single Homelessness Prevention Services (SHPS), the Norfolk Carer Partnerships, Greater Manchester Better Outcomes Partnership and Northamptonshire Better Health Outcomes.

Collectively, projects supported by Bridges have contributed to improved education, housing, health and wellbeing and employment outcomes for people they support, including:

- **over 220,000 days out of care achieved**
- **over 11,000 qualifications achieved**
- **over 5,500 accommodation outcomes**
- **over 6,000 individuals with long-term conditions improved their wellbeing**

Bridges Social Outcomes Fund is expected to achieve further successes in these areas over its 12-year term (which includes a six-year investment period). These results will ultimately help to build stronger, more inclusive communities across the UK.

Case study: **Stronger Families Norfolk**

Image supplied: Bridges Fund Management

In the UK, the number of young people in care is large and growing, with more than 90 young people taken into the care system every day. This is very expensive for local authorities: keeping a single child in care can cost over £200k per year.

Moreover, children in care are more likely to suffer negative life outcomes in a range of areas, including education, housing and even health. So there is a strong case for supporting young people on the edge of care to remain in their family environment, where appropriate.

Stronger Families Norfolk is a project to help families address behavioural and emotional issues, repair relationships and ultimately enable the children and young people to stay with their families. Based on a proven therapeutic intervention, it was commissioned by Norfolk County Council via a social outcomes contract.

If the young person does not go into care, the programme receives an outcome payment from Norfolk County Council, which reflects the young person's improved life chances. Social Outcomes Fund supported the programme in 2019, providing project finance and project management support.

Stronger Families Norfolk aims to work with over 300 families. To date, 134 young people and families have already started on the programme and families that have completed the intervention stay together 98% of the time.

The Stronger Families program has now been successfully implemented in other areas of the UK, including nearby Suffolk.

European Investment Bank Climate Awareness Bond

Primary impact area:
Environment

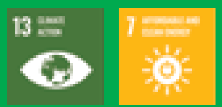
Impact sector:
Sustainable Energy

Impact category:
High Impact

Geographic location of impact:
Europe

Date of Investment:
2018, 2021

SDG alignment:



The 2020s is the critical decade to meet the long-term temperature and climate-resilience goals of the Paris Agreement and to address the environmental crisis. Through the European Green Deal, the European Union (EU) has become the first region to endorse climate neutrality by 2050 and has committed to building Green Alliances with partner countries and regions worldwide.

The European Investment Bank (EIB) is the EU multilateral development bank which fosters European integration, sustainable development and the support of EU policies in over 140 countries around the world. EIB is also the world's largest multilateral provider of climate finance and its focus is on priority areas of climate and environment, development, innovation and skills, small and medium-sized businesses, infrastructure and cohesion.

In 2007, the EIB issued the world's first Green Bond, labelled a Climate Awareness Bond (CAB). As of December 2020, EIB continues to be a world leading issuer of Green Bonds with over EUR 33.7bn of Climate Awareness Bonds raised across 17 currencies, of which the EUR equivalent in 2020 was 6.8bn. EIB's Green Bond issuances continue to develop and reflect the rapid pace of commitment to positive impact in the green, social and sustainability bond market globally (EIB 2021).

Climate Awareness Bonds, in which Premiums4Good has invested, are aligned with the ICMA Green Bond Principles. From 2018, Climate Awareness Bonds have also aligned with the evolving EU sustainable finance legislation (including the EU Taxonomy Regulation, in force since July 2020), to direct financing to projects contributing to climate change mitigation. This is contributing to affordable and sustainable energy in communities around the world.

EIB Climate Awareness Bond funds are earmarked to match disbursements to EIB lending projects contributing to climate change mitigation:

- in renewable energy, for example: wind, hydro, solar and geothermal energy production projects; and
- in energy efficiency: including projects for district heating, co-generation, building insulation, energy loss reduction in transmission and distribution and equipment replacement with significant energy efficiency improvements; and
- from 2020, also in (1) research, development, and deployment of innovative low-carbon technologies, and (2) electric rail infrastructure and rolling stock, and electric buses.

The estimated annual average absolute greenhouse gas emissions is equivalent to 560 t CO2 and emissions avoided is equivalent to 1,775 t CO2[1]

EIB continues to advance the EU political commitments to EU-carbon neutrality by 2050 and presented a new climate strategy and energy lending policy in 2019, which was followed by the Climate Bank Roadmap 2021-2025 in late 2020. These changes align EIB Group financing activities with the principles and goals of the Paris Agreement (targeting carbon neutrality by 2050); from the end of 2021, EIB will end financing for unabated fossil fuel energy projects, and by 2025 EIB will gradually increase the share of financing dedicated to climate action and environmental sustainability to reach 50% of new operations.

Under the new framework, EIB's tracking methodology for climate and environmental sustainability will be aligned with the framework defined by the EU Taxonomy Regulation. The EU Sustainability Taxonomy, currently under development, aims to 'establish the criteria for determining whether an economic activity is environmentally sustainable'. It supports the European Green Deal and is helping to make Europe carbon-neutral by 2050.

Between 2021-2030, EIB plans to support EUR 1 trillion of investments in climate action and environmental sustainability in line with its Climate Bank Roadmap 2021-2025 (11/2020)

1. https://www.eib.org/attachments/fi/eib-cab-framework-2019.pdf

Case study: **Ave Madrid Extremadura**

Image supplied: ADIF

Through EIB's Climate Awareness Bond, a loan will finance the upgrading of the Navalmoral de la Mata-Plasencia-Cáceres-Mérida-Badajoz railway corridor (about 287 km) to high-speed technical standards, including increase in line speed, electrification and doubling of the existing single track sections.

The new high-speed line will be for mixed traffic (passengers and freight),and will significantly reduce journey times between the Spanish capital and Extremadura. It will also greatly improve the connection between Spain and Portugal, facilitating interoperable and efficient freight connections to and from the south of Portugal.

The EIB financing will help reduce CO2 emissions, traffic and journey times between Spain and Portugal, benefiting more than 2.6 million passengers a year. At the same time, these investments will help boost the economic recovery following the COVID-19 crisis and will drive the employment of around 17 000 people during the construction phase.

EIB Vice-President Ricardo Mourinho Félix, who is responsible for the Bank's operations in Spain, highlighted "the importance of TEN-T in connecting different European cities and countries, boosting economic activity, and improving people's ability to travel between cities and countries. In addition, the development of low-emission infrastructure and means of transport is key to promoting the transition to a sustainable economic model – one of the other main priorities of the European Union and the EIB. That is why, as the European Union's climate bank, we are pleased to be joining forces once again with Adif Alta Velocidad to finance investments in high-speed rail lines that will contribute to the creation of sustainable, high-quality employment in a cohesion region, to the recovery of the Spanish economy, and to the fight against climate change."

Asian Development Bank Gender Thematic Bonds

Primary impact area:
Social

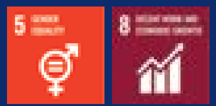
Impact sector:
Diversity, Gender, Inclusion

Impact category:
High Impact

Geographic location of impact:
Asia

Date of Investment:
2020, 2021

SDG alignment:



"The progress our region has made in recent decades in closing gender gaps has been adversely impacted by the pandemic, with women among the hardest-hit such as those working in the informal sector. Gender bonds have been instrumental for ADB to address these troubling developments with strong and targeted interventions to address women's needs and advance gender equality as a central feature of our operations, especially in pandemic response and recovery."

Bruno Carrasco
Director General
Sustainable Development
& Climate Change at ADB

Despite major progress over the past half century, Asia and the Pacific is still home to around 40% of the world's population experiencing extreme poverty and gender inequalities between women and men remain very pronounced.

Prior to the onset of the COVID-19 pandemic, female labour force participation rates in Asia and the Pacific were declining and the gender gap was widening – the only region in the world where this was the case. The business and economic case for urgently addressing gender gaps has, however, become increasingly evident: it is estimated that $12 trillion could be added to gross domestic product by 2025 by narrowing gender gaps globally[1]

The Asian Development Bank (ADB) is an international development finance institution headquartered in Manila, Philippines. ADB envisions a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty in the region. It has 68 members, 49 of which are from within Asia and the Pacific.

Through its 'Strategy 2030', ADB aims for an Asia and the Pacific where the region's gains and opportunities are shared by all.

COVID-19 response and recovery

Within the region, COVID-19 has wiped away a disproportionately higher share of women's jobs, widening gender gaps in labour market access and increasing women's vulnerability to poverty. Women experienced relatively higher job losses because of their concentration in vulnerable occupations in hard-hit sectors.

Women-owned businesses were also negatively affected, with a survey providing that three-quarters of women-owned businesses in Mongolia and Vietnam reported a significant decline in revenue and concern for business survival. Unpaid care work also increased because of lockdown measures, with the burden falling more heavily on women. Prior to the pandemic women were already performing four times more unpaid care than men in the region.

Gender Thematic Bond

Through its Gender Thematic Bond program, ADB has raised over USD $2.9 billion (July 2021). Investments in these bonds focus on programs, projects, investments and loans in gender equality and women's empowerment. The goal is to mainstream gender equality, develop gender targets across employment, increase economic participation, improve social protection and health programs, as well as support prevention of and response to gender-based violence. ADB programs recognise the vulnerability of women in climate shocks, as well as the important role of women in climate adaptation and in resilience strategies that deal with disaster and climate-related shocks and stresses.

Growing evidence highlights that COVID-19 recovery strategies should pursue gender transformative approaches to directly address these wide-ranging adverse impacts and to ensure that women are integral to 'build back better' strategies.[2]

As Asia and the Pacific economies look to recovery, it will be important to address these inequalities in women's work to ensure a more inclusive 'new normal'.

ADB is exploring with its partners, 'ambitious approaches to 'build back better' through women's entrepreneurship, financial inclusion, and green and decent jobs for women.'

1. https://www.adb.org/what-we-do/themes/gender/overview. Source: 55125-001: Advancing the Transformative Gender Equality Agenda in a Post-COVID-19 Asia and the Pacific | Asian Development Bank (adb.org)
2. Source: 55125-001: Advancing the Transformative Gender Equality Agenda in a Post-COVID-19 Asia and the Pacific | Asian Development Bank (adb.org) [Source : ADB May 2021]

Case study: **Fiji: Sustained Private Sector-Led Growth Reform Program (Subprogram 3)**

Image supplied: ADB

Committed in 2020, the program was the first ADB public financial management policy-based loan to be classified as gender equity theme, the highest in ADB's rigorous project gender categorisation system.

Subprogram 3's strong policy reforms aim for a transformational impact on gender equality through inclusive private sector-led growth, increased access to quality services for women and girls, and support for women's economic empowerment during and following the COVID-19 crisis. This includes support for women entrepreneurs and women-owned small and medium-sized enterprises, direct cash transfers to informal workers and microenterprises, and the establishment of a cross government and civil society working group on gender and COVID-19.

The program also introduced gender-responsive budgeting and will expand its use in government programs, including to ensure that future COVID-19 programs include targeted measures for women's economic empowerment.

Save the Children Impact Investment Fund

Primary impact area:
Social

Impact sector:
Education & employment

Impact category:
Deep Impact

Geographic location of impact:
Australia and Asia Pacific

Date of Investment:
2020

SDG alignment:

The Save the Children Impact Investment Fund invests in high impact enterprises that address pressing social and humanitarian issues for children and emphasise social innovation.

The Fund was established in 2020 and provides equity and debt investments to enterprises and initiatives that achieve outcomes in relation to healthcare, education, and child protection.

By investing through the Fund, this investment also aims to address the following areas and outcomes:

Healthcare – by aiming to reduce the number of children under five dying from preventable and treatable illnesses;

Child protection – by aiming to reduce the number of children exposed to violence; and

Education – by aiming to increase the number of children with access to education.

By investing in education technology, e-health and fintech innovations in Australia and Asia-Pacific, the Fund will also enable education and improve the lives of disadvantaged children and families.

Image supplied: Ngutu College

This is Save the Children's first impact investment fund. The impact fund builds on Save the Children's not-for-profit experience and is an innovation in financing for impact. Save the Children was first established as a non-profit organisation in 1919 and has since been focused on improving the lives of children around the world.

Save the Children Australia is both the Trustee and an investor in the Save the Children Australia Impact Investment Fund. Through Premiums4Good, QBE is an anchor investor in the fund and is also represented on the Investment Committee.

Additionally, QBE is proud to support Save the Children's work through a global disaster relief and resilience partnership through the QBE Foundation.

"With QBE's support as an anchor investor through Premiums4Good and as a strategic partner, we're able to work towards our ambitious goals for the advancement and protection of children's rights and wellbeing. With increasing and rapid changes in the social and humanitarian space, we believe traditional approaches need to be augmented by agile and creative ways to solve the world's social and humanitarian problems. The demand for our services has been unprecedented, particularly with severe disasters increasing and now the pandemic. This means we must find new sources of funding for social innovation, including leveraging private sector investment, including closing our first fund."

Paul Ronalds
CEO
Save the Children Australia

Case study: **Ngutu College**

Image supplied: Ngutu College

The Save the Children Impact Investment Fund's first investment is Ngutu College located in Woodville North, South Australia.

Ngutu College is redesigning the concept of schooling and is providing an equitable, culturally informed, and child-centred education to Aboriginal and Torres Strait Islander children, children with disabilities and children from low socio-economic backgrounds.

Andrew Plastow, an innovative educator and Aboriginal community leader, founded the college. His aim at the school is to create an experiential environment, which seamlessly integrates Aboriginal knowledge and the arts into a program that is compliant with the formal Australian curriculum.

Ngutu College was founded on the view that quality primary and secondary education forms the foundation for a positive lifetime of education, employment and health outcomes. This approach aligns with UN Sustainable Development Goals (SDGs), including SDG 4 on quality education and SDG 10 on reduced inequalities.

Through its learning programs, Ngutu College also aims to acknowledge and engage the individuality of all children and young people. This aligns with research which suggests that high levels of school engagement are important for improved learning outcomes and that students who have emotional and cognitive engagement with school – which includes a sense of belonging, perseverance, motivation, and self-esteem – can make the most of available opportunities, irrespective of their 'level of aptitude'.[1]

Indigenous Year 12 or equivalent attainment rates have improved across all the states and territories over the past decade. The largest increase has been in South Australia, which moved from 42.7% in 2006 to 64.3% in 2016.[2]

The college opened its doors to students in January 2021 and has enrolled 104 students. Of the 104 students at Ngutu College, 34% are Aboriginal or Torres Strait Islanders and 48% of students have disabilities. 70% of students come from families in Australia's two lowest socio-economic quartiles.

1. OECD (Organisation for Economic Co-operation and Development) (2017), Starting Strong 2017: Key OECD Indicators on Early Childhood Education and Care, Starting Strong, OECD Publishing, Paris, https://doi.org/10.1787/9789264276116-en.

2. Closing the Gap (2018) available **here**

Aspire Social Impact Bond

Primary impact area:
Social

Impact sector:
Housing & Social Real Estate

Impact category:
Deep Impact

Geographic location of impact:
Adelaide, South Australia

Date of Investment:
2017

SDG alignment:

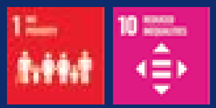


Image supplied: Social Ventures Australia

The Aspire Social Impact Bond is Australia's first SIB targeting the complex issue of homelessness.

Homelessness is not a choice. It is estimated that each year over 12,000 South Australians become homeless[1]

Those people that do not resolve their homelessness within a short time are at risk of significantly impacted health and wellbeing and a reduced ability to maintain employment and social connections. Additionally, South Australian Government analysis in 2016 determined that the average cost to Government of an adult experiencing homelessness in South Australia is approx. $20,500 each year[2]

Paths that lead people into homelessness are complex and personally unique, but recurring causal themes include people exiting out of home care, experiencing financial difficulties, mental illness and domestic violence.

The Aspire program is an innovative service model developed by Hutt Street Centre that draws on lessons from across the world, and more than a half century of local experience in supporting vulnerable people.

The Hutt Street Centre partners with the South Australian Government and community housing providers, to provide a 'housing first' intervention model for people who are experiencing homelessness or at risk of homelessness, aged between 18-55, who have been homeless for three of the last 12 months, or are leaving prison or hospital and at risk of being homeless. The Aspire SIB runs over 7.75 years.

The Aspire program works with people over a three-year phased program, to establish stable housing, assistance in securing stable accommodation, job readiness training, pathways to training, employment and life skills development. During this time it helps those in the program to increase employment and social connection and to sustain tenancies.

By the end of the third year of the program (June 2020), 430 people were enrolled, and 335 people in the program were actively participating.

By 30 June 2020, 238 people had been placed in housing from the 387 housing offers that have been made to Aspire participants, representing a 61% tenancy conversion rate.

Participants are also able to work with Engagement Navigators, who support participants with activities such as volunteering, work related tickets and qualifications and attending employment opportunities, community activities and general wellbeing support.

Overall, Aspire is achieving a significant reduction in the utilisation of hospitals, justice services and emergency accommodation by participants and demonstrating that this innovative approach is making a difference to people experiencing chronic homelessness.

"Thanks to the support of investors, including QBE through its Premiums4Good program, the Aspire program is having a significant positive impact on the lives of people experiencing homelessness in Adelaide, and is continuing to build the evidence for what works in ending homelessness."

Elyse Sainty
Director Impact Investing
Social Ventures Australia

1. Census of Population and Housing: Estimating Homelessness, Australian Bureau of Statistics 2016 – Available **here**
2. Aspire Information Memorandum 2017 – Available **here**

Case study: **Hannah's Story**

Hannah joined the Aspire program in 2017.

"Due to domestic violence, desperate circumstances and bad mental health I lost two children to the state and I was on the street for some time. The streets were violent and unsafe for a young female who has no idea about how to stay safe.

I was assaulted on one occasion, which led to a decline in my mental health and caused me to feel extremely unsafe and hyper-vigilant. I remember sleeping on the cold concrete in wet clothes with no blankets, napping when I could by day when there were people around," said Hannah.

After being on the streets, Hannah discovered the Hutt Street Centre which provided her with a hot meal and shower and found her some short-term emergency accommodation at a local shelter. Whilst in the shelter, Hannah found out she was pregnant. She was also accepted into the Aspire program.

"The first year of Aspire I was supported through medical appointments and helped to establish a relationship with the father of my child. My Navigator helped me to see red flags and to make good decisions for my health and unborn child."

"I soon gave birth to a healthy boy. Then I was offered a home in an amazing location. It was close to hospitals, shops, buses and schools. It gave me the opportunity to think about the future, not just day-by-day and minute-by-minute," said Hannah.

Hannah has now been settled in her property for two years. "For the first time in my life it feels like home. It's a safe haven and a secure place to grow for both myself and child."

The Aspire Program helped Hannah to attend her medical appointments and seek help when required. After six months she was deemed mentally stable and was reunited with her two other sons. Aspire connected Hannah to a parenting course, where she learned how to raise a child in a safe environment whilst encouraging their growth and enjoying their achievements.

"Not only did Aspire house me but they supported me to become the best person I can be for my children. Aspire helped me learn to cook healthy and fun food for my son (with some veggie smuggling). I now have an amazing relationship with my children, a safe stable home, support in the community and great mental health. This has enabled me to have healthy relationships with friends and family. I even have confidence to volunteer one day a week with a local organisation."

"My three years with Aspire has come to an end and I can honestly say I now enjoy life and I look forward to each new day. Aspire helped me in more ways than one and I can't express how grateful I am. I do not know where I would be today if it were not for the help from Aspire," said Hannah.

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

Foyer Central Social Impact Bond

Primary impact area:
Social

Impact sector:
Social care and provision of community services/housing & social real estate

Impact category:
Deep Impact

Geographic location of impact:
Sydney, Australia

Date of Investment:
2021

SDG alignment:

Image supplied: Uniting NSW.ACT

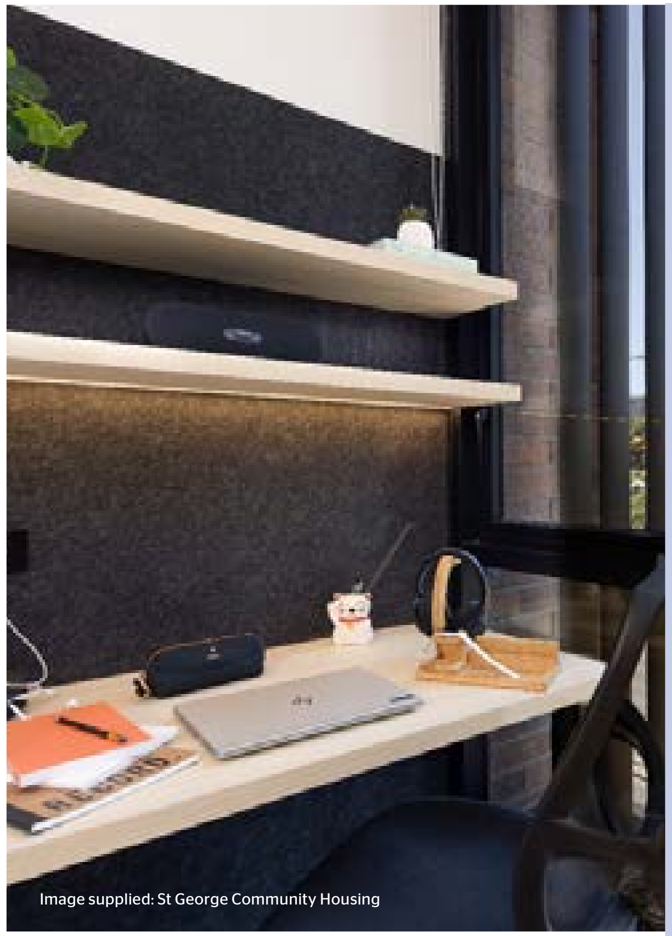


Image supplied: St George Community Housing

"We firmly believe that young people with a care background deserve a stable home with consistent support and mentorship – just like their peers. Young people have told us time and again they want opportunities to create a life for themselves on their own terms. So, we are absolutely delighted to build on the established and highly reputable Foyer model with our partner organisations. We look forward to welcoming the first 53 motivated, resilient young people into Foyer Central and witnessing their achievements and the community they cultivate in the space."

Tracey Burton
Executive Director
Uniting NSW.ACT

Youth homelessness is a significant and growing problem in NSW, where each year over 1,200 young people aged 14-17 leave out-of-home-care (OOHC).

In NSW, young people represent nearly half of all specialist homelessness services clients. Across Australia, approximately 35% of out-of-home care leavers were homeless within 12 months of exiting care.

Young people leaving care are likely to have poor social outcomes which can lead to further disadvantage and perpetuate the cycle of homelessness. The average cost to government of meeting the (modelled) service needs of an OOHC leaver is estimated to be approximately $500,000 over 20 years.

Through the investment in Foyer Central Social Impact Bond, working capital is provided for the delivery of the Foyer Central Program. This program will support approximately 272 young people aged 18-22, who are experiencing homelessness or at risk of homelessness upon exiting out-of-home-care. The program aims to build young people's capabilities and transition them to independence and positive fulfilling lives, while addressing the root causes of homelessness.

The program is based on a model that has been deployed successfully in Australia and internationally to address youth homelessness (see Foyer Foundation). This program aims to reduce reliance on welfare, increase lifetime earnings and reduce the utilisation of other government services. The Foyer Central model is grounded in the concept of 'Advantaged Thinking'. Advantaged Thinking is focused on identifying, developing and, most importantly, investing in the skills, capabilities and assets of young people so that they can enjoy good lives.

Located in Chippendale in NSW, Foyer Central is a purpose-built development of quality studio units with extensive communal living. It provides easy access to several public tertiary education facilities (Sydney University, University of Technology Sydney and TAFE NSW in Ultimo). It is also well located for employment opportunities and emerging job opportunities, with social support structures and services for young people.

Foyer Central is delivered by Uniting in partnership with St George Community Housing, drawing on their collective experience supporting vulnerable young people and providing social and affordable housing.

Young people will spend up to two years living in Foyer Central, with on-site and dedicated Youth Development Coaches supporting their transition to stable long-term accommodation. Support is provided to assist in developing life skills and encouraging participation in vocational education and training, mentoring, as well as civic participation.

Foyer also provides employment assistance and tailored support to help address health issues. Young people are supported to develop the knowledge and skills needed to maintain good physical, emotional and psychological health, as well as social connection skills to develop thriving relationships.

Results focussed

Through this social impact bond, investors provide financing towards the program and are repaid based on the successful achievement of the agreed social performance outcomes. This aligns the interests of the young people in the program, the service providers, investors, and government to generate measurable positive changes.

The program's performance will be determined based on a combination of positive and negative outcomes that reflect the elements that contribute to a young person's transition to independence.

For Foyer Central, the target performance is 60% of participants (or approximately 163 young people) achieving a successful outcome after completing their tenancy.

A successful outcome means that a young person in Foyer Central sustains independent housing, employment and/or engagement in education in the 12 months following the end of their tenancy at Foyer Central. During that time, the young person must have also avoided incarceration, usage of homelessness services or social housing and having a child enter out-of-home care.

Social impact bonds enable service providers to enter into outcomes-based or payment-by-results contracts, which give service providers the opportunity to innovate and deliver new evidence-based services. These types of contracts can then also inform future government services.

Foyer Central is a showcasing large-scale approach and using the Foyer model to address short- and long-term youth homelessness. This is building the evidence base in Australia, alongside the immediate positive opportunity for the young people involved.

Youth CONNECT Social Benefit Bond

Primary impact area:
Social

Impact sector:
Social Care & Provision of Community Services

Impact category:
Deep Impact

Geographic location of impact:
Queensland, Australia

Date of Investment:
2017

SDG alignment:

Image credit: Image supplied by Churches of Christ QLD

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 300 people over six years in three locations in Queensland.

The Youth CONNECT Social Benefit Bond provides a 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 to 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 sourcing appropriate, stable and supported housing options. This is followed by assistance with finding employment, education, personal development and life skills. Youth at risk of falling into homelessness are supported into an independent, connected future.

Youth CONNECT is financed through a social benefit bond involving the government, a service provider and private investors, like QBE's Premiums4Good. It is the first 'resilience' bond in the world to focus on improving the life chances of young people transitioning from state care into adulthood and independence in the general community.

As an outcomes-based arrangement, payment by the government is dependent on demonstrating the delivery of agreed outcomes.

To achieve this, a young person moves through four stages (Engage, Build, Practice and Demonstrate) to live independently and successfully. Each phase is underpinned by safe and stable housing and is not reliant on social housing. The young person transitions through the stages within a three-year period.

Results

Since launching in 2017, the program has enrolled three cohorts of clients and by 31 May, 2021 there were 214 young people engaged in the Youth CONNECT program at various stages of their journey.

'Through this program, young people who would have otherwise been homeless or at risk of homelessness, and had an uncertain future, have leased their own homes, found new jobs and are on their way to realising their dream careers. We continue to be amazed by what the young people have achieved, and thank QBE for investing in the future of this group of vulnerable young people."

Gary Edwards
CEO
Churches of Christ in Queensland

Recent results of the program include:

58
young people have moved on to college

38
participants with positive employment outcomes

68
participants seeking employment

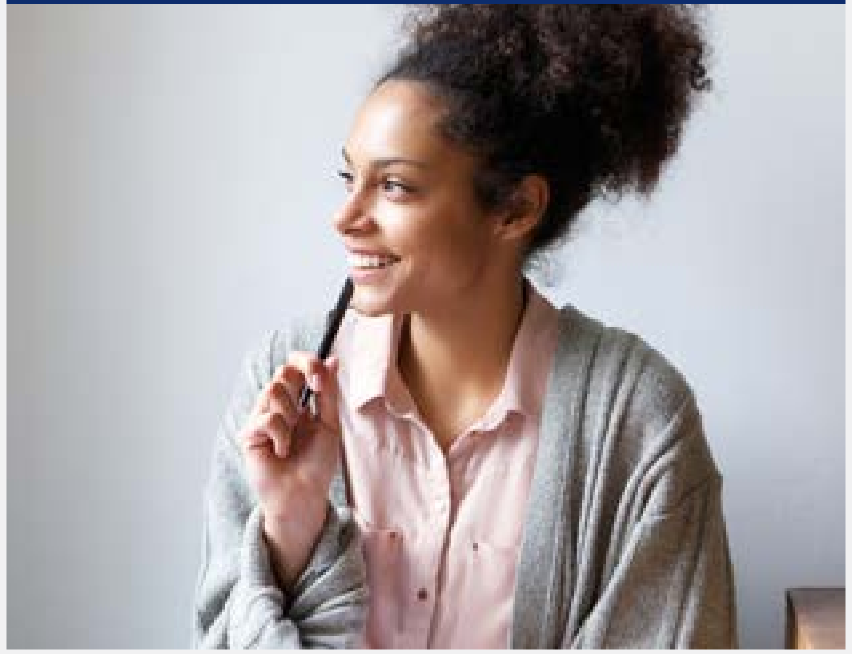
44
participants with positive personal development outcomes

Youth CONNECT has seen a higher rate of young women referred to the program, with women making up 53% of the total cohort. 42% of referrals were male, while 3 clients (1%) identified as non-binary, and another 4 (1%) are transgender.

Youth CONNECT has also seen a high rate of Aboriginal and Torres Strait Islander young people referred to the program from the beginning of the pilot. 42% of referrals are Aboriginal and/or Torres Strait Islanders.

In 2021, the first cohort of young people have commenced their transition after having completed all four stages of the innovative program. This is an important milestone for the program.

Case study: **Daphne's Story**



Daphne, 17 was referred to Youth CONNECT as part of her transition plan from out-of-home care.

Daphne relied on her Child Safety team and her Supported Independent Living Service youth workers, and when she transitioned out of this service, and the support level dropped, she felt isolated. Daphne had not attended school for three years, and like others who joined Youth CONNECT, was at risk of homelessness.

In Youth CONNECT, Daphne worked hard to find herself housing, and found a private arrangement with someone from her informal support network. With stable accommodation in place, she worked with her Youth CONNECT case manager to explore further education options.

Daphne and her case manager worked together to apply a Youth Work Diploma at TAFE and were excited when she was accepted into the course. While apprehensive about studying after three years of not attending school, Daphne took all the steps needed to enrol and familiarise herself with the online study portal.

Daphne met with her Youth CONNECT support worker each fortnight for support in sustaining her education and is passing all her course assessments.

She also began to make good friends at TAFE that she was able to study with and now has a new support network. Daphne feels empowered through her new friends.

"One year ago, I was just hanging out with people at the shops, stealing smokes and doing nothing. Now I am hanging out with people who are proper adults and we study and have a coffee, and all of that other cool stuff," said Daphne.

With the help of Youth CONNECT, Daphne approached several organisations and found a student placement with a local social service. This organisation has since offered Daphne employment as a residential youth worker after she finishes her placement.

With the support of Youth CONNECT, Daphne has transitioned from a dependent young person to someone who is reaching goals she did not think were possible – all within six months. Youth CONNECT are proud of everything Daphne has accomplished and are excited to see what the future holds.

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

The growth of impact investment

Impact investment growth

Climate change and the COVID-19 pandemic have highlighted our shared dependence on social systems (health, jobs, inequality, education, 'just transition'), environmental systems (water, extreme weather, biodiversity) and there is wide acceptance of the need to limit climate change to 1.5 degrees celcius.

Focus is increasing on capital markets as a vehicle to achieve sustainable real-world outcomes in these environmental and social areas that contribute to a resilient, inclusive and sustainable net-zero economy.

What is impact investment?

Impact investments seek investment opportunities to meet appropriate risk-adjusted return requirements and deliver positive, measurable social and/or environmental benefits.

At QBE, we consider sustainability outcomes across our investment portfolio. Through our unique impact investing initiative, Premiums4Good, we are committed to growing impact investments, with a target of USD 2 billion by 2025. The initiative directs a portion of insurance premium to impact investments to deliver an environmental or social impact or return alongside a financial return.

How is it growing?

Since the term 'impact investment' was coined a decade ago, the Global Impact Investing Network (GIIN) estimates the current market size of impact investments, a sub-set of the wider responsible investment market, is at USD 715 billion.[1]

The GIIN has noted the evolution of the market over the past decade, its growth and the diversity of impact investors which include philanthropic foundations, asset managers, and increasingly, institutional investors like QBE.

In sustainable finance (inclusive of ESG integration and negative screening) of USD98 trillion (USD98,416 billion) in global assets under management, sustainable investments are estimated to now make up over 35.9% and have been steadily increasing over the past decade.[2]

What does this mean?

With the longer-term greening of the financial system by government and regulators, there is a growing recognition of negative and positive externalities, and ESG factors that inform investment decisions.

This is leading to an increase in the investment volumes to address sustainable outcomes and bringing more focus to what social or environmental results the investments are targeting.

Globally, we are also seeing increased regulatory attention and industry standardisation of what is regarded sustainable investment, ESG, and in impact investment.

We see these efforts as positive developments, which will focus on real-world outcomes (results) to support change.

Our Premiums4Good investment process

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

As a global investor and signatory to the Principles for Responsible Investment (PRI), we believe that factoring ESG considerations into investment decision making will improve long term, risk adjusted financial returns and aligns to stakeholders' and community expectations. Further information on our Impact & Responsible Investment Approach is available on the **QBE website**.

QBE aims to maintain leadership among its insurance peers in impact investment and industry development. We aim to scale with integrity of impact through our governance, investment selection, systems and reporting.

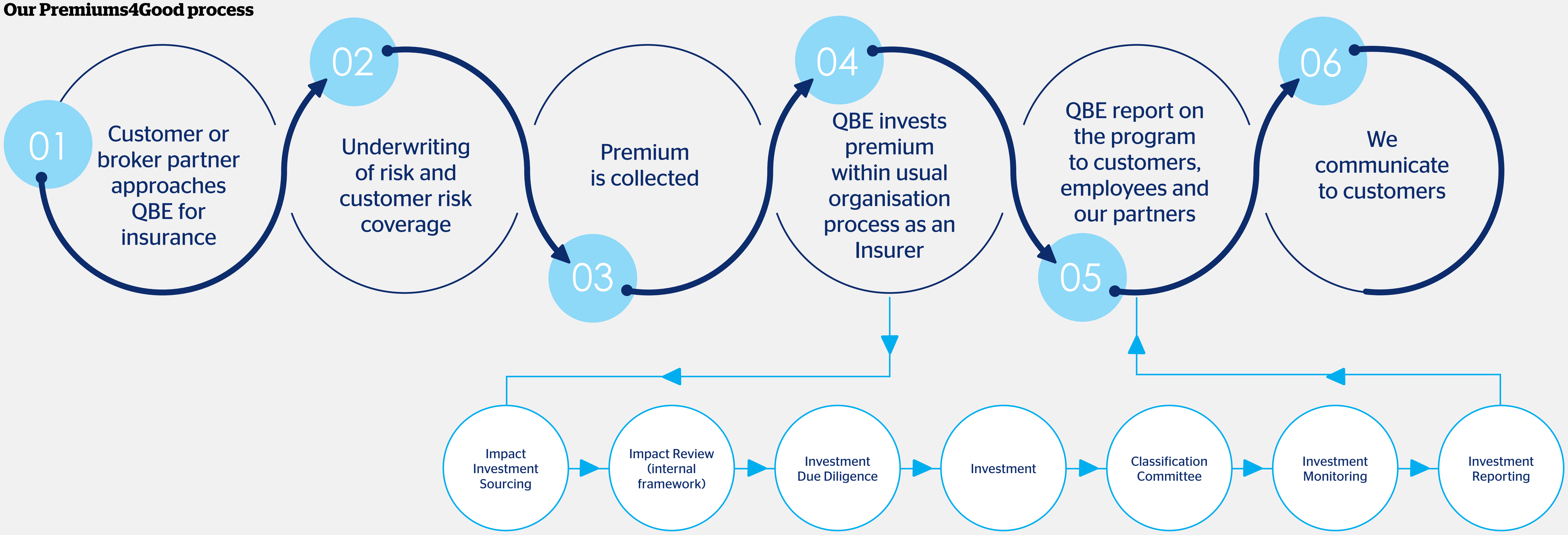
The intent of our impact investment

As an institutional investor we are seeking to invest for impact across our portfolio, and in line with our existing investment mandates for social/environmental returns and financial returns that meet customer, employee, shareholder and stakeholder expectations.

With Premiums4Good, we aim to demonstrate that an institutional investor with fiduciary obligations can have impact in scale and make a difference. We invest in both social and environmental impact, in 11 impact areas; and consider the UN Sustainable Development Goals (SDGS), including the five SDGs that QBE has prioritised.

1. The GIIN, 2020 Annual Impact Investor Survey
2. The Global Sustainable Investment Review 2020

Our Premiums4Good process



Premiums4Good process

Premiums4Good investment selection considers and builds on the ESG integration in our investment process, and the eligibility for Premiums4Good based on our internal framework.

Our internal Premiums4Good impact framework assesses Premiums4Good investment eligibility. Investments are considered in a spectrum of impact: Moderate, High and Deep. It is informed by the Impact Management Project, and we stay up-to-date and iterate as the industry develops.

Fixed income makes up the majority of our portfolio. All issuers are subject to the Group Energy Policy and Global Sanctions Policy, while positive screening for leading ESG performance is applied to determine the investment universe for fixed income. As part of the general fixed income process, QBE applies an ESG assessment to each corporate entity. Monitoring includes materially negative ESG developments. More information on our Impact & Responsible Investment Approach is available **here**.

In fixed income in Premiums4Good, we include green, social and sustainability (GSS) bonds. Our internal framework for GSS eligibility in Premiums4Good consider market expectations in ICMA Green and Social Bond Standards; Climate Bonds Standard; the strategic alignment and integration of the GSS bond issuance with the issuers purpose, and ESG performance. It is also informed by the SDG Impact standards.

Infrastructure debt in Premiums4Good has included solar renewables and low carbon transportation. Growth assets make up a smaller part of the overall portfolio, and in Premiums4Good, include assets with important deeper impact. Premiums4Good includes a social impact property fund (real estate), impact private equity, listed equity fund, and renewable infrastructure, along with a specific commitment to social impact bonds.

Investing in social impact bonds since 2014 our intent has been to provide an institutional view, and generate interest in these evidence-based, catalytic investments. We are invested across multiple countries and impact areas. Globally, by November 2020, the social impact bond and outcomes-based financing market had grown to 200 impact bonds. We have performed due diligence on more than 35 impact bond proposals and through direct and fund investments, by the end of 2020, QBE have invested in approximately 10% of social impact bonds issued.

Governance

The governance of our Premiums4Good investments is overseen by our Classification of Social Investments Committee (COSI), which includes external representatives, and the program is also governed by a Global Steering Committee.

The COSI Committee meets quarterly to review investments for eligibility, intended positive impact, and to support QBE to improve our approach.

The Global Steering Committee for Premiums4Good is an internal committee which inform the rollout of Premiums4Good including Divisional Champions.

We have a dedicated internal Impact and Responsible Investment team alongside the Group Investments portfolio managers to jointly source investment opportunities and identify eligible impact investments.

Our Impact & Responsible Investment team conduct their assessments based on QBE's internal Premiums4Good framework.

Investments are monitored at a minimum in annual reporting in line with expectations.

Our Premiums4Good investment governance process, and value and number of investments, is part of the annual limited assurance process conducted by Deloitte as part of QBE's Sustainability Assurance process.

Reporting and transparency

We communicate with our customers and business partners about these investments through annual and half-yearly reporting and on the QBE website. By communicating with customers, partners and peers through Premiums4Good annual investment reports and other channels, we aim to be transparent, and to encourage awareness of impact investment through our customers, business partners and peers.

We aim to continuously improve our process, reflecting the development and increasing harmonisation of impact management and standards.

Our memberships and industry collaboration

We are proud members of, or signatories to, many global and local impact and responsible investment, and sustainability-related initiatives. These provide us with a platform to collaborate with peers and stakeholders in knowledge sharing to advance impact investment, and develop shared solutions.

Industry profiles

Premiums4Good has been featured as a case study that demonstrates the growth of impact investment by working with customers, employee and business partners.

Cambridge Institute of Sustainability Leadership - 'Premiums4Good: redefining the role of insurance in society' - 2017

Global Steering Group on Impact Investment (GSGII) - Widening & Deepening Impact' Report - 2018

Shared Value Project Australia QBE Premiums4Good Case Study - 2019

Lloyds FutureSet Climate Action case study

Industry recognition

2020 | 2021

2019

2018

2017

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