

QBE Insurance Group

Type of Engagement: Annual Review

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Engagement Team:

Akshay Chandrakapure, akshay.chandrakapure@morningstar.com

Nachiket Goli, nachiket.goli@morningstar.com

Introduction

In 2017, QBE Insurance Group (“QBE”) issued the Gender Equality bond aimed at financing or refinancing its investments in qualifying bonds that are rated based on gender equality in leadership criteria. In January 2024, QBE engaged Sustainalytics to review the bonds funded with proceeds from the Gender Equality Bond and provide an assessment as to whether the qualifying bonds met the Use of Proceeds Criteria and the reporting commitments outlined in the 2019 QBE Gender Equality Bond Framework (the “Framework”),¹ which was an update of 2017 QBE Gender Equality Bond Framework.² Sustainalytics provided a Second-Party Opinion on the Framework in September 2017,³ and an update to it in July 2019.⁴ This is Sustainalytics’ seventh annual review of QBE’s Gender Equality Bond followed by annual reviews in January 2023, January 2022, January 2021, January 2020, April 2019 and March 2018.⁵

Evaluation Criteria

Sustainalytics evaluated the companies and bonds funded in 2023 based on whether the companies and bonds financed:

1. Met the Use of Proceeds and Eligibility Criteria defined in the Framework; and
2. Reported on at least one of the key performance indicators (KPIs) for each Use of Proceeds Eligibility Criteria outlined in the QBE Gender Equality Bond Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Gender Equality	i. The bond has been issued by a Company that is a signatory to the United Nations Women’s Empowerment Principles (UN WEP), ⁶ a joint initiative of the UN Global Compact and UN Women. The principles being: <ol style="list-style-type: none"> a. Principle 1: Establish high-level corporate leadership for gender equality. b. Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination. 	Representation of women in leadership positions

¹ QBE “Gender Equality Bond Framework”, (2019) at: <https://www.qbe.com/investor-relations/debt-investor-centre/debt-investor-centre/social-bonds>

² QBE “Gender Equality Bond Framework”, (2017) at: <https://www.qbe.com/investor-relations/debt-investor-centre/debt-investor-centre/social-bonds>

³ Sustainalytics, “Second-Party Opinion, QBE”, (2017), at: <https://www.qbe.com/investor-relations/debt-investor-centre/debt-investor-centre/social-bonds>

⁴ Sustainalytics, “Second-Party Opinion, QBE”, (2019), at: <https://www.qbe.com/investor-relations/debt-investor-centre/debt-investor-centre/social-bonds>

⁵ Sustainalytics, “Gender Equality Bond Annual Review, QBE”, at: <https://www.qbe.com/investor-relations/debt-investor-centre/debt-investor-centre/social-bonds>

⁶ UN WEP United Nations Women’s Empowerment Principles, “Endorse the Women’s Empowerment Principles”, at: <https://unglobalcompact.org/take-action/action/womens-principles#:~:text=Principle%201%3A%20Establish%20high%2Dlevel,all%20women%20and%20men%20workers>

	<ul style="list-style-type: none"> c. Principle 3: Ensure health, safety and well-being of all women and men workers. d. Principle 4: Promote education, training and professional development for women. e. Principle 5: Implement enterprise development, supply chain and marketing practices that empower women. f. Principle 6: Promote equality through community initiatives and advocacy. g. Principle 7: Measure and publicly report on progress to achieve gender equality. <p style="text-align: center;">AND</p> <ul style="list-style-type: none"> ii. The bond has been issued by a Company recognized in the current Equileap Gender Equality Global Report and Ranking. <p>Exclusionary criteria are listed in Appendix 2.</p>	
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Issuer Entity’s Responsibility

QBE is responsible for providing accurate information and documentation relating to the details of the bonds that have been funded, including description of bonds, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the QBE’s Gender Equality Bond. The work undertaken as part of this engagement included collection of documentation from QBE and review of said documentation to assess conformance with the QBE Gender Equality Bond Framework.

Sustainalytics relied on the information and the facts presented by QBE with respect to the qualifying bond. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by QBE.

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

Conclusion

Based on the limited assurance procedures conducted,⁷ Sustainalytics’ believes the reviewed bonds funded through proceeds of QBE’s Gender Equality Bond, are in conformance, in all material respects, with the Use of Proceeds and Reporting Criteria in the QBE Gender Equality Bond Framework. QBE has disclosed to Sustainalytics that the proceeds from the Gender Equality Bond were fully allocated as of 31st December 2023.

⁷ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the bonds that have been funded, including description of bonds estimated and realized costs of bonds and impact, as provided by the issuing entity, which is responsible for providing accurate information.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the qualifying bonds funded with proceeds from the Gender Equality Bond in 2023 to determine if the underlying bonds aligned with the Use of Proceeds criteria outlined in the Framework and above Table 1.	All bonds reviewed complied with the Use of Proceeds Criteria.	None
Reporting Criteria	Verification of the qualifying bonds funded with proceeds from the Gender Equality Bond in 2023 to determine if impact of the underlying bonds was reported in line with the KPIs outlined in the Framework and above in Table 1. For a list of KPIs reported, please refer to Appendix 1.	All bonds reviewed reported on at least one KPI per Use of Proceeds Criteria.	None

Appendices

Appendix 1: Reported Impact by Eligibility Criteria

Use of Proceeds Category	Reported Impact	Scope of Calculated Impact
Gender Equality	<p>Representation of women in leadership positions:⁸</p> <ul style="list-style-type: none"> i. CBA: 44.0% ii. NAB: 60.0% iii. Westpac: 49.0% 	<p>Included roles in measurement of women in leadership:</p> <ul style="list-style-type: none"> i. CBA: Executive Management and above roles ii. NAB: Board only iii. Westpac: Senior Leadership including Executive Team, General Managers and their direct reports

Appendix 2: Exclusionary Criteria

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

- i. Production, distribution, or retail of alcoholic beverages
- ii. Production, distribution, or retail of tobacco products
- iii. Ownership or operation of gambling facilities
- iv. Production or distribution of adult entertainment materials
- v. Production or retail sale and distribution of weapons and civilian firearms
- vi. Predatory lending activities
- vii. Production of palm oil
- viii. Production (extraction) or refining of fossil fuels.
- ix. Large scale hydro projects (i.e., projects that generate greater than 20 MW of electricity)
- x. Transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated.
- xi. Infrastructure used primarily for the transportation of fossil fuels.
- xii. Corporate issuers that have a Controversies Score of Zero '0' with MSCI or that are involved in 'Very Severe' environmental, social, or governance controversies.

⁸ QBE has confirmed to Sustainalytics that the companies met the eligibility criteria of being signatory to the United Nations Women's Empowerment Principles (UN WEP) and recognized in the current Equileap Gender Equality Global Report and Ranking.

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