

QBE INSURANCE GROUP GENDER EQUALITY BOND

FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS

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1. INTRODUCTION

QBE Insurance Group (QBE), an Australian general insurance and reinsurance company, is planning to issue a gender equality bond (QBE Gender Equality Bond) to finance/refinance its investment in organisations that are leaders in fostering workplace gender equality. The company has engaged Sustainalytics to provide a second opinion on QBE's Gender Equality Bond Framework and on the bond's social credentials. As part of this engagement, Sustainalytics held conversations with relevant internal stakeholders to understand the use of proceeds, management of proceeds, and reporting aspects of QBE's Gender Equality Bond, as well as its sustainability strategy. Sustainalytics also reviewed relevant public and internal documents from the company. This document contains two sections: Framework Overview – a summary of QBE's Gender Equality Bond framework; and Sustainalytics' Opinion – an opinion on the framework.

2. OVERVIEW OF ISSUER

QBE underwrites general insurance and reinsurance risks worldwide. It operates through its North American Operations, European Operations, Australian & New Zealand Operations, Emerging Markets, and Equator Re segments. The company offers commercial and domestic property, motor and motor casualty, agriculture, public/product liability, workers' compensation, marine energy and aviation, professional indemnity, financial and credit, accident and health, and other insurance products. It also manages Lloyd's syndicates. The company was founded in 1886 and is headquartered in Sydney, Australia.

Since December 2015, QBE has been a signatory to the United Nations Principles for Sustainable Insurance (PSI), committing to integrate and promote environmental, social and governance risks and opportunities in the insurance industry. As part of the commitment, QBE developed a diversity and inclusion policy that recognizes "the importance of diversity and inclusion extending to all areas of [its] business practices".¹ The company's commitment to diversity is underpinned by its four principles on discrimination and equal opportunity as well as its goal to increase women in leadership to 35% by 2020 from 28% in December 2016.² Moreover, QBE discloses detailed information on gender diversity including metrics on the gender division in its workforce and initiatives to promote gender diversity.³

To further its commitment to workplace gender equality, QBE is issuing a workplace gender equality bond.

¹ QBE Diversity and Inclusion Policy, released December 2015,

https://www.group.qbe.com/sites/default/files/Default%20Media/Global%20Diversity%20%26%20Inclusion%20Policy_0.pdf

² Sustainability Report 2016

https://www.group.qbe.com/sites/default/files/Default%20Media/QBE%202016%20Sustainability%20Report_0.pdf

³ QBE Gender Equality Report, FY2016-17,

<https://www.group.qbe.com/sites/default/files/Default%20Media/Workplace%20Gender%20Equality%20Agency%20Report%202016-17.pdf>

3. FRAMEWORK OVERVIEW

For the purpose of issuing a Gender Equality Bond, QBE has developed the following framework, which addresses the four key pillars of the Social Bond Principles (SBP): use of proceeds, project evaluation and selection process, management of proceeds, and reporting.

3.1 Use of Proceeds

The proceeds of the QBE Gender Equality Bond will be allocated towards financing/refinancing investments in qualifying bonds. Qualifying bonds are those that meet both the eligibility criteria outlined below:

Eligibility Criteria

1. The bond has been issued by a Company that is a signatory to the United Nations Women's Empowerment Principles (UN WEP)⁴, a joint initiative of the UN Global Compact and UN Women. The principles being:
 - Principle 1: Establish high-level corporate leadership for gender equality
 - Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination
 - Principle 3: Ensure health, safety and well-being of all women and men workers
 - Principle 4: Promote education, training and professional development for women
 - Principle 5: Implement enterprise development, supply chain and marketing practices that empower women
 - Principle 6: Promote equality through community initiatives and advocacy
 - Principle 7: Measure and publicly report on progress to achieve gender equality

AND

2. The bond has been issued by a company recognized as one of the top 200 ranked companies in the Equileap Gender Equality Global Report and Ranking.⁵

Exclusionary Criteria

QBE has developed a list of exclusionary criteria for the proceeds of the QBE Gender Equality Bond. QBE commits to not knowingly be involved in financing any of the following projects/activities through the proceeds of the QBE Gender Equality Bond(s):

1. Manufacture or wholesale retail of alcoholic beverages
2. Manufacture or wholesale retail of tobacco products
3. Ownership or operation of gambling enterprises
4. Production or distribution of adult entertainment materials

⁴ <http://www.weprinciples.org/>

⁵ <http://equileap.org/wp-content/uploads/2017/04/Equileap-gender-equality-global-report-ranking.pdf>

5. Manufacture or retail sale and distribution of weapons and small arms
6. Transportation of live cattle
7. Whaling
8. Predatory lending activities
9. Production or refining of palm oil
10. Extraction or refining of fossil fuels
11. Large scale hydro projects (i.e. projects that generate greater than 20 MW of electricity)
12. Technology and equipment for large scale hydro projects
13. Transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated
14. Technologies that increase the energy efficiency of fossil fuel production and/or distribution
15. Systems and infrastructure used primarily for the transportation of fossil fuels
16. Agricultural or afforestation operations located on land designated as primary forest, high conservation value areas, or legally preserved areas
17. Bonds from issuers that are involved in major environmental, social or governance controversies (Category 5 controversies), as assessed by Sustainalytics. See Annex 1 for details on Sustainalytics' controversy assessment methodology.

3.2 Project Evaluation and Selection Process

Application of Eligibility and Exclusionary Criteria in Project Selection

QBE's Investment Team identifies corporate bonds that meet the company's investment risk/return criteria, and makes the investment in the bond. If the bond is from a company that meets the eligibility criteria, the Manager, Responsible Investments (MRI) is notified. The MRI then conducts a deeper assessment to ensure that the bond meets the eligibility and exclusionary criteria defined in the framework, and whether proceeds from the QBE Gender Equality Bond(s) can therefore refinance the investment in the corporate bond.

Every bond from an eligible company is presented by the MRI to QBE's Classification of Gender Equality Investments Committee (COGEI Co.) The COGEI Co. is also responsible for annually reviewing its eligible bond investments to ensure their continued suitability and eligibility for any QBE Gender Equality Bond.

The COGEI consists of the Chair of the QBE Group Board Risk and Capital Committee, the QBE Group Treasurer, the QBE Group Head of Diversity and Inclusion, and the QBE Group Chief Investment Officer.

Sustainability Objectives

QBE's sustainability strategy focuses on the sustainability of all aspects of its business and on making a positive contribution to the communities in which it operates. The company discloses diversity and inclusion commitments and has set the goal to increase the percentage of women in management and its board to 35% and 30% from currently 28% and 27%, respectively.

Process to Mitigate Environmental and Social Risks

While QBE does not disclose an internal process to manage the environmental and social risk associated with bonds investments, the use of the United Nations Women's Empowerment Principles and the

Equileap framework mitigates social risks. The Equileap framework excludes companies that meet any of the following criteria for one year (see Section 3 for more information):

- a) A legal judgement or an official ruling has been made regarding discrimination against any employees,
- b) Two or more legal cases have been brought against the company regarding discrimination against any employees,
- c) A legal judgement or an official ruling has been made regarding unethical marketing practices at the company.

Thus, the framework excludes companies with a negative track record related to gender equality.

3.3 Management of Proceeds

QBE will track the Use of Proceeds of its Gender Equality Bond via its internal information systems. Each QBE Gender Equality Bond will be booked under an earmarked position which is set up for each Gender Equality Bond specifically in the appropriate internal system. QBE will establish a register, recording each specific acquired gender equality bond ID allocated as Use of Proceeds for each Gender Equality Bond by a unique position identifier.

3.4 Reporting

Allocation and Impact Reporting

The QBE Gender Equality Bond issuing entity will provide a Gender Equality Bond Progress Report on an annual basis including:

- (i) Aggregate amounts of funds allocated to each of the Eligibility Criteria (Section 3) together with a description of the types of projects being financed / refinanced;
- (ii) The remaining balance of any unallocated Gender Equality Bond proceeds at the reporting period end; and,
- (iii) Confirmation that the Use of Proceeds of any Gender Equality Bond (s) issued conforms with the QBE Gender Equality Bond Framework.

QBE states that it recognises investors' preference for enhanced information on Use of Proceeds. Where possible QBE will provide further information and examples of bonds financed / refinanced by a QBE Gender Equality Bond.

With respect to impact reporting, QBE intends to report on the percentage of women on the boards of companies that meet the eligibility criteria.

The QBE issuing entity will prepare the report and the ESG Committee will review and approve each Gender Equality Bond Progress Report. Each Gender Equality Bond Progress Report will be produced to a 31 December reporting date and will be published by the 31 March of the following year on the QBE Investor Relations webpage, found through www.qbe.com

3.5 Compliance Review

In addition, QBE has committed to undertaking an annual compliance review of funded companies, to be carried out by Sustainalytics. Sustainalytics will review all companies/borrowers that issued bonds to which proceeds have been allocated in order to determine whether they meet the eligibility criteria in the framework. As a part of the annual compliance review, Sustainalytics will also undertake a review and analysis of companies' involvement in controversies. Sustainalytics will provide a letter stating the results of the compliance review, which QBE may disclose publicly on its website. The compliance review will take place annually throughout the term of the bond.

4 SUSTAINALYTICS' OPINION

Section 1: Sustainalytics' Opinion on the QBE Social Bond

Summary

- Sustainalytics recognizes that the QBE Gender Equality Bond is financing corporate bonds and not projects. Sustainalytics also recognizes that the eligibility criteria for the use of bond proceeds is based on the sustainability credentials of the borrowing entity, rather than on the nature of projects being financed. Due to the nature of the impact being funded, Sustainalytics is of the opinion that there is a constraint with respect to using bond proceeds for specific projects. Workplace gender equality is created systemically, by embedding initiatives for creating an equal workplace in an organisation's strategy and daily operations. It is challenging to fund workplace gender equality in a meaningful way through short-term projects. Given that the QBE Gender Equality Bond clearly seeks to achieve positive outcomes, and that Gender Equality is a recognized by the Social Bond Principles (SBP) 2017 as an impactful category, Sustainalytics is of the opinion that the QBE Gender Equality Bond is aligned with the spirit of the SBP 2017.
- QBE uses the UN Women Empowerment Principles and the Eureka gender equality ranking as selection criteria for its bond investment. Sustainalytics has assessed these eligibility criteria, and believes they are a credible means for assessing workplace gender equality (see Section 3).
- QBE's disclosure and processes with respect to management of proceeds and project selection process is in line with market norms.
- QBE has committed to reporting on percent of women on boards as an impact metric. Sustainalytics recognizes that this is a results-focussed metric, which does not include structures, programmes and processes that foster gender equality, and, thus, is not wholly representative of impact. However, Sustainalytics acknowledges the difficulty of reporting on workplace gender equality and encourages QBE, wherever possible, to supplement their quantitative impact reporting with narratives or case studies.

Strength of Eligibility Criteria

Strengths of the UN Women Empowerment Principles to support gender equality

QBE's Gender Equality Bond only includes companies that have signed the UN Women Empowerment Principles (WEP). Published in March 2010, the Principles include⁶:

- Principle 1: Establish high-level corporate leadership for gender equality
- Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination
- Principle 3: Ensure health, safety and well-being of all women and men workers

⁶ UN Global Compact 2017 Women's Empowerment Principles; <http://weprinciples.org/Site/PrincipleOverview/>; accessed 27 September 2017.

- Principle 4: Promote education, training and professional development for women
- Principle 5: Implement enterprise development, supply chain and marketing practices that empower women
- Principle 6: Promote equality through community initiatives and advocacy
- Principle 7: Measure and publicly report on progress to achieve gender equality

By signing the Principles, the CEO of a company declares his support for the Principles and commits to promoting them as guidance for the empowerment of women in the workplace, marketplace and community. The CEO also commits to report on progress by using sex-disaggregated data and other benchmarks.

Sustainalytics believes signatories of the UN WEP made relevant and important commitments to increase gender equality in their own organization and on the global market. While signatories commit to use the Principles as a guidance and are not obliged to fully implement the Principles, becoming a signatory demonstrates a company's awareness of the importance of gender equality and their willingness to dedicate resources and priorities to the issue. Thus, Sustainalytics considers it a relevant criterion to identify companies that demonstrate good practices in gender equality. In addition, Sustainalytics is of the opinion that the use of the Principles as an eligibility criterion may encourage more companies to sign the Principles.

Strength of the Equileap framework

Sustainalytics assessed the Equileap citation framework that partly determines the eligibility of the organization to be financed through QBE Gender Bond proceeds, and determined its strength and limitations. Sustainalytics is of the opinion that the Equileap citation framework assesses organizations on criteria that are relevant and meaningful.

The Equileap Gender Scorecards and ranking were published for the first time in 2017. The ranking lists the top 200 companies, evaluated in the areas below, using a pool of 3,000 public companies from 23 countries and 19 indicators grouped according to the following categories:

- Gender Balance in Leadership and Workforce;
- Equal Compensation and Work/Life Balance;
- Policies Promoting Gender Equality;
- Commitment, Transparency & Accountability.

The strength of the Equileap framework derives from the following three factors:

- (i) *The Equileap criteria are both results and processed based, and are relevant and meaningful means for assessing workplace gender equality*

Equileap uses both results-based criteria and processed-based criteria in its assessment. Results-based criteria assess the performance of a company, such as the percentage of women in the general workforce and in leadership positions, whereas process-based criteria assess policies and programmes that ensure gender equality is embedded in general processes in the workplace. Results-based metrics like the

number of women in leadership positions serve only as a signal that the organization could have an inclusive workplace and environment. Process-based criteria, on the other hand, play an important role in establishing equal opportunity in the workplace. Embedding processes, such as flexible working arrangements and parental leave, is key to ensuring an equal chance of advancement for both men and women. Equileap's assessment includes policies on topics such as human rights, freedom from sexual harassment, equal opportunity and fair remuneration. The framework also includes whether a company offers flexible working hours and locations, parental leave to both men and women and a strategy to close gender gap pay.

While the weight distribution of process-based criteria and result-based criteria sets a strong emphasis on result-based criteria (see limitations), Sustainalytics believes the combination of results-based and process-based criteria, as well as an annual update of the ranking, ensures that Equileap citation on workplace gender equality is comprehensive and meaningful.

(ii) *Minimum criteria for company selection ensures holistic approach to ethical behaviour*

Sustainalytics considers the overall ethical performance of companies as important factor in relation to gender equality as it can provide an indication of the vision of a company towards equality in more general terms. In addition, a negative track record in relation to discrimination can be an indication that policies and programmes have not been effectively implemented. Companies may have policies and programmes but without sound implementation, these programmes and policies may not be fully integrated into all work processes and embraced by all employees, and can thus lead to unwanted behaviour.

Equileap uses broad ethical and discrimination-related criteria to exclude companies from the benchmark. The framework also excludes companies that have a negative record regarding discrimination or unethical practices within the past two years.

Sustainalytics is of the opinion that the integration of controversies and general ESG criteria ensure a holistic approach towards equality and integration in business processes by the ranked companies.

(iii) *Equileap framework allows for relative and absolute assessment as well as tracking progress over time*

The Equileap framework provides two types of assessment of the companies. A relative (ranking) and an absolute assessment (grades from A to F). The ranking allows the identification of best practices among the 200 companies. The grade system allows to identify performance gaps of all companies with respect to the indicators. This approach reveals potential performance gaps even among best performers. It also enables the tracking of progress of a company's performance in absolute terms and relative to others.

Sustainalytics is of the opinion that Equileap's relative and absolute assessment provides an increased level of transparency about the performance of companies in absolute and relative terms.

Limitations of Eligibility Criteria

Limitations of the UN Women Empowerment Principles

The UN WEP has certain limitations. The Principles provide guidance but are not obligatory for signatories to implement. Another limitation is that there is no overall score across all seven principles that identifies leaders in gender equality. While the WEP does identify some best and good practice companies, these labels are based on certain specific initiatives that are voluntarily shared by companies. This reduces comparability across signatories, and carries a risk that best-in-class companies for gender equality are not identified. As a result, poor performers that are signatories may appear to be similar to best-performing companies.

As QBE combines the UN WEP with the Equileap company assessment, Sustainalytics is of the opinion that QBE accounts for the limitations of the UN WEP. Thus, Sustainalytics considers the UN WEP to be a robust way for companies to declare their commitment to fostering a diverse and inclusive workplace.

Limitations of Equileap Criteria

The Equileap citation framework also has certain limitations. Overall the framework has relevant indicators, but besides the exclusion criteria, companies listed are not required to achieve a certain level of performance. Thus, for example a company listed may not have achieved a minimum level of performance on processes based indicators, i.e. the company may not have developed certain programmes or policies that are important to the integration of gender equality in business processes.

As the ranking is conducted for the first time, it is currently not possible to track the past performance of companies. While the frameworks' exclusion criteria decrease the chance of unethical companies being included, the lack of past performance is seen as a limitation of the framework. In addition, while the ranking is conducted annually and no company has so far reached the highest grade, it remains unclear whether the indicators will be updated to allow a continuously highlighting of relevant best-practices. The fact that no company received the highest grade possible does not pose a limitation but leaves room for improvement for companies to attain best-practices. However, if the indicators are not continuously updated a number of companies may receive the highest grade in the future, which do not reflect the most recent best-practice.

Despite these limitations, Sustainalytics is of the opinion that the Equileap framework and ranking provide a meaningful means to identify organizations that have good practices in workplace gender equality.

Especially given that the Equileap framework is used as an addition to the UN Women empowerment Principles, Sustainalytics is of the opinion that QBE's process to select companies with strong gender equality performance is robust.

Alignment with Social Bond Principles 2017: Sustainalytics has determined that, although the QBE gender bond aligns does not fund projects, it aligns with the spirit of the four pillars of the Social Bond Principles 2017. For detailed information please refer to Appendix 2: Social Bond/Social Bond Programme External Review Form.

Section 2: Contribution of Gender Bond to QBE's strategy

Contribution of framework to issuer's sustainability mandate

QBE commits to recognize “the importance of diversity and inclusion extending to all areas of our business practices”⁷ and states that its values “expect all employees to foster and promote a work environment that is respectful of each other, [its] customers, [its] shareholders and the community”⁸. In December 2015, QBE signed the UN Principles for Sustainable Insurance and shifted its sustainability strategy from compliance to including all sustainability aspects of its business in 2016. The company's strategy also includes positive contributions to the communities in which it operates and is overseen by QBE's executive ESG Committee.

While the company's current community contributions are mainly focused on philanthropic initiatives, the company discloses a diversity and inclusion strategy for its workforce building on five commitments and related initiatives:

- Diverse leadership representation, including to foster inclusive, gender-balanced leadership teams
- Inclusive capabilities that drive collaboration and inclusion in teams, leveraging flexibility to increase productivity and retention
- Strong pipeline and diverse talent, which the company aims to achieve through offering employee development opportunities and to progress in their careers.
- Higher engagement of all employees focusing on creating a fair, inclusive and respectful environment for all employees
- Customer satisfaction and retention, which builds on innovation and creativity to support diverse customer needs

QBE also set its 2020 targets to increase the percentage of women on the QBE board and in management positions from 27% and 28% in 2016 to 30% and 35%, respectively. Moreover, the company reports on initiatives to foster gender diversity, such as flexible working hours, compressed working weeks, telecommunication, part-time work, job sharing, carer's leave, purchased leave and unpaid leave at both employee and management level for both women and men. Sustainalytics believes QBE's reporting and disclosure on targets and performance are indicative of the priority that the company assigns to achieving results.

Given QBE's shift to a more inclusive ESG strategy and the company's commitments and targets on gender equality, Sustainalytics is of the opinion that the social bond is aligned with the company's sustainability strategy. QBE gender equality initiatives align with the bond's purpose to foster companies that promote gender equality. Additionally, although QBE does not have an overall mission or strategy to promote gender equality through its investments, Sustainalytics recognizes that the company is going beyond the internal promotion of gender equality, and is promoting gender equality in the broader market through its products.

⁷ QBE Corporate Governance Statement 2016, released February 2016,
https://www.group.qbe.com/sites/default/files/Default%20Media/2016%20Corporate%20Governance%20Statement_0.pdf

⁸ QBE Sustainability Report 2016, released March 2017,
https://www.group.qbe.com/sites/default/files/Default%20Media/QBE%202016%20Sustainability%20Report_0.pdf

Well positioned to address common environmental and social risks associated with the projects

The use of the Equileap framework for company selection provides a sound framework to mitigate social risk associated with the companies selected for debt financing/refinancing. The Equileap framework excludes companies with a negative track record related to gender equality, as detailed in the framework. Thus, Sustainalytics is of the opinion that QBE is well positioned to address the social risks associated with the companies selected.

Section 3: Impact of Use of Proceeds

Sustainalytics believes that the proceeds from the gender equality bond will have social benefits, supporting women-led companies and companies fostering gender diversity. Below, Sustainalytics provides an opinion on the impact of QBE's eligibility criteria for the bond, considering the local context.

Fostering gender equality and empowerment in Australia

Over the last years, the country has improved in gender equality in education, health and female workforce participation, but the country is still facing a gender gap in its workforce. Australia has continuously slipped on the Global Gender Gap Index by the World Economic Forum, from rank 15 in 2006 to rank 46 in 2016.⁹ Overall the Australian government states that women continue to earn less, advance their careers equally far and accumulate less retirement or superannuation savings compared to men. Meanwhile men have less access to family-friendly policies such as parental leave.

QBE's selection criteria for its gender equality bond address both gender equality and women empowerment in a meaningful way, and Sustainalytics is therefore of the opinion that the use of the bond proceeds will contribute to fostering gender equality and women's empowerment in Australian companies.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This Gender Equality bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Gender Equality	5. Gender Equality	5.1 End all forms of discrimination against all women and girls everywhere 5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

⁹ World Economic Forum Global Gender Gap Index 2016; <http://reports.weforum.org/global-gender-gap-report-2016/rankings/>

APPENDICES

Appendix 1: Sustainalytics Controversy Assessment Methodology

Controversies are an assessment of a company's past involvement in incidents that had a negative impact on stakeholders, and that pose outstanding risks to the company. Sustainalytics analyses companies' involvement in controversies based on several factors, including impact of the incident, recurrence and pattern of incidence, company response, and managerial responsibility. After analysis, companies' involvement in controversies is classified on a hurricane scale of 1 to 5. Controversies are assessed as Category 1 if they have a low impact on the environment and society, and pose negligible risks to the company. Controversies are assessed as Category 5 if they have a severe impact on the environment and society, and pose a serious risk to the company. Category 5 represents the most severe corporate conduct.

Appendix 2: Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name:

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:

Review provider's name:

Completion date of this form:

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| ☒ Use of Proceeds | ☒ Process for Project Evaluation and Selection |
| ☒ Management of Proceeds | ☒ Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| ☒ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification | ☐ Rating |
| ☐ Other (<i>please specify</i>): | |

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Gender Equality Bond Framework and Second Opinion Document above.

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section:

The proceeds of the QBE Gender Equality Bond will be allocated towards financing/refinancing investments in bonds issued by a Company that is a signatory to the United Nations Women's Empowerment Principles (UN WEP) and which has been issued by a company recognized as one of the top 200 ranked companies in the Equileap Gender Equality Global Report and Ranking. In addition, QBE applies exclusion criteria related to controversial business activities.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| ☐ Renewable energy | ☐ Energy efficiency |
| ☐ Pollution prevention and control | ☐ Sustainable management of living natural resources |
| ☐ Terrestrial and aquatic biodiversity conservation | ☐ Clean transportation |
| ☐ Sustainable water management | ☐ Climate change adaptation |
| ☐ Eco-efficient products, production technologies and processes | ☒ Other (<i>please specify</i>): Gender Equality |
| ☐ Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section:

QBE's Investment Team identifies corporate bonds that meet the company's investment risk/return criteria, and makes the investment in the bond. A deeper assessment is then conducted by the Manager, Responsible Investments (MRI) ensuring compliance with the eligibility and exclusionary criteria defined in the framework. QBE's Classification of Gender Equality Investments Committee (COGEI Co.) also reviews the selection and annually reviews its eligible bond investments to ensure their continued suitability and eligibility for any QBE Gender Equality Bond. The COGEI consists of the Chair of the QBE Group Board Risk and Capital Committee, the QBE Group Treasurer, the QBE Group Head of Diversity and Inclusion, and the QBE Group Chief Investment Officer.

Evaluation and selection

- | | |
|--|---|
| ☒ Defined and transparent criteria for projects eligible for Green Bond proceeds | ☒ Documented process to determine that projects fit within defined categories |
| ☒ Summary criteria for project evaluation and selection publicly available | ☐ Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|---|---|
| ☐ Evaluation / Selection criteria subject to external advice or verification | ☒ In-house assessment |
| ☐ Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section:

QBE will track the Use of Proceeds of its Gender Equality Bond via its internal information systems. Each QBE Gender Equality Bond will be booked under an earmarked position which is set up for each Gender Equality Bond specifically in the appropriate internal system. QBE will establish a register, recording each specific acquired gender equality bond ID allocated as Use of Proceeds for each Gender Equality Bond by a unique position identifier.

Tracking of proceeds:

- | |
|--|
| ☒ Green Bond proceeds segregated or tracked by the issuer in a systematic manner |
| ☐ Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| ☐ Other (<i>please specify</i>): |

Additional disclosure:

- | | |
|--|---|
| ☐ Allocations to future investments only | ☒ Allocations to both existing and future investments |
| ☐ Allocation to individual disbursements | ☐ Allocation to a portfolio of disbursements |
| ☐ Disclosure of portfolio balance of unallocated proceeds | ☐ Other (<i>please specify</i>): |

4. REPORTING

Overall comment on section:

The QBE Gender Equality Bond issuing entity will provide a Gender Equality Bond Progress Report on an annual basis including (i) aggregate amounts of funds allocated to each of the Eligibility Criteria together with a description of the types of projects being financed / refinanced; (ii) the remaining balance of any unallocated Gender Equality Bond proceeds at the reporting period end; and (iii) confirmation that the Use of Proceeds of any Gender Equality Bond (s) issued conforms with the QBE

Gender Equality Bond Framework. With respect to impact reporting, QBE intends to report on the percentage of women on the boards of companies that meet the eligibility criteria. Each Gender Equality Bond Progress Report will be produced to a 31 December reporting date and will be published by the 31 March of the following year on the QBE Investor Relations webpage.

Use of proceeds reporting:

- | | |
|--|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other <i>(please specify)</i> : |

Information reported:

- | | |
|--|---|
| ☒ Allocated amounts | ☒ GB financed share of total investment |
| ☐ Other <i>(please specify)</i> : | |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other <i>(please specify)</i> : | |

Impact reporting:

- | | |
|--|--|
| ☐ Project-by-project | ☒ On a project portfolio basis |
| ☐ Linkage to individual bond(s) | ☐ Other <i>(please specify)</i> : |

Frequency:

- | | |
|--|--------------------------------------|
| ☒ Annual | ☐ Semi-annual |
| ☐ Other <i>(please specify)</i> : | |

Information reported (expected or ex-post):

- | | |
|--|---|
| ☐ GHG Emissions / Savings | ☐ Energy Savings |
| ☒ Other ESG indicators <i>(please specify)</i> : | |

Means of Disclosure

- | | |
|---|---|
| ☐ Information published in financial report | ☐ Information published in sustainability report |
| ☒ Information published in ad hoc documents | ☐ Other <i>(please specify)</i> : |
| ☐ Reporting reviewed <i>(if yes, please specify which parts of the reporting are subject to external review)</i> : | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| ☐ Consultancy (incl. 2 nd opinion) | ☐ Certification |
| ☐ Verification / Audit | ☐ Rating |
| ☐ Other (please specify): | |

Review provider(s):

Date of publication:

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- (iv) Rating: An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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