



A heartening result although “one swallow does not a spring make.”

Company/ASX Code	QBE Insurance Group/QBE
AGM date	Thursday 5 May 2022
Time and location	10am Wesley Conference Centre 220 Pitt St Sydney
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Ian Graves
Pre AGM-Meeting	With Chair Mike Wilkins, Carolyn Scobie Company Secretary, Kate Lyons, Head of Sustainability, Amanda Hughes, Group Executive People & Culture, Ashley Dalziell, Group Head of Investor Relations

Please note any potential conflict as follows: An individual involved in the preparation of this voting intention has a shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Group performance was a major improvement on the previous year, with growth of 21% and combined operating ratio¹ (COR) of 95%, despite catastrophe claims increasing to \$905m or 6.6% of Net earned Premium.

Divisional Results:

North America gross written premium² (GWP) up 32% to \$6,289m with a COR of 102.9% an improvement of 10 percentage points. Excluding catastrophe claims the claims ratio was 66.7%.

International GWP up 15% to \$6,958m with COR of 90.6% a slight improvement on FY20. Although non catastrophe claims up slightly to 53.1%.

Australia Pacific GWP up 17% to \$6,215m, COR of 91.4% slightly better than FY20 with non-catastrophe claims 54.2% a minor improvement on FY20.

¹ A measure of general insurance underwriting profitability, the COR compares claims, costs and expenses to premiums.

² the total premium (direct and assumed) written by an insurer before deductions for reinsurance and ceding commissions. Includes additional and/or return premiums.

Although a significant improvement on FY20 it needs to be taken in context that over the last 5 years total shareholder return (TSR) has been only 2.89%

Governance and culture

The annual report doesn't include a Board Skills Matrix although it is recommended by the ASX Corporate Governance Council. Despite repeated requests by ASA. for this to be included. The current disclosures, although indicating previous experience fail to disclose the number of Directors with the required skills and the level of experience.

Cultural

In the CEO's opening remarks, he announced the setting of a new strategic setting and purpose with associated vision & purpose. Although it appears to be a refreshing of strategic priorities and a re-emphasising of some of the current vision it is the third revamp of the strategic setting and purpose in the last 8 years under now 3 different CEO's.

ASA has previously expressed concern about the high staff turnover particularly in the Group Executive committee. This continues to remain high with the Diversity report, work force analysis showing that in the GEC the average tenure for Females is 2.7 ears and Males 6.3 years.

As well the overall voluntary attrition rate was 11.8% in the 30-50 age group, which should be a key cohort for the group. This compares to 8.3% in 2020. Although QBE maintain that 2020 was unusually low because of COVID-19. Although comparison figures for prior years are not provided.

Financial performance

The final dividend was 19c making a total of 30c per share with 10% franking. A pay-out ratio of 41% compared to FY20 of 4 cents

Key Board and senior management changes

John Green who joined the Board in 2010 and is Deputy chairman will be retiring at the conclusion of the AGM.

Stephen Fitzgerald who joined the Board in 2014 will also be retiring at the conclusion of the AGM.

Yasmin Allen has been appointed a director to join the Board in July.

With the appointment of Ms Allen & the resignations of Messrs Fitzgerald and Green the Board will reduce to 8 directors and achieve a gender balance.

Significant Executive changes have occurred

Andrew Horton Group CEO commenced 1 September 2021.

Sue Houghton CEO Australia Pacific commenced 3 August 2021.

Sam Harrison Group Chief Underwriting Officer.

Amanda Hughes Group Executive People and Culture

Fiona Larnach Group Chief Risk Officer

With these new appointments 8 of the Group Executive Committee of 11 have less than 2 years in the role, with only two members having more 4 years.

The continuing changes in KMP's reflect badly on the Group's culture and the continuing disruptions must be considered one of the key factors in prior years poor performance. It is hoped

that with these current appointments the executive group will now stabilise and be able to provide leadership for the future.

ASA Focus issues

ESG matters last year QBE had a straightforward structure under one steering committee with 3 working groups, for dealing with ESG matters

This year the report discloses a proliferation of committees with the joining of various UN committees along with a commitment to 5 UN sponsored sustainability goals. In addition, there are 5 Internal committees and 9 internal governance forums.

This along with the Sustainability report indicates a loss of business focus and actions taken to date appear to have progressed to advocacy rather than concentrating on business outcomes.

This is evident with their refreshed energy reduction targets which are now net-zero across operations and equity portfolio by 2030. Also a 5% increase of assets under management in climate solution investments by 2025.

A number of uncostered measures are detailed to achieve this. All this well exceeds what Australia has signed up to and where the Head Office is located.

What benefit is there for QBE or its shareholders from these proposed actions and expenditure?

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	750	(1517)	550	390	(1,249)
UPAT (\$m)	805	(1517)	601	420	(228)
Share price (\$)	11.94	8.53	12.88	10.10	10.68
Dividend (cents)	30.9	4	52	50	26
Simple TSR (%) ³	43.6	(24.0)	29.20	(0.90)	(8.90)
EPS (cents)	15.2	(108.5)	41.8	29.0	(91.5)
CEO total remuneration, actual (\$m)	N/A	2.08	3.44	2.92	2.73

For the CEO's total actual remuneration was able to be compared as a multiple of the Australian Full time Adult Average Weekly Total Earnings as he didn't commence until September 2021

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking) by the share price at the start of the year.

³ Although The TSR for 2021 is 43.6% this is misleading and not an accurate indication of QBE's performance. Over the last 5 years the TSR has been 2.89%

Item 2	Adoption of Remuneration Report
ASA Vote	Against

Summary of ASA Position

This is the third consecutive year that ASA has voted against the Remuneration report. On the basis that the STI proportion at the maximum opportunity of 43% is greater than the LTI which is 38%. As well the STI should be less than the fixed remuneration. As can be seen in Appendix A. this is not the case for either the Target or Maximum opportunity.

Financial performance measures are based on Group & Blended metrics and non-financial measures are based on an individual's strategic performance objectives and appraisals. These later measures appear to lack necessary rigour as 5 of the Executives who had been in their positions less than a year were rated as exceeding their Strategic performance objectives achieving greater than 100%. In addition, receiving credit for contribution to Group & Blended Group COR's, ASA was advised that pro rata adjustments had been made to reflect their period of employment. However, it raises the question as to whether the targets were challenging enough.

QBE has announced that these measures will be changed from 2022, although full details have yet to be released, they will encompass the STI Equity deferral and performance measurement to encompass a balanced scorecard with the LTI performance measures an increased weighting to Group Cash ROE and Relative TSR, reducing from 2 to a single global peer group based on Global Insurance peers and removal of the catastrophe collar.

As a result of the concerns about the 2021 Remuneration plan, ASA is not able to support the plan and will vote all undirected proxies against this resolution.

Item 3	Approval of the grant of Conditional rights under the company's LTI Plan for 2022 to the Group Managing Director Andrew Horton
ASA Vote	Against

Summary of ASA Position

This grant is subject to the terms of QBE'S LTI Plan for 2022 for the awarding of a grant of 301,508 Conditional Rights to acquire ordinary shares in QBE with an initial maximum value of A\$3,600,000, which is 200% of his fixed remuneration, based on a 5-trading day VWAP. The grant a is subject to QBE achieving a three-year Group Cash component for 70% of the grant and a relative Total Shareholder Return for 30% of the Grant against a global peer group. The actual value to be measured over a 3year performance period.

ASA doesn't support the 2021 Remuneration Plan from which these rights will accrue.

ASA will vote all undirected proxies against this motion.

Item 4	To increase the aggregate Maximum Fees Cap payable to non-executive Directors
ASA Vote	For

Summary of ASA Position

This resolution is seeking approval for an increase in the aggregate maximum fees of \$750,000 to \$4,750,000.

The current maximum fees cap is \$4,000,000. And was approved in May 2017. In 2021 the total fees were \$3,398,414. No increase to the individual fee basis is planned for 2022.

ASA considers this proposal reasonable and will Vote all undirected proxies in favour of the resolution.

Item 5a	Re-election of Rolf Tolle as a Director
ASA Vote	For

Summary of ASA Position

Mr Tolle joined the Board in 2016 and is chair of the Risk & Capital Committee and a member of the Audit, People and Remuneration and Governance & nomination Committees. He has significant experience in specialist insurance and reinsurance businesses.

ASA supports his re-election and will vote all undirected proxies in favour of this resolution.

Item 5b	Election of Yasmin Allen as a Director
ASA Vote	Undecided

Summary of ASA Position

Ms Allen is an experienced Director having served as a NED in a number of companies in both government and private sectors and across industry sectors.

Prior to her board roles she was a senior investment analyst. Currently she is a nonexecutive director of Cochlear Limited, Santos Limited and ASX Limited She also chairs an unlisted online digital company, as well as being a chair or member of several of Federal Government Bodies.

ASA would normally support the appointment of such an experienced Director, however in view of her government and not for profit commitments are concerned about her workload.

Therefore, ASA will seek clarification from her of the time and workloads involved with these commitments, before deciding how to vote undirected proxies.

Item 6a	To amend the constitution
ASA Vote	Against

Summary of ASA Position

This resolution is promoted by Market Forces and Australian Ethical and a group of Shareholders. That this resolution, and resolution 6(b) are being put to shareholders at an AGM would indicate that the constitution as it stands allows this to occur without the need to change the constitution. The provisions of the Companies Act are sufficient to allow shareholders the right to question. We find it difficult to contemplate the need to allow non-binding resolutions to exist and as it is not supported by the Board.

ASA is unable to support this resolution and will vote all undirected proxies against this resolution.

Item 6b	Climate Risk Management disclosure
ASA Vote	Against

This resolution is advisory only and if Item 6a is not passed will not be put to the meeting.

Summary of ASA Position

QBE publish and measure against a climate change action plan and have received an A- CDP climate change disclosure score, up from B in FY19. The ASA considers the current reporting in this area quite sufficient.

Accordingly, ASA is unable to support this resolution and will be voting all undirected proxies against it.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FY2022 ⁴	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1,800	22	1800	19
STI - Cash	1.350	17	2.025	21.5
STI - Equity	1.350	17	2.025	21.5
LTI	3,600	44	3.600	38
Total	8,100	100	9.450	100

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

⁴ As the CEO didn't commence until 1 September 21, we have used the ASX announced remuneration for the framework