

QBE Insurance Group 2015 Annual General Meeting

# Notice of Annual General Meeting

Notice is hereby given that the 2015 Annual General Meeting (AGM)  
of shareholders of QBE Insurance Group Limited will be held on:

Thursday, 2 April 2015 commencing at 10:00 am Sydney time at:

Wesley Theatre, Wesley Conference Centre  
220 Pitt Street, Sydney NSW Australia



# Agenda

**1. To receive and consider** the annual financial report and the reports of the directors and of the auditors of the Company for the year ended 31 December 2014.

**2. To adopt the remuneration report**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That the remuneration report of the Company for the financial year ended 31 December 2014 be adopted.

**3. To approve the grant of conditional rights under the 2015 QBE Long-term Incentive Plan to the Group Chief Executive Officer**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

In accordance with and subject to the terms of the Company's Long-term Incentive Plan for 2015, that approval be given for the purposes of the ASX Listing Rules (including ASX Listing Rule 10.14) and for all other purposes for the grant of conditional rights to acquire ordinary shares in the Company up to an initial maximum value of A\$4.4 million to Mr J D Neal, a director of the Company, and for the acquisition of ordinary shares in the Company upon vesting of those conditional rights, in each case as described in the explanatory notes accompanying the Notice convening this meeting.

**4. To approve the grant of conditional rights under the 2015 QBE Long-term Incentive Plan to the Group Chief Financial Officer**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

In accordance with and subject to the terms of the Company's Long-term Incentive Plan for 2015, that approval be given for the purposes of the ASX Listing Rules (including ASX Listing Rule 10.14) and for all other purposes for the grant of conditional rights to acquire ordinary shares in the Company up to an initial maximum value of A\$2.4 million to Mr P C Regan, a director of the Company, and for the acquisition of ordinary shares in the Company upon vesting of those conditional rights, in each case as described in the explanatory notes accompanying the Notice convening this meeting.

**5. To adopt new constitution**

To consider and, if thought fit, to pass the following resolution as a special resolution:

That, pursuant to sections 136(2) and 648G of the *Corporations Act 2001* (Cth), the constitution submitted to this meeting and signed by the Chairman of this meeting for the purpose of identification is approved and adopted as the constitution of the Company in substitution for and to the exclusion of the existing constitution of the Company.

**6. To increase the maximum aggregate fees payable to non-executive directors**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That approval be given for the purposes of the constitution of the Company and the ASX Listing Rules (including ASX Listing Rule 10.17) and for all other purposes for an increase in the maximum aggregate fees payable to all non-executive directors of the Company from A\$3.3 million per financial year to A\$3.5 million per financial year, with effect from and including the financial year commenced 1 January 2015.

**7. To elect directors**

To consider and, if thought fit, to pass each of the following resolutions as a separate ordinary resolution:

- (a) That Mr S C Fitzgerald, who was appointed in accordance with clause 74(b) of the Company's constitution, be elected as a director of the Company.
- (b) That Sir B W Pomeroy, who was appointed in accordance with clause 74(b) of the Company's constitution, be elected as a director of the Company.
- (c) That Mr P C Regan, who was appointed in accordance with clause 74(b) of the Company's constitution, be elected as a director of the Company.
- (d) That Ms J E Skinner, who was appointed in accordance with clause 74(b) of the Company's constitution, be elected as a director of the Company.

By order of the Board



**Peter Horton**  
**Company Secretary**  
Sydney, 27 February 2015

# Explanatory notes

**Please refer, when reading these explanatory notes, to the Glossary of Key Terms which appears at the end of these explanatory notes.**

**Each word of a defined term begins with a capital letter.**

## RESOLUTION 2 Adoption of the Remuneration Report

*The Board recommends that shareholders vote in favour of this Resolution.*

Section 250R(2) of the Corporations Act requires the Company to put a resolution to the AGM for adoption of the Remuneration Report. The vote on the resolution will be advisory only and will not bind either the directors or the Company. However, the Board will take into consideration the outcome of voting on this resolution when assessing the remuneration policy for executives and Non-executive Directors (NEDs) in future.

## RESOLUTIONS 3 and 4 Grant of Conditional Rights under the 2015 LTI Plan to the Group CEO and Group CFO

*The Board (without Mr Neal or Mr Regan voting) recommends that shareholders vote in favour of these Resolutions.*

### (a) Background

The NEDs, with Mr Neal and Mr Regan not present, review remuneration packages annually. This takes into account the remuneration of ASX top 30 companies and global insurance companies, using data from an external remuneration consultant.

Mr Neal's 2015 annual remuneration package is based on the Company's executive remuneration structure and includes:

- (i) fixed remuneration (base salary and packaged benefits) of A\$2.2 million, which reflects his first increase since his appointment in 2012;
- (ii) a target STI of 133%, with the potential to earn up to a maximum of 200%, of his fixed remuneration. 50% of any STI comprises deferred Conditional Rights (STI Equity Component), with the other 50% being a cash payment; and
- (iii) an LTI grant comprising Conditional Rights up to 200% of his fixed remuneration (increased from 150% to reflect the Board's intention to position the total remuneration of the Group CEO at the market median through an appropriate weighting to long-term incentives, thereby providing strong alignment to shareholders).

80% of Mr Neal's remuneration (that is both STI and LTI) is at-risk and 60% is paid in the form of equity in QBE (being the STI Equity Component and LTI).

Mr Regan's annual remuneration package is based on the Company's executive remuneration structure and includes:

- (i) fixed remuneration (base salary and packaged benefits) of A\$1.6 million (2014: A\$1.55 million);
- (ii) a target STI of 120%, with the potential to earn up to a maximum of 180%, of his fixed remuneration (2014: maximum 165%). 50% of any STI comprises deferred Conditional Rights (STI Equity Component), with the other 50% being a cash payment; and
- (iii) an LTI grant comprising Conditional Rights up to 150% of his fixed remuneration.

77% of Mr Regan's remuneration (that is both STI and LTI) is at-risk and approximately 56% is paid in the form of equity in QBE (being the STI Equity Component and LTI).

The NEDs believe the STI Equity Component and LTI form a key part of remuneration and are important in aligning the interests of Mr Neal and Mr Regan to the interests of shareholders.

More details of the remuneration arrangements that apply to Mr Neal and Mr Regan are set out in the Remuneration Report.

### (b) LTI grant

Under the LTI, two performance targets apply to Conditional Rights. These are absolute group return on equity for 50% of any grant (Group ROE component) and a relative total shareholder return measure for the other 50% of any grant (TSR component).

The performance targets are measures over a three-year performance period commencing on 1 January 2015 and ending on 31 December 2017 (Performance Period).

The performance targets operate independently.

Group ROE for LTI purposes is calculated as the average of the three annual returns on average shareholders' funds on a statutory basis over the Performance Period assessed against targets set in the context of the three-year business plan.

As the intent of the LTI grant is to reward superior performance from management and the fact that any future change in the risk-free rate is both beyond the influence of management and that the ultimate results will be heavily influenced by movements in interest rates, the Remuneration Committee has specifically reserved (and intends to apply) discretion when assessing the extent to which the Group ROE performance target has been met, to adjust the vesting outcome either upwards or downwards in circumstances where there had been material variance in the risk-free rate over the Performance Period from that assumed when setting the target.

For 2015, the Company has refined the LTI vesting schedule for the Group ROE performance measure so that vesting of the Group ROE component commences earlier (for achieving 80% of the three-year business plan, compared to 95% for the 2014 LTI grant) but with a lower vesting outcome (20%, compared to 50% for the 2014 LTI grant). The proportion of Conditional Rights in the Group ROE component that may vest is determined in accordance with the following table (subject to the Remuneration Committee's discretion noted above):

GROUP ROE PERFORMANCE	PERCENTAGE OF CONDITIONAL RIGHTS IN THE ROE COMPONENT TO VEST
Below 7.7%	0%
At 7.7%	20%
Between 7.7% and 11.6%	Straight line between 20% and 100%
At or above 11.6%	100%

Total Shareholder Return (TSR) is the change in share price plus dividends measured over the Performance Period. The proportion of Conditional Rights in the TSR component that may vest is determined in accordance with the following table:

QBE TSR RANKING RELATIVE TO THE COMPARATOR GROUP	PERCENTAGE OF CONDITIONAL RIGHTS IN THE TSR COMPONENT TO VEST
Less than the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and the 75th percentile	50% plus 2% for each percentile rank above the 50th percentile
75th percentile or greater	100%

The comparator group consist of companies in the Dow Jones Insurance Titans Index adjusted for those with most relevance to QBE's business.

It is not possible to specify the maximum number of Conditional Rights to be granted under the LTI Plan for the 2015 financial year to Mr Neal and Mr Regan in advance of this Notice of Meeting, as the number will be calculated by reference to the volume weighted average sale price of QBE shares on ASX over the five trading days from 24 February to 2 March 2015 (inclusive), 24 February being the date QBE's 2014 financial results are announced. The actual number of Conditional Rights to be granted will be calculated by dividing the dollar amount equal to 200% of Mr Neal's 2015 fixed remuneration or 150% of Mr Regan's 2015 fixed remuneration (as applicable) by that volume weighted average sale price, with the result rounded up to the nearest whole number as necessary.

For information purposes, if this share price was A\$11.70, Mr Neal would receive 376,069 Conditional Rights under the LTI Plan for the 2015 financial year (being A\$4.4 million divided by A\$11.70). Similarly, Mr Regan would receive 205,129 Conditional Rights under the LTI Plan for the 2015 financial year (being A\$2.4 million divided by A\$11.70).

The LTI grants will be effective from 3 March 2015 subject to shareholder approval. If shareholder approval is obtained, it is intended that the Conditional Rights will be granted within one month after the AGM (and, in any event, no later than 12 months after the AGM).

Provided the performance targets and other conditions have been met in respect of the relevant grant, the Conditional Rights will vest in three equal tranches, with the first tranche vesting on 2 March 2018 at the end of the Performance Period, and the second and third tranches vesting on 2 March 2019 and 2 March 2020 respectively.

The NEDs may reduce LTI vesting in respect of a grant if there is any Malus. This discretion applies beyond the Performance Period until the Conditional Rights have vested in the fourth and fifth years.

### (c) General information on Resolutions 3 and 4

1. ASX Listing Rule 10.14 prevents the issue of new shares to a director under an employee incentive scheme without shareholder approval. It aims to minimise the dilution of shareholders and to protect them against related party transactions.

Strictly speaking, ASX Listing Rule 10.14 only applies to issues of shares to a director, not transfers of QBE shares which are acquired on market for the director. QBE plans to acquire QBE shares on market if the Conditional Rights vest. Nevertheless, to preserve flexibility in the operation in the LTI Plan (so that the relevant QBE shares can be either transferred or issued), and in the interests of good corporate governance, shareholder engagement and transparency, shareholders are being asked to vote on the Conditional Rights awards to Mr Neal and Mr Regan under the LTI Plan.

2. Each Conditional Right under the LTI Plan will give the holder the right to acquire one fully paid ordinary share in QBE or receive cash to the same value if the Conditional Rights vest.
3. Conditional Rights are granted under the LTI Plan at no cost and do not carry voting rights or the right to participate in new issues of shares (such as rights issues), but these rights will attach to any shares acquired by the holder if the Conditional Rights vest.
4. At the time of the issue or transfer of QBE shares upon vesting of the Conditional Rights granted under the LTI Plan, further shares will either be issued or transferred to reflect any dividends paid on the Company's shares since 3 March 2015 as if the Conditional Rights were subject to the Company's bonus share plan.
5. The table below shows what may happen to Conditional Rights under the LTI Plan if employment of Mr Neal or Mr Regan is terminated prior to Conditional Rights vesting.

REASON FOR CEASING EMPLOYMENT	EFFECT ON UNVESTED CONDITIONAL RIGHTS
Retirement (with agreement from employer)	Unvested Conditional Rights may be reduced to a pro-rata amount reflecting the proportion of the Performance Period for which Mr Neal / Mr Regan was in service, with vesting subject to the same performance targets and retention period had Mr Neal / Mr Regan remained employed with the Company
Incapacity due to total and permanent disability	
Termination by mutual agreement	
Redundancy	
Death	Unvested Conditional Rights may vest to Mr Neal's / Mr Regan's estate
Any other termination, or on giving notice of such termination (including, but not limited to, resignation, termination without notice, poor performance and serious misconduct)	Lapse immediately

6. Other than Mr Neal and Mr Regan, there are no directors and no associates of directors who are presently entitled to participate in the LTI Plan.

7. Other than Mr Neal, no directors and no associates of directors have received Conditional Rights under the LTI Plan since the last approval by shareholders at the 2014 AGM. Mr Neal received 248,423 Conditional Rights under the LTI Plan (as approved at the 2014 AGM) and the acquisition price for those Conditional Rights was nil.
8. No loan will be provided by the Company in relation to the grant or vesting of the Conditional Rights proposed to be granted to Mr Neal or Mr Regan under the LTI Plan.

## RESOLUTION 5

### Adoption of new constitution

*The Board recommends that shareholders vote in favour of this Resolution.*

The Company's existing constitution was originally adopted by shareholders at the AGM in 2003. While a limited number of amendments were made in 2004 and 2006, the terms of the constitution have not been subject to a comprehensive review or update. However, since 2003, there have been substantial changes to Australian corporate law and practice – including, among other things, a number of changes to the Corporations Act and ASX Listing Rules, the introduction (and subsequent revision) of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and the widespread adoption by other listed companies of electronic forms of communication and conduct.

The Board recommends that the Company's constitution be amended to take account of these changes, and to address other specific matters that the Board considers to be in the best interests of the Company.

In light of the number of changes being proposed to various parts of the constitution, and the fact that some of the amendments are of a non-substantive nature, the Board has decided that it is most appropriate to adopt a wholly new constitution incorporating the proposed amendments. The proposed changes that the Board considers significant for shareholders are described below. In the discussion below, references to Rules are to Rule numbers in the proposed new constitution, unless stated otherwise.

A copy of the proposed new constitution can be obtained prior to the meeting from the Company's website ([www.qbe.com](http://www.qbe.com)) or by contacting Computershare Investor Services Pty Limited on +(61 3) 9415 4840 or 1300 723 487 (for callers within Australia). A copy of the new constitution will also be available for inspection at the AGM.

The following discussion of the significant changes to the constitution that are proposed is divided into two parts – first, the changes that the Board considers to be most material, and secondly, the changes that the Board views as less significant.

#### **(a) General amendments to avoid duplication and modernise drafting**

With the aim of simplifying the constitution and of minimising the prospect of conflicts arising in the future, the general approach that has been taken in the proposed new constitution is that where the Corporations Act imposes a requirement on the Company, the constitution has refrained from repeating

that requirement. In addition, the new constitution avoids the degree of duplication that appears in the existing constitution by removing provisions that are subsumed by broader rights or obligations appearing in other Rules.

The new constitution also contains a number of drafting amendments to various provisions that, while preserving in many instances the substance of the equivalent provisions in the existing constitution, modernise and streamline the terms of the new constitution.

#### **(b) Conduct of shareholder meetings**

A number of amendments proposed in Rule 34 are aimed at codifying the authority of the person chairing a general meeting, to ensure the appropriate conduct of the meeting. Rule 34 is consistent with the terms of most other listed company constitutions.

Rule 34 will authorise the chair of a general meeting to require attendees to comply with security arrangements before they are admitted to the meeting. Amendments in that Rule will also permit the chair to determine that a vote cast in contravention of the Corporations Act or the ASX Listing Rules is to be disregarded, and allow the chair to demand the cessation of any discussion at a meeting if that action is considered to be required to ensure orderly conduct of the meeting. Rule 34 will also include amendments recognising that determinations made by the chair at a general meeting are final, including determinations on procedural matters and on any challenges to the rights of particular persons to vote, subject always to the law.

Rule 35 will also expressly acknowledge the ability for an acting chair of a general meeting to be appointed, holding all of the powers of the chair of a meeting, where necessary (for example, for an item of business in which the chair is personally interested).

#### **(c) Direct voting**

The ASX Corporate Governance Council has encouraged listed companies to consider ways to facilitate shareholder participation in meetings of each company's members. A number of companies listed on ASX have amended their constitutions to provide for direct voting, or at least to allow the company to implement direct voting in the future. Direct voting enables shareholders to vote on resolutions to be considered at a meeting without the need to attend the meeting or to appoint a proxy (or other representative). A direct vote would usually be submitted before the meeting, in any form approved by the relevant board of directors, such as by fax, post or electronically.

The proposed constitution contains new provisions to address direct voting, should the Board decide to implement such a measure in the future. Rule 44 empowers the Board to determine appropriate procedures for the implementation of direct voting, including as to the form, method, and time requirements applicable. Such procedures are, however, subject to the terms of the constitution, which stipulate certain requirements that will apply. To a significant extent, those requirements replicate the equivalent requirements that apply under the constitution or the Corporations Act to proxy appointments – for example, by stipulating deadlines by which direct votes must be received before a general meeting to be valid, and the manner in which direct votes must be executed or authenticated.

The proposed constitution also (in Rule 46) includes rules regarding the interaction between multiple direct votes by a shareholder, and between direct votes that have been lodged with the Company and other forms of voting appointments (including proxy appointments). Similar to the proposed position for proxies (see below), Rule 46 also provides that a direct vote will not be revoked by the shareholder's presence at the relevant general meeting, unless the shareholder informs the Company (or its share registry) before the meeting starts that the shareholder wishes to vote on any resolution at the meeting.

#### **(d) Proxies**

The Corporations Act allows for the electronic lodgement of proxy appointments, and permits such appointments to be authenticated by means other than signature in writing. To ensure that the constitution fully reflects this flexibility, Rule 43 expressly allows the Board to determine the form of proxy appointments (which may include electronic means), and provides for the notice of meeting to which the proxy appointment relates to specify requirements for the lodgement of appointments (including requirements as to authentication).

Rule 43 also includes expanded provisions dealing with proxy appointments that are not duly executed or validated or that are unclear or incomplete. The amendments will confirm that the Company is able to seek written or oral clarification of proxy instructions and amend the appointment to reflect this clarification (including after the set time for lodgement of the completed appointment). The Company may also return proxy appointments for proper execution or validation and extend the time for lodgement of the completed appointment.

Where a proxy or attorney and their appointing shareholder both register to attend a general meeting, amendments contained in Rule 45(b) will clarify that the proxy or attorney's authority to vote (and speak) at the meeting is not revoked by the shareholder's presence, unless the shareholder informs the Company (or its share registry) before the meeting starts that the shareholder wishes to vote on any resolution at the meeting. This more closely aligns with share registry operations.

Finally, Rule 45 will set a time limit for variations in the instructions to Company Proxies (ie proxy appointments in favour of a director or employee of the Company who are held out by the Company in material sent to shareholders as willing to act as a proxy). Instructions to Company Proxies will not be able to be varied on less than 48 hours' notice unless otherwise permitted by the Board.

#### **(e) Maximum number of directors**

The existing constitution does not stipulate any maximum number of directors of the Company. It is proposed to introduce a maximum of 12 (not including alternative directors) under the new constitution.

The proposed introduction of a maximum number of directors is intended to reflect what the current directors considers to be the largest realistic size for the Board, by preventing the Board increasing to a size which is significantly less manageable and efficient.

The current number of Company directors is nine, including the Group CEO and the Group CFO. The current directors consider this to be a reasonable size for the Board in the Company's current circumstances.

However, Board composition is an ongoing matter for review by the directors, to ensure that collectively the Board provides the skill-set appropriate to the scope, complexity and global nature of QBE's business. Given this, and to assist in managing issues like succession planning, the Board considers that it is sensible for some buffer to be built into the constitution.

Nevertheless, the current directors consider that it is inappropriate for the constitution not to limit the size of the Board. The Board considers that a maximum of 12 will reflect the largest realistic size of the Board that is consistent with:

- maintaining the Board's efficiency and cohesion in carrying out its governance duties on behalf of shareholders and reducing the risk of increased governance costs;
- reducing the risk of a director being insufficiently involved and informed in the business of the Company; and
- maintaining an appropriate level of responsibility for individual directors and providing individual directors with greater potential to contribute and participate.

In the context of introducing a maximum number of directors, the proposed constitution will also be brought into line with the "board limit" provisions of the Corporations Act, which came into effect in 2011. In essence, those provisions state that the directors cannot set the maximum size of the Board at a number below the maximum number specified in the constitution, without shareholder approval. The proposed constitution will expressly acknowledge that restriction.

#### **(f) Payment of dividends and other distributions**

Rules 73 and 74 will give the Board additional flexibility regarding the payment of dividends and other distributions.

The existing constitution already permits dividends or other distributions to be paid otherwise than in cash, including by the issue of securities or the transfer of assets such as securities in another entity. The proposed constitution will enable the Board to deal with such securities or assets, by selling and remitting the net proceeds to the relevant shareholders, if, for example, the distribution of such securities or assets to those shareholders would be prevented or restricted by law. To the extent that securities can be distributed to shareholders, the proposed constitution will include additional provisions facilitating that distribution.

The existing constitution also allows cash dividends and distributions (and any other cash amounts payable in respect of securities) to be paid by way of direct credit to a shareholder's nominated bank account. Rule 74 will clarify that the Company may retain any amounts that it is unable to distribute because the relevant holder has not provided the Company with the details of a nominated bank account, until those details are provided. Such a provision is common in other listed company constitutions.

In addition, Rule 74 will provide the Company with the ability to pay dividends in a currency other than Australian dollars, if the Board considers that to be appropriate in specific instances.

### **(g) Service of documents**

Rule 76 will clarify and modernise the notice provisions in the existing constitution by, among other things, expanding the means by which notices and other documents may be sent to shareholders, including by allowing documents to be sent, or otherwise made available, by any electronic means nominated by the shareholder for that purpose (assuming it is permitted by the Corporations Act). The notice provisions will also expressly be applied to other documents sent by the Company to shareholders (such as annual reports). The amendments will also clarify the time at which notices and documents are deemed to have been served when sent, or otherwise made available, by electronic means. These changes will ensure that there is maximum flexibility for both the Company in sending, and shareholders in receiving, documents from the Company, resulting in greater efficiencies and cost savings.

### **(h) Approval of proportional takeover bids**

The Corporations Act permits a company to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid, unless the relevant holders in general meeting approve the bid.

It is a requirement of the Corporations Act that such provisions in a company's constitution apply for a maximum period of three years, unless earlier renewed. In the case of the Company, such provisions (existing clauses 117 to 119) were last renewed by shareholders in 2012. The existing provisions expire on 4 April 2015.

In the normal course, shareholders would be asked to renew the existing provisions once again. However, given that the existing constitution is being wholly replaced with a new constitution, the existing provisions are also being replaced by a new provision (namely, Rule 83). Accordingly, a special resolution is being put to shareholders under section 648G of the Corporations Act (together with the special resolution being put to shareholders under section 136(2) of the Corporations Act in relation to the new constitution as a whole) to insert Rule 83. While the drafting of Rule 83 is more concise than the drafting of existing clauses 117 to 119, the substance of the two sets of provisions is the same (albeit the archaic references to postal ballots have been removed).

If approved by shareholders at the meeting, Rule 83 will operate for three years from the date of the meeting (ie until 2 April 2018), unless earlier renewed.

The effect of Rule 83, if approved, will be that where a proportional takeover bid is made for shares in the Company (ie a bid is made for a specified proportion, but not all, of each holder's bid class securities), the Board must convene a meeting of holders of the relevant shares to vote on a resolution to approve that bid. The meeting must be held, and the resolution voted on, at least 15 days before the offer period under the bid closes.

To be passed, the resolution must be approved by a majority of votes at the meeting, excluding votes by the bidder and its associates. However, the Corporations Act also provides that, if the meeting is not held within the time required, then a resolution to approve the proportional takeover bid will be deemed to have been passed.

If the resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of shares resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the constitution of the Company.

If the resolution is rejected, the registration of any transfer of shares resulting from an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

Rule 83 will not apply to full takeover bids.

In the Board's view, the relevant shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, the relevant shareholders may not have the opportunity to dispose of all their shares, and risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the shares or makes the shares less attractive and, accordingly, more difficult to sell. Rule 83 would only permit this to occur with the approval of a majority of the relevant shareholders.

For the relevant shareholders, the potential advantages of Rule 83 are that it will provide them with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved. This affords the relevant shareholders an opportunity to have a say in the future ownership and control of the Company and help the shareholders avoid being locked into a minority. The Board believes this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of the relevant shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic. Finally, knowing the view of a majority of the relevant shareholders may help each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

On the other hand, a potential disadvantage for the relevant shareholders arising from Rule 83 is that proportional takeover bids may be discouraged by the further procedural steps that the Rule will entail and, accordingly, this may reduce any takeover speculation element in the price of the Company's shares. Shareholders may be denied an opportunity to sell a portion of their shares at an attractive price where the majority rejects an offer from persons seeking control of the Company.

These advantages and disadvantages of Rule 83 have been applicable during the period that clauses 117 to 119 in the existing constitution have been in effect. It should be noted that during the period that the existing provisions have been in effect, no takeover bid for securities in the Company (whether proportional or otherwise) has been announced or made.

The Company's directors do not consider that there are any advantages or disadvantages specific to the directors in relation to the proposed Rule 83, or that have been applicable during the period that the existing clauses 117 to 119 have already been in effect. The Board will continue to remain free to make a recommendation to shareholders as to whether a proportional takeover bid should be accepted.

As at the date of this Notice, none of the directors is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

#### (i) Other matters

Various other less significant amendments are contained in the proposed new constitution to reflect current corporate governance practices or for clarification. These include the following:

- **Definitions and interpretation** – Various defined terms used in the constitution will be updated to reflect relevant name changes and the current Corporations Act and ASX Listing Rules.
- **Expansion of provisions relating to shares** – A number of provisions in the existing constitution that address only shares in the Company (eg, relating to notices) have been expanded so that they also apply to other securities that may be issued by the Company, giving the Board more flexibility in managing those other securities.
- **Forfeiture and liens** – The existing constitution contains various provisions relating to the power of the Company to forfeit a share of a shareholder where that shareholder has failed to pay any sum payable on the share (such as the issue price, or a call or instalment that is due). Where a share is forfeited, the Board may impose interest on the unpaid amounts. The proposed constitution will give the Board greater flexibility in determining the rate of any such interest, as opposed to the maximum amount currently prescribed by the existing constitution.  
  
It is also proposed that the provisions regarding liens held by the Company over its shares will be removed, on the basis that they are not consistent with the self-acquisition restrictions applicable to the Company under the Corporations Act.
- **Calls on shares** – From time to time the Company may issue shares that are not fully paid. The existing constitution allows the Board to make calls for the unpaid amounts to be paid by a shareholder, subject to the terms of issue, with payment required after at least 14 days' notice. Under the proposed constitution the Board will have discretion to determine the appropriate notice period. The proposed constitution will also give the Board greater flexibility in determining the rate of interest (if any) on any amounts paid to the Company in advance of a call, or on unpaid amounts after a call is made, as opposed to the maximum amounts currently prescribed by the existing constitution.
- **Refusal of transfers** – Under the existing constitution, the Board has a discretion to refuse to register a transfer of securities, although in practice this power is significantly limited by the ASX Listing Rules and in practice has been rarely, if ever, used by the Board. If a transfer is refused, the existing constitution requires notice of the refusal, with reasons, to be provided within 5 business days. This notice requirement has been removed from the proposed constitution.
- **Voting by joint holders** – The rules in the new constitution have been simplified so that, if more than one joint holder of a share votes at a general meeting, only the vote of the

person named first in the register will be counted. Under the existing constitution, a joint vote by all of the holders would override the vote of a single joint holder.

- **Convening of general meetings** – The proposed constitution will expressly acknowledge that notice of a general meeting may be given in any manner determined by the Board, subject to the requirements of the Corporations Act. This will ensure that express recognition is given in the constitution to modern forms of shareholder communication. The deadline for a quorum to assemble before a meeting is dissolved or adjourned will also be extended to 30 minutes, with more flexibility also given to the Board or the chair of the meeting to determine whether there should be an adjourned meeting. In addition, the provisions in the existing constitution regarding postponement of general meetings will also be slightly relaxed, to assist the Board in managing such meetings, again subject always to the Corporations Act (in particular the restrictions in the Corporations Act on postponement (or cancellation) of meetings requisitioned or convened by shareholders).
- **Chair of shareholder and Board meetings** – Greater clarity will be introduced into the drafting of the proposed constitution (Rules 34 and 60) to deal with how the chair of a general meeting or a Board meeting, respectively, is determined.
- **Polls at general meetings** – Reflecting the flexibility provided by the Corporations Act, Rule 37 will clarify that the chair of a general meeting may determine that any resolution put to the meeting should be dealt with by a poll immediately, without the need for a vote on a show of hands first. Rule 39(b) will also make it clear that the chair of the meeting has discretion as to how the results of a poll are to be announced – such as by public announcement after a meeting has closed.
- **Nominations for directorship** – Rule 48(b) will clarify that any nomination for directorship of the Company (to the extent required as outlined in that Rule, which is consistent with the existing constitution) must be signed by the candidate.
- **Vacation of office of director** – One of the grounds in the existing constitution for the office of a director of the Company to automatically vacate is that the director has been absent from Board meetings, without the consent of the Board, for more than three continuous months. The proposed constitution will instead provide for such vacation of office if the relevant director has been absent from three consecutive Board meetings, without the consent of the Board. This recognises that there can be varying periods between Board meetings, both shorter and longer. The Board notes that this rule has never been invoked in the past for any director of the Company.
- **Cessation of CEO as director** – The existing constitution provides that, if the CEO ceases as a director of the Company, then the person's executive position will automatically cease also. The Board considers that such matters are more appropriately addressed in the terms of the relevant employment agreement, and that in many cases such an outcome will not be desirable,

and accordingly the proposed constitution does not include an equivalent provision.

- **Directors' retirement allowances** – Clause 79A in the existing constitution was introduced in 2004, in the context of a fee increase for NEDs introduced at that time. It effectively froze the retirement allowances of directors as at 31 December 2003 (subject to indexation for existing entitlements). In the Board's view, it is unnecessary to repeat this clause in the proposed constitution, as none of the directors whose entitlements were preserved by that clause remain in office, and the Board has no intention to introduce retirement benefits for current or future NEDs (except to the extent of superannuation contributions paid in the normal course).
- **Directors' interests** – Rules 61 and 62 will introduce greater clarity regarding the consequences of a director having interests in arrangements involving the Company, and deriving benefits from those arrangements. The existing constitution has provisions permitting such arrangements, subject always to the requirements of the law. The proposed constitution will make it clear that, to the extent such arrangements are permitted, the validity of those arrangements will not be affected by the director's involvement, nor will the director be deprived of the benefit of those arrangements. These clarifications reflect standard provisions in other listed company constitutions.
- **Written resolutions of directors** – Rule 64 will introduce greater flexibility for decision-making by the Board, by allowing written resolutions of the Board to be provided and authorised by directors by electronic means.
- **Declaration of dividends** – The proposed constitution will be amended to reflect expressly that the Corporations Act contemplates that dividends can be "declared", as well as "determined", with different consequences as to when a debt owed by the Company arises. While the Board considers that the current drafting of the constitution should be interpreted to support either approach, it is considered prudent to make this explicit.
- **Sale of unmarketable parcels** – Clause 112 of the existing constitution permits the Company to dispose of the shares of a shareholder who holds less than a marketable parcel of shares (meaning generally a parcel worth less than A\$500), subject to the ability of the shareholder to "opt out". This procedure, which is facilitated by ASX Listing Rule 15.13, has been available to the Company for a number of years and is, in the view of the Board, advantageous to both shareholders and the Company. The proposed constitution will in substance continue these provisions, with some procedural adjustments for greater flexibility, in particular to allow the Company Secretary or their delegate to provide notices under the provisions, and to arrange for the relevant sales.
- **Document access for directors** – In addition to provisions regarding indemnity and insurance (which reflect the terms of clause 115 of the existing constitution), Rule 78 will acknowledge that the Company may bind itself by contract to give directors access, subject to the appropriate constraints, to relevant Company documents after they cease to hold office (such as in connection

with a regulatory investigation or litigation). This will supplement and reinforce the rights of access given to former directors under the Corporations Act, and is in accordance with market practice.

- **Dividend reinvestment plans** – The rules relating to dividend reinvestment plans will be expanded in Rule 80 to accommodate a broader array of types of dividend reinvestment plans which the Company could implement, rather than simply plans under which cash dividends are applied to acquire shares. Such plans could, for example, better suit regulatory or taxation requirements applicable to particular shareholders. The Rule is only intended to be facilitative, and does not limit the powers of the Company or the Board to establish and operate such plans otherwise, subject to the Corporations Act and the ASX Listing Rules.
- **Employee equity incentive plans** – Rule 81 will give the Board broad powers to implement employee equity incentive plans, subject to the Corporations Act and the ASX Listing Rules. Again, the Rule does not limit the powers of the Company or the Board to establish and operate such plans otherwise.

## RESOLUTION 6

### To increase the maximum aggregate fees payable to non-executive directors

*Noting that each NED has a personal interest in this Resolution, the NEDs do not make a recommendation to shareholders in relation to voting on this Resolution.*

*Mr Neal as Group CEO and Mr Regan as Group CFO recommend that shareholders vote in favour of this Resolution.*

In accordance with clause 77 of the Company's existing constitution (and Rule 51 of the Company's proposed new constitution), and ASX Listing Rule 10.17, shareholders are being asked to approve an increase in the maximum aggregate fees payable each financial year to the NEDs.

The current Maximum Fees Cap of A\$3.3 million per financial year was approved by shareholders at the 2013 AGM. It is proposed that the Maximum Fees Cap be increased by A\$200,000 to A\$3.5 million per financial year, to apply with effect from and including the financial year commenced 1 January 2015.

Since the 2013 AGM the composition of the Board has continued to evolve, as part of a process over recent years aimed at achieving a broad range of skills, experience and expertise complementary to the Group's insurance activities. This is reflected in the appointment to the Board since the 2013 AGM of four new NEDs.

It is imperative that the Company remains able in the future to attract and retain NEDs with the appropriate experience, expertise, skills and diversity to oversee the Company's business and strategic direction. The Board is continuing to review its make-up to ensure that collectively the NEDs provide the skill-set appropriate to the scope, complexity and global nature of QBE's business, including relevant insurance

industry and other professional experience, and specific geographical knowledge and understanding.

An increased Maximum Fees Cap will assist to achieve this aim where it is considered appropriate in the future to increase the number of NEDs to bring new attributes to the Board or otherwise to increase the diversity of membership on the Board. The Board also considers that it is important to provide for appropriate and coordinated Board succession planning, which may require a temporary increase in the number of NEDs during a transition period.

Finally, additional headroom in the Maximum Fees Cap will assist in accommodating a 3% increase in the NEDs' fees with effect from 1 April 2015 in order to maintain market competitiveness. This will be the first increase in NED fees since 1 January 2012.

As noted in the explanatory notes for Resolution 5, the directors consider the existing size of the Board to be reasonable in the Company's current circumstances. However, the directors also consider that it is important to have flexibility in relation to the Board's make-up, for the reasons outlined above, to ensure that the Board is always best-placed to serve the needs and interests of the Company.

Shareholders should also note that, if the proposed new Maximum Fees Cap is approved, that will not necessarily represent the full sum paid to NEDs each financial year. The Company will, of course, in future continue to set the actual level of remuneration of its NEDs within the Maximum Fees Cap after having regard to independent external advice, market practice, Board performance and other appropriate factors. NEDs do not receive performance-related remuneration and are not entitled to receive performance-based shares, or options or rights over shares, in the Company. No securities in the Company have been issued to any NED under ASX Listing Rule 10.11 or 10.14 with the approval of shareholders at any time within the three years before the date of this Notice.

In 2014, NEDs received total fees and superannuation of A\$3.07 million.

## RESOLUTION 7 Election of directors

### (a) Stephen Fitzgerald - Age 51 B Ec



*The Board (without Mr Fitzgerald voting) recommends that shareholders vote in favour of this Resolution.*

Mr Fitzgerald is based in London and was appointed an independent non-executive director of the Company on 1 October 2014.

He is Chair of the Investment Committee and a member of the Risk and Capital Committee.

Mr Fitzgerald is deputy chair of PineBridge Investments (New York) and a member of the Board of Guardians of the Future Fund (Australia's Sovereign Wealth Fund). He also serves on the boards of the Great Barrier Reef Foundation, the National Centre of Indigenous Excellence (NCIE) and he is a member of the NSW Government Expert Advisory Panel on Social Impact Bonds.

Mr Fitzgerald has also been a member of the Male Champions of Change (MCC) since its inception in April 2010.

Previously, he was chair of Goldman Sachs, Australia and New Zealand after joining Goldman Sachs in 1992 and was named a Managing Director in 1998 and a Partner in 2002. In his time with Goldman Sachs he served on the Goldman Sachs Partnership Committee, the European Management Committee and the Asia Pacific Management Committee and has been based in London, Tokyo, Hong Kong and Sydney with Goldman Sachs.

Prior to this, Mr Fitzgerald was head of Goldman Sachs Asset Management International (GSAM) and in that capacity responsible for GSAM's business in Europe, Asia Pacific, the Middle East and Latin America. Prior to this role he was head of the Investment Management Division in Asia and also spent eight years as GSAM's Chief Investment Officer for international fixed income.

Preceding his roles at Goldman Sachs, Mr Fitzgerald worked as a portfolio manager at Invesco and at Foreign and Colonial in London.

He earned a Bachelor of Economics degree from the University of New England, Australia in 1986.

Mr Fitzgerald does not have a relationship with QBE, other than as a Director, as a customer and as a shareholder. Mr Fitzgerald does not have a relationship with any other Director.

The Board considers Mr Fitzgerald to be an independent director, and that he will continue to qualify as such if elected at the meeting.

The Chairman of the AGM intends to vote all available proxy appointments in favour of this Resolution.

### (b) Sir Brian Pomeroy - Age 70 MA, FCA



*The Board (without Sir Brian voting) recommends that shareholders vote in favour of this Resolution.*

Sir Brian is based in London and was appointed an independent non-executive director of the Company on 1 June 2014.

He is Chair of the Audit Committee and a member of the Risk and Capital Committee.

Sir Brian brings a lot of QBE knowledge to this role, having had a long relationship with QBE through his role as non-executive director and Chair of QBE's European regulated boards over the past eight years.

Sir Brian is a non-executive member of the Board of the Financial Conduct Authority in the UK and has extensive experience of the insurance industry through his role as a nominated member of the Council of Lloyd's and his position as a non-executive director on QBE's European regulated boards. He was the Senior Partner of Deloitte Consulting in the UK until 1999 when he took up a number of public, private and voluntary sector appointments.

Sir Brian does not have a relationship with QBE, other than as a Director, as a customer and as a shareholder. He does not have a relationship with any other Director.

The Board considers Sir Brian to be an independent director, and that he will continue to qualify as such if elected at the meeting.

The Chairman of the AGM intends to vote all available proxy appointments in favour of this Resolution.

**(c) Patrick Regan - Age 47 BSc, ACA**

*The Board (without Mr Regan voting) recommends that shareholders vote in favour of this Resolution.*

Mr Regan is based in Sydney and was appointed as the Company's Group Chief Financial Officer on 2nd June 2014 and as an Executive Director of the Company on 1 October 2014.

Prior to joining QBE, Mr Regan was the Chief Financial Officer at Aviva plc in London from 2010 to 2014 in which he was responsible for finance, strategy, investor relations and mergers & acquisitions.

Mr Regan has more than 25 years experience as a practicing chartered accountant and nearly 20 years experience in insurance and financial services globally. He also has worked as the Chief Financial Officer/Chief Operating Officer of Willis and has held several roles at RSA and AXA.

Mr Regan earned a Bachelor of Science (Mathematics) Degree from the University of Leeds in 1988 and is a member of the Association of Chartered Accountants of England and Wales.

Mr Regan does not have a relationship with QBE, other than as the Company's Group Chief Financial Officer and as a Director, as a customer and as a shareholder. Mr Regan does not have a relationship with any other Director.

As an Executive Director, the Board does not consider Mr Regan to be an independent director.

The Chairman of the AGM intends to vote all available proxy appointments in favour of this Resolution.

**(d) Jann Skinner - Age 57 B Com, FCA, FAICD**

*The Board (without Ms Skinner voting) recommends that shareholders vote in favour of this Resolution.*

Ms Skinner is based in Sydney and was appointed an independent non-executive director of the Company on 1 October 2014.

She is Deputy Chair of the Audit Committee and a member of the Remuneration Committee.

Previously, Ms Skinner was a non-executive director on QBE's Australian regulated boards, where she was also Chair of the Audit Committee and the Chair of the Risk & Capital Committee.

Ms Skinner is also a director of the Tasmanian Public Finance Corporation, Enstar Australia and Create Foundation Limited. She has 30 years professional accounting experience and was an audit partner at PricewaterhouseCoopers, specialising in the financial services sector, particularly general and life insurance.

Ms Skinner earned a Bachelor of Commerce in Accounting, Finance and Systems from the University of New South Wales in 1979 and is a Fellow of The Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Ms Skinner does not have a relationship with QBE, other than as a Director and as a shareholder. She does not have a relationship with any other Director.

The Board considers Ms Skinner to be an independent director, and that she will continue to qualify as such if elected at the meeting.

The Chairman of the AGM intends to vote all available proxy appointments in favour of this Resolution.

# Glossary of key terms

<b>AGM</b>	annual general meeting
<b>ASX</b>	ASX Limited, or the market operated by it
<b>Board</b>	board of directors of the Company
<b>Closely Related Party</b>	in relation to a KMP member: <ol style="list-style-type: none"> <li>1. a spouse or child of the member;</li> <li>2. a child of the member's spouse;</li> <li>3. a dependant of the member or of the member's spouse;</li> <li>4. anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or</li> <li>5. a company controlled by the member</li> </ol>
<b>Company or QBE</b>	QBE Insurance Group Limited
<b>Conditional Rights</b>	conditional rights to acquire fully paid QBE ordinary shares without payment by the holder i.e. nil consideration (other than serving as an employee) on grant and also on vesting
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Group CEO</b>	Group Chief Executive Officer
<b>Group CFO</b>	Group Chief Financial Officer
<b>Group ROE</b>	the Company's return on equity being net profit after tax as a percentage of average shareholders' funds calculated under Australian equivalents to International Financial Reporting Standards
<b>KMP</b>	key management personnel. The KMP members are those persons having authority and responsibility for planning, directing and controlling the activities of the QBE consolidated group, either directly or indirectly. The KMP members for the QBE consolidated group during the year ended 31 December 2014 are listed in the Remuneration Report
<b>LTI</b>	long-term incentive granted under the LTI Plan
<b>LTI Plan</b>	the Company's Long-term Incentive Plan from 1 January 2015 involving Conditional Rights which includes two future performance conditions measured over a three year period, namely: <ul style="list-style-type: none"> <li>• absolute Group ROE - for 50% of any grant; and</li> <li>• relative total shareholder return - for the other 50% of any grant</li> </ul>
<b>Malus</b>	where the NEDs have concluded in good faith that: <ol style="list-style-type: none"> <li>1. there was serious misconduct by the recipient of the grant; or</li> <li>2. there are circumstances that undermine materially the Company's performance or reputation; or</li> <li>3. an adjustment to a grant is necessary to protect the financial circumstances of the Company or respond to significant unexpected or unintended consequences, that were not foreseen by the NEDs at the time of making the grant</li> </ol>
<b>Maximum Fees Cap</b>	the maximum aggregate fees payable each financial year to the NEDs
<b>NEDs</b>	non-executive directors of the Company
<b>Performance Period</b>	three-year performance period commencing 1 January 2015 and ending on 31 December 2017
<b>Remuneration Report</b>	the report so named included in the Company's 2014 annual report
<b>STI</b>	short-term incentive granted under the STI Plan
<b>STI Plan</b>	the Company's short-term incentive plan from 1 January 2014 involving a cash payment and Conditional Rights
<b>STI Equity Component</b>	the Conditional Rights part of the STI
<b>TSR</b>	total shareholder return

# Voting exclusion statements

The Company will apply the voting exclusions below to persons appointed as attorney by a shareholder to attend and vote at the AGM under a power of attorney, as if they were appointed as a proxy.

## Resolution 2

Votes may not be cast, and the Company will disregard any votes cast, on Resolution 2:

1. by or on behalf of any KMP member whose remuneration details are included in the Remuneration Report, and by any of their Closely Related Parties, regardless of the capacity in which the votes are cast; and
2. by any person who is a KMP member as at the time the Resolution is voted on at the AGM, and by any of their Closely Related Parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the Resolution:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the AGM in accordance with an express authorisation in the proxy appointment to cast the votes even if the Resolution is connected directly or indirectly with the remuneration of a KMP member.

## Resolutions 3 and 4

Votes may not be cast, and the Company will disregard any votes cast, on each of Resolutions 3 and 4:

1. by any director of the Company who is eligible to participate in any Company equity incentive scheme, and by any of their associates, regardless of the capacity in which the votes are cast; and
2. by any person who is a KMP member as at the time the relevant Resolution is voted on at the AGM, and by any of their Closely Related Parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the relevant Resolution:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the AGM in accordance with an express authorisation in the proxy appointment to cast the votes even if the relevant Resolution is connected directly or indirectly with the remuneration of a KMP member.

## Resolution 6

Votes may not be cast, and the Company will disregard any votes cast, on Resolution 6:

1. by any director of the Company, and by any of their associates, regardless of the capacity in which the votes are cast; and
2. by any person who is a KMP member as at the time the Resolution is voted on at the AGM, and by any of their Closely Related Parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on the Resolution:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the AGM in accordance with an express authorisation in the proxy appointment to cast the votes even if the Resolution is connected directly or indirectly with the remuneration of a KMP member.

## Further information

A summary of the STI and LTI for Mr Neal and Mr Regan is contained in guides which are available for inspection at the Company's offices located at level 27, 8 Chifley Square, Sydney. A copy of the relevant guide will be sent to any shareholder on request (email: [investor.relations@qbe.com](mailto:investor.relations@qbe.com); telephone: +(61 2) 9375 4326).

## Voting notes

### Determination of the entitlement to attend and vote

The *Corporations Regulations 2001* (Cth) (regulation 711.37) permit the Company to specify a time, not more than 48 hours before a general meeting, at which a 'snapshot' of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the meeting. For the purposes of the AGM, the Company's directors have determined that shares will be taken to be held by the persons who are registered as members as at **7:00pm** Sydney time on **Tuesday, 31 March 2015**. This means that if you are not the registered member in respect of a share at that time, you will not be entitled to vote in respect of that share.

### Appointment of a proxy

If you wish to appoint a proxy, you can use the hard copy proxy form accompanying this Notice (as applicable). Hard copy proxy forms can also be obtained on request from the share registry.

A shareholder can also make a proxy appointment online by visiting the website [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions provided. Certain custodians and other intermediaries who participate in the share registry's Intermediary Online system can also make a proxy appointment online via [www.intermediaryonline.com](http://www.intermediaryonline.com) in accordance with the instructions provided.

To be effective, hard copy proxy appointments must be received by the Company or the share registry, and online proxy appointments must be made, by no later than **10:00am** Sydney time on **Tuesday, 31 March 2015**.

You may lodge your hard copy proxy appointments (and any proxy appointment authority) at the registered office of the Company, or with the share registry, Computershare Investor Services Pty Ltd, by one of the following methods:

1. using the enclosed reply paid envelope;
2. faxing to +(61 3) 9473 2555;
3. mailing to GPO Box 242, Melbourne VIC 3000 Australia; or
4. delivering in person to Level 4, 60 Carrington Street, Sydney.

To make your proxy appointment online at [www.investorvote.com.au](http://www.investorvote.com.au), you will need to enter your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and Control Number, as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website. A proxy cannot be appointed online if they are appointed under a power of attorney or similar authority. The online proxy facility may not be suitable for some shareholders who wish to split their votes on an item of business or appoint two proxies with different voting directions. Please read the instructions for the online proxy facility carefully before you submit your proxy appointment using this facility.

In accordance with the Corporations Act, shareholders are notified that:

- (i) a shareholder who is entitled to attend and cast a vote at the AGM may appoint a proxy to attend and vote for the shareholder;
- (ii) the appointment may specify the proportion or number of votes that the proxy may exercise;
- (iii) a shareholder who is entitled to cast two or more votes on a resolution at the AGM may appoint two proxies and may specify the proportion or number of votes each proxy is entitled to exercise. If you appoint two proxies and the appointments do not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the shareholder's votes; and
- (iv) a proxy may be an individual or a body corporate and need not be a shareholder.

A proxy appointment is not revoked by the shareholder attending and taking part in the AGM unless the shareholder actually votes at the AGM on the resolution for which the proxy appointment is proposed to be used. Subject to the foregoing sentence and to the voting exclusions noted above, a proxy may vote as the proxy thinks fit on any motion or resolution in respect of which no manner of voting is indicated in the instrument of appointment.

If an appointed proxy does not attend the AGM, then the Chairman of the AGM will be taken to have been appointed as the proxy of the relevant shareholder in respect of the AGM. In addition, if a proxy attends the AGM and has been directed how to vote on a resolution, but the proxy does not vote on that resolution on a poll, then the Chairman of the AGM will be taken to have been appointed as the proxy of the relevant shareholder in respect of that poll.

If the Chairman of the AGM is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the voting exclusions noted above).

Shareholders who appoint a proxy should consider how they wish to direct the proxy to vote, that is, whether the shareholder wishes the proxy to vote "for" or "against", or to abstain from voting, on each resolution, or whether to leave the decision to the appointed proxy after discussion at the AGM (subject to the voting exclusions noted above).

You may split your voting direction by inserting the number of shares or percentage of shares that you wish to vote in the appropriate box. If you place a mark in the 'Abstain' box, your votes will not be counted in computing the required majority on a poll.

If you do not send your proxy form to the Company or the share registry, please bring it with you if you attend the AGM as it will assist in identifying you on entry. However, please note that you cannot lodge your proxy form at the AGM.

#### **Corporate representatives**

A shareholder, or proxy, that is a corporation and entitled to attend and vote at the AGM may appoint an individual to act as its corporate representative. Evidence of the appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Company before the AGM or at the registration desk on the day of the AGM.

#### **Attorneys**

A shareholder entitled to attend and vote at the AGM is entitled to appoint an attorney to attend and vote at the AGM on the shareholder's behalf. An attorney need not be a shareholder of the Company. The power of attorney appointing the attorney must be duly signed and specify the name of each of the shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

To be effective, the power of attorney must also be returned in the same manner, and by the same time, as outlined above for proxy forms.

#### **Evidence of signing authority**

If a proxy form or appointment of a corporate representative is signed on behalf of an individual or a corporation under power of attorney or other authority, the power of attorney or other authority under which the relevant instrument is signed, or a copy of that power of attorney or other authority, certified as a true copy by statutory declaration, must accompany the instrument unless the power of attorney or other authority has previously been noted by the Company's share registry.

#### **Voting at the AGM**

QBE plans for every resolution arising at the AGM to be decided on a poll. Upon a poll, every shareholder who is present in person or by proxy, or by representative or by attorney, will have one vote for each share held by that person.

**QBE Insurance Group Limited**

ABN 28 008 485 014

Level 27, 8 Chifley Square, Sydney NSW 2000 Australia

telephone +61 2 9375 4444

[www.qbe.com](http://www.qbe.com)