



QBE INSURANCE GROUP LIMITED
People and Remuneration Committee Charter
December 2017

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1. Introduction

The People and Remuneration Committee Charter (“the Charter”) sets out the role, scope and terms of operation of the QBE People and Remuneration Committee of the Group Board (“Committee”).

The Committee is accountable through the annual remuneration report, which is voted on at the Annual General Meeting. The Committee aims for QBE’s people and remuneration strategy to reflect the best interests of shareholders so as to enable QBE to appropriately retain, reward, motivate, develop and attract talented employees and Non-executive Directors.

2. Role

The Committee is appointed by the Group Board to assist the Board in overseeing major people and remuneration practices of QBE Insurance Group Limited and its controlled entities.

The Committee may:

- a) make recommendations to the Group Board on the employment arrangements of the Group Chief Executive Officer (“Group CEO”) and for any executives reporting to the Group CEO;
- b) make recommendations to the Group Board on the remuneration of any other persons or categories of persons covered by the QBE Group Remuneration Policy; and
- c) make recommendations to the Group Board on the remuneration of the Non-executive Directors.

In carrying out this role, the Committee will consider the matters below.

The Committee may decide matters within its scope, unless either the prudential standards of the Australian Prudential Regulation Authority (“APRA”) require or the Committee believes the Group Board should decide.

The Committee has the powers necessary to enable it to perform its role.

It is not intended the Committee should assume any of management’s responsibilities in these areas. QBE’s Non-executive Directors’ Nomination, Performance Evaluation and Tenure Guidelines apply to this Charter, so far as relevant.

3. Scope

The Committee may:

Remuneration arrangements – senior executives

- a) at least annually, recommend to the Group Board the entitlements under at-risk incentive schemes for the Group CEO and for any executives reporting to that position;
- b) at least annually, recommend to the Group Board the total remuneration (fixed and at-risk) of the Group CEO and of executives reporting to that

position, such remuneration including base pay, at risk cash and deferred equity incentives (including shares and options), pension/superannuation and other benefits;

- c) at least annually, approve the total remuneration of any other persons, or categories of persons not covered by 3 (e) and 3 (f):
 - i. who have been specified in writing by APRA;
 - ii. whose activities may in the Committee's opinion affect the financial soundness of the organisation; or
 - iii. as required by the QBE Group Remuneration Policy.
- d) recommend to the Group Board any termination payments to be made to the Group CEO and approve any to be made to executives reporting to that position;
- e) evaluate and make recommendations to the Group Board on the performance of the Group CEO in light of agreed financial targets and performance goals;
- f) recommend to the Group Board any specific employment arrangements of the Group CEO and approve any specific employment contracts of executives reporting to that position, in each case in addition to remuneration;

Remuneration arrangements – non-executive directors

- g) review and recommend to the Group Board remuneration arrangements for Non-executive Directors;

Incentive plans

- h) review the design of new and amended at-risk incentive schemes - cash and deferred equity awards (including hurdles and targets);

Benefits

- i) review and monitor the management of defined benefit pension schemes including the appropriateness of investment strategies after consideration by the Investment Committee, funding status and strategies to wind up or de-risk schemes;
- j) as principal employer, approve all rule amendments relating to benefits for Group sponsored pension schemes and superannuation plans except those required by statute;

People programs

- k) monitor the effectiveness of management programs to support business objectives, including culture and employee engagement, to allow QBE to attract and retain high quality people;
- l) monitor the effectiveness of QBE's diversity and inclusion strategy, policy and practices with a focus on QBE's commitment to being a diverse and inclusive workplace;
- m) monitor the effectiveness of and recommend to the Group Board for approval QBE's executive succession plan and associated development plans for senior executives to build capability for the future;
- n) monitor the effectiveness of the ability of the talent strategy to meet long-term people needs;

Governance and disclosure

- o) receive from the Group Board the charter for the Committee and assess its performance against that charter and otherwise;
- p) regularly review and where appropriate, make recommendations to the Group Board on the QBE Group Remuneration Policy, including an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of APRA Prudential Standard CPS 510;
- q) review the reward structure (including incentive schemes) of employees of APRA regulated entities (such as risk and financial control employees) in accordance with the APRA prudential standards covering the governance of remuneration;
- r) consider the draft annual remuneration report;

Other

- s) undertake any special projects either delegated by the Group Board or as part of its responsibilities, deemed necessary by the Committee; and
- t) refer matters to either the Group Board or another Committee.

The Committee need not deal with every item above.

4. Membership

- a) The Committee will only comprise independent Non-executive Directors, at least three in number. Other Non-executive Directors have a standing invitation to attend each meeting.
- b) A Committee Chairman, being an independent director who is not the Chairman of QBE Insurance Group Limited, will be appointed by the Group Board.
- c) The Chairman of the QBE Risk and Capital Committee will be a member of the Remuneration Committee.
- d) The Group CEO and Group Chief Human Resources Officer, will each have a standing invitation to attend each meeting, subject to exclusion at the discretion of the Committee Chairman as may be necessary from time to time.
- e) The Committee may invite other members of management to assist in its discussions (except those concerning their own remuneration).
- f) A Committee Secretary will be appointed for the purposes of maintaining minutes and attending to necessary administrative matters, subject to exclusion at the discretion of the Committee Chairman as may be necessary from time to time.
- g) The term of service of the members of the Committee will be reviewed by the Group Board at least annually, with a view to rotating members periodically, without, however, losing the continuity of experience and knowledge gained by the members of the Committee.

5. Meetings

- a) The Committee will usually meet four times a year.

- b) The Chairman may call a special meeting on their own motion or will do so if requested by any Committee member, the Group CEO or Group Chief Human Resources Officer.
- c) The Committee may meet without management.
- d) A quorum for meetings will be two Committee members.
- e) Resolutions may be passed either unanimously or by a majority of votes of Committee members.
- f) A notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers will usually be forwarded to each Committee member and any other individual invited to attend not less than three working days prior to the meeting date.
- g) The Committee Secretary will minute the proceedings and resolutions of all Committee meetings.
- h) Draft minutes of Committee meetings will be circulated promptly to the Committee Chairman and once agreed, to all Committee members.

6. Access and advice

- a) The Committee has free and unfettered access to:
 - i. QBE's senior executives; and
 - ii. risk and financial control personnel and other parties, both internal and externalincluding to seek additional information and explanation during its meetings.
- b) The Group Chief Human Resources Officer has free and unfettered access to the Committee Chairman.
- c) The Committee may engage third party experts at QBE's cost in a manner that should ensure the engagement, including any advice received, is independent. The experts may attend Committee meetings.
- d) Committee members may attend relevant external training courses at QBE's cost after consent from the Group Chairman.
- e) Committee members must be available to meet with APRA at its request.

7. Reporting

The Committee Chairman will report a summary of each Committee meeting to the Group Board. All Directors will receive a copy of the minutes of the Committee meetings. A Director who is not a Committee member may request a copy of Committee papers provided by management and third party experts.

The Committee will communicate with the divisional Remuneration Committees as reasonably requested or as the Committee considers prudent. On an annual basis, the Committee shall receive from each divisional Remuneration Committee, the extent of each divisions compliance with the Group Remuneration Framework.