

# **QBE INSURANCE GROUP LIMITED**

## **Trading Policy for dealing in securities of QBE Insurance Group Limited or other entities**

**April 2015**

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## 1. Definitions

**Closed Period** means each period commencing one week prior to QBE's annual or half-yearly balance date to (and including the day of) the announcement of the relevant annual or half-yearly results to ASX.

**Confidential Price Sensitive Information** means confidential information concerning an entity's financial position, strategy or operations and any other information which a reasonable person would consider, if it were made public, would have a material impact on the price of the entity's securities. In other words, it is information which would influence a reasonable person to buy or sell an entity's securities.

**Deal** means either directly or indirectly acquiring or disposing of securities of QBE or another entity, including giving a mortgage or other right to a lender over QBE's securities.

**Derivative** has the meaning given in section 761D of the *Corporations Act 2001* (Cth), and includes options, forward contracts, swaps, futures, warrants, caps, collars and any other transaction in financial products that operates to limit the economic risk associated with holding the relevant securities.

**Directors** means directors of QBE.

**Exceptional Circumstances** means severe financial hardship (such as where there is a pressing financial commitment that cannot be satisfied without selling QBE's securities), or other circumstances considered to be exceptional, such as a court order, court enforceable undertakings or some other overriding legal or regulatory requirement to sell or transfer QBE's securities.

**Other Employee** means a QBE employee, contractor or consultant whose normal place of work is QBE's head office (excluding Directors and Senior Group Executives) and any other QBE employee, contractor or consultant who is notified in writing (which includes email) by the Company Secretary as being within this definition.

**Insider** means a person who possesses Confidential Price Sensitive Information either directly or indirectly.

**QBE** means QBE Insurance Group Limited.

**Senior Group Executives** means members of the Group Executive, other key management personnel as defined under Australian accounting standards (except Directors) and other executives who are notified in writing (which includes email) by the Company Secretary as being within this definition.

This policy applies to Directors, Senior Group Executives and Other Employees who may wish to Deal in securities of QBE or other entities in which their position creates an involvement.

Regulators such as the Australian Securities and Investments Commission and the Australian Securities Exchange together with investors each seek the fair trading of securities.

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This policy assists compliance with the law and ASX listing rules and aims to minimise the risk of possible penalties.

## 2. Statutory prohibitions

The *Corporations Act 2001* (Cth) imposes a number of obligations and duties in relation to dealing in securities by Insiders. The law in summary provides that an Insider must not:

- (a) deal in securities of an entity whilst in possession of Confidential Price Sensitive Information relating to the entity;
- (b) procure any other person to deal in those securities; or
- (c) communicate the Confidential Price Sensitive Information to any person whom he/she knows or ought reasonably to know will make use of the information for the purpose of dealing or procuring others to deal in those securities.

### 2.1 Penalties

The penalties for breach of the statutory prohibitions by an individual can be either criminal or civil or both.

- **criminal penalties** can be:

- (a) imprisonment for ten years; or
- (b) a fine being the greater of the following:
  - (i) A\$495,000, or
  - (ii) if a Court can determine the total value of the benefits obtained (whether in cash or otherwise), three times that total value; or
- (c) both.

- **civil penalties** are a fine of up to A\$495,000.

### 2.2 Securities

In this policy, QBE's securities include QBE shares, any debt instruments which QBE may issue and financial products created by third parties in relation to QBE's securities (such as those which operate to limit the economic risk of holding QBE's securities).

The reference to third party financial products reflects the apparent use by executives of some companies of financial instruments to hedge risks in unvested share entitlements granted under incentive schemes. Hedging of these risks undermines the intention of the schemes to align the interests of executives with the interests of shareholders.

Directors, Senior Group Executives and Other Employees may have Confidential Price Sensitive Information about QBE and other entities with which QBE has relationships. Thus, if a Director, Senior Group Executive or Other Employee has acquired information in the course of the performance

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of his/her duties, he/she must be careful with the use of that information not to directly or indirectly acquire an advantage for himself/herself or his/her associates, particularly in the minds of others who do not have such information. In particular, it is important that when a Director, Senior Group Executive or Other Employee is considering the Dealing in QBE's securities, he/she does not make such a decision on the basis of Confidential Price Sensitive Information that he/she has because of his/her position.

With the above in mind, the following policy has been approved for use by Directors, Senior Group Executives and Other Employees. It is not necessarily a defence to a breach of the statutory prohibitions summarised above, as any defence depends upon the law. This policy supplements the law; it does not replace or limit it.

Hence the law prohibits trading at any time if the Director, Senior Group Executive or Other Employee possesses Confidential Price Sensitive Information, irrespective of whether this policy provides trading could occur outside a Closed Period, or whether trading is excluded from the operation of this policy.

### **3. QBE's Trading Policy**

Subject to law:

- 3.1 Directors, Senior Group Executives and Other Employees should not Deal in QBE's securities at a time when they possess Confidential Price Sensitive Information.
- 3.2 Directors and Senior Group Executives should never actively trade in, or use or allow to be used any Derivative in relation to, QBE's securities, whether vested or unvested.
- 3.3 Directors and Senior Group Executives should not Deal in QBE's securities during a Closed Period unless Exceptional Circumstances exist. Directors and Senior Group Executives should not enter or withdraw from QBE's Dividend Reinvestment Plan and Bonus Share Plan during a Closed Period.
- 3.4 Other Employees should not Deal in QBE's securities during the two weeks preceding (and including the day of) the announcement of either QBE's annual or half-yearly results to ASX, unless Exceptional Circumstances exist (as determined by the Company Secretary or, in his absence, the Deputy Company Secretary in their sole discretion).

Any Dealing during this time by Other Employees is subject to having first given written notification of any intended transaction to, and received written clearance from, the Company Secretary or, in his absence, the Deputy Company Secretary. Clearance to trade must specify the duration of such clearance and must be in writing (which includes email).

- 3.5 Dealings are to be decided for Directors (other than the Chairman) by the Chairman, for the Chairman by the Audit Committee Chairman and for Senior Group Executives by the Group Chief Executive Officer in each case in their sole discretion.

Clearance to trade must specify the duration of such clearance and must be in writing (which includes email).

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- 3.6 Before any Director or Senior Group Executive Deals in QBE's securities, he or she must at all times comply with the procedures set out in 3.7 and 3.8 as appropriate.
- 3.7 Where he or she is not otherwise prohibited in Dealing in QBE's securities, a Director may Deal in those securities subject to having first given written notification and received written clearance of any intended transaction. Written notification should be given to the Board or as hereafter mentioned:
- (a) the notification by a Director (other than in the case of the Chairman) should be given to the Chairman or, in her absence, the Group Chief Executive Officer.
  - (b) the Chairman should give notification to the Audit Committee Chairman, or in his absence, another member of the Audit Committee.

In each case, the notification should contain details of the type and number of securities. The person giving the notice is also required to notify the Company Secretary in writing, or in his absence, the Deputy Company Secretary.

- 3.8 Where he or she is not otherwise prohibited from Dealing in QBE's securities, a Senior Group Executive may Deal in those securities subject to having first given written notification of any intended transaction to the Company Secretary, or in his absence, the Deputy Company Secretary, and received written clearance.
- 3.9 The Company Secretary will be responsible for maintaining a record of all notifications for presentation to the Board.
- 3.10 The issue of shares or the grant of options under share incentive schemes is not deemed to be a Dealing in QBE's securities. The subsequent sale of shares is, however, a Dealing which is subject to this policy.
- 3.11 Any securities trading which is not subject to this policy is permitted unless it breaches the statutory prohibitions summarised above. Such excluded trading includes where the trading (a) results in no change in beneficial interest in the securities; (b) occurs via investments in a scheme or other arrangement where the investment decisions are exercised by a third party; (c) occurs when the Director or Senior Group Executive has no control or influence with respect to trading decisions; or (d) occurs under an offer to all or most of the security holders of QBE. The Schedule provides examples of excluded trading.
- 3.12 In making decisions under this policy, reference may be made to any guidance notice issued by ASX.
- 3.13 QBE may change, replace or withdraw this policy at any time, both on an individual and collective basis.

## 4. Notes

- (a) Prima facie, this policy should also be seen as applying to the Director's or Senior Group Executive's spouse, dependent children, family trusts and family companies. The circumstances may indicate this policy should not apply eg independent decision-making not involving the Director or Senior Group Executive or simply being a beneficiary or shareholder, thereby not part of the buy/sell process.

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- (b) Directors and Senior Group Executives should ensure that before any transactions are undertaken by external bodies which are private and of which they are a member or trustee, eg charities or family superannuation funds, their fellow members or trustees are aware of their interest.
  - (c) The above restrictions also apply to dealings in the securities of any other entity when, in the course of the performance of his or her duties as a Director or Senior Group Executive of QBE Insurance Group Limited, its subsidiaries or associates, the Director or Senior Group Executive is in possession of Confidential Price Sensitive Information. For example, securities of acquisition targets, insureds, intermediaries or suppliers.
  - (d) It is unacceptable to procure others to trade when the Director or Senior Group Executive is precluded from trading.
  - (e) Directors and Senior Group Executives should be careful that third parties, including professional advisers, are subject to confidentiality with respect to Confidential Price Sensitive Information of QBE.

The Board takes the matter of Dealing in QBE's securities by Directors, Senior Group Executives and Other Employees seriously and expects full compliance with this policy. Failure to comply with it may result in termination of employment or other disciplinary action.

## **5. Disclosure by Directors**

ASX Listing Rules 3.19A and 3.19B require QBE to make certain notifications and enter into certain arrangements with Directors about share trading by Directors.

These rules currently only apply to Directors and not Senior Group Executives of QBE.

To enable QBE to meet its obligation under these rules, each Director must provide necessary information to QBE.

This requires initial, ongoing and final disclosure to QBE and applies to securities of QBE or a related body corporate.

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## Schedule

Some examples of trading excluded from this policy are:

- (a) transfers of QBE's securities already held into a superannuation fund or other saving scheme in which the Director or Senior Group Executive is a beneficiary;
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in QBE's securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a Director or Senior Group Executive is a trustee, trading in QBE's securities by that trust provided the Director or Senior Group Executive is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Director or Senior Group Executive;
- (d) undertakings to accept, or the acceptance of, a takeover offer;
- (e) trading under an offer or invitation made to all or most of QBE's security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- (f) a disposal of QBE's securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; and
- (g) trading under a non-discretionary trading plan for which prior written clearance has been provided and where:
  - (i) the Director or Senior Group Executive did not enter into the plan or amend the plan during a Closed Period;
  - (ii) the trading plan does not permit the Director or Senior Group Executive to exercise any influence or discretion over how, when or whether to trade; and
  - (iii) there is no cancellation of the trading plan during a Closed Period other than in Exceptional Circumstances.