

# Corporate governance statement

QBE is committed to the highest standards of corporate governance. The QBE DNA consists of seven interwoven elements that are fundamental to QBE and how QBE needs to operate in the future to succeed, recognising its customers, people, shareholders and communities. QBE believes that a culture that rewards transparency, integrity and performance will promote its long-term sustainability and the ongoing success of its business.

## Board and management

### Board functions

The Board charter sets out the role and responsibilities of the Board, including matters expressly reserved for the Board and those delegated to its Committees and management. The role of the Board is to represent and serve the interests of shareholders by providing guidance and oversight of QBE's strategies, policies and performance. This includes demonstrating leadership, setting the strategic direction for QBE, approving the values of QBE that underpin the desired culture, monitoring the performance of management in the delivery of strategy, and instilling the values and desired culture of QBE. The Board's principal objective is to maintain and increase shareholder value while ensuring that the activities of QBE are properly managed.

The Board reviews strategy on an ongoing basis. To help the Board maintain its understanding of the business and to effectively assess management, directors receive regular presentations from the divisional chief executive officers and other senior managers of the various divisions on relevant topics, including budgets, three-year business plans and operating performance. The Board receives updated forecasts during the year. The non-executive directors also have contact with senior executives in various forums throughout the year.

Visits by non-executive directors to QBE's offices in key locations are encouraged. The Board meets regularly in Australia and, due to QBE's substantial overseas operations, usually spends time in the United Kingdom and the United States each year; however, in 2020, due to COVID-19, the majority of Board and Committee meetings, strategy sessions and other meetings were held virtually.

Each formal Board meeting normally considers reports from the Group Chief Executive Officer and the Group Chief Financial Officer together with other relevant reports. The non-executive directors regularly meet in the absence of management. The Chair and Group Chief Executive Officer in particular, and directors in general, including those on the divisional boards, have substantial contact outside Board and Committee meetings.

Details of the number of Board meetings held during the 2020 financial year and attendance by directors are set out in the Directors' Report. Directors are expected to attend all Board meetings.

### Senior management functions

Management's responsibilities are to:

- develop a draft strategy, make recommendations to the Board and implement the Board approved strategy, subject to market conditions;
- instill and reinforce QBE's values and desired culture;
- prepare annual budgets and three-year business plans;
- carry on day-to-day operations within the Board approved annual budget and three-year business plans, subject to market conditions;
- design and maintain internal controls;
- set-up and keep under review an effective risk management and compliance management system, and monitor and manage all material risks consistent with the strategic objectives, risk appetite statements and policies approved by the Board;
- provide the Board with accurate, timely and clear information on the Group's operations, including on compliance with material legal and regulatory requirements and any conduct materially inconsistent with the Group Code of Ethics and Conduct;
- inform the Board of material matters and keep the Board and market fully informed about material continuous disclosure; and
- monitor that succession plans exist for all Group executive positions other than the Group Chief Executive Officer. The succession plans for the Group Chief Executive Officer are managed by Governance & Nomination Committee, and are discussed in more detail below.

The Board delegates responsibility to the Group Chief Executive Officer for the day-to-day management of the business.

QBE has operated under an extensive written system of delegated authorities for many years. In particular, a written delegated authority with specified limits is approved by the Board each year to enable the Group Chief Executive Officer to conduct QBE's business in accordance with detailed budgets and business plans. This delegated authority deals with topics such as underwriting, reinsurance protection, claims, investments, acquisitions and expenses. The Group Chief Executive Officer delegates authority to management throughout the Group on a selective basis, taking into account expertise and past performance. Compliance with delegated authorities is monitored by management and adjusted as required for actual performance, market conditions and other factors. Management and the Group's internal audit teams review compliance with delegated authorities and any breach can lead to disciplinary procedures, including dismissal.

### Chair

The independent Chair of the Board is Mike Wilkins AO, who was appointed to that role in March 2020. The Chair is responsible for ensuring that the Board functions as an effective and cohesive group. The Chair works closely with the Group Chief Executive Officer to determine the strategic direction for QBE and to establish high standards of governance and leadership. Mike Wilkins was appointed to the role of Executive Chair from 1 September to 23 October 2020. During this time, John M Green, the independent Deputy Chair, fulfilled the role of independent Chair when Mr Wilkins was conflicted.

## Committees

The Board is supported by several Committees which meet regularly to consider audit, risk management, investments, remuneration, technology, operations and other matters. The main Committees of the Board are the Audit, Governance & Nomination, Investment, Operations & Technology, People & Remuneration and Risk & Capital Committees. Further sub-committees of the Board may be convened to confer on particular issues from time to time. Any non-executive director may attend a Committee meeting. The Committees have free and unfettered access to QBE's senior managers and may consult external advisers at QBE's cost, including requiring their attendance at Committee meetings, with the consent of the Committee Chair. A report on each Committee's last meeting is provided at the next Board meeting.

Each Committee comprises at least three independent directors and each Committee Chair is an independent director who is not the Chair of the Board (excluding the Governance & Nomination Committee, the Chair of which is Mike Wilkins). Mr Wilkins was appointed Executive Chair for a short period (1 September to 23 October 2020), however the overall composition of Committees still complied with the requirements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The only exception to this is the Governance & Nomination Committee, of which Mike Wilkins chaired one meeting in his capacity as Executive Chair. Each Committee operates under a written charter approved by the Board. These charters are available at [www.qbe.com/investor-relations/corporate-governance/qbe-charters-and-constitution](http://www.qbe.com/investor-relations/corporate-governance/qbe-charters-and-constitution). The membership of each Committee is provided at [www.qbe.com/about-qbe/group-board-of-directors](http://www.qbe.com/about-qbe/group-board-of-directors) and details of the number of Committee meetings held during the 2020 financial year and attendance by Committee members at Committee meetings is set out in the Directors' Report.

**i** Further information regarding the Committees can be found throughout this Corporate governance statement.

## Company Secretary

The Company Secretary acts as secretary to the Board and all of the Committees and is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. All directors have direct access to the Company Secretary.

The Company Secretary's role is described in the Board charter and includes communication with regulatory bodies and the Australian Securities Exchange (ASX), all statutory and other filings and assisting with good information flows within the Board and its Committees and between non-executive directors and senior management, as well as facilitating induction and professional development as required. The Company Secretary may also provide guidance to directors in relation to governance matters.

## Board skills and experience

Directors are selected to provide to QBE a broad range of skills, experience and expertise complementary to QBE's insurance activities. The Board comprised nine directors at 31 December 2020, being an independent Chair and eight other independent directors.

The Board has a skills matrix covering the range of competencies and experience of each director. When the need for a new director is identified, the required experience and competencies of the new director are considered in the context of this matrix and any gaps that may exist.

A summary of the Board's skills matrix is below:

| SKILLS             |                      |                    | INDUSTRY           |                    |
|--------------------|----------------------|--------------------|--------------------|--------------------|
| Financial literacy | Commercial expertise | Digital technology | General insurance  | Private equity     |
| Legal              | Risk management      | Cyber security     | Reinsurance        | Financial services |
| Governance         | Government relations | IT risks           | Investment banking | Accounting         |
| Strategy           | Executive leadership | Data analytics     |                    |                    |

**i** Details of individual directors, including their qualifications and experience, independence status and period of office serving on the Board, are set out in the Board of Directors' section of the Annual Report and can also be found on the QBE website at [www.qbe.com/about-qbe/group-board-of-directors](http://www.qbe.com/about-qbe/group-board-of-directors).

## Independence of the Board

During the 2020 year, the majority of the directors on the Board were independent directors, applying the 'independence' definition of the ASX Corporate Governance Council. The Board currently comprises only independent directors. When applying this definition, the Board has determined that an independent director's relationship with QBE as a professional adviser, consultant, supplier, customer or otherwise is not material unless amounts paid under that relationship exceed 0.1% of QBE's revenue. The roles of the Chair and Group Chief Executive Officer are generally also not exercised by the same individual. In 2020, following the departure of Patrick Regan as Group Chief Executive Officer, Mr Wilkins was appointed Executive Chair for a short period (1 September to 23 October 2020) until Richard Pryce was appointed as Interim Group Chief Executive Officer.

Directors are required to advise the Board on an ongoing basis of any interest they have that they believe could conflict with QBE's interests. If a potential conflict does arise, either the director concerned may choose not to, or the Board may decide that he or she should not, receive documents or take part in Board discussions while the matter is being considered. Conflicts of interest, including related party transactions, are a standing agenda item and are considered by the Board at each Board meeting.

## Tenure

The mere fact that a director has served on the Board for a lengthy period of time does not, of itself, suggest a lack of independence; however, the Board has agreed that a non-executive director's term should be approximately 10 years. Under the Company's Constitution, there is no maximum fixed term or retirement age for non-executive directors. The Board considers that a mandatory limit on tenure would deprive the Group of valuable and relevant corporate experience in the complex world of international general insurance and reinsurance. John M Green has been a non-executive director since 2010 and Deputy Chair since 2015. He was re-elected as a director at the 2019 Annual General Meeting (AGM). QBE's other directors believe that Mr Green continues to exercise independent judgement and, through his QBE experience, makes an important contribution. The tenure of each director is set out in the Board of Directors section of the Annual Report and can also be found on the QBE website at [www.qbe.com/about-qbe/group-board-of-directors](http://www.qbe.com/about-qbe/group-board-of-directors).

The Constitution provides that no director, except the Group Chief Executive Officer, shall hold office for a continuous period in excess of three years or past the third AGM following a director's appointment, whichever is the longer, without submission for individual re-election.

## Corporate governance statement continued

### Board and senior executive selection process

The Board has a Governance & Nomination Committee which meets regularly during the year around the time of the Board meetings. The Committee assists the Board in appointing directors so that the Board as a whole has the necessary range of skills, knowledge and experience to be effective. The Committee also assists the Board in managing the succession plans for the Group Chief Executive Officer and reviewing succession plans for members of the Group Executive Committee. The Governance & Nomination Committee is comprised of all the non-executive directors of the Board and is chaired by Mike Wilkins.

A formal process for the selection and appointment of directors or senior executives is undertaken by the Governance & Nomination Committee and Board. Appropriate background checks are undertaken before the Board appoints a new director or senior executive or puts forward a candidate for election. External consultants may be employed, where necessary, to search for prospective directors. Candidates are assessed against the required skills and on their qualifications, background and personal qualities.

For Board appointments, candidates must also have the required time to commit to the position. The Board regularly reviews the mix of skills that is required to operate effectively. Under the Constitution, the size of the Board is limited to 12 directors. The Board considers that a maximum of 12 directors reflects 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;
- reducing the risk of a director being insufficiently involved and informed in the business of QBE; and
- providing individual directors with greater potential to contribute and participate.

QBE also provides shareholders with all material information in its possession that is relevant to a decision on whether or not to elect or re-elect a director through a number of channels, such as the notice of meeting, director biographies and other information contained in the Annual Report.

Upon appointment, each non-executive director and senior executive is provided with a written agreement which sets out the terms of their appointment.

The Board believes that orderly succession and renewal contribute to strong corporate governance and are achieved by careful planning and continual review. As an ongoing evaluation, the Board regularly discusses its composition in relation to the mix of skills, diversity and geographic location of directors to meet the needs of QBE.

### Director induction and training

Upon appointment, directors attend induction sessions where they are briefed on QBE's history, DNA, strategy, financials, and risk management and governance frameworks.

The Board obtains the information it requires to be effective including, where necessary, independent professional advice.

A non-executive director may seek such advice at QBE's cost with the consent of the Chair. Directors are also provided with ongoing professional development and training programs to enable them to develop and maintain their skills and knowledge at QBE's cost, with the consent of the Chair. Non-executive directors are required to complete continuing professional development each year, including on insurance, customer and regulatory matters.

## Performance evaluation and remuneration

### Performance evaluation – Board and directors

The Chair oversees the performance of the Board, its Committees and each director. The Board regularly reviews its performance through internal and external assessments, and recommendations for either improvement or increased focus are agreed and promptly implemented.

A Board performance evaluation was conducted in 2020 for the 2019 year. The review covered the performance of boards and committees at both the Group and divisional levels.

### People & Remuneration Committee

The Board has a People & Remuneration Committee which meets at least quarterly to assist it in, amongst other things, overseeing major remuneration practices of QBE. The People & Remuneration Committee is comprised of independent directors and is chaired by John M Green.

### Performance evaluation – senior executives

The People & Remuneration Committee oversees the performance of senior executives. In addition, the Board continually monitors the performance of senior executives through regular review and reporting.

In 2020, QBE used a balanced scorecard of an individual's achievement against specific strategic priorities. Other than as set out in the Remuneration Report, senior executives have 35% of their short-term incentive plan outcome determined with reference to individual objectives.

The scorecard is aligned to QBE's business plans and measures objectives which supported QBE's strategic objectives in 2020. The Remuneration Report sets out a summary of the key objectives and outcomes against these for the executive key management personnel.

The Interim Group Chief Executive Officer's scorecard was formulated initially through a discussion between the Interim Group Chief Executive Officer and the Chair and was approved by the Board. Consistent with the Interim Group Chief Executive Officer's scorecard, the scorecards for the rest of senior executives align with QBE's business plans and support the strategic priorities. The approval and assessment process for the senior executives scorecards is completed by the People & Remuneration Committee.

A senior executives performance evaluation was conducted for the 2020 year. The 2020 objectives for senior executives were used to measure their performance for the year.



## Remuneration policies and practices

Details of QBE's policies and practices regarding the remuneration of executives and non-executive directors (being Key Management Personnel) are set out in the Remuneration Report.

Other than meeting statutory superannuation requirements, QBE does not have in place any retirement benefit schemes for non-executive directors.

QBE's Securities Trading Policy outlines QBE's approach to derivatives or otherwise limiting the economic risk of participating in an equity-based remuneration scheme, available at [www.qbe.com/investor-relations/corporate-governance/global-policies](http://www.qbe.com/investor-relations/corporate-governance/global-policies).

## Group governance

### Governance frameworks

QBE has a Board-approved Group governance framework that sets out five overarching governance principles that support best practice governance across QBE and is designed to encourage collective accountability across Group Head Office and the divisions.

The framework defines the roles, responsibilities and composition of the Group and divisional boards and committees to facilitate the governance surrounding appropriate guidance and oversight over the business. The framework also strengthens the relationship and information flows between these governance bodies, so they can work together to achieve the best possible outcomes for QBE.

The executive governance framework governs the mechanisms supporting the exercise of Group functions by executives, with a focus on information flows between the Group Executive Committees, the Board and divisions.

### QBE DNA

Everything we do at QBE is underpinned by our QBE DNA, which consists of seven interwoven elements. These elements describe who we are and what we stand for, and outline the standards and behaviours we expect from our employees to achieve our goals and fulfil our purpose.

At QBE, when we show-up for our customers, shareholders, communities and each other:

- We are customer-centred
- We are technical experts
- We are diverse
- We are fast-paced
- We are courageous
- We are accountable
- We are a team.

The QBE DNA is set and approved by the Board, with the Group Executive Committee responsible for bringing the elements to life throughout the organisation through our day-to-day interactions as well through our recruitment, onboarding, performance, reward, leadership, feedback, learning and communication practices.

Employees' demonstration of the QBE DNA is integral to how strategic performance objectives are measured. At the end of the performance year, employees are assessed in terms of both what they have achieved and how they have achieved it – whether their behaviours have aligned to the QBE DNA. This in turn links to reward outcomes and is applicable for all employees, including senior executives.

The Group Code of Ethics and Conduct addresses the responsibilities employees have to the Group, to each other and to customers, suppliers, communities and governments. It provides clear guidance to help employees apply good judgement and make considered decisions that exemplify the QBE DNA.

### Group policies

QBE has a global policy framework which is designed to facilitate an understanding of the Group's compliance and conduct expectations. QBE's approach in key compliance areas recognises that employees (including contractors, directors and agents) are key to maintaining a compliant and ethical approach to QBE's business practices. Most global policies are supported by Group standards and procedures that provide additional information and guidance to support employees.

The Group Code of Ethics and Conduct applies to all employees as well as directors, agents and contractors. The Group Code of Ethics and Conduct is complemented by the Group Whistleblowing Policy which was updated on 1 January 2020. The Board oversees the Group Code of Ethics and Conduct and receives reports on compliance with the Group Code of Ethics and Conduct. The Group Conflicts of Interest Policy was updated in August 2020 and operates together with the Group Gift and Entertainment Policy to create a system to identify and report actual or potential conflicts of interest. In recognition of the importance of protecting employee and customer data across QBE, a privacy framework has been reviewed, updated and launched in June 2020 to reflect developments in privacy laws across the global footprint.

QBE's policy framework also addresses sanctions, outsourcing, modern slavery, anti-bribery and corruption, health, safety and wellbeing, continuous disclosure, diversity and inclusion, securities trading, flexible working, supplier sustainability, and environment and energy. Policy summaries are available at [www.qbe.com/investor-relations/corporate-governance/global-policies](http://www.qbe.com/investor-relations/corporate-governance/global-policies). Material breaches and incidents relating to the policies within the policy framework, including the Group Code of Ethics and Conduct and the Group Whistleblowing Policy, are required to be recorded and cascaded through to Board reporting.

Global policies are also in place to address prudential requirements of APRA, including risk management, cyber, business continuity management, reinsurance management, fitness and propriety and material outsourcing.

In Australia, QBE complies with the General Insurance Code of Practice, a self-regulated code relating to the provision of products and services to customers of the general insurance industry in Australia. The Code Governance Committee (CGC) is the independent body that monitors and enforces insurers' compliance with the Code. QBE's Australian business is also a member of the Australian Financial Complaints Authority (AFCA), the external dispute resolution scheme that deals with complaints from consumers in the financial system.

## Corporate governance statement continued

### Diversity and inclusion

QBE is committed to diversity and to offering a workplace culture that values and leverages the ideas, capabilities and experiences of our global workforce. The Global Diversity and Inclusion Policy aims, through its implementation, that QBE is:

- attracting and hiring diverse teams that enhance the approach to problem solving and innovation;
- supporting productivity and engagement by offering an inclusive, flexible and modern workplace;
- leveraging diverse skills to enhance the customer experience and organisational growth; and
- supporting our local communities and strengthening our brand reputation.

To achieve this, the Group Executive Committee, which constitutes the Global Diversity & Inclusion Council, has set the following objectives which are implemented and overseen by the Council and assessed and reviewed annually by the People & Remuneration Committee of the Board:

| AREA OF FOCUS  | ACHIEVEMENTS IN 2020  |
|--|---|
| <b>Inclusive leadership</b> – look to support the set-up of collaborative/inclusive teams and normalise flexibility to increase productivity and retention               | <ul style="list-style-type: none"> <li>• To enable our leaders to help their teams navigate a year unlike any other, we deployed a range of resources and programs. We designed, delivered and embedded a targeted and contemporary global leadership development initiative focused on building the core mindset and skills needed for future leadership at QBE.</li> <li>• Our Flex@QBE Principles outline our approach to workplace flexibility, supporting our Global Diversity and Inclusion Policy. We believe the office will continue to be critical to connection, innovation and collaboration, however, we also recognise the benefits of a more flexible workforce. Our aim is to drive a common culture through shared principles. Our forward looking business strategy speaks to greater trust and empowerment with purpose led, agile teams. We have continued to see benefits made by our teams in flexible working – a valuable building block to enable us to move forward toward a more agile business.</li> <li>• Continued commitment from our senior-level leadership to external pledges which require visible sponsorship and accountability – including Male Champions of Change in Australia, the HM Treasury Women in Finance Charter in the United Kingdom and France's L'Autre Cercle charter on LGBT+ inclusion. This is in addition to being a signatory to the Statement of Support for the Women's Empowerment Principles.</li> </ul> |
| <b>Diversity in leadership representation</b> – progressively inclusive, gender balanced leadership teams at senior management   | <ul style="list-style-type: none"> <li>• Across the Group, women in leadership (the Group Executive Committee and our top three levels of management) reached 34.8% at the end of 2020, with 39% of all hires and 46% of promotions being women, demonstrating a continued focus on gender diversity in leadership representation. We continue to identify pain points and develop targeted initiatives to address hiring, promotion and retention challenges related to gender and in 2020 developed a target of having 40% of women in leadership by 2025.</li> <li>• QBE continues to see gender balance in our hiring across all employee levels, with 50% of all hires being women. We have also continued to build our pipeline of female talent, with 58% of promotions across QBE being women.</li> </ul>   |
| <b>Strong pipeline of diverse talent</b> – progressively implement equitable policies and practices to govern QBE's attraction, retention and optimisation of all talent | <ul style="list-style-type: none"> <li>• Under our performance management approach, ME@QBE, our leaders are taking increased personal responsibility for mentoring, sponsoring and driving career conversations. We continue to enhance ME@QBE and in 2020 allowed snapshot feedback to be gathered in real time.</li> <li>• In Australia Pacific, we re-launched the 'Your Development@QBE' portal with the aim of providing our employees with the right development programs and resources to support their continuous development.</li> </ul>   |
| <b>Fair remuneration</b> – seek to reward our employees fairly and support gender pay equity through regular analysis, monitoring and transparent communication          | <ul style="list-style-type: none"> <li>• In 2020, as part of the global annual salary review process, we again performed an analysis of our workforce to assess pay equity. We continue to advance our methodology to measure gender pay equity using multivariate regression analysis in our major markets of Australia, the United Kingdom, the United States and the Philippines (covering approximately 90% of our workforce). This allowed us to assess gender pay equity based on the key drivers of pay in our organisation, including the role, location and performance of the employee.</li> <li>• As an average across these markets, our gender pay equity gap is sufficiently small for QBE to be confident that we pay men and women equally in like-for-like roles. However, we recognise that at an individual level, some pay gaps still exist and we will continue to work to address any identified gaps through our ongoing salary review processes and other initiatives.</li> </ul>   |
| <b>Customer satisfaction and retention</b> – progressively review our products, policies and practices to enhance equitable access to our diverse customer base          | <ul style="list-style-type: none"> <li>• QBE continues to offer Premiums4Good to our customers, which invites them to join with us to make a real difference. By choosing QBE, a portion of customer's premium is directed towards investments and select customers can ask us to direct a further 25% of their insurance premium in impact investments – investments in securities with an additional environmental or social objective. This social objective includes social inclusion, diversity and gender.</li> </ul>   |



## Gender balance at Board and senior management levels

In 2015, we set ourselves the goal of achieving 35% women in leadership across QBE by 2020. Across the Group, we came close to achieving our goal with an increase over the last year from 33.7% to 34.8%. In 2020, we developed a new target of 40% women in leadership by 2025 and are developing a clear strategy and actions to reach this target.

In 2015, we also set ourselves the goal of achieving 30% women on our Board by 2020. During 2020, the percentage of women on our Board increased from 22% to 33%. Succession planning for the Board will continue to include actions to progress the diversity of our Board, and we have set a new target of 40% women on our Board by 2025.

Details of gender representation across our workforce and management levels together with targets are set out below:

| FEMALE REPRESENTATION                                      | GENDER TARGET BY 2020 | ACTUAL 31 DECEMBER 2020 | ACTUAL 31 DECEMBER 2019 | ACTUAL 31 DECEMBER 2018 | ACTUAL 31 DECEMBER 2017 | ACTUAL 31 DECEMBER 2016 | BASELINE 31 DECEMBER 2015 |
|--|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|
| Board  | 30%                   | 33%                     | 22%                     | 22%                     | 22%                     | 27%                     | 22%                       |
| Group Executive Committee (GEC)                            |                       | 30%                     | 27%                     | 27%                     | 11%                     | 11%                     | 10%                       |
| Level 1  |                       | 28%                     | 20%                     | 23%                     | 22%                     | 22%                     | 20%                       |
| Level 2  |                       | 29%                     | 29%                     | 26%                     | 22%                     | 22%                     | 21%                       |
| Level 3  |                       | 36%                     | 35%                     | 34%                     | 32%                     | 30%                     | 29%                       |
| Women in senior management (total % of GEC and Levels 1–3) | 35%                   | 35%                     | 34%                     | 32%                     | 30%                     | 28%                     | 27%                       |
| Women in workforce   | 40% to 60%            | 52%                     | 52%                     | 53%                     | 53%                     | 53%                     | 53%                       |

QBE's gender target of 40% to 60% for women in the workforce reflects our aim to maintain a gender balance across the organisation, while providing a flexible approach which supports our commitment to achieving our targets for gender diversity in the composition of our Board and senior management.

In addition to gender equality, QBE's commitment extends to other areas of diversity including:

- actively promoting inclusion for lesbian, gay, bisexual, transgender, intersex and queer plus (LGBTIQ+) employees with a global QBE Pride employee network;
- ongoing commitment to supporting Indigenous communities in Australia and launching our third Reconciliation Action Plan (RAP), which is now at the Innovate stage of the RAP framework, in September 2020;
- looking to embed accessibility in the workplace and enhance our ability to employ people with a disability, with our recruitment team now embedding questions around workplace adjustments into every stage of the recruitment process; and
- actively promoting racial equity with a global guide and glossary with advice on how to engage in conversation around race relations, inequality and injustice.

**1** For further details on our approach and progress, refer to QBE's 2020 Sustainability Report. QBE also makes an annual filing to comply with the *Workplace Gender Equality Act 2012 (Cth) (WGEA)* in Australia disclosing our performance against the 'Gender Equality Indicators'. The report can be found at [www.qbe.com/investor-relations/corporate-governance/global-policies](http://www.qbe.com/investor-relations/corporate-governance/global-policies).

## Communications with shareholders

### Shareholder engagement

QBE is committed to regularly communicating with its shareholders and other stakeholders in a timely and accessible manner, and encouraging shareholder participation at its general meetings. Detailed information about QBE can be found on the website at [www.qbe.com](http://www.qbe.com) including:

- its history;
- the Board and management;
- its Constitution, Board charter and the charters of each of its Committees;
- corporate governance and policies;
- periodic disclosures, including [Annual Report](#), [Half Year Report](#) and [Sustainability Report](#);
- ASX announcements;
- shareholder calendar;
- notices of meeting and any accompanying documents;
- presentation materials provided at investor and analyst briefings; and
- webcasts of meetings of shareholders and investor and analyst briefings.

The QBE website includes a dedicated investor relations section where shareholders can access relevant information regarding their shares. There is also a direct link where shareholders can access their shareholding online through QBE's share registry, Computershare. They can update their personal information and provide their email address and elect to receive communications electronically. Shareholders can discuss their shareholding with either QBE's shareholder services department by email to [shares@qbe.com](mailto:shares@qbe.com) or by contacting QBE's share registry, Computershare by email to [qbe.queries@computershare.com.au](mailto:qbe.queries@computershare.com.au) or by phone at +61 3 9415 4840. Shareholders may request to receive a hard copy of the Annual Report by updating their communication preferences by logging into their shareholding at [www.investorcentre.com/au](http://www.investorcentre.com/au).

QBE has a comprehensive investor relations program that facilitates effective communication with its investors. The Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Risk Officer, Group General Counsel and Company Secretary, Global Head of Investor Relations, Group Executive Corporate Affairs and Sustainability, Group Treasurer and divisional chief executives generally deal with analysts, investors, media, rating agencies and others, taking account of regulatory guidelines including those issued by the ASX on continuous disclosure. The presentations on the 30 June and 31 December period results and other major presentations are sent to the ASX before the presentations commence and are available promptly at [www.qbe.com/investor-relations/reports-presentations](http://www.qbe.com/investor-relations/reports-presentations). The 30 June and 31 December period results presentations are also webcast live and subsequently archived at [www.qbe.com/investor-relations/reports-presentations](http://www.qbe.com/investor-relations/reports-presentations).

## Corporate governance statement continued

### Annual General Meetings

QBE welcomes and encourages shareholder participation at its AGM, in person, online or by proxy. The AGM is held in Sydney each year. In response to the COVID-19 pandemic, QBE held the 2020 Annual General Meeting virtually. Shareholders were able to:

- participate by watching online or dialling in to the teleconference;
- ask questions online and on the telephone once they were verified; and
- vote by appointing a proxy, direct voting prior to the AGM and direct voting online during the AGM.

Within the required statutory period before each AGM, QBE distributes to shareholders a notice of meeting and proxy form in accordance with the requirements of the *Corporations Act 2001*, the ASX Listing Rules and the Company's Constitution.

To encourage effective participation at AGMs, QBE:

- issues notices of meeting that are honest, accurate and not misleading;
- includes explanatory notes for all resolutions included in the notice;
- provides a proxy appointment form which clearly indicates how a shareholder may appoint a proxy, direct their proxy how to vote on a particular resolution if they so choose and, if they appoint the Chair of the meeting as their proxy, how the Chair intends to vote undirected proxies;
- only combines or 'bundles' resolutions in notices of meeting in limited circumstances; and
- provides shareholders with the opportunity to lodge proxies electronically.

Shareholders are encouraged to provide questions or comments ahead of the AGM so that these can be addressed at the meeting. QBE will make directors, members of the management team and the external auditor available to shareholders at the AGM to respond to questions regarding the items of business, including about the conduct of the audit and the preparation and content of the auditor's report.

Votes at the AGM are by way of a poll, one vote for each fully paid ordinary share.

### Continuous disclosure

QBE takes its continuous disclosure obligations seriously and issues market releases during the year to satisfy those obligations. Significant developments affecting QBE may be the subject of an announcement to the ASX. All ASX announcements are placed on QBE's website at [www.qbe.com/investor-relations/asx-announcements](http://www.qbe.com/investor-relations/asx-announcements) as soon as practicable after release. The Board and relevant management also receive copies of all material market announcements promptly after they have been made. QBE's Continuous Disclosure Policy is available at [www.qbe.com/investor-relations/corporate-governance/global-policies](http://www.qbe.com/investor-relations/corporate-governance/global-policies).

### Verification of periodic corporate reports

QBE prepares periodic corporate reports for the benefit of investors such as Annual Reports, Half Year Reports and Sustainability Reports. Where a corporate report is not subject to audit or review by an external auditor, QBE follows a robust process for satisfying itself that the report is materially accurate and balanced, and that it provides investors with appropriate information to make investment decisions.

Periodic corporate reports are drafted by staff with direct responsibility for, or expertise in, the subject matter and are supported by evidence, including by documenting the various sources of information and consultation undertaken within QBE or with external parties. The information is then reviewed by senior management who have the knowledge and skills to verify the accuracy and completeness of the information provided. For the annual Sustainability Report, QBE uses an independent assurance engagement to confirm that certain data sets have been prepared and presented appropriately in all material aspects.

The Board and its Committees review and approve statutory and other significant corporate reports prior to release to the market. All other periodic corporate reports are submitted for approval to the Disclosure Committee, a committee comprised of senior executives including the Group Chief Executive Officer and Group Chief Financial Officer.

### Financial and other reporting

#### Audit Committee

The Board has an Audit Committee which meets at least quarterly to support the Board in overseeing the effectiveness of the Group's financial reporting and risk management framework. In particular, the Audit Committee oversees and monitors the integrity of the Group's financial reporting, including climate-related financial disclosures. The Audit Committee is also responsible for the oversight of management of tax risks. The Audit Committee is comprised of independent directors, all of which have financial expertise, and is chaired by Jann Skinner.

#### Interim Group Chief Executive Officer and Group Chief Financial Officer declaration

Prior to the Audit Committee's review and the Board's approval of the 2020 Annual Report, the Interim Group Chief Executive Officer and Group Chief Financial Officer provided a declaration to the Board that, in their opinion, the financial records were properly maintained, that the financial statements complied with the appropriate accounting standards and that they gave a true and fair view of the financial position and performance of QBE. The declaration also provides that the opinion of the Interim Group Chief Executive Officer and Group Chief Financial Officer was based on a sound system of risk management and internal control which is operating effectively.

#### External auditor independence

QBE firmly believes that the external auditor must be, and must be seen to be, independent. The external auditor confirms its independence and the Audit Committee verifies this by separate enquiry. The Audit Committee regularly meets with the external auditor in the absence of management. The external auditor attends the AGM and a representative is available to answer questions from shareholders relevant to the audit.

The Audit Committee has free and unfettered access to the external auditor. The external auditor has free and unfettered access to the Audit Committee.

QBE has issued an internal policy on external auditor independence. Under this policy, the external auditor is not allowed to provide the excluded services of preparing accounting records, financial reports or asset or liability valuations. Furthermore, it cannot act in a management capacity, as an advocate, as a custodian of assets or as a share registry.

The Board believes some non-audit services are appropriate given the external auditor's knowledge of the QBE Group. QBE may engage the external auditor for some non-audit services, subject to the general principle that fees for non-audit services excluding audit-related and assurance services should not exceed 50% of all fees paid to the external auditor in any one financial year. External tax services are generally provided by an accounting firm other than the external auditor.

The Audit Committee approves the audit plan each year and receives information on the external auditor's fees. QBE also considers the terms of engagement of the external auditor every few years. The *Corporations Act 2001* and Australian professional auditing standards require rotation of the lead engagement partner after five years. The lead engagement partner of the external auditor was last rotated in 2019.

The Audit Committee regularly reviews the need to rotate external auditors and if the Audit Committee thought it appropriate to change the firm undertaking QBE's external audit, it would conduct a competitive tender process.

### Actuarial review

The central estimate of QBE's insurance liabilities, comprising outstanding claims and premium liabilities, is determined by experienced internal actuarial staff. Actuarial staff form an independent view of both the central estimate and the probability of adequacy of outstanding claims and premium liabilities. At 31 December 2020, close to 100% of QBE's outstanding claims central estimate was also reviewed by external actuaries.

### Internal audit

A global internal audit function is a core part of QBE's three lines of defence approach to effective risk management. QBE's Group Internal Audit team is an independent global function that operates on an integrated basis and is managed by the Group Head of Internal Audit. Group Internal Audit is formally accountable to the Chair of the Audit Committee and has an operational reporting line to the Group Chief Financial Officer. Group Internal Audit operates under an Audit Committee-approved internal audit charter that provides Group Internal Audit with free and unrestricted access to the Audit Committee, and all management, records and properties. Group Internal Audit's primary purpose is to assist the Audit Committee and senior management to discharge their responsibility for sound and prudent management of risk at QBE. Group Internal Audit does this by performing audits, reviews, and investigations to provide independent assurance that the design and operation of controls across QBE's international operations are effective. Group Internal Audit develops and delivers an annual risk-based internal audit plan that is aligned to QBE's risk management framework, and includes audits to address relevant regulatory requirements. The annual Group Internal Audit plan is designed so that higher materiality risk processes are reviewed more frequently. Audit findings and related themes are reported to management, local audit committees and the Audit Committee.

### Risk management

QBE is in the business of managing risk. The Board and management are fully committed to adopting a disciplined approach to how we manage risk, to deliver leading practice and to maintaining robust and independent risk management processes and systems. QBE's risk management framework supports its businesses across all divisions and provides a sound foundation for reducing uncertainty and volatility in business performance.

Further details of how QBE manages risk are set out in the risk section of the Annual Report on [pages 36 to 37](#). An overview of QBE's risk management framework, including QBE's material economic risks and how these are mitigated, is also set out in note 4 to the financial statements.

### Risk & Capital Committee

The Board monitors QBE's performance and, as such, plays a significant role in monitoring that an effective risk management strategy is established and maintained. The Board has a Risk & Capital Committee which meets at least quarterly to support the Board in overseeing the effectiveness of QBE's risk and capital management frameworks. The proper oversight of these frameworks supports strategic objectives, informs business plans and enables current and future risks to be identified, assessed and monitored in line with risk appetite. Under its charter, the Risk & Capital Committee is required to review the risk management framework periodically to confirm it continues to be sound. This review was undertaken during 2020 as part of the annual refresh of the Risk Management Strategy. The Risk & Capital Committee is also responsible for overseeing QBE's environmental, social and governance (ESG) responsibilities and performance, and external reporting relating to this.

The Risk & Capital Committee is comprised of independent directors and is chaired by Rolf Tolle. The Risk & Capital Committee has free and unfettered access to the Group Chief Risk Officer and other relevant senior management.

### Environmental, social, governance and economic risk

Information about how QBE approaches sustainability and the management of ESG issues can be found in the climate disclosures section on [pages 28 to 35](#) of the Annual Report and in the 2020 Sustainability Report available at [www.qbe.com/sustainability](http://www.qbe.com/sustainability).

**1** Refer to QBE's 2020 Sustainability Report at [www.qbe.com/sustainability](http://www.qbe.com/sustainability).

