QBE Insurance Group Limited ABN 28 008 485 014
Level 27, 8 Chifley Square, SYDNEY NSW 2000 Australia
GPO Box 82, Sydney NSW 2001
telephone + 612 9375 4444 • facsimile + 612 9231 6104

www.qbe.com

3 March 2021

The Manager
Market Announcements Office
ASX Limited
Level 4
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QBE announces appointment of Group Chief Executive Officer

Please find attached an announcement for release to the market.

This release has been authorised by the QBE Chairman of the Board.

Yours faithfully,

Carolyn Scobie
Company Secretary

Attachment

MARKET RELEASE

3 March 2021

QBE announces appointment of Group Chief Executive Officer

QBE Insurance Group Limited (ASX: QBE) is pleased to announce the appointment of Andrew Horton as Group Chief Executive Officer, replacing Interim Group Chief Executive Officer, Richard Pryce. Andrew will commence with QBE on 1 September 2021 and be based in Sydney.

QBE Chairman, Mike Wilkins said QBE was delighted to attract such a high calibre global financial services executive with over 30 years' experience across insurance and banking and extensive experience across international markets.

Andrew is currently the Chief Executive Officer of Beazley plc, a UK-listed specialist insurer with operations across Europe, the US, Canada, Latin America and Asia, a role he has held since 2008. Prior to that, Andrew was the Chief Financial Officer of Beazley plc.

"Andrew is an inclusive and collaborative executive, who places a strong focus on risk, culture and relationships. He is known for driving positive change and high performance and has built a well-respected business over a number of years," said Mike Wilkins.

"His deep understanding of the insurance landscape and the opportunities and challenges across each of our markets, see him well placed to build QBE for the future," he said.

Commenting on his appointment, Andrew said: "I am honoured to be appointed to lead QBE, a strong international insurer with an impressive global footprint and talented people. I look forward to joining the team and continuing to support QBE's customers, people, shareholders and broader communities."

Upon Andrew's commencement, Interim Group Chief Executive Officer, Richard Pryce will move to an advisory capacity, providing a three month leadership transition before retiring from QBE in December 2021.

"I would like to thank Richard Pryce who stepped in and led QBE with focus and clarity at a critical time for the Group. On behalf of the Board, we wish him every happiness in retirement, and we thank him for his commitment and service to our company over many years," said Mike Wilkins.

The appointment is subject to regulatory approvals.

Biography

Andrew is Chief Executive Officer of Beazley plc (BEZ.L) and President of Beazley Insurance Company Inc., a role he held since 2008. Beazley is a specialist insurance business with operations in Europe, the US, Asia and Australia. Beazley manages five Lloyd's syndicates and, in 2020, underwrote gross premiums of $USD3,563.8 million. They are market leaders in many of their chosen lines, which include professional indemnity, property, marine, reinsurance, accident and life, and political risks and contingency business.

During his tenure as Chief Executive Officer, Andrew profitably grew the business by around 10% per annum, increased market value and successfully added international operations on what was purely London-based when he joined in 2003.

Andrew joined Beazley as finance director in June 2003. Prior to that he spent 15 years in the banking industry at ING, Nat West and Lloyds Bank in a variety of finance roles ultimately being the UK chief financial officer for ING's wholesale banking division. He qualified as a chartered accountant with Coopers and Lybrand in 1987.

Andrew completed a Bachelor (Hons) of Natural Sciences from the University of Cambridge and was a Non-Executive Director of investment management firm, Man Group from 2013 to 2020.

For further information, please contact:

Investor Relations
Tony Jackson
Group Head of Investor Relations
Tel: +61 (2) 9375 4364
investor.relations@qbe.com

Media Enquiries
Viv Bower
Group Executive, Corporate Affairs and Sustainability
Tel: +61 (2) 9375 4707
viv.bower@qbe.com

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Australia
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Summary of key terms and conditions of employment for Andrew Horton

1. Appointment
Mr Horton is appointed as the Group Chief Executive Officer (CEO) and Executive Director of the QBE Insurance Group Limited Board effective 1 September 2021.

2. Term
This is a full-time appointment with no fixed term. Ongoing employment is subject to the termination provisions in Mr Horton's employment agreement and conditions of his visa.

3. Responsibilities and Authorities
Mr Horton's duties are those expected of the Group CEO, reporting to the QBE Group Board of Directors.

4. Remuneration
Mr Horton's remuneration on commencement will be as follows:

i Fixed Remuneration
Fixed remuneration of A$1,800,000 (gross) per annum inclusive of cash salary, salary sacrifice benefits, any associated fringe benefit tax cost and superannuation. QBE shall meet the cost of insurance on salary continuance and non-resident medical insurance and any FBT thereon.

ii At-Risk Reward
Short Term Incentive Plan (STI)
Mr Horton will be eligible for an annual discretionary short term incentive award under the terms of the QBE Insurance Group Limited Short Term Incentive Plan. The achievement by Mr Horton of the business and individual performance objectives set annually by the Board gives rise to a potential STI award of 150% of fixed remuneration. Outperformance in respect of these objectives may result in a potential maximum STI award of 225% of fixed remuneration. Any STI awarded under the plan will typically be delivered in two parts:

- 50% in cash following the end of the performance year; and
- 50% in conditional rights to QBE shares, vesting in two equal tranches over 12 and 24 months after the grant date, subject to service conditions and malus provisions during the vesting period.

For 2021 any STI award will be pro-rated from 1 September 2021 to 31 December 2021. Any awards made under the STI are subject to approval by the Board.

Long Term Incentive Plan (LTI)
Mr Horton will be eligible for an annual discretionary long term incentive award under the terms of the QBE Insurance Group Limited Long Term Incentive Plan. This LTI award will comprise conditional rights to QBE shares equal to 200% of his fixed remuneration. The award is subject to two equally weighted performance conditions measured over a three-year period. Provided the performance targets and other conditions have been met (including malus provisions), vesting will occur in three approximately equal tranches; the end of the performance period, the first anniversary of the end of the performance period and the second anniversary of the end of the performance period.

The first tranche of LTI is expected to be awarded in 2022 following Board approval and shareholder approval at the QBE 2022 Annual General Meeting.

In total Mr Horton will have approximately two thirds of his target at-risk remuneration delivered in QBE equity, deferred for up to 5 years from grant.

Further details on QBE's at-risk reward Plans are available in the 2020 Annual Report.

Buyout incentive
Mr Horton will receive a buyout incentive in consideration of the fact that he will forfeit existing incentive arrangements with his previous employer that he would otherwise been entitled to receive. Mr Horton will be awarded:

- a cash payment of A$500,000 to be paid in February 2022; and
- an award of conditional rights to QBE Shares (up to face value of A$4,000,000), vesting in equal instalments over four years from March 2022 to March 2026 (subject to service conditions and malus provisions during the vesting period). The number of QBE conditional rights granted will be based on the Volume Weighted Average Price for QBE shares over the five trading days prior to his commencement of employment with QBE.

This buyout incentive will generally be forfeited if employment is terminated for cause or if Mr Horton resigns. If Mr Horton resigns or QBE terminates his employment on ground justifying summary dismissal within the first 12 months of commencement, there will be scope to reclaim amounts paid or vested through to March 2022.

5. Minimum shareholding requirement
Mr Horton will be required to maintain a minimum shareholding (including unvested conditional rights not subject to a performance condition) with a value of not less than 300% of his fixed remuneration within five years of his appointment.

6. Termination
Mr Horton may resign at any time on giving 12 months' notice and QBE may terminate Mr Horton's employment on giving 12 months' notice. QBE will pay all remuneration due to Mr Horton during the notice period and any statutory entitlements owing to Mr Horton on termination of his employment.

STI and LTI awards on termination are subject to the respective plan rules. In summary, "good leaver" (i.e. retirement, redundancy, ill-health or termination with notice) provisions apply such that:

- for the year of termination, a pro-rata STI award may be granted on the same basis as if Mr Horton had remained employed and in consideration of company and individual performance. If such an award is made, 50% will be paid in cash following full-year results and 50% awarded in conditional rights with vesting to occur in two equal tranches over 12 and 24 months after the grant date in accordance with the STI Plan Rules; and
- deferred STI conditional rights are retained in the Plan subject to the terms of the Plan; and
- unvested LTI conditional rights may be reduced to a pro-rata amount reflecting the proportion of the performance period for which Mr Horton was in service, with vesting subject to the same performance targets and retention period had Mr Horton remained employed.

If Mr Horton resigns or his employment is terminated on grounds justifying summary dismissal, only accrued fixed remuneration and statutory entitlements will be paid.

Payments and benefits will be subject to any shareholder approvals that may be required by law.

7. Post-employment restrictions
Mr Horton is subject to non-compete and non-solicitation restrictions for a period of 12 months following termination.

8. Relocation

QBE will facilitate and pay for Mr Horton’s relocation to Australia, including by providing a temporary housing allowance for up to six months and other reasonable relocation allowances and reimbursements.