

## Appendix 3G

### Notification of issue, conversion or payment up of equity +securities

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

If you are an entity incorporated outside Australia and you are issuing a new class of +securities other than CDIs, you will need to obtain and provide an International Securities Identification Number (ISIN) for that class. Further information on the requirement for the notification of an ISIN is available from the Create Online Forms page. ASX is unable to create the new ISIN for non-Australian issuers.

\*Denotes minimum information required for first lodgement of this form, with exceptions provided in specific notes for certain questions. The balance of the information, where applicable, must be provided as soon as reasonably practicable by the entity.

#### Part 1 – Entity and announcement details

Question no	Question	Answer
1.1	*Name of entity <i>We (the entity here named) give notice of the issue, conversion or payment up of the following unquoted +securities.</i>	QBE Insurance Group Limited
1.2	*Registration type and number <i>Please supply your ABN, ARSN, ARBN, ACN or another registration type and number (if you supply another registration type, please specify both the type of registration and the registration number).</i>	28 008 485 014
1.3	*ASX issuer code	QBE
1.4	*This announcement is <i>Tick whichever is applicable.</i>	<input checked="" type="checkbox"/> A new announcement <input type="checkbox"/> An update/amendment to a previous announcement <input type="checkbox"/> A cancellation of a previous announcement
1.4a	*Reason for update <i>Mandatory only if "Update" ticked in Q1.4 above. A reason must be provided for an update.</i>	N/A
1.4b	*Date of previous announcement to this update <i>Mandatory only if "Update" ticked in Q1.4 above.</i>	N/A
1.4c	*Reason for cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	N/A
1.4d	*Date of previous announcement to this cancellation <i>Mandatory only if "Cancellation" ticked in Q1.4 above.</i>	N/A
1.5	*Date of this announcement	28 September 2020

Part 2 – Type of issue

Question No.	Question	Answer
2.1	<p>*The +securities the subject of this notification are: <i>Select whichever item is applicable.</i> <i>If you wish to notify ASX of different types of issues of securities, please complete a separate Appendix 3G for each type of issue.</i></p>	<p><input type="checkbox"/> +Securities issued as a result of options being exercised or other +convertible +securities being converted and that are not to be quoted on ASX</p> <p><input type="checkbox"/> Partly paid +securities that have been fully paid up and that are not to be quoted on ASX</p> <p><input checked="" type="checkbox"/> +Securities issued under an +employee incentive scheme that are not being immediately quoted on ASX</p> <p><input type="checkbox"/> Other [please specify] <i>If you have selected 'other' please provide the circumstances of the issue here:</i></p>
2.2a.1	<p>Please state the number and type of options that were exercised or other +convertible securities that were converted (including their ASX security code if available)? <i>Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".</i></p>	N/A
2.2a.2	<p>And the date the options were exercised or other +convertible securities were converted: <i>Answer this question if your response to Q2.1 is "securities issued as a result of options being exercised or other convertible securities being converted and that are not to be quoted on ASX".</i> <i>Note: If this occurred over a range of dates, enter the date the last of the options was exercised or convertible securities was converted.</i></p>	N/A
2.2b.1	<p>Please state the number and type of partly paid +securities that were fully paid up (including their ASX security code if available)? <i>Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".</i></p>	N/A
2.2b.2	<p>And the date the +securities were fully paid up: <i>Answer this question if your response to Q2.1 is "partly paid securities that have been paid up and that are not to be quoted on ASX".</i> <i>Note: If this occurred over a range of dates, enter the date the last of the securities was fully paid up.</i></p>	N/A

2.2c.1	<p>Please state the number and type of +securities (including their ASX security code) issued under an +employee incentive scheme that are not being immediately quoted on ASX</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	<p>QBEAL – 38,588 notional dividend Conditional Rights</p>																					
2.2c.2	<p>*Please attach a document or provide details of a URL link for a document lodged with ASX detailing the terms of the +employee incentive scheme or a summary of the terms.</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	<p>Plan rules for the following plans attached:</p> <ul style="list-style-type: none"> <li>- LTI Plan Rules</li> <li>- STI Plan Rules</li> <li>- EIP Plan Rules</li> </ul>																					
2.2c.3	<p>*Are any of these +securities being issued to +key management personnel (KMP) or an +associate</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	<p>Yes</p>																					
2.2c.3.a	<p>*Provide details of the recipients and the number of +securities issued to each of them.</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX" and your response to Q2.2c.3 is "Yes". Repeat the detail in the table below for each KMP involved in the issue. If the securities are being issued to the KMP, repeat the name of the KMP or insert "Same" in "Name of registered holder". If the securities are being issued to an associate of a KMP, insert the name of the associate in "Name of registered holder".</i></p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;">Name of KMP</th> <th style="width: 40%;">Name of registered holder</th> <th style="width: 30%;">Number of Notional Dividend +securities</th> </tr> </thead> <tbody> <tr> <td>Todd Jones</td> <td>Todd Jones</td> <td>1,975</td> </tr> <tr> <td>Richard Pryce</td> <td>Richard Pryce</td> <td>2,410</td> </tr> <tr> <td>Inder Singh</td> <td>Inderpreet Singh Pal</td> <td>1,163</td> </tr> <tr> <td>Margaret Murphy</td> <td>Margaret Murphy</td> <td>1,189</td> </tr> <tr> <td>Peter Grewal</td> <td>Peter Grewal</td> <td>684</td> </tr> <tr> <td>Jason Brown</td> <td>Jason Brown</td> <td>998</td> </tr> </tbody> </table>		Name of KMP	Name of registered holder	Number of Notional Dividend +securities	Todd Jones	Todd Jones	1,975	Richard Pryce	Richard Pryce	2,410	Inder Singh	Inderpreet Singh Pal	1,163	Margaret Murphy	Margaret Murphy	1,189	Peter Grewal	Peter Grewal	684	Jason Brown	Jason Brown	998
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2.2d.1	<p>*The purpose(s) for which the entity is issuing the +securities is:</p> <p><i>Answer this question if your response to Q2.1 is "Other".</i></p> <p><i>You may select one or more of the items in the list.</i></p>	<p><input type="checkbox"/> To raise additional working capital</p> <p><input type="checkbox"/> To fund the retirement of debt</p> <p><input type="checkbox"/> To pay for the acquisition of an asset [provide details below]</p> <p><input type="checkbox"/> To pay for services rendered [provide details below]</p> <p><input type="checkbox"/> Other [provide details below]</p> <p><i>Additional details:</i></p>																					

2.2d.2	Please provide any further information needed to understand the circumstances in which you are notifying the issue of these +securities to ASX, including (if applicable) why the issue of the +securities has not been previously announced to the market in an Appendix 3B  <i>You must answer this question if your response to Q2.1 is "Other". If there is no other information to provide, please answer "Not applicable" or "N/A".</i>	N/A
2.3	*The +securities being issued are:  <i>Tick whichever is applicable</i>	<input checked="" type="checkbox"/> Additional +securities in an existing unquoted class that is already recorded by ASX ("existing class")  <input type="checkbox"/> New +securities in an unquoted class that is not yet recorded by ASX ("new class")

### Part 3A – number and type of +securities being issued (existing class)

Answer the questions in this part if your response to Q2.3 is "existing class".

Question No.	Question	Answer
3A.1	*ASX security code & description	QBEAL – notional dividends in relation to the 2020 interim dividend paid on 25 September 2020, subject to the satisfaction of the vesting conditions under the attached Plan Rules.
3A.2	*Number of +securities being issued	QBEAL – 38,588 notional dividend Conditional Rights
3A.3a	*Will the +securities being issued rank equally in all respects from their issue date with the existing issued +securities in that class?	Yes
3A.3b	*Is the actual date from which the +securities will rank equally (non-ranking end date) known?  <i>Answer this question if your response to Q3A.3a is "No".</i>	N/A
3A.3c	*Provide the actual non-ranking end date  <i>Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "Yes".</i>	N/A
3A.3d	*Provide the estimated non-ranking end period  <i>Answer this question if your response to Q3A.3a is "No" and your response to Q3A.3b is "No".</i>	N/A

3A.3e	<p>*Please state the extent to which the +securities do not rank equally:</p> <ul style="list-style-type: none"> <li>• in relation to the next dividend, distribution or interest payment; or</li> <li>• for any other reason</li> </ul> <p><i>Answer this question if your response to Q3A.3a is "No".</i></p> <p><i>For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.</i></p>	N/A
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### Part 3B – number and type of +securities being issued (new class)

Answer the questions in this part if your response to Q2.3 is "new class".

Question No.	Question	Answer
3B.1	*Security description	N/A
3B.2	<p>*Security type</p> <p><i>Select one item from the list that best describes the securities the subject of this form. This will determine more detailed questions to be asked about the security later in this section. Select "ordinary fully or partly paid shares/units" for stapled securities or CDIs. For interest rate securities, please select the appropriate choice from either "Convertible debt securities" or "Non-convertible debt securities". Select "Other" for performance shares/units and performance options/rights or if the selections available in the list do not appropriately describe the security being issued.</i></p>	<input type="checkbox"/> Ordinary fully or partly paid shares/units <input type="checkbox"/> Options <input type="checkbox"/> +Convertible debt securities <input type="checkbox"/> Non-convertible +debt securities <input type="checkbox"/> Redeemable preference shares/units <input type="checkbox"/> Other
3B.3	<p>ISIN code</p> <p><i>Answer this question if you are an entity incorporated outside Australia and you are issuing a new class of securities other than CDIs. See also the note at the top of this form.</i></p>	N/A
3B.4	*Number of +securities being issued	N/A
3B.5a	*Will all the +securities issued in this class rank equally in all respects from the issue date?	N/A
3B.5b	<p>*Is the actual date from which the +securities will rank equally (non-ranking end date) known?</p> <p><i>Answer this question if your response to Q3B.5a is "No".</i></p>	N/A
3B.5c	<p>*Provide the actual non-ranking end date</p> <p><i>Answer this question if your response to Q3B.5a is "No" and your response to Q3B.5b is "Yes".</i></p>	N/A
3B.5d	<p>*Provide the estimated non-ranking end period</p> <p><i>Answer this question if your response to Q3B.5a is "No" and your response to Q3B.5b is "No".</i></p>	N/A

3B.5e	<p>*Please state the extent to which the +securities do not rank equally:</p> <ul style="list-style-type: none"> <li>• in relation to the next dividend, distribution or interest payment; or</li> <li>• for any other reason</li> </ul> <p><i>Answer this question if your response to Q3B.5a is "No".</i></p> <p><i>For example, the securities may not rank at all, or may rank proportionately based on the percentage of the period in question they have been on issue, for the next dividend, distribution or interest payment; or they may not be entitled to participate in some other event, such as an entitlement issue.</i></p>	N/A
3B.6	<p>Please attach a document or provide a URL link for a document lodged with ASX setting out the material terms of the +securities being issued</p> <p><i>You may cross reference a disclosure document, PDS, information memorandum, investor presentation or other announcement with this information provided it has been released to the ASX Market Announcements Platform.</i></p>	N/A
3B.7	<p>*Have you received confirmation from ASX that the terms of the +securities are appropriate and equitable under listing rule 6.1?</p> <p><i>Answer this question only if you are an ASX Listing. (ASX Foreign Exempt Listings and ASX Debt Listings do not have to answer this question).</i></p> <p><i>If your response is "No" and the securities have any unusual terms, you should approach ASX as soon as possible for confirmation under listing rule 6.1 that the terms are appropriate and equitable.</i></p>	N/A
3B.8a	<p><b>Ordinary fully or partly paid shares/units details</b></p> <p><i>Answer the questions in this section if you selected this security type in your response to Question 3B.2.</i></p>	
	<p>*+Security currency</p> <p><i>This is the currency in which the face amount of an issue is denominated. It will also typically be the currency in which distributions are declared.</i></p>	N/A
	<p>*Will there be CDIs issued over the +securities?</p>	N/A
	<p>*CDI ratio</p> <p><i>Answer this question if you answered "Yes" to the previous question. This is the ratio at which CDIs can be transmuted into the underlying security (e.g. 4:1 means 4 CDIs represent 1 underlying security whereas 1:4 means 1 CDI represents 4 underlying securities).</i></p>	N/A
	<p>*Is it a partly paid class of +security?</p>	N/A
	<p>*Paid up amount: unpaid amount</p> <p><i>Answer this question if answered "Yes" to the previous question.</i></p> <p><i>The paid up amount represents the amount of application money and/or calls which have been paid on any security considered 'partly paid'</i></p> <p><i>The unpaid amount represents the unpaid or yet to be called amount on any security considered 'partly paid'.</i></p> <p><i>The amounts should be provided per the security currency (e.g. if the security currency is AUD, then the paid up and unpaid amount per security in AUD).</i></p>	N/A

	<p>*Is it a stapled +security? <i>This is a security class that comprises a number of ordinary shares and/or ordinary units issued by separate entities that are stapled together for the purposes of trading.</i></p>	N/A
3B.8b	<p><b>Option details</b> <i>Answer the questions in this section if you selected this security type in your response to Question 3B.2.</i></p>	
	<p>*+Security currency <i>This is the currency in which the exercise price is payable.</i></p>	N/A
	<p>*Exercise price <i>The price at which each option can be exercised and convert into the underlying security. If there is no exercise price please answer as \$0.00. The exercise price should be provided per the security currency (i.e. if the security currency is AUD, the exercise price should be expressed in AUD).</i></p>	N/A
	<p>*Expiry date <i>The date on which the options expire or terminate.</i></p>	N/A
	<p>*Details of the number and type of +security (including its ASX security code if the +security is quoted on or recorded by ASX) that will be issued if an option is exercised <i>For example, if the option can be exercised to receive one fully paid ordinary share with ASX security code ABC, please insert "One fully paid ordinary share (ASX:ABC)".</i></p>	N/A
3B.8c	<p><b>Details of non-convertible +debt securities, +convertible debt securities, or redeemable preference shares/units</b> <i>Answer the questions in this section if you selected one of these security types in your response to Question 3B.2. Refer to Guidance Note 34 and the "Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities" for further information on certain terms used in this section</i></p>	
	<p>*Type of +security <i>Select one item from the list</i></p>	<p><input type="checkbox"/> Simple corporate bond <input type="checkbox"/> Non-convertible note or bond <input type="checkbox"/> Convertible note or bond <input type="checkbox"/> Preference share/unit <input type="checkbox"/> Capital note <input type="checkbox"/> Hybrid security <input type="checkbox"/> Other</p>
	<p>*+Security currency <i>This is the currency in which the face value of the security is denominated. It will also typically be the currency in which interest or distributions are paid.</i></p>	N/A
	<p>Face value <i>This is the principal amount of each security. The face value should be provided per the security currency (i.e. if security currency is AUD, then the face value per security in AUD).</i></p>	N/A

	<p><b>*Interest rate type</b> <i>Select one item from the list</i> <i>Select the appropriate interest rate type per the terms of the security. Definitions for each type are provided in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities</i></p>	<input type="checkbox"/> Fixed rate <input type="checkbox"/> Floating rate <input type="checkbox"/> Indexed rate <input type="checkbox"/> Variable rate <input type="checkbox"/> Zero coupon/no interest <input type="checkbox"/> Other
	<p><b>Frequency of coupon/interest payments per year</b> <i>Select one item from the list.</i></p>	<input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-annual <input type="checkbox"/> Annual <input type="checkbox"/> No coupon/interest payments <input type="checkbox"/> Other
	<p><b>First interest payment date</b> <i>A response is not required if you have selected "No coupon/interest payments" in response to the question above on the frequency of coupon/interest payments</i></p>	N/A
	<p><b>Interest rate per annum</b> <i>Answer this question if the interest rate type is fixed.</i></p>	N/A
	<p><b>*Is the interest rate per annum estimated at this time?</b> <i>Answer this question if the interest rate type is fixed.</i></p>	N/A
	<p><b>If the interest rate per annum is estimated, then what is the date for this information to be announced to the market (if known)</b> <i>Answer this question if the interest rate type is fixed and your response to the previous question is "Yes".</i> <i>Answer "Unknown" if the date is not known at this time.</i></p>	N/A
	<p><b>*Does the interest rate include a reference rate, base rate or market rate (e.g. BBSW or CPI)?</b> <i>Answer this question if the interest rate type is floating or indexed</i></p>	N/A
	<p><b>*What is the reference rate, base rate or market rate?</b> <i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i></p>	N/A
	<p><b>*Does the interest rate include a margin above the reference rate, base rate or market rate?</b> <i>Answer this question if the interest rate type is floating or indexed.</i></p>	N/A
	<p><b>*What is the margin above the reference rate, base rate or market rate (expressed as a percent per annum)</b> <i>Answer this question if the interest rate type is floating or indexed and your response to the previous question is "Yes".</i></p>	N/A



	<p>*S128F of the Income Tax Assessment Act status applicable to the +security <i>Select one item from the list</i></p> <p><i>For financial products which are likely to give rise to a payment to which s128F of the Income Tax Assessment Act applies, ASX requests issuers to confirm the s128F status of the security:</i></p> <ul style="list-style-type: none"> <li>• “s128F exempt” means interest payments are not taxable to non-residents;</li> <li>• “Not s128F exempt” means interest payments are taxable to non-residents;</li> <li>• “s128F exemption status unknown” means the issuer is unable to advise the status;</li> <li>• “Not applicable” means s128F is not applicable to this security</li> </ul>	<input type="checkbox"/> s128F exempt <input type="checkbox"/> Not s128F exempt <input type="checkbox"/> s128F exemption status unknown <input type="checkbox"/> Not applicable
	<p>*Is the +security perpetual (i.e. no maturity date)?</p>	<p>N/A</p>
	<p>*Maturity date <i>Answer this question if the security is not perpetual</i></p>	<p>N/A</p>
	<p>*Select other features applicable to the +security <i>Up to 4 features can be selected. Further information is available in the Guide to the Naming Conventions and Security Descriptions for ASX Quoted Debt and Hybrid Securities.</i></p>	<input type="checkbox"/> Simple <input type="checkbox"/> Subordinated <input type="checkbox"/> Secured <input type="checkbox"/> Converting <input type="checkbox"/> Convertible <input type="checkbox"/> Transformable <input type="checkbox"/> Exchangeable <input type="checkbox"/> Cumulative <input type="checkbox"/> Non-Cumulative <input type="checkbox"/> Redeemable <input type="checkbox"/> Extendable <input type="checkbox"/> Reset <input type="checkbox"/> Step-Down <input type="checkbox"/> Step-Up <input type="checkbox"/> Staped <input type="checkbox"/> None of the above
	<p>*Is there a first trigger date on which a right of conversion, redemption, call or put can be exercised (whichever is first)?</p>	<p>N/A</p>
	<p>*If yes, what is the first trigger date <i>Answer this question if your response to the previous question is “Yes”.</i></p>	<p>N/A</p>
	<p>Details of the number and type of +security (including its ASX security code if the +security is quoted on ASX) that will be issued if the securities to be quoted are converted, transformed or exchanged <i>Answer this question if the security features include “converting”, “convertible”, “transformable” or “exchangeable”.</i></p> <p><i>For example, if the security can be converted into 1,000 fully paid ordinary shares with ASX security code ABC, please insert “1,000 fully paid ordinary shares (ASX:ABC)”.</i></p>	<p>N/A</p>

Part 4 – Issue details

Question No.	Question	Answer
4.1	*Have the +securities been issued yet?	Yes
4.1a	*What was their date of issue? <i>Answer this question if your response to Q4.1 is "Yes".</i>	25 September 2020
4.1b	*What is their proposed date of issue? <i>Answer this question if your response to Q4.1 is "No".</i>	N/A
4.2	*Are the +securities being issued for a cash consideration? <i>If the securities are being issued for nil cash consideration, answer this question "No".</i>	No
4.2a	*In what currency is the cash consideration being paid <i>For example, if the consideration is being paid in Australian Dollars, state AUD. Answer this question if your response to Q4.2 is "Yes".</i>	N/A
4.2b	*What is the issue price per +security <i>Answer this question if your response to Q4.2 is "Yes" and by reference to the issue currency provided in your response to Q4.2a. Note: you cannot enter a nil amount here. If the securities are being issued for nil cash consideration, answer Q4.2 as "No" and complete Q4.2c.</i>	N/A
4.2c	Please describe the consideration being provided for the +securities <i>Answer this question if your response to Q4.2 is "No".</i>	Nil – conditional rights granted as employee incentives
4.3	Any other information the entity wishes to provide about the issue	Allocations of notional dividends on 25 September 2020

## Part 5 – Unquoted +securities on issue

Following the issue of the +securities the subject of this application, the unquoted issued +securities of the entity will comprise:

*Note: the figures provided in the table in section 5.1 below are used to calculate part of the total market capitalisation of the entity published by ASX from time to time. Please make sure you include in the table each class of unquoted securities issued by the entity.*

*Restricted securities should be included in table 5.1.*

5.1	*ASX security code and description	*Total number of +securities on issue
	QBEAI - Unexercised employee options	35,985
	QBEAL - Unexercised employee conditional rights	9,613,974
	QBEAJ - Subordinated, unsecured notes due 2043	1,999
	- Subordinated, unsecured notes due 2046	2,620
	- Subordinated, unsecured notes due 2042	3,272
	- Subordinated, unsecured notes due 2045	1,500
	- Subordinated Notes - unsecured notes due 2040	20,000
	- Subordinated Notes - unsecured notes due 2044	3,500
	- Senior Notes due 2023	30
	- Perpetual 5.25% Fixed Rate Capital Notes	2,000
	- Subordinated, unsecured notes due 2036	50,000
	- Perpetual 5.875% Fixed Rate Capital Notes	2,500

## Part 6 – Other Listing Rule requirements

*The questions in this Part should only be answered if you are an ASX Listing (ASX Foreign Exempt Listings and ASX Debt Listings do not need to complete this Part) and:*

- *your response to Q2.1 is "+securities issued under an +employee incentive scheme that are not being immediately quoted on ASX"; or*
- *your response to Q2.1 is "Other"*

Question No.	Question	Answer
6.1	<p>*Are the securities being issued under Listing Rule 7.2 exception 13<sup>1</sup> and therefore the issue does not need any security holder approval under Listing Rule 7.1?</p> <p><i>Answer this question if your response to Q2.1 is "securities issued under an employee incentive scheme that are not being immediately quoted on ASX".</i></p>	No

<sup>1</sup> Exception 13

An issue of securities under an employee incentive scheme if within 3 years before the issue date:

- (a) in the case of a scheme established before the entity was listed – a summary of the terms of the scheme and the maximum number of equity securities proposed to be issued under the scheme were set out in the prospectus, PDS or information memorandum lodged with ASX under rule 1.1 condition 3; or
- (b) the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as an exception to this rule. The notice of meeting must have included:
  - a summary of the terms of the scheme.

6.2	*Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1? <i>Answer this question if the response to Q6.1 is "No".</i>	No
6.2a	*Date of meeting or proposed meeting to approve the issue under listing rule 7.1 <i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "Yes".</i>	N/A
6.2b	*Are any of the +securities being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? <i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".</i>	No
6.2b.1	*How many +securities are being issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1? <i>Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2b is "Yes".</i> <i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure B to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1 to issue that number of securities.</i>	N/A
6.2c	*Are any of the +securities being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)? <i>Answer this question if the response to Q6.1 is "No" and the response to Q6.2 is "No".</i>	N/A
6.2c.1	*How many +securities are being issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A? <i>Answer this question if the response to Q6.1 is "No", the response to Q6.2 is "No" and the response to Q6.2c is "Yes".</i> <i>Please complete and separately send by email to your ASX listings adviser a work sheet in the form of Annexure C to Guidance Note 21 confirming the entity has the available capacity under listing rule 7.1A to issue that number of securities.</i>	N/A

Introduced 01/12/19; amended 31/01/20

- the number of securities issued under the scheme since the entity was listed or the date of the last approval under this rule;
- the maximum number of +equity securities proposed to be issued under the scheme following the approval; and
- a voting exclusion statement.

Exception 13 is only available if and to the extent that the number of +equity securities issued under the scheme does not exceed the maximum number set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

Exception 13 ceases to be available if there is a material change to the terms of the scheme from those set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

# QBE Insurance Group Limited

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## LONG-TERM INCENTIVE PLAN

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Adopted by the Remuneration Committee of QBE Insurance Group Limited  
on 6 December 2013 and varied on 7 December 2017

The Plan is a discretionary benefit offered by QBE Insurance Group Limited for the benefit of its employees. Its main purpose is to increase the interest of the employees in QBE Insurance Group Limited's long term business goals and performance through share ownership. The Plan is an incentive for the employees' future performance and commitment to the goals of the QBE Insurance Group.

Shares purchased or received under the Plan, any cash received under the Plan and any gains obtained under the Plan are **not** part of salary for any purpose (except to any extent required by statute).

The Plan is being offered for the first time in 2014 and the Remuneration Committee of the Board of QBE Insurance Group Limited shall have the right to decide, in its sole discretion, whether or not further awards will be granted in the future and to which employees those awards will be granted.

The detailed rules of the Plan are set out overleaf.

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## 1. DEFINITIONS AND INTERPRETATION

1.1 In the Plan, unless the context otherwise requires:

**"Board"** means the board of directors of the Company.

**"Business Day"** means a day that is not a Saturday, Sunday, bank holiday or public holiday in New South Wales, Australia.

**"Cause"** means termination:

- (a) for a reason other than:
  - (i) the position of the Participant becoming Redundant;
  - (ii) the Participant Retiring;
  - (iii) the Participant being Totally and Permanently Disabled;
  - (iv) the death of the Participant; or
  - (v) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase. or
- (b) in circumstances where a Participant's employment terminates and the Participant does not execute, or the Committee determines, whether before or after the termination, that in its sole and absolute opinion it is unlikely that the Participant will execute a deed of release or a similar document which provides for the preservation of rights in accordance with this Plan, in terms acceptable to the Committee, in connection with that termination.

**"Change in Control"** means either a scheme of arrangement has been approved by the Company's shareholders or a bidder has at least 50% of the issued and to be issued QBE Shares under an unconditional takeover offer made in accordance with the *Corporations Act 2001*.

**"Committee"** means the People and Remuneration Committee of the Board.

**"Company"** means QBE Insurance Group Limited (registered in Australia with registered number ACN 008 485 014).

**"Company's Trading Policy"** means the QBE Insurance Group Limited Trading Policy for dealing in securities of QBE Insurance Group Limited or other entities by Directors and Senior Group Executives, as varied or replaced from time to time.

**"Control"** in relation to a Group Company, other than the Company, includes:

- (a) the ability to exercise or control the exercise of the right to vote in respect of more than 50% of the voting shares or other form of voting equity in the company;
- (b) the ability to dispose or exercise control over the disposal of more than 50% of the shares or other form of equity in the company;
- (c) the ability to appoint or remove all or a majority of the members of:

- (i) the board; or
  - (ii) if the company has no board or if the board is not a primary internal governing body of the Company, a primary internal governing body of the company;
- (d) the ability to exercise or control the exercise of the casting of a majority of the votes cast at the meetings of:
- (i) the board; or
  - (ii) if the company has no board or if the board is not a primary internal governing body of the company, a primary internal governing body of the company; and
- (e) control, as defined in section 50AA of the *Corporations Act 2001*.

**“Eligible Employee”** means a person who on the Grant Date:

- (a) is employed by:
  - a. a Participating Company; or
  - b. a joint venture company, including a joint venture company of which a Group Company does not have Control, where the joint venture company has been selected by the Committee as a Participating Company for the purposes of these Rules;
- (b) has not given notice of the termination of their employment;
- (c) is not serving a period of notice given by the company that employs them;
- (d) is not subject to any disciplinary procedure or performance improvement procedures or circumstances exist which would warrant the termination of the person’s employment for Cause, whether or not the company that employs the person is aware of those circumstances; and
- (e) is selected to participate in the Plan at the discretion of the Committee.

**“Employee”** means any Participant, Eligible Employee or any other employee of a Group Company.

**“First Vesting Date”** is the third anniversary of the Grant Date, or such other date as determined by the Committee.

**“Grant Date”** means the date on which a LTI Conditional Right is granted.

**“Group”** means the Company and all Group Companies.

**“Group Company”** means any related body corporate (as defined in the *Corporations Act 2001*) of the Company.

**“Invitation”** has the meaning given in Rule 3.1.

**“LTI Conditional Rights”** means conditional rights to QBE Shares granted to a Participant in accordance with Rule 3.2.



**“LTI Grant”** means an amount granted to a Participant in accordance with Rule 3.2 and Rule 3.4.

**“Market Value”** means the volume weighted average sale price of a QBE Share over the 5 trading days on the Australian Securities Exchange prior to the Grant Date or the Vesting Date, whichever is applicable.

**“Participant”** means an employee who has accepted an Invitation to participate in the Plan.

**“Participating Company”** means the Company, a Group Company or a company selected by the Committee to be a Participating Company..

**“Performance Targets”** means the targets determined by the Committee and set out in the Invitation issued to an Eligible Employee. Such targets may include financial and non-financial targets, and targets in respect of individual, divisional, Company or Group performance.

**“Performance Period”** means the period of 3 financial years commencing in the financial year in which the Grant Date occurred, or such other period determined by the Committee.

**“Period”** means one financial year of the Company.

**“Personal Information”** means information or an opinion (including information or an opinion forming part of a database) that is recorded in any form and whether true or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

**“Plan”** means the QBE Insurance Group Limited Long-Term Incentive Plan as amended from time to time.

**“QBE Share”** means a fully paid ordinary share in the Company or an American Depositary Receipt (ADR) representing a fully paid ordinary share in the Company.

**“Redundant”** means a situation where a Participant’s position ceases to exist or is substantially changed due to a variety of reasons including reorganisation, restructuring, change in business practice or strategy, technological change or downturn in business.

**“Retention Period”** means the period from the Grant Date to the First Vesting Date, the Second Vesting Date or the Third Vesting Date, whichever is applicable, and as varied under these Rules.

**“Retiring”** means where the Participant satisfies the Committee that the Participant is genuinely retiring, having regard to, among other things, whether the Participant is likely to work full time in any capacity, including directorships or consultancy.

**“Rule”** means a rule of the Plan.

**“Second Vesting Date”** is the fourth anniversary of the Grant Date, or such other date as determined by the Committee.

**“Superannuation Guarantee Legislation”** includes the *Superannuation Guarantee Charge Act 1992* and the *Superannuation Guarantee (Administration) Act 1992*.

**“Third Vesting Date”** is the fifth anniversary of the Grant Date, or such other date as determined by the Committee.

**“Totally and Permanently Disabled”** means the Participant suffers an injury or illness, and in the Committee’s opinion, is unlikely to engage in any occupation for which he or she is reasonably suited by education, training or experience.

**“Unvested LTI Conditional Right”** is a LTI Conditional Right which has not yet vested in accordance with these Rules.

**“Vested LTI Conditional Right”** is a LTI Conditional Right which has vested in accordance with Rule 5.1.

**“Vesting Date”** means the date on which a LTI Conditional Right vests in accordance with these Rules.

- 1.2 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.3 The singular includes references to the plural and vice versa. Words denoting the masculine gender shall include the feminine.
- 1.4 Expressions in italics and headings are for guidance only and do not form part of the Plan.

## **2. COMMENCEMENT**

The Plan applies for the Period specified in an Invitation.

## **3. INVITATION TO PARTICIPATE AND LTI GRANT**

### **3.1 Issuing Invitations**

From time to time the Committee may, in its discretion, issue an Invitation to an Eligible Employee to participate in the Plan.

### **3.2 Form of Invitation**

The Invitation may contain such material, and be on such terms and conditions, as the Committee determines, but will usually include the following:

- (a) the date of the Invitation;
- (b) the name of the Eligible Employee to whom the Invitation is addressed;
- (c) the LTI Grant;
- (d) the number of LTI Conditional Rights;
- (e) the Performance Targets, if any; and
- (f) a copy of these Rules or details about how a copy of these Rules can be obtained.

### **3.3 Acceptance of Invitation**

Unless specified otherwise in the Invitation, an Eligible Employee will be taken to have accepted an Invitation to participate in the Plan in accordance with the terms and conditions of the Invitation and these Rules unless they notify the Company in writing within 30 days of receiving an Invitation that they do not wish to accept the Invitation in full. An Eligible Employee cannot accept an Invitation in part. If an Eligible Employee does not accept an

Invitation in full to participate in the Plan, their LTI Grant will lapse immediately and they will not be entitled to receive a payment or other benefit in lieu.

### 3.4 **Inconsistency**

Subject to applicable law, if there is any inconsistency between these Rules and an Invitation, the terms of the Invitation prevail to the extent of the inconsistency.

### 3.5 **LTI Grant Discretion**

The Committee may determine in its discretion to reduce the amount of any LTI Grant (including to zero) for any reason the Committee considers to be in the best interests of the Company or any Group Company. The Committee has no obligation to make any LTI Grant.

### 3.6 **Form of LTI Grant**

A LTI Grant will be granted in the form of conditional rights to QBE Shares. The number of LTI Conditional Rights granted by the Committee will be calculated by dividing the monetary amount of the LTI Grant by the Market Value prior to the Grant Date. LTI Conditional Rights will be granted subject to this Plan, the Performance Targets and unless specified in the Invitation, the following retention periods:

- (a) 33% of the LTI Conditional Rights will vest on the First Vesting Date (**First Tranche**);
- (b) 33% of the LTI Conditional Rights will vest on the Second Vesting Date (**Second Tranche**); and
- (c) 34% of the LTI Conditional Rights will vest on the Third Vesting Date (**Third Tranche**).

## 4. **LTI GRANT AND PERFORMANCE TARGETS**

Any LTI Grant and the Performance Targets, if any, will be determined by the Committee.

The Committee may vary any Performance Target at any time before the Committee determines the extent to which the Performance Target has been met in accordance with Rule 5.1, provided that no such variation may be made which would, in the opinion of the Committee, materially reduce or increase the prospects of the Performance Target being met.

Subject to the ASX Listing Rules, circumstances where there is a dispute of any nature between a Participant and a Group Company, a Participant's actions or inactions may be relevant to an internal or external investigation, or the Committee is of the opinion that such a dispute or investigation may arise, the Committee may vary the Retention Period (and accordingly the relevant Vesting Date) and/or the terms and conditions of the LTI Grant that apply to any tranche of LTI Conditional Rights granted to a Participant at any time before the relevant tranche Vesting Date.

Any Participant affected by any such variation must be notified of the variation.

## 5. **VESTING OF LTI CONDITIONAL RIGHTS**

### 5.1 **Dates of Vesting**

Subject to these Rules, at the end of the Performance Period, the Committee will determine the extent to which the Performance Targets have been met and the number of LTI Conditional Rights that will vest subject to the satisfaction of any remaining Retention Period and convert

into QBE Shares which will be issued or transferred to the Participant at no cost within 20 Business Days of the First Vesting Date, the Second Vesting Date and the Third Vesting Date, although in circumstances of the death of a Participant during the Performance Period or the Retention Period the Committee may exercise its discretion and determine that the Participant's Unvested LTI Conditional Rights will vest immediately. In determining whether to exercise its discretion in the case of the death of a Participant, the Committee may take into account any factors it considers relevant, including, but not limited to, whether the immediate vesting of any Unvested LTI Conditional Rights would be prohibited by law, and in circumstances of the death of a Participant during the Performance Period, the extent to which the Performance Targets have been or are likely to be met.

In particular, in assessing the extent to which any Performance Target based on Group Return on Equity has been met, the Committee may adjust the Performance Target where it considers it reasonable to adjust for the impact of factors during the Performance Period which, in the opinion of the Committee, are outside of the reasonable control of Participants (including, without limitation, changes in the risk-free rate).

Further, the Committee may, at its discretion, pay cash in lieu of QBE Shares. Any such payment will be calculated by multiplying the number of Vested LTI Conditional Rights by the Market Value prior to the relevant Vesting Date.

No LTI Conditional Rights will vest on the relevant Vesting Date if:

- (a) the Participant is subject to any disciplinary process; or
- (a) the Committee considers that there may be circumstances which would fall within the scope of Rule 10,

unless the Committee, at its discretion, determines otherwise. Subject to these Rules, any LTI Conditional Rights which does not vest under this Rule will then only vest if the Committee determines, at its discretion, that the LTI Conditional Rights should vest.

In circumstances where there is a dispute of any nature between a Participant and a Group Company, a Participant's actions or inactions may be relevant to an internal or external investigation, or the Committee is of the opinion that such a dispute or investigation may arise, the Committee may, in its discretion, defer:

- (a) consideration of the extent to which the Performance Targets have been met and the number of LTI Conditional Rights that will vest at the end of a Performance Period; and/or
- (b) the conversion of any Vested LTI Conditional Rights into QBE shares,

if it considers it appropriate to do so.

## 5.2 **Vested LTI Conditional Rights Dividends**

Notional dividends on a LTI Conditional Right will accrue during the Retention Period and be notionally reinvested at the time of payment of the dividend. The accrued value of notional dividends will be provided to the Participant on the date of vesting of a LTI Conditional Right in accordance with Rule 5.1 in the form of additional QBE Shares (or cash in lieu). Notional dividends in respect of a LTI Conditional Right will cease to accrue after the relevant Vesting Date.

## 5.3 **QBE Shares to rank equally**

All QBE Shares either issued or transferred in accordance with Rule 5.1 will rank equally in all respects with the QBE Shares for the time being in issue except for any rights attaching to QBE Shares by reference to a record date prior to the date of their allotment or transfer.

#### **5.4 Shares to be quoted on ASX**

The Company will apply to the Australian Securities Exchange or another stock exchange as required by its listing rules for QBE Shares issued in accordance with Rule 5.1 to be quoted.

### **6. LTI CONDITIONAL RIGHTS - GENERAL RULES**

#### **6.1 No interest**

A LTI Conditional Right does not, of itself, provide a Participant with any interest in any QBE Shares. Consequently, any dividends, voting rights, capital distributions or other entitlements (e.g. rights issues or share purchase plan) that are attributable to QBE Shares cannot be exercised by the Participant.

#### **6.2 Extinguishment of LTI Conditional Rights**

At the Committee's discretion, LTI Conditional Rights may be extinguished at any time by the Company issuing to the Participant QBE Shares equal to the number of LTI Conditional Rights granted to the Participant, or such other number of QBE Shares as determined by the Committee in its discretion (including as to any additional QBE Shares in lieu of cash dividends). If the Committee decides to extinguish LTI Conditional Rights then, for the purpose of determining any additional shares in lieu of cash dividends under Rule 5.2, the accrued notional dividends will be calculated on the date the Committee decides to extinguish the LTI Conditional Rights in accordance with this Rule by reference to the LTI Conditional Rights converted to QBE Shares.

#### **6.3 Non-transferability and bankruptcy**

A LTI Conditional Right granted to any Participant:

- (a) will not be transferred, assigned, encumbered, charged or otherwise disposed of (except on the Participant's death to their personal representatives) and any attempt to do so will result in the lapse of the LTI Conditional Right; and
- (b) will lapse immediately if the Participant is declared bankrupt.

#### **6.4 Capitalisation**

The Committee may, in its discretion, adjust the number of LTI Conditional Rights granted to a Participant or any other terms and conditions of a LTI Conditional Right to reflect capital reconstructions, bonus share issues or any other transaction which the Committee determines warrants an adjustment to the terms of a LTI Conditional Right. Nothing in the terms and conditions of a LTI Conditional Right restricts the rights of the Board to issue further QBE Shares or entitles a Participant to an increase in shares issued pursuant to a Vested LTI Conditional Right due to the issue of further QBE Shares by the Board.

#### **6.5 Listing Rules**

LTI Conditional Rights are subject to the listing rules of the Australian Securities Exchange. If there is any inconsistency with the listing rules or the listing rules require any terms to apply in relation to a LTI Conditional Right, then the terms of the LTI Conditional Right will be deemed

to be amended to the extent required to eliminate the inconsistency or to include the required term (as applicable).

## **7. LOSS OF UNVESTED LTI CONDITIONAL RIGHTS**

If, during the Retention Period:

- (a) the Participant terminates their employment or gives notice of the termination of their employment for a reason other than:
  - (i) the Participant Retiring;
  - (ii) the Participant being Totally and Permanently Disabled;
  - (iii) the death of the Participant; or
  - (iv) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase;
- (b) the Participating Company that employs the Participant terminates the employment of the Participant or gives notice of the termination of their employment, in either case for Cause; or
- (c) the Participant is subject to any disciplinary procedure or performance improvement procedures or circumstances exist which would warrant the termination of the Participant's employment for Cause, whether or not the Participating Company that employs the Participant is aware of those circumstances,

any Unvested LTI Conditional Rights which have been granted to the Participant will lapse immediately and the Participant will not be entitled to any payment or other benefit in lieu.

## **8. REDUCTION OF UNVESTED LTI CONDITIONAL RIGHTS**

### **8.1 Reduction of Unvested LTI Conditional Rights during the Performance Period**

Subject to Rule 8.2, if, during the Performance Period, the Participant's employment with the Participating Company that employs them ceases as a result of:

- (a) that company terminating the employment of the Participant for a reason other than for Cause; or
- (b) the Participant terminating their employment for one of the following reasons:
  - (i) the Participant Retiring;
  - (ii) the Participant being Totally and Permanently Disabled; or
  - (iii) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of the completion of the purchase,

the number of the Participant's Unvested LTI Conditional Rights will be reduced to no more than a pro rata amount to reflect the proportion of the Performance Period (in complete days) in which the Participant was employed.

## **8.2 Reduction of Unvested LTI Conditional Rights in circumstances of redundancy**

Without limiting the Committee's discretion to reduce the number of the Participant's Unvested LTI Conditional Rights, in circumstances where the Participant's employment with the Participating Company that employs them ceases during the Performance Period or the Retention Period as a result of the position of the Participant becoming Redundant, the Committee may decide to reduce the number of the Participant's Unvested LTI Conditional Rights to zero.

## **8.3 Vesting of Unvested LTI Conditional Rights under Rule 8**

For the avoidance of doubt any Unvested LTI Conditional Rights reduced under this Rule 8 will otherwise vest in accordance with and subject to these Rules.

## **9. TRANSFER OF EMPLOYMENT BETWEEN GROUP COMPANIES**

For the purposes of this Plan, a transfer of employment between any two Group Companies will not be a termination of employment for the purposes of Rules 7 and 8 and this Plan will continue to apply to that Participant as if the Participant's employment with the two Group Companies was continuous. A transfer of employment between any two Group Companies means where the Participant commences employment with the second Group Company within 30 days of the termination of their employment with the first Group Company.

## **10. VARIATION OF UNVESTED LTI CONDITIONAL RIGHTS (MALUS)**

The Committee may adjust any Unvested LTI Conditional Rights downward, to zero if appropriate, if it concludes in good faith that there was:

- (a) serious misconduct by the Participant; or
- (b) circumstances that undermine materially the Group's performance; or
- (c) circumstances that undermine materially the reputation of the Group,

in each case that were not foreseen by the Committee at the time of granting the Unvested LTI Conditional Rights.

The Committee may also adjust any Unvested LTI Conditional Rights downward, to zero if appropriate, if such an adjustment is necessary to:

- (a) protect the financial soundness of the Group; or
- (b) respond to significant unexpected or unintended consequences that were not foreseen by the Committee.

The Committee will review the circumstances of each Participant separately and may but shall not be obliged to make an adjustment to any Unvested LTI Conditional Rights under any of the above provisions at its discretion.

## **11. TAKEOVER AND OTHER CORPORATE EVENTS**

### **11.1 Adjustment of Retention Period for Change in Control**

If there is a Change in Control during the Retention Period then, subject to Rule 11.2, the Retention Period will end on the date of such event and any Unvested LTI Conditional Rights will vest by reference to the extent to which the relevant Performance Targets have, in the opinion of the Committee (as constituted immediately before the Change in Control), been

satisfied at that date (if the Performance Period had not then ended and been assessed), and will be reduced to no more than a pro rata amount to reflect the proportion of the Performance Period (in complete days) elapsed and the circumstances of the Change in Control.

#### **11.2 Replacement of Unvested LTI Conditional Rights**

Despite Rule 11.1, the Committee (as constituted immediately before the Change in Control) may decide that the Retention Period will not be adjusted under Rule 11.1 and that any Unvested LTI Conditional Rights for a Participant will be automatically replaced by equivalent new awards (including as to the value of the Unvested LTI Conditional Rights) over shares in the acquiring company (provided that the Committee has first obtained the written agreement of that acquiring company).

### **12. MAXIMUM NUMBER OF QBE SHARES**

At any time, the aggregate of:

- (a) the total number of QBE Shares which would be transferred if all Unvested LTI Conditional Rights granted under these Rules which have not lapsed vested;
- (b) the total number of QBE Shares which have transferred under these Rules in the previous 10 years; and
- (c) the total number of QBE Shares which:
  - (i) may be transferred; or
  - (ii) have transferred,

under any other employee share, option or equity plan (including as to conditional rights) operated by any Participating Company in the previous 10 years;

must not on any day exceed 10% of the ordinary share capital of the Company in issue immediately before that day.

### **13. CONFIDENTIALITY**

The terms of an Invitation and LTI Grant are confidential and must not be disclosed by the Participant unless required by law or to obtain professional advice.

### **14. AMENDMENTS**

The Committee may at any time alter all or any part of the rules of the Plan to:

- (a) benefit the administration of the Plan;
- (b) take account of any alteration to applicable laws or regulatory requirements; or
- (c) further the best interests of the Group or any Group Company.

### **15. TERMS OF EMPLOYMENT**

- 15.1 Nothing in this Plan or the operation of the Plan forms part of the contract of employment of an Employee or affects the rights and obligations of an Employee under their terms of employment, which are separate from the Plan.



- 15.2 Participation in the Plan does not create any right to, or expectation of, continued employment or affect the rights of a Participating Company to terminate the employment of any Employee.
- 15.3 No Employee has a right to participate in the Plan. Participation in the Plan or receipt of a LTI Grant on a particular basis in any Performance Period does not confer any right on the Employee to participate in a plan or receive a long term incentive on the same basis, or at all, in respect of any other performance period.
- 15.4 The benefit of participation in the Plan does not give rise to any contractual right or form part of an Employee's fixed remuneration or employment related entitlements.
- 15.5 Other than in respect of Rule 10, the Employee will have no claim in respect of any decision, omission, or exercise of discretion which may operate to the disadvantage of the Employee.
- 15.6 Nothing in this Plan or participation in it may be used to increase damages in any action, complaint, claim or proceeding against the Company, any Group Company or their directors, employees or agents in connection with the office or employment, or the termination of the office or employment, of any Employee.
- 15.7 Receipt of a LTI Grant under this Plan is subject to applicable law and regulatory requirements. If a LTI Grant is prohibited in whole or in part by any law or regulatory requirement then the Employee will have no claim for the payment or other benefit in lieu.

## **16. GENERAL**

### **16.1 The Committee's authority**

The Committee may manage and administer this Plan, including exercising any discretion or power conferred under this Plan, and the Committee has all powers necessary to do so including the power to appoint other persons to act on the Committee's behalf and to exercise any discretion or power conferred under this Plan.

Without limiting the powers and discretions of the Committee in this Plan, and subject to the ASX Listing Rules (if applicable), the Committee may in its discretion and at any time, on notice and with immediate effect:

(a) suspend or terminate this Plan, these Rules or any document issued under these Rules;

(b) amend, delete or add to these Rules or any document issued under these Rules,

if it is of the opinion that it is appropriate to do so.

### **16.2 Decisions or determinations by the Committee**

Other than in respect of Rule 10, any decision or determination by the Committee pursuant to this Plan; in relation to any dispute or disagreement as to the interpretation of this Plan; or as to any question or right arising from or related to the Plan:

(a) is made in the discretion of the Committee, which may inform itself or take such advice as it sees fit; and

(b) is final.

The Committee is not a fiduciary of any Employee.

### **16.3 Directions from the Board**

Other than in respect of Rule 11.1, the Board may at any time and from time to time:

- (a) give directions to the Committee as to the manner of the exercise by the Committee of any of its discretions or powers under this Plan; and
- (b) amend any of those directions,

and where the Board has given such a direction, the Committee must exercise the relevant discretion or power in accordance with that direction.

#### 16.4 **Taxation and superannuation contributions**

Any payment made under this Plan is subject to the deduction of tax and any social security obligations and is inclusive of any contributions which must be made under the Superannuation Guarantee Legislation or any pension or similar scheme.

#### 16.5 **Set off**

- (a) Where, immediately prior to the time of vesting of any LTI Conditional Rights under these Rules, the Participant is also obliged to make a payment to the Participating Company that employs them, the Committee may, subject to applicable law, decide to reduce the number of LTI Conditional Rights which would otherwise vest in accordance with these Rules, including to zero, to set off the amount of the payment due to the Participating Company. For the purpose of determining the number of LTI Conditional Rights which will be used to offset the payment due to the Participating Company, the Committee will value each Unvested LTI Conditional Right by reference to the Market Value as if the date on which the set-off takes place is a vesting date for the purposes of these Rules.
- (b) Where the Company is or will be required to withhold any amount in respect of the LTI Conditional Rights under the *Taxation Administration Act 1953* (Cth), the sum that the Company is or will be required to withhold will constitute a debt owing by the Participant to the Company and the Participant irrevocably directs and authorises:
  - (i) the Company to set off the debt against any moneys owing by the Company to the Participant; and/or
  - (ii) the Participating Company that employs the Participant to pay to the Company an amount equal to the debt from any monies owing by the Participating Company to the Participant.
- (c) If the Company requests the Participant to do so, the Participant must dispose of such number of LTI Conditional Rights as is necessary to raise the funds required to repay the debt referred to in Rule 16.5(b) and the Participant irrevocably appoints the Company as his or her attorney and agent to do all things necessary, including, but not limited to, executing all documents necessary, to effect the disposal of the LTI Conditional Rights.

#### 16.6 **No other rights**

The Plan does not confer any right or entitlement, including as to the making of any LTI Grant, on anyone, including an Employee or a third party.

#### 16.7 **Privacy**

By participating in the Plan, a Participant consents to the collection, use, storage, transfer (including internationally) or disclosure of their Personal Information for any purpose in connection with the operation of the Plan. This includes, but is not limited to:

- (a) providing that Personal Information to any Group Company or any third party such as trustees of any employee benefit trust, administrators of the Plan, brokers, professional advisers and any of their respective agents;
- (b) processing of that Personal Information by a Group Company or third party; and
- (c) providing that Personal Information to potential purchasers of the Company, the Participant's employer or the business in which the Participant works.

#### **16.8 Severability**

Part or all of any Rule in this Plan that is illegal or unenforceable will be severed and the remaining provisions continue in force.

#### **16.9 Waiver**

The failure at any time to insist on performance of any provision of this Plan is not a waiver of the person's right at any later time to insist on performance of that or any other provision in this Plan.

#### **16.10 Notices**

Any notice or other document which has to be given in connection with this Plan may be delivered to an Employee or sent by post to the Employee at their home address using the records of the Participating Company that employs the Employee, or such work address as that company considers appropriate, or, subject to applicable law, by email (or other electronic means including posting on any website or intranet site) to any address which according to the records of the Participating Company that employs the Employee is used by the Employee.

Any notice or other document which has to be given to the Company in connection with this Plan may be delivered or sent by post to it at its registered office.

Notices sent by post will be deemed to have been given 7 days after the date of posting. Notices sent by email (or other electronic means) will be deemed to have been given on the third day after the day on which the email (or other electronic means) was sent.

#### **16.11 Documents**

The Committee may require a Participant to complete and return such documents to the Committee as may be required by law or as otherwise necessary for administrative, legal or taxation reasons.

#### **16.12 Suspension and cancellation**

The Committee may from time to time suspend the operation of the Plan and may at any time cancel the Plan.

#### **16.13 Governing law**

The Plan and all awards shall be governed by and construed in accordance with the law of New South Wales and the Courts of New South Wales have non-exclusive jurisdiction to hear any dispute.

## ADDENDUM FOR THE UNITED KINGDOM

This Addendum sets out and clarifies how the LTI Plan is applied in the United Kingdom by amending the terms and conditions of the LTI Plan.

### A. FORM OF EQUITY GRANT

Any LTI Conditional Rights Grant made in accordance with this Plan to a Participant may, at the discretion of the Committee, be in the form of zero exercise price options (**ZEPOs**) for QBE Shares instead of conditional rights. In this event, all references to conditional rights in the LTI Plan will, for the United Kingdom, be taken to be references to ZEPOs. A Participant will not receive, and will have no entitlement to receive, conditional rights.

### B. VESTING DATE

At the date of vesting of a ZEPO in accordance with Rule 5.1 of the LTI Plan Rules (**Vested ZEPO**), the Vested ZEPO (and any notional dividends accrued under Rule 5.2) will become exercisable by the Participant.

### C. EXERCISE OF ZEPOS

#### C.1. Period of exercise

Subject to Rule C.2 of this Addendum, a Vested ZEPO (and any notional dividends accrued under Rule 5.2) will be exercisable up until the date that is 10 years from the Grant Date (**Exercise Period**). If not exercised in that time, the Vested ZEPO (and any notional dividends accrued under Rule 5.2) will lapse.

#### C.2. Exercise of Vested ZEPOs when employment ceases

Subject to applicable law and Rule C.3, if a Participant's employment with the Participating Company that employs them ceases during the Exercise Period, any Vested ZEPOs which have not been exercised by the Participant will automatically be exercised on the date that is 30 days following the date the Participant's employment with the Participating Company that employs them ceases (or if the Company's Trading Policy prohibits dealing within that time, within 30 days of such dealing being permitted), unless the Participant exercises the Vested ZEPOs earlier.

#### C.3. Loss of Vested ZEPOS

Despite Rule C.2 of this Addendum, if a Participant's employment is terminated for gross misconduct, any Vested ZEPOs which have not been exercised by the Participant will lapse immediately and the Participant will not be entitled to any payment or benefit in lieu.

#### C.4. Variation of unvested ZEPOs

The reference to "serious misconduct" in Rule 10(a) of the Plan shall be replaced with "gross misconduct".

#### C.5. Form of exercise

The exercise of any Vested ZEPO shall be effected in the form and manner prescribed by the Committee from time to time. The First, Second and Third Tranches may, once they have vested, be exercised in whole or part unless, to facilitate the easier administration of the LTI Plan, the Committee decides to impose a minimum number of QBE Shares in respect of which of Vested ZEPOs may be exercised. Subject to any decision of the Committee, if the First,

Second or Third Tranche is exercised in part, the Participant may exercise the balance of the Tranche at some other time during the Exercise Period.

#### **C.6. Taxation as a result of exercise**

If a liability to income tax or employee's national insurance (**Employee Tax Liability**) arises as a result of the exercise of any Vested ZEPO then unless the Participant has indicated in the form of exercise that they will make a payment to the Company (or as directed to the Participating Company that employs the Participant) of an amount equal to the Employee Tax Liability and the Participant does, within 7 days of being notified by the Company of the amount of the Employee Tax Liability, make such payment to the Company, then the Company may sell or procure the sale of sufficient QBE Shares to meet the Employee Tax Liability. In such circumstances the Company will arrange payment to the member of the Group (or other relevant person) on which the Employee Tax Liability falls of an amount equal to the Employee Tax Liability out of the proceeds of sale (by way of reimbursement).

#### **C.7. Transfer of QBE Shares or cash in lieu**

As soon as reasonably practicable after a Vested ZEPO has been exercised:

- (a) subject to Rule C.7(b) of this Addendum, the Company will transfer or procure the transfer to the relevant Participant an amount of QBE Shares equivalent to the number of Vested ZEPOs that have been exercised; and
- (b) despite Rule C.7(a) of this Addendum, the Committee may, at its discretion, pay cash in lieu of Vested ZEPOs that have been exercised at the weighted average sale price of a QBE Share over the 5 trading days on the Australian Securities Exchange prior to the date of exercise of the Vested ZEPO.

#### **C.8. Tax on cash in lieu payment**

If the Committee determines to make a cash in lieu payment under Rule C.7(b) of this Addendum or under Rule 5.2 of the Plan, such payment shall be made subject to deduction of income tax and employee's national insurance.

### **D. GOVERNING LAW**

This Addendum shall be governed and construed in accordance with the laws of New South Wales and the Courts of New South Wales have non-exclusive jurisdiction to hear any dispute.

### **E. AMENDMENTS AND CANCELLATION**

The Committee may, at any time, determine to alter, replace, suspend or cancel the operation of this Addendum, although any alteration, replacement, suspension or cancellation must not disadvantage a Participant in connection with any ZEPOs granted which are subject to a vesting date or any Vested ZEPOs.

# QBE Insurance Group Limited

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## SHORT-TERM INCENTIVE PLAN

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Adopted by the Remuneration Committee of QBE Insurance Group Limited  
on 6 December 2013 and varied on 29 March 2017 and 7 December 2017

The Plan is a discretionary benefit offered by QBE Insurance Group Limited for the benefit of its employees. Its main purpose is to recognise and reward the contribution of employees to the achievement of QBE Insurance Group Limited's annual business goals and performance through a cash incentive and share ownership. The Plan is an incentive for the employees' performance and commitment to the goals of the QBE Insurance Group.

Shares purchased or received under the Plan, any cash received under the Plan and any gains obtained under the Plan are **not** part of salary for any purpose (except to any extent required by statute).

The Plan is being offered for the first time in 2014 and the Remuneration Committee of the Board of QBE Insurance Group Limited shall have the right to decide, in its discretion, whether or not further awards will be granted in the future and to which employees those awards will be granted.

The detailed rules of the Plan are set out overleaf.

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## 1. DEFINITIONS AND INTERPRETATION

1.1 In the Plan, unless the context otherwise requires:

"**Board**" means the board of directors of the Company.

"**Business Day**" means a day that is not a Saturday, Sunday, bank holiday, or public holiday in New South Wales, Australia.

"**Cause**" means termination:

- (a) for a reason other than:
  - (i) the position of the Participant becoming Redundant;
  - (ii) the Participant Retiring;
  - (iii) the Participant being Totally and Permanently Disabled;
  - (iv) the death of the Participant; or
  - (v) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase. or
- (b) in circumstances where a Participant's employment terminates and the Participant does not execute, or the Committee determines, whether before or after the termination, that in its sole and absolute opinion it is unlikely that the Participant will execute a deed of release or a similar document which provides for the preservation of rights in accordance with this Plan, in terms acceptable to the Committee, in connection with that termination.

"**Change in Control**" means either a scheme of arrangement has been approved by the Company's shareholders or a bidder has at least 50% of the issued and to be issued QBE Shares under an unconditional takeover offer made in accordance with the *Corporations Act* 2001.

"**Committee**" means the People and Remuneration Committee of the Board.

"**Company**" means QBE Insurance Group Limited (registered in Australia with registered number ACN 008 485 014).

"**Company's Trading Policy**" means the QBE Insurance Group Limited Trading Policy for dealing in securities of QBE Insurance Group Limited or other entities by Directors and Senior Group Executives, as varied or replaced from time to time.

"**Control**" in relation to a Group Company, other than the Company, includes:

- (a) the ability to exercise or control the exercise of the right to vote in respect of more than 50% of the voting shares or other form of voting equity in the company;
- (b) the ability to dispose or exercise control over the disposal of more than 50% of the shares or other form of equity in the company;
- (c) the ability to appoint or remove all or a majority of the members of:



- (i) the board; or
  - (ii) if the company has no board or if the board is not a primary internal governing body of the company, a primary internal governing body of the company;
- (d) the ability to exercise or control the exercise of the casting of a majority of the votes cast at the meetings of:
- (i) the board; or
  - (ii) if the company has no board or if the board is not a primary internal governing body of the company, a primary internal governing body of the company; and
- (e) control, as defined in section 50AA of the *Corporations Act 2001*.

**“Eligible Employee”** means a person who:

- (a) commenced employment with a Participating Company on or before 30 September in the Performance Period and who is selected to participate in the Plan at the discretion of the Committee; and
- (b) on the Grant Date:
  - (i) is employed by a Participating Company or a joint venture company, including a joint venture company of which a Group Company does not have Control, where the joint venture company has been selected by the Committee as a Participating Company for the purposes of these Rules; and
  - (ii) is not serving a period of notice given by the company that employs them; and
  - (iii) is not subject to any disciplinary procedure or performance improvement procedures or circumstances exist which would warrant the termination of the person’s employment for Cause, whether or not the company that employs the person is aware of those circumstance; or
  - (iv) was employed by an entity referred to in (i) above during the Performance Period preceding the Grant Date and who the Committee, at its discretion, determines is eligible to receive an award for services rendered during the Performance Period.

**“Employee”** means any Participant, Eligible Employee or any other employee of a Group Company.

**“First Vesting Date”** is the first anniversary of the Grant Date.

**“Grant Date”** means a date that is no later than 3 months (or as soon as practicable thereafter if a grant is delayed due to prohibitions under the Company’s Trading Policy or due to the exercise by the Committee of its discretion to defer consideration of a Participant’s entitlement to a STI Grant under Rule 5) immediately following the end of the Performance Period.

**“Group”** means the Company and all Group Companies.

"**Group Company**" means any related body corporate (as defined in the *Corporations Act* 2001) of the Company.

"**Invitation**" has the meaning given in Rule 3.1.

"**Market Value**" means the volume weighted average sale price of a QBE Share over the 5 trading days on the Australian Securities Exchange prior to the Grant Date or the Vesting Date, whichever is applicable.

"**Maximum STI Opportunity**" means the amount set out in the Invitation issued to an Eligible Employee and may be expressed as a monetary sum or as a percentage of the Eligible Employee's Salary for the Performance Period.

"**Participant**" means an employee who has accepted an Invitation to participate in the Plan.

"**Participating Company**" means the Company, a Group Company or a company selected by the Committee to be a Participating Company.

"**Payment Date**" means a date that is no later than 3 months immediately following the end of the Performance Period (or such other date as may be determined by the Committee due to the exercise by the Committee of its discretion to defer consideration of a Participant's entitlement to a STI Cash Grant under Rule 5.1).

"**Performance Period**" means a period of one financial year of the Company.

"**Performance Targets**" means the targets determined by the Committee and set out in the Invitation issued to an Eligible Employee. Such targets may include financial and non-financial targets, and targets in respect of individual, divisional, Company or Group performance.

"**Personal Information**" means information or an opinion (including information or an opinion forming part of a database) that is recorded in any form and whether true or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

"**Plan**" means the QBE Insurance Group Limited Short-Term Incentive Plan as amended from time to time.

"**QBE Share**" means a fully paid ordinary share in the Company or an American Depositary Receipt (ADR) representing a fully paid ordinary share in the Company.

"**Redundant**" means a situation where a Participant's position ceases to exist or is substantially changed due to a variety of reasons including reorganisation, restructuring, change in business practice or strategy, technological change or downturn in business.

"**Retention Period**" means the period from the Grant Date to the First Vesting Date or the Second Vesting Date, whichever is applicable, and as varied under these Rules.

"**Retiring**" means where the Participant satisfies the Committee that the Participant is genuinely retiring, having regard to, among other things, whether the Participant is likely to work full time in any capacity, including directorships or consultancy.

"**Rule**" means a rule of the Plan.

"**Salary**" has the meaning determined by the Committee from time to time.

"**Second Vesting Date**" means the second anniversary of the Grant Date.

“**STI**” means STI Cash and STI Conditional Rights.

“**STI Cash**” means a STI Cash Grant paid to a Participant in accordance with Rule 6.2.

“**STI Cash Grant**” means the cash element of the STI Grant determined in accordance with Rule 5.4.

“**STI Conditional Rights**” means conditional rights to QBE Shares granted to a Participant in accordance with Rule 7.1.

“**STI Conditional Rights Grant**” means the conditional rights element of the STI Grant determined in accordance with Rule 5.4.

“**STI Grant**” means an amount granted to a Participant in accordance with Rule 5.2.

“**Superannuation Guarantee Legislation**” includes the *Superannuation Guarantee Charge Act 1992* and the *Superannuation Guarantee (Administration) Act 1992*.

“**Target STI Opportunity**” means the amount set out in the Invitation issued to an Eligible Employee and may be expressed as a monetary sum or as a percentage of the Eligible Employee’s Salary for the Performance Period.

“**Totally and Permanently Disabled**” means the Participant suffers an injury or illness, and in the Committee’s opinion, is unlikely to engage in any occupation for which he or she is reasonably suited by education, training or experience.

“**Unvested STI Conditional Right**” is a STI Conditional Right which has not yet vested in accordance with these Rules.

“**Vested STI Conditional Right**” is a STI Conditional Right which has vested in accordance with Rule 11.1.

“**Vesting Date**” means the date on which a STI Conditional Right vests in accordance with these Rules.

- 1.2 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.3 The singular includes references to the plural and vice versa. Words denoting the masculine gender shall include the feminine.
- 1.4 Expressions in italics and headings are for guidance only and do not form part of the Plan.

## **2. COMMENCEMENT**

The Plan applies for the Performance Period specified in an Invitation.

## **3. INVITATION TO PARTICIPATE**

### **3.1 Issuing Invitations**

From time to time the Committee may, in its discretion, issue an Invitation to an Eligible Employee to participate in the Plan.

### **3.2 Form of Invitation**

The Invitation may contain such material, and be on such terms and conditions, as the Committee determines, but will usually include the following:

- (a) the date of the Invitation;
- (b) the name of the Eligible Employee to whom the Invitation is addressed;
- (c) the Maximum STI Opportunity;
- (d) the Target STI Opportunity;
- (e) the Performance Targets;
- (f) the Performance Period; and
- (g) a copy of these Rules or details about how a copy of these Rules can be obtained.

### **3.3 Acceptance of Invitation**

Unless specified otherwise in the Invitation, an Eligible Employee will be taken to have accepted an Invitation to participate in the Plan in accordance with the terms and conditions of the Invitation and these Rules unless they notify the Company in writing within 30 days of receiving an Invitation that they do not wish to accept the Invitation in full. An Eligible Employee cannot accept an Invitation in part. Any Eligible Employee who does not accept an Invitation in full to participate in the Plan will not be considered for a STI Grant, or receive a STI or any payment or other benefit in lieu.

### **3.4 Inconsistency**

Subject to applicable law, if there is any inconsistency between these Rules and an Invitation, the terms of the Invitation prevail to the extent of the inconsistency.

## **4. MAXIMUM STI OPPORTUNITY, TARGET STI OPPORTUNITY, PERFORMANCE TARGETS AND PERFORMANCE PERIOD**

The Maximum STI Opportunity, Target STI Opportunity, Performance Targets and Performance Period will be determined by the Committee.

## **5. STI GRANT**

### **5.1 Consideration for STI Grant**

Subject to these Rules, a Participant is entitled to be considered by the Committee for a STI Grant after the end of a Performance Period.

In circumstances where there is a dispute of any nature between a Participant and a Group Company, a Participant's actions or inactions may be relevant to an internal or external investigation, or the Committee is of the opinion that such a dispute or investigation may arise, the Committee may, in its discretion, defer consideration of whether a Participant is entitled to a STI Grant after the end of a Performance Period if it considers it appropriate to do so.

### **5.2 Calculation of STI Grant**

Unless the Committee determines otherwise under Rule 5.3, and subject to Rule 9 and Rule 10, the amount of a STI Grant for a Participant will be decided by the Committee in its discretion having regard to, among other things and without limitation, the extent (if at all) any Performance Targets have, in the Committee's opinion, been satisfied over the Performance

Period, and the Participant's Maximum STI Opportunity and Target STI Opportunity. The Committee has no obligation to make any STI Grant, including in circumstances where the Performance Targets have been satisfied.

In assessing the extent to which any Performance Target has been met, the Committee may adjust the Performance Target or outcome for the impact of factors during the Performance Period which, in the opinion of the Committee, are outside the reasonable control of a Participant (including, without limitation, changes in discount rates from those assumed in setting a Performance Target).

### **5.3 STI Grant Discretion**

The Committee may determine in its discretion to reduce the amount of any STI Grant before payment of any STI Cash under Rule 6.1 or the grant of any STI Conditional Rights under Rule 7.1 (in both cases, including to zero) for any reason the Committee considers to be in the best interests of the Company or any Group Company.

### **5.4 Form of STI Grant**

Unless the Committee determines otherwise, a STI Grant will comprise a STI Cash Grant and STI Conditional Rights Grant, calculated as follows:

- (a) 67% of the STI Grant as a STI Cash Grant; and
- (b) 33% of the STI Grant as a STI Conditional Rights Grant,

however any STI Grant to the Group Chief Executive Officer of the Company will be comprised of 50% of the STI Grant as a STI Cash Grant and 50% of the STI Grant as a STI Conditional Rights Grant.

## **6. PAYMENT OF STI CASH**

### **6.1 Timing of payment**

Subject to Rule 8, the STI Cash Grant will be paid to the Participant on the Payment Date.

### **6.2 Form of payment**

The STI Cash Grant will be paid in cash to the account into which the Participant normally receives their Salary from the Participating Company that employs them.

## **7. GRANT OF STI CONDITIONAL RIGHTS**

### **7.1 Timing of grant**

Subject to Rule 8, the Participant will receive their STI Conditional Rights Grant, if any, with effect on the Grant Date.

### **7.2 Form of grant**

The STI Conditional Rights Grant will be granted in the form of conditional rights to QBE Shares. The number of STI Conditional Rights granted by the Committee will be calculated by dividing the monetary amount of the STI Conditional Rights Grant by the Market Value prior to the Grant Date. STI Conditional Rights will be granted subject to this Plan and unless specified in the Invitation, the following retention periods:

- (a) 50% of the STI Conditional Rights will vest on the First Vesting Date (**First Tranche**); and
- (b) 50% of the STI Conditional Rights will vest on the Second Vesting Date (**Second Tranche**).

Subject to the ASX Listing Rules, circumstances where there is a dispute of any nature between a Participant and a Group Company, a Participant's actions or inactions may be relevant to an internal or external investigation, or the Committee is of the opinion that such a dispute or investigation may arise, the Committee may vary the Retention Period (and accordingly the relevant Vesting Date) and/or the terms and conditions that apply to any tranche of Unvested STI Conditional Rights at any time before the relevant tranche Vesting Date.

## **8. LOSS OF STI OPPORTUNITY OR STI GRANT**

### **8.1 Loss of STI opportunity or STI Grant**

If, on or before the date on which the Committee considers whether a Participant will receive a STI Grant in accordance with Rule 5.1, or after the date the Committee has made a STI Grant, but before the Payment Date and the Grant Date:

- (a) the Participant terminates their employment or gives notice of the termination of their employment for a reason other than:
  - (i) the Participant Retiring;
  - (ii) the Participant being Totally and Permanently Disabled;
  - (iii) the death of the Participant; or
  - (iv) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase;
- (b) the Participating Company that employs the Participant terminates the employment of the Participant or gives notice of the termination of their employment, in either case for Cause; or
- (c) the Participant is subject to any disciplinary procedure or performance improvement procedures or circumstances exist which would warrant the termination of the Participant's employment for Cause, whether or not the Participating Company that employs the Participant is aware of those circumstances,

the Participant will not be entitled to be considered for a STI Grant or to be paid their STI Cash Grant or granted their STI Conditional Rights Grant, as the case may be, or entitled to receive any payment or other benefit in lieu.

### **8.2 Loss of STI Grant in circumstances of redundancy**

Without limiting the Committee's discretion to reduce the amount of the Participant's STI Grant, in circumstances where the Participant's employment with the Participating Company that employs them ceases on or after the date the Committee has made a STI Grant, but before the Payment Date and the Grant Date, as a result of the position of the Participant becoming

Redundant, the Committee may decide to reduce the amount of the Participant's STI Grant to zero.

### **8.3 Loss of STI Grant in circumstances of sale of business**

Without limiting the Committee's discretion to reduce the amount of the Participant's STI Grant, in circumstances where the Participant's employment with the Participating Company that employs them ceases on or after the date the Committee has made a STI Grant, but before the Payment Date and the Grant Date, as a result of the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase, the Committee may decide to reduce the amount of the Participant's STI Grant to zero.

## **9. REDUCTION OF STI OPPORTUNITY**

### **9.1 Reduction of Maximum STI Opportunity and Target STI Opportunity**

Subject to Rule 9.2, if on or before the date on which the Committee considers whether a Participant will receive a STI Grant in accordance with Rule 5.1, the Participant's employment with the Participating Company that employs them ceases as a result of:

- (a) that company terminating the employment of the Participant for a reason other than for Cause; or
- (b) the Participant terminating their employment for one of the following reasons:
  - (i) the Participant Retiring;
  - (ii) the Participant being Totally and Permanently Disabled;
  - (iii) the death of the Participant; or
  - (iv) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of the completion of the purchase,

the amount of the Participant's Maximum STI Opportunity and Target STI Opportunity will be reduced to no more than a pro rata amount to reflect the proportion of the year (in complete days) in which the Participant was employed and worked. For the avoidance of doubt any grant under this Rule 9 will otherwise be considered and, if relevant, made in accordance with and subject to these Rules.

### **9.2 Reduction of Maximum STI Opportunity and Target STI Opportunity in circumstances of redundancy**

Without limiting the general nature of Rule 9.1, in circumstances where the Participant's employment with the Participating Company that employs them ceases on or before the date on which the Committee considers whether a Participant will receive a STI Grant in accordance with Rule 5.1 as a result of the position of the Participant becoming Redundant, the Committee may decide to reduce the amount of the Participant's Maximum STI Opportunity and Target STI Opportunity to zero.

### **9.3 Reduction of Maximum STI Opportunity and Target STI Opportunity in circumstances of sale of business**

Without limiting the general nature of Rule 9.1, in circumstances where the Participant's employment with the Participating Company that employs them ceases on or before the date on which the Committee considers whether a Participant will receive a STI Grant in accordance with Rule 5.1 as a result of the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase, the Committee may decide to reduce the amount of the Participant's Maximum STI Opportunity and Target STI Opportunity to zero.

## **10. ADJUSTMENT OF STI OPPORTUNITY**

If a Participant:

- (a) commences their employment during the Performance Period;
- (b) changes ordinary hours of work during the Performance Period;
- (c) changes Roles@QBE level during the Performance Period;
- (d) receives a Salary increase or decrease during the Performance Period; or
- (e) takes leave during the Performance Period in respect of which the Participant receives no or a reduced payment from the Participating Company which employs them,

any STI Grant will, unless the Committee determines otherwise, be based on the total Salary paid to the Participant in the Performance Period and not the annual Salary paid to the Participant at the time at which the amount of the STI Grant is decided, paid or granted.

## **11. VESTING OF STI CONDITIONAL RIGHTS**

### **11.1 Date of Vesting**

Subject to these Rules:

- (a) the First Tranche will vest on the First Vesting Date; and
- (b) the Second Tranche will vest on the Second Vesting Date,

and convert into QBE Shares which will be issued or transferred to the Participant at no cost within 20 Business Days of the Vesting Date, although in circumstances of the death of a Participant during the Retention Period the Committee may exercise its discretion and determine that the Participant's Unvested STI Conditional Rights will vest immediately. In determining whether to exercise its discretion in the case of the death of a Participant, the Committee may take into account any factors it considers relevant, including, but not limited to, whether the immediate vesting of any Unvested STI Conditional Rights would be prohibited by law. Further, the Committee may at its discretion pay cash in lieu of QBE Shares. Any such payment will be calculated by multiplying the number of Vested STI Conditional Rights by the Market Value prior to the Vesting Date.

Despite the paragraph above, no Tranche will vest on the relevant Vesting Date if:

- (a) the Participant is subject to any disciplinary process; or
- (b) the Committee considers that there may be circumstances which would fall within the scope of Rule 15,



unless the Committee, at its discretion, determines otherwise. Subject to these Rules, any Tranche which does not vest under this Rule will then only vest if the Committee determines, at its discretion, that the Tranche should vest.

In circumstances where there is a dispute of any nature between a Participant and a Group Company, a Participant's actions or inactions may be relevant to an internal or external investigation, or the Committee is of the opinion that such a dispute or investigation may arise, the Committee may, in its discretion, defer the conversion of any Vested STI Conditional Rights into QBE shares it considers it appropriate to do so.

#### **11.2 Vested STI Conditional Rights Dividends**

Notional dividends on a STI Conditional Right will accrue during the Retention Period and be notionally reinvested at the time of payment of the dividend. The accrued value of notional dividends will be provided to the Participant on the date of vesting of a STI Conditional Right in accordance with Rule 11.1 in the form of additional QBE Shares (or cash in lieu). Notional dividends in respect of a STI Conditional Right will cease to accrue after the relevant Vesting Date.

#### **11.3 QBE Shares to rank equally**

All QBE Shares either issued or transferred in accordance with Rule 11.1 will rank equally in all respects with the QBE Shares for the time being in issue except for any rights attaching to QBE Shares by reference to a record date prior to the date of their allotment or transfer.

#### **11.4 Shares to be quoted on ASX**

The Company will apply to the Australian Securities Exchange or another stock exchange as required by its listing rules for QBE Shares issued in accordance with Rule 11.1 to be quoted.

### **12. STI CONDITIONAL RIGHTS - GENERAL RULES**

#### **12.1 No interest**

A STI Conditional Right does not, of itself, provide a Participant with any interest in any QBE Shares. Consequently, any dividends, voting rights, capital distributions or other entitlements (e.g. rights issues or share purchase plan) that are attributable to QBE Shares cannot be exercised by the Participant.

#### **12.2 Extinguishment of STI Conditional Rights**

At the Committee's discretion, STI Conditional Rights may be extinguished at any time by the Company issuing to the Participant QBE Shares equal to the number of STI Conditional Rights granted to the Participant, or such other number of QBE Shares as determined by the Committee in its discretion (including as to any additional QBE Shares in lieu of cash dividends). If the Committee decides to extinguish STI Conditional Rights then, for the purpose of determining any additional shares in lieu of cash dividends under Rule 11.2, the accrued notional dividends will be calculated on the date the Committee decides to extinguish the STI Conditional Rights in accordance with this Rule by reference to the STI Conditional Rights converted to QBE Shares.

#### **12.3 Non-transferability and bankruptcy**

A STI Conditional Right granted to any Participant:

- (a) will not be transferred, assigned, encumbered, charged or otherwise disposed of (except on the Participant's death to their personal representatives) and any attempt to do so will result in the lapse of the STI Conditional Right; and
- (b) will lapse immediately if the Participant is declared bankrupt.

#### **12.4 Capitalisation**

The Committee may, in its discretion, adjust the number of STI Conditional Rights granted to a Participant or any other terms and conditions of a STI Conditional Right to reflect capital reconstructions, bonus share issues or any other transaction which the Committee determines warrants an adjustment to the terms of a STI Conditional Right Grant. Nothing in the terms and conditions of a STI Conditional Right Grant restricts the rights of the Board to issue further QBE Shares or entitles a Participant to an increase in shares issued pursuant to a Vested STI Conditional Right due to the issue of further QBE Shares by the Board.

#### **12.5 Listing Rules**

STI Conditional Rights are subject to the listing rules of the Australian Securities Exchange. If there is any inconsistency with the listing rules or the listing rules require any terms to apply in relation to a STI Conditional Right, then the terms of the STI Conditional Right will be deemed to be amended to the extent required to eliminate the inconsistency or to include the required term (as applicable).

### **13. LOSS OF UNVESTED STI CONDITIONAL RIGHTS**

If, during the Retention Period:

- (a) the Participant terminates their employment or gives notice of the termination of their employment for a reason other than:
  - (i) the Participant Retiring;
  - (ii) the Participant being Totally and Permanently Disabled;
  - (iii) the death of the Participant; or
  - (iv) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase;
- (b) the Participating Company that employs the Participant terminates the employment of the Participant or gives notice of the termination of their employment, in either case for Cause; or
- (c) the Participant is subject to any disciplinary procedure or performance improvement procedures or circumstances exist which would warrant the termination of the Participant's employment for Cause, whether or not the Participating Company that employs the Participant is aware of those circumstances,

any Unvested STI Conditional Rights which have been granted to the Participant will lapse immediately and the Participant will not be entitled to any payment or other benefit in lieu.

### **14. TRANSFER OF EMPLOYMENT BETWEEN GROUP COMPANIES**

For the purposes of this Plan, a transfer of employment between any two Group Companies will not be a termination of employment for the purposes of Rules 8, 9 and 13 and this Plan will continue to apply to that Participant as if the Participant's employment with the two Group Companies was continuous. A transfer of employment between any two Group Companies means where the Participant commences employment with the second Group Company within 30 days of the termination of their employment with the first Group Company.

## **15. VARIATION OF UNVESTED STI CONDITIONAL RIGHTS (MALUS)**

The Committee may adjust any Unvested STI Conditional Rights downward, to zero if appropriate, if it concludes in good faith that there was:

- (a) serious misconduct by the Participant;
- (b) circumstances that undermine materially the Group's performance; or
- (c) circumstances that undermine materially the reputation of the Group,

in each case that were not foreseen by the Committee at the time of granting the Unvested STI Conditional Rights.

The Committee may also adjust any Unvested STI Conditional Rights downward, to zero if appropriate, if such an adjustment is necessary to:

- (a) protect the financial soundness of the Group; or
- (b) respond to significant unexpected or unintended consequences that were not foreseen by the Committee.

The Committee will review the circumstances of each Participant separately and may but shall not be obliged to make an adjustment to any Unvested STI Conditional Rights under any of the above provisions at its discretion.

## **16. TAKEOVER AND OTHER CORPORATE EVENTS**

### **16.1 Adjustment of Performance Period for Change in Control**

If there is a Change in Control during the Performance Period then, subject to Rule 16.3, the Performance Period will end on the date of such event and the amount of a STI Grant, if any, will be determined for each Participant by reference to the extent to which the relevant Performance Targets have, in the opinion of the Committee (as constituted immediately before the Change in Control) been satisfied as at that date, the length of time elapsed in the Performance Period (in complete days) and the circumstances of the Change in Control. Any STI Grant calculated in accordance with this Rule 16.1 will comprise a STI Cash Grant and STI Conditional Rights Grant in accordance with Rule 5.4 although the Committee may, in its discretion, determine that 100% of the STI Grant will be a STI Cash Grant. Any STI Cash Grant will be paid, and any STI Conditional Rights will be granted, to the Participant as soon as practicable after the STI Grant has been determined.

### **16.2 Adjustment of Performance Period**

If there is a change in Control of the Participating Company that employs the Participant during the Performance Period, then, subject to Rule 16.3, the Performance Period will end on the date of such event and the amount of a STI Grant, if any, will be determined for each Participant by reference to the extent to which the relevant Performance Targets have, in the opinion of the Committee (as constituted immediately before the change in Control) been

satisfied as at that date, the length of time elapsed in the Performance Period (in complete days) and the circumstances of the change in Control. Any STI Grant calculated in accordance with this Rule 16.2 will comprise a STI Cash Grant and STI Conditional Rights Grant in accordance with Rule 5.4 although the Committee may, in its discretion, determine that 100% of the STI Grant will be a STI Cash Grant. Any STI Cash Grant will be paid, and any STI Conditional Rights will be granted, to the Participant as soon as practicable after the STI Grant has been determined.

### **16.3 Maintenance of Performance Period**

Despite Rule 16.1 or Rule 16.2, the Committee (as constituted immediately before the Change in Control) may decide that the Performance Period will not be adjusted under Rule 16.1 or Rule 16.2 and that any STI Grant for a Participant will be determined after the end of the Performance Period in accordance with these Rules.

### **16.4 Adjustment of Retention Period for Change in Control**

If there is a Change in Control during the Retention Period then, subject to Rule 16.5, the Retention Period will end on the date of such event and any Unvested STI Conditional Rights will vest.

### **16.5 Replacement of Unvested STI Conditional Rights**

Despite Rule 16.4, the Committee (as constituted immediately before the Change in Control) may decide that the Retention Period will not be adjusted under Rule 16.4 and that any Unvested STI Conditional Rights for a Participant will be automatically replaced by equivalent new awards (including as to the value of the Unvested STI Conditional Rights) over shares in the acquiring company (provided that the Committee has first obtained the written agreement of that acquiring company).

## **17. MAXIMUM NUMBER OF QBE SHARES**

At any time, the aggregate of:

- (a) the total number of QBE Shares which would be transferred if all Unvested STI Conditional Rights granted under these Rules which have not lapsed vested;
- (b) the total number of QBE Shares which have transferred under these Rules in the previous 10 years; and
- (c) the total number of QBE Shares which:
  - (i) may be transferred; or
  - (ii) have transferred,

under any other employee share, option or equity plan (including as to conditional rights) operated by any Participating Company in the previous 10 years;

must not on any day exceed 10% of the ordinary share capital of the Company in issue immediately before that day.

## **18. CONFIDENTIALITY**

The terms of an Invitation, STI Grant, STI Cash and STI Conditional Rights are confidential and must not be disclosed by the Participant unless required by law or to obtain professional advice.

## **19. AMENDMENTS**

The Committee may at any time alter all or any part of the rules of the Plan to:

- (a) benefit the administration of the Plan;
- (b) take account of any alteration to applicable laws or regulatory requirements; or
- (c) further the best interests of the Group or any Group Company.

## **20. TERMS OF EMPLOYMENT**

- 20.1 Nothing in this Plan or the operation of the Plan forms part of the contract of employment of an Employee or affects the rights and obligations of an Employee under their terms of employment, which are separate from the Plan.
- 20.2 Participation in the Plan does not create any right to, or expectation of, continued employment or affect the rights of a Participating Company to terminate the employment of any Employee.
- 20.3 No Employee has a right to participate in the Plan. Participation in the Plan or receipt of a STI on a particular basis in any Performance Period does not confer any right on the Employee to participate in a plan or receive a short term incentive on the same basis, or at all, in respect of any other performance period.
- 20.4 The benefit of participation in the Plan does not give rise to any contractual right or form part of an Employee's fixed remuneration or employment related entitlements.
- 20.5 Other than in respect of Rule 15, the Employee will have no claim in respect of any decision, omission, or exercise of discretion which may operate to the disadvantage of the Employee.
- 20.6 Nothing in this Plan or participation in it may be used to increase damages in any action, complaint, claim or proceeding against the Company, any Group Company or their directors, employees or agents in connection with the office or employment, or the termination of the office or employment, of any Employee.
- 20.7 Receipt of a STI under this Plan is subject to applicable law and regulatory requirements. If a STI is prohibited in whole or in part by any law or regulatory requirement then the Employee will have no claim for the payment or other benefit in lieu.

## **21. GENERAL**

### **21.1 The Committee's authority**

The Committee may manage and administer this Plan, including exercising any discretion or power conferred under this Plan, and the Committee has all powers necessary to do so including the power to appoint other persons to act on the Committee's behalf and to exercise any discretion or power conferred under this Plan.

Without limiting the powers and discretions of the Committee in this Plan, and subject to the ASX Listing Rules (if applicable), the Committee may in its discretion and at any time, on notice and with immediate effect:

- (a) suspend or terminate this Plan, these Rules or any document issued under these Rules;

(b) amend, delete or add to these Rules or any document issued under these Rules,  
if it is of the opinion that it is appropriate to do so.

#### **21.2 Decisions or determinations by the Committee**

Other than in respect of Rule 15, any decision or determination by the Committee pursuant to this Plan; in relation to any dispute or disagreement as to the interpretation of this Plan; or as to any question or right arising from or related to the Plan:

- (a) is made in the discretion of the Committee, which may inform itself or take such advice as it sees fit; and
- (b) is final.

The Committee is not a fiduciary of any Employee.

#### **21.3 Directions from the Board**

Other than in respect of Rule 16.1, the Board may at any time and from time to time:

- (a) give directions to the Committee as to the manner of the exercise by the Committee of any of its discretions or powers under this Plan; and
- (b) amend any of those directions,

and where the Board has given such a direction, the Committee must exercise the relevant discretion or power in accordance with that direction.

#### **21.4 Taxation and superannuation contributions**

Any payment made under this Plan is subject to the deduction of tax and any social security obligations and is inclusive of any contributions which must be made under the Superannuation Guarantee Legislation or any pension or similar scheme.

#### **21.5 Set off**

- (a) Where at the time a STI Cash Grant is payable to a Participant under these Rules and the Participant is also obliged to make a payment to the Participating Company that employs them, the Committee may, subject to applicable law, decide to set off the amount of those payments so that:
  - (i) payment of the lesser amount is fully satisfied; and
  - (ii) payment of the greater amount is satisfied by the payment of the difference between the lesser amount and the greater amount.
- (b) Where, immediately prior to the time of vesting of any STI Conditional Rights under these Rules, the Participant is also obliged to make a payment to the Participating Company that employs them, the Committee may, subject to applicable law, decide to reduce the number of STI Conditional Rights which would otherwise vest in accordance with these Rules, including to zero, to set off the amount of the payment due to the Participating Company. For the purpose of determining the number of STI Conditional Rights which will be used to offset the payment due to the Participating Company, the Committee will value each Unvested STI Conditional Right by reference to the Market Value as if the date on which the set-off takes place is a vesting date for the purposes of these Rules.

- (c) Where the Company is or will be required to withhold any amount in respect of the STI Conditional Rights under the *Taxation Administration Act 1953 (Cth)*, the sum that the Company is or will be required to withhold will constitute a debt owing by the Participant to the Company and the Participant irrevocably directs and authorises:
  - (i) the Company to set off the debt against any moneys owing by the Company to the Participant; and/or
  - (ii) the Participating Company that employs the Participant to pay to the Company an amount equal to the debt from any monies owing by the Participating Company to the Participant.
- (d) If the Company requests the Participant to do so, the Participant must dispose of such number of STI Conditional Rights as is necessary to raise the funds required to repay the debt referred to in Rule 21.5(c) and the Participant irrevocably appoints the Company as his or her attorney and agent to do all things necessary, including, but not limited to, executing all documents necessary, to effect the disposal of the STI Conditional Rights.

#### 21.6 **No other rights**

The Plan does not confer any right or entitlement, including as to the making of any STI Grant, on anyone, including an Employee or a third party.

#### 21.7 **Privacy**

By participating in the Plan, a Participant consents to the collection, use, storage, transfer (including internationally) or disclosure of their Personal Information for any purpose in connection with the operation of the Plan. This includes, but is not limited to:

- (a) providing that Personal Information to any Group Company or any third party such as trustees of any employee benefit trust, administrators of the Plan, brokers, professional advisers and any of their respective agents;
- (b) processing of that Personal Information by a Group Company or third party; and
- (c) providing that Personal Information to potential purchasers of the Company, the Participant's employer or the business in which the Participant works.

#### 21.8 **Severability**

Part or all of any Rule in this Plan that is illegal or unenforceable will be severed and the remaining provisions continue in force.

#### 21.9 **Waiver**

The failure at any time to insist on performance of any provision of this Plan is not a waiver of the person's right at any later time to insist on performance of that or any other provision in this Plan.

#### 21.10 **Notices**

Any notice or other document which has to be given in connection with this Plan may be delivered to an Employee or sent by post to the Employee at their home address using the records of the Participating Company that employs the Employee, or such work address as that company considers appropriate, or, subject to applicable law, by email (or other electronic

means including posting on any website or intranet site) to any address which according to the records of the Participating Company that employs the Employee is used by the Employee.

Any notice or other document which has to be given to the Company in connection with this Plan may be delivered or sent by post to it at its registered office.

Notices sent by post will be deemed to have been given 7 days after the date of posting. Notices sent by email (or other electronic means) will be deemed to have been given on the third day after the day on which the email (or other electronic means) was sent.

#### **21.11 Documents**

The Committee may require a Participant to complete and return such documents to the Committee as may be required by law or as otherwise necessary for administrative, legal or taxation reasons.

#### **21.12 Suspension and cancellation**

The Committee may from time to time suspend the operation of the Plan and may at any time cancel the Plan.

#### **21.13 Governing law**

The Plan and all awards shall be governed by and construed in accordance with the law of New South Wales and the Courts of New South Wales have non-exclusive jurisdiction to hear any dispute.



## ADDENDUM FOR THE UNITED KINGDOM

This Addendum sets out and clarifies how the STI Plan is applied in the United Kingdom by amending the terms and conditions of the STI Plan.

### A. **STI CASH GRANT**

Any payment of STI Cash in relation to a STI Cash Grant shall be paid subject to deduction of income tax and employee's national insurance.

### B. **FORM OF EQUITY GRANT**

Any STI Conditional Rights Grant made in accordance with this Plan to a Participant may, at the discretion of the Committee, be in the form of zero exercise price options (**ZEPOs**) for QBE Shares instead of conditional rights. In this event, all references to conditional rights in the STI Plan will, for the United Kingdom, be taken to be references to ZEPOs. A Participant will not receive, and will have no entitlement to receive, conditional rights.

### C. **VESTING DATE**

At the date of vesting of a ZEPO in accordance with Rule 11.1 of the STI Plan Rules (**Vested ZEPO**), the Vested ZEPO (and any notional dividends accrued under Rule 11.2) will become exercisable by the Participant.

### D. **EXERCISE OF ZEPOS**

#### D.1 **Period of exercise**

Subject to Rule D.2 of this Addendum, a Vested ZEPO (and any notional dividends accrued under Rule 11.2) will be exercisable up until the date that is 10 years from the Grant Date (**Exercise Period**). If not exercised in that time, the Vested ZEPO (and any notional dividends accrued under Rule 11.2) will lapse.

#### D.2 **Exercise of Vested ZEPOs when employment ceases**

Subject to applicable law and Rule D.3 of this Addendum, if a Participant's employment with the Participating Company that employs them ceases during the Exercise Period, any Vested ZEPOs which have not been exercised by the Participant will automatically be exercised on the date that is 30 days following the date the Participant's employment with the Participating Company that employs them ceases (or if the Company's Trading Policy prohibits dealing within at that time, within 30 days of such dealing being permitted), unless the Participant exercises the Vested ZEPOs earlier.

#### D.3 **Loss of Vested ZEPOS**

Despite Rule D.2 of this Addendum, if a Participant's employment is terminated for gross misconduct, any Vested ZEPOs which have not been exercised by the Participant will lapse immediately and the Participant will not be entitled to any payment or other benefit in lieu.

#### D.4 **Variation of unvested ZEPOS**

The reference to "serious misconduct" in Rule 15(a) of the Plan shall be replaced with "gross misconduct".

#### D.5 **Form of exercise**

The exercise of any Vested ZEPO shall be effected in the form and manner prescribed by the Committee from time to time. The First and Second Tranches may, once they have vested, be exercised in whole or part unless, to facilitate the easier administration of the STI Plan, the Committee decides to impose a minimum number of QBE Shares in respect of which of Vested ZEPOs may be exercised. Subject to any decision of the Committee, if the First or Second Tranche is exercised in part, the Participant may exercise the balance of the Tranche at some other time during the Exercise Period.

#### D.6 **Taxation as a result of exercise**

If a liability to income tax or employee's national insurance (**Employee Tax Liability**) arises as a result of the exercise of any Vested ZEPO then unless the Participant has indicated in the form of exercise that they will make a payment to the Company (or as directed to the Participating Company that employs the Participant) of an amount equal to the Employee Tax Liability and the Participant does, within 7 days of being notified by the Company of the amount of the Employee Tax Liability, make such payment to the Company, then the Company may sell or procure the sale of sufficient QBE Shares to meet the Employee Tax Liability. In such circumstances the Company will arrange payment to the member of the Group (or other relevant person) on which the Employee Tax Liability falls of an amount equal to the Employee Tax Liability out of the proceeds of sale (by way of reimbursement).

#### D.7 **Transfer of QBE Shares or cash in lieu**

As soon as reasonably practicable after a Vested ZEPO has been exercised:

- (a) subject to Rule D.7(b) of this Addendum, the Company will transfer or procure the transfer to the relevant Participant an amount of QBE Shares equivalent to the number of Vested ZEPOs that have been exercised; and
- (b) despite Rule D.7(a) of this Addendum, the Committee may, at its discretion, pay cash in lieu of Vested ZEPOs that have been exercised at the weighted average sale price of a QBE Share over the 5 trading days on the Australian Securities Exchange prior to the date of exercise of the Vested ZEPO.

#### D.8 **Tax on cash in lieu payment**

If the Committee determines to make a cash in lieu payment under Rule D.7(b) or under Rule 11.2 of the Plan, such payment shall be made subject to deduction of income tax and employee's national insurance.

#### E. **GOVERNING LAW**

This Addendum shall be governed and construed in accordance with the laws of New South Wales and the Courts of New South Wales have non-exclusive jurisdiction to hear any dispute.

#### F. **AMENDMENTS AND CANCELLATION**

The Committee may, at any time, determine to alter, replace, suspend or cancel the operation of this Addendum, although any alteration, replacement, suspension or cancellation must not disadvantage a Participant in connection with any ZEPOs granted which are subject to a vesting date or any Vested ZEPOs.

# QBE Insurance Group Limited

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## EXECUTIVE INCENTIVE PLAN

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Adopted by the QBE Insurance Group Limited Board on 24 February 2017  
and varied on 7 December 2017

The Plan is a discretionary benefit offered by QBE Insurance Group Limited for the benefit of certain executive employees. Its main purpose is to recognise and reward the contribution of those employees to the achievement of QBE Insurance Group Limited's annual business goals and performance through a cash incentive and share ownership. The Plan is an incentive for the employees' performance and commitment to the goals of the QBE Insurance Group.

Shares purchased or received under the Plan, any cash received under the Plan and any gains obtained under the Plan are **not** part of salary for any purpose (except to any extent required by statute).

The Plan is being offered for the first time in 2017 and the Remuneration Committee of the Board of QBE Insurance Group Limited shall have the right to decide, in its discretion, whether or not further awards will be granted in the future and to which employees those awards will be granted.

The detailed rules of the Plan are set out overleaf.

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## 1. DEFINITIONS AND INTERPRETATION

1.1 In the Plan, unless the context otherwise requires:

"**Board**" means the board of directors of the Company.

"**Business Day**" means a day that is not a Saturday, Sunday, bank holiday, or public holiday in New South Wales, Australia.

"**Cause**" means termination:

- (a) for a reason other than:
  - (i) the position of the Participant becoming Redundant;
  - (ii) the Participant Retiring;
  - (iii) the Participant being Totally and Permanently Disabled;
  - (iv) the death of the Participant; or
  - (v) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase. or
- (b) in circumstances where a Participant's employment terminates and the Participant does not execute, or the Committee determines, whether before or after the termination, that in its sole and absolute opinion it is unlikely that the Participant will execute a deed of release or a similar document which provides for the preservation of rights in accordance with this Plan, in terms acceptable to the Committee, in connection with that termination.

"**Change in Control**" means either a scheme of arrangement has been approved by the Company's shareholders or a bidder has at least 50% of the issued and to be issued QBE Shares under an unconditional takeover offer made in accordance with the *Corporations Act* 2001.

"**Committee**" means the People and Remuneration Committee of the Board.

"**Company**" means QBE Insurance Group Limited (registered in Australia with registered number ACN 008 485 014).

"**Company's Trading Policy**" means the QBE Insurance Group Limited Trading Policy for dealing in securities of QBE Insurance Group Limited or other entities by Directors and Senior Group Executives, as varied or replaced from time to time.

"**Control**" in relation to a Group Company, other than the Company, includes:

- (a) the ability to exercise or control the exercise of the right to vote in respect of more than 50% of the voting shares or other form of voting equity in the company;
- (b) the ability to dispose or exercise control over the disposal of more than 50% of the shares or other form of equity in the company;
- (c) the ability to appoint or remove all or a majority of the members of:

- (i) the board; or
- (ii) if the company has no board or if the board is not a primary internal governing body of the company, a primary internal governing body of the company;
- (d) the ability to exercise or control the exercise of the casting of a majority of the votes cast at the meetings of:
  - (i) the board; or
  - (ii) if the company has no board or if the board is not a primary internal governing body of the company, a primary internal governing body of the company; and
- (e) control, as defined in section 50AA of the *Corporations Act* 2001.

**“EIP Cash”** means an EIP Cash Grant paid to a Participant in accordance with Rule 6.2.

**“EIP Cash Grant”** means the cash element of the EIP Grant determined in accordance with Rule 5.4.

**“EIP Conditional Rights”** means conditional rights to QBE Shares granted to a Participant in accordance with Rule 7.2.

**“EIP Conditional Rights Grant”** means the conditional rights element of the EIP Grant determined in accordance with Rule 5.4.

**“EIP Grant”** means an amount granted to a Participant in accordance with Rule 5.2.

**“Executive Incentive”** means EIP Cash and EIP Conditional Rights.

**“Eligible Employee”** means a person who:

- (a) commenced employment with a Participating Company on or before 30 September in the Performance Period and who is selected to participate in the Plan at the discretion of the Committee: and
- (b) on the Grant Date:
  - (i) is employed by a Participating Company or a joint venture company, including a joint venture company of which a Group Company does not have Control, where the joint venture company has been selected by the Committee as a Participating Company for the purposes of these Rules; and
  - (ii) is not serving a period of notice given by the company that employs them; and
  - (iii) is not subject to any disciplinary procedure or performance improvement procedures or circumstances exist which would warrant the termination of the person’s employment for Cause, whether or not the company that employs the person is aware of those circumstance; or
  - (iv) was employed by an entity referred to in (i) above during the Performance Period preceding the Grant Date and who the Committee, at its discretion, determines is eligible to receive an award for services rendered during the Performance Period.

**“Employee”** means any Participant, Eligible Employee or any other employee of a Group Company.

**“First Vesting Date”** is the first anniversary of the Grant Date, or such other date as determined by the Committee.

**“Fourth Vesting Date”** is the fourth anniversary of the Grant Date, or such other date as determined by the Committee.

**"Grant Date"** means the date on which an EIP Conditional Right is granted. The Grant Date of any EIP Conditional Right is at the discretion of the Committee but, in respect of any EIP Conditional Right, is generally a date no later than 3 months (or as soon as practicable thereafter if a grant is delayed due to prohibitions under the Company’s Trading Policy or due to the exercise by the Committee of its discretion to defer consideration of a Participant’s entitlement to a EIP Grant under Rule 5.1) immediately following the end of the Performance Period.

**“Group”** means the Company and all Group Companies.

**"Group Company"** means any related body corporate (as defined in the *Corporations Act 2001*) of the Company.

**“Invitation”** has the meaning given in Rule 3.1.

**“Market Value”** means the volume weighted average sale price of a QBE Share over the 5 trading days on the Australian Securities Exchange prior to the Grant Date or the Vesting Date, whichever is applicable.

**“Maximum EIP Opportunity”** means the amount set out in the Invitation issued to an Eligible Employee and may be expressed as a monetary sum or as a percentage of the Eligible Employee’s Salary for the Performance Period.

**"Participant"** means an employee who has accepted an Invitation to participate in the Plan.

**"Participating Company"** means the Company, a Group Company, or a company selected by the Committee to be a Participating Company.

**“Payment Date”** means a date that is no later than 3 months immediately following the end of the Performance Period (or such other date as may be determined by the Committee due to the exercise by the Committee of its discretion to defer consideration of a Participant’s entitlement to a EIP Cash Grant under Rule 5.1).

**"Performance Period"** means a period of one financial year of the Company.

**"Performance Targets"** means the targets determined by the Committee and set out in the Invitation issued to an Eligible Employee. Such targets may include financial and non-financial targets, and targets in respect of individual, divisional, Company or Group performance.

**“Personal Information”** means information or an opinion (including information or an opinion forming part of a database) that is recorded in any form and whether true or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

**"Plan"** means the QBE Insurance Group Limited Executive Incentive Plan as amended from time to time.

**“QBE Share”** means a fully paid ordinary share in the Company or an American Depositary Receipt (ADR) representing a fully paid ordinary share in the Company.

“**Redundant**” means a situation where a Participant’s position ceases to exist or is substantially changed due to a variety of reasons including reorganisation, restructuring, change in business practice or strategy, technological change or downturn in business.

“**Retention Period**” means the period from the Grant Date to the First Vesting Date, or the Second Vesting Date, or the Third Vesting Date, or the Fourth Vesting Date, whichever is applicable, and as varied by these Rules.

“**Retiring**” means where the Participant satisfies the Committee that the Participant is genuinely retiring, having regard to, among other things, whether the Participant is likely to work full time in any capacity, including directorships or consultancy.

“**Rule**” means a rule of the Plan.

“**Salary**” has the meaning determined by the Committee from time to time.

“**Second Vesting Date**” is the second anniversary of the Grant Date, or such other date as determined by the Committee.

“**Superannuation Guarantee Legislation**” includes the *Superannuation Guarantee Charge Act 1992* and the *Superannuation Guarantee (Administration) Act 1992*.

“**Target EIP Opportunity**” means the amount set out in the Invitation issued to an Eligible Employee and may be expressed as a monetary sum or as a percentage of the Eligible Employee’s Salary for the Performance Period.

“**Third Vesting Date**” is the third anniversary of the Grant Date, or such other date as determined by the Committee.

“**Totally and Permanently Disabled**” means the Participant suffers an injury or illness, and in the Committee’s opinion, is unlikely to engage in any occupation for which he or she is reasonably suited by education, training or experience.

“**Tranche**” means any of the First Tranche, Second Tranche, Third Tranche or Fourth Tranche.

“**Unvested EIP Conditional Right**” is an EIP Conditional Right which has not yet vested in accordance with these Rules.

“**Vested EIP Conditional Right**” is an EIP Conditional Right which has vested in accordance with Rule 11.1.

“**Vesting Date**” means the date on which an EIP Conditional Right vests in accordance with these Rules.

1.2 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.

1.3 The singular includes references to the plural and vice versa. Words denoting the masculine gender shall include the feminine.

1.4 Expressions in italics and headings are for guidance only and do not form part of the Plan.

## 2. COMMENCEMENT

The Plan applies for the Performance Period specified in an Invitation.

## 3. INVITATION TO PARTICIPATE



### 3.1 **Issuing Invitations**

From time to time the Committee may, in its discretion, issue an Invitation to an Eligible Employee to participate in the Plan.

### 3.2 **Form of Invitation**

The Invitation may contain such material, and be on such terms and conditions, as the Committee determines, but will usually include the following:

- (a) the date of the Invitation;
- (b) the name of the Eligible Employee to whom the Invitation is addressed;
- (c) the Maximum EIP Opportunity;
- (d) the Target EIP Opportunity;
- (e) the percentage of any EIP Grant to be provided as an EIP Cash Grant and as EIP Conditional Rights;
- (f) the Performance Targets;
- (g) the Performance Period; and
- (h) a copy of these Rules or details about how a copy of these Rules can be obtained.

### 3.3 **Acceptance of Invitation**

Unless specified otherwise in the Invitation, an Eligible Employee will be taken to have accepted an Invitation to participate in the Plan in accordance with the terms and conditions of the Invitation and these Rules unless they notify the Company in writing within 30 days of receiving an Invitation that they do not wish to accept the Invitation in full. An Eligible Employee cannot accept an Invitation in part. Any Eligible Employee who does not accept an Invitation in full to participate in the Plan will not be considered for an EIP Grant, or receive an EIP or any payment or other benefit in lieu.

### 3.4 **Inconsistency**

Subject to applicable law, if there is any inconsistency between these Rules and an Invitation, the terms of the Invitation prevail to the extent of the inconsistency.

## 4. **MAXIMUM EIP OPPORTUNITY, TARGET EIP OPPORTUNITY, PERFORMANCE TARGETS AND PERFORMANCE PERIOD**

The Maximum EIP Opportunity, Target EIP Opportunity, Performance Targets and Performance Period will be determined by the Committee.

## 5. **EIP GRANT**

### 5.1 **Consideration for EIP Grant**

Subject to these Rules, a Participant is entitled to be considered by the Committee for an EIP Grant after the end of a Performance Period.

In circumstances where there is a dispute of any nature between a Participant and a Group Company, a Participant's actions or inactions may be relevant to an internal or external investigation, or the Committee is of the opinion that such a dispute or investigation may arise, the Committee may, in its discretion, defer consideration of whether a Participant is entitled to

an EIP Grant after the end of a Performance Period if it is of the opinion that it appropriate to do so.

## **5.2 Calculation of EIP Grant**

Unless the Committee determines otherwise under these Rules, and subject to Rule 9 and Rule 10, the amount of an EIP Grant for a Participant will be decided by the Committee in its discretion having regard to, among other things and without limitation, the extent (if at all) any Performance Targets have, in the Committee's opinion, been satisfied over the Performance Period, and the Participant's Maximum EIP Opportunity and Target EIP Opportunity. The Committee has no obligation to make any EIP Grant, including in circumstances where the Performance Targets have been satisfied.

In assessing the extent to which any Performance Target has been met, the Committee may adjust the Performance Target or outcome for the impact of factors during the Performance Period which, in the opinion of the Committee, are outside the reasonable control of a Participant (including, without limitation, changes in discount rates from those assumed in setting a Performance Target).

## **5.3 EIP Grant Discretion**

The Committee may determine in its discretion to reduce the amount of any EIP Grant before payment of any EIP Cash under Rule 6.1 or the grant of any EIP Conditional Rights under Rule 7.1 (in both cases, including to zero) for any reason the Committee considers to be in the best interests of the Company or any Group Company.

## **5.4 Form of EIP Grant**

Unless the Committee determines otherwise, an EIP Grant will comprise an EIP Cash Grant and EIP Conditional Rights Grant. The percentage of any EIP Grant to be paid as an EIP Cash Grant for a Participant will be determined by the Committee and specified in the Invitation.

## **6. PAYMENT OF EIP CASH**

### **6.1 Timing of payment**

Subject to Rule 8, the EIP Cash Grant will be paid to the Participant on the Payment Date.

### **6.2 Form of payment**

The EIP Cash Grant will be paid in cash to the account into which the Participant normally receives their Salary from the Participating Company that employs them.

## **7. GRANT OF EIP CONDITIONAL RIGHTS**

### **7.1 Timing of grant**

Subject to Rule 8, the Participant will receive their EIP Conditional Rights Grant, if any, with effect on the Grant Date.

### **7.2 Form of grant**

The EIP Conditional Rights Grant will be granted in the form of conditional rights to QBE Shares. The number of EIP Conditional Rights granted by the Committee will be calculated by dividing the monetary amount of the EIP Conditional Rights Grant by the Market Value prior to the Grant Date. EIP Conditional Rights will be granted subject to this Plan and unless specified in the Invitation, the following retention periods:

- (a) 25% of the EIP Conditional Rights will vest on the First Vesting Date (**First Tranche**);
- (b) 25% of the EIP Conditional Rights will vest on the Second Vesting Date (**Second Tranche**);
- (c) 25% of the EIP Conditional Rights will vest on the Third Vesting Date (**Third Tranche**);
- (d) 25% of the EIP Conditional Rights will vest on the Fourth Vesting Date (**Fourth Tranche**).

Subject to the ASX Listing Rules, in circumstances where there is a dispute of any nature between a Participant and a Group Company, a Participant's actions or inactions may be relevant to an internal or external investigation, or the Committee is of the opinion that such a dispute or investigation may arise, the Committee may vary the Retention Period (and accordingly the relevant Vesting Date) and/or the terms and conditions of the EIP Grant that apply to any tranche of EIP Conditional Rights granted to a Participant at any time before the relevant tranche Vesting Date.

## **8. LOSS OF EIP OPPORTUNITY OR EIP GRANT**

### **8.1 Loss of EIP opportunity or EIP Grant**

If, on or before the date on which the Committee considers whether a Participant will receive an EIP Grant in accordance with Rule 5.1, or after the date the Committee has made an EIP Grant, but, in respect of the EIP Cash Grant, before the Payment Date, and, in respect of the EIP Conditional Rights Grant, before the Grant Date:

- (a) the Participant terminates their employment or gives notice of the termination of their employment for a reason other than:
  - (i) the Participant Retiring;
  - (ii) the Participant being Totally and Permanently Disabled;
  - (iii) the death of the Participant; or
  - (iv) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase;
- (b) the Participating Company that employs the Participant terminates the employment of the Participant or gives notice of the termination of their employment, in either case for Cause; or
- (c) the Participant is subject to any disciplinary procedure or performance improvement procedures or circumstances exist which would warrant the termination of the Participant's employment for Cause, whether or not the Participating Company that employs the Participant is aware of those circumstances,

the Participant will not be entitled to be considered for an EIP Grant or to be paid their EIP Cash Grant or granted their EIP Conditional Rights Grant, as the case may be, or entitled to receive any payment or other benefit in lieu.

### **8.2 Loss of EIP Grant in circumstances of redundancy**

Without limiting the Committee's discretion to reduce the amount of the Participant's EIP Grant, in circumstances where the Participant's employment with the Participating Company that employs them ceases on or after the date the Committee has made an EIP Grant, but, in

respect of the EIP Cash Grant, before the Payment Date and, in respect of the EIP Conditional Rights Grant, before the Grant Date, as a result of the position of the Participant becoming Redundant, the Committee may decide to reduce the amount of the Participant's EIP Grant to zero.

### **8.3 Loss of EIP Grant in circumstances of sale of business**

Without limiting the Committee's discretion to reduce the amount of the Participant's EIP Grant, in circumstances where the Participant's employment with the Participating Company that employs them ceases on or after the date the Committee has made an EIP Grant, but, in respect of the EIP Cash Grant, before the Payment Date and, in respect of the EIP Conditional Rights Grant, before the Grant Date, as a result of the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase, the Committee may decide to reduce the amount of the Participant's EIP Grant to zero.

## **9. REDUCTION OF EIP OPPORTUNITY**

### **9.1 Reduction of Maximum EIP Opportunity and Target EIP Opportunity**

Subject to Rule 9.2, if on or before the date on which the Committee considers whether a Participant will receive an EIP Grant in accordance with Rule 5.1, the Participant's employment with the Participating Company that employs them ceases as a result of:

- (a) that company terminating the employment of the Participant for a reason other than for Cause; or
- (b) the Participant terminating their employment for one of the following reasons:
  - (i) the Participant Retiring;
  - (ii) the Participant being Totally and Permanently Disabled;
  - (iii) the death of the Participant; or
  - (iv) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of the completion of the purchase,

the amount of the Participant's Maximum EIP Opportunity and Target EIP Opportunity will be reduced to no more than a pro rata amount to reflect the proportion of the year (in complete days) in which the Participant was employed and worked. For the avoidance of doubt any grant under this Rule 9 will otherwise be considered and, if relevant, made in accordance with and subject to these Rules.

### **9.2 Reduction of Maximum EIP Opportunity and Target EIP Opportunity in circumstances of redundancy**

Without limiting the general nature of Rule 9.1, in circumstances where the Participant's employment with the Participating Company that employs them ceases on or before the date on which the Committee considers whether a Participant will receive an EIP Grant in accordance with Rule 5.1 as a result of the position of the Participant becoming Redundant, the Committee may decide to reduce the amount of the Participant's Maximum EIP Opportunity and Target EIP Opportunity to an amount which is no more than specified in Rule 9.1, including to zero.

9.3 **Reduction of Maximum EIP Opportunity and Target EIP Opportunity in circumstances of sale of business**

Without limiting the general nature of Rule 9.1, in circumstances where the Participant's employment with the Participating Company that employs them ceases on or before the date on which the Committee considers whether a Participant will receive an EIP Grant in accordance with Rule 5.1 as a result of the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase, the Committee may decide to reduce the amount of the Participant's Maximum EIP Opportunity and Target EIP Opportunity to an amount which is no more than specified in Rule 9.1, including to zero.

**10. ADJUSTMENT OF EIP OPPORTUNITY**

If a Participant:

- (a) commences their employment during the Performance Period;
- (b) changes ordinary hours of work during the Performance Period;
- (c) changes Roles@QBE level during the Performance Period;
- (d) receives a Salary increase or decrease during the Performance Period; or
- (e) takes leave during the Performance Period in respect of which the Participant receives no or a reduced payment from the Participating Company which employs them,

any EIP Grant will, unless the Committee determines otherwise, be based on the total Salary paid to the Participant in the Performance Period and not the annual Salary paid to the Participant at the time at which the amount of the EIP Grant is decided, paid or granted.

**11. VESTING OF EIP CONDITIONAL RIGHTS**

**11.1 Date of Vesting**

Subject to these Rules and the paragraphs below:

- (a) the First Tranche will vest on the First Vesting Date;
- (b) the Second Tranche will vest on the Second Vesting Date;
- (c) the Third Tranche will vest on the Third Vesting Date;
- (d) the Fourth Tranche will vest on the Fourth Vesting Date,

and convert into QBE Shares which will be issued or transferred to the Participant at no cost within 20 Business Days of the Vesting Date, although in circumstances of the death of a Participant during the Retention Period the Committee may exercise its discretion and determine that the Participant's Unvested EIP Conditional Rights will vest immediately. In determining whether to exercise its discretion in the case of the death of a Participant, the Committee may take into account any factors it considers relevant, including, but not limited to, whether the immediate vesting of any Unvested EIP Conditional Rights would be prohibited by law. Further, the Committee may at its discretion pay cash in lieu of QBE Shares. Any such payment will be calculated by multiplying the number of Vested EIP Conditional Rights by the Market Value prior to the Vesting Date.

Despite the paragraph above, no Tranche will vest on the relevant Vesting Date if:

- (a) the Participant is subject to any disciplinary process; or
- (b) the Committee, acting reasonably, considers that there may be circumstances which would fall within the scope of Rule 15,

unless the Committee, at its discretion, determines otherwise. Subject to these Rules, any Tranche which does not vest under this Rule will then only vest if the Committee determines, at its discretion, that the Tranche should vest.

In circumstances where there is a dispute of any nature between a Participant and a Group Company, a Participant's actions or inactions may be relevant to an internal or external investigation, or the Committee is of the opinion that such a dispute or investigation may arise, the Committee may, in its discretion, defer the conversion of any Vested EIP Conditional Rights into QBE shares it considers it appropriate to do so.

## **11.2 Vested EIP Conditional Rights Dividends**

Notional dividends on an EIP Conditional Right will accrue during the Retention Period and be notionally reinvested at the time of payment of the dividend. The accrued value of notional dividends will be provided to the Participant on the date of vesting of an EIP Conditional Right in accordance with Rule 11.1 in the form of additional QBE Shares (or cash in lieu). Notional dividends in respect of an EIP Conditional Right will cease to accrue after the relevant Vesting Date.

## **11.3 QBE Shares to rank equally**

All QBE Shares either issued or transferred in accordance with Rule 11.1 will rank equally in all respects with the QBE Shares for the time being in issue except for any rights attaching to QBE Shares by reference to a record date prior to the date of their allotment or transfer.

## **11.4 Shares to be quoted on ASX**

The Company will apply to the Australian Securities Exchange or another stock exchange as required by its listing rules for QBE Shares issued in accordance with Rule 11.1 to be quoted.

## **12. EIP CONDITIONAL RIGHTS - GENERAL RULES**

### **12.1 No interest**

An EIP Conditional Right does not, of itself, provide a Participant with any interest in any QBE Shares. Consequently, any dividends, voting rights, capital distributions or other entitlements (e.g. rights issues or share purchase plan) that are attributable to QBE Shares cannot be exercised by the Participant.

### **12.2 Extinguishment of EIP Conditional Rights**

At the Committee's discretion, EIP Conditional Rights may be extinguished at any time by the Company issuing to the Participant QBE Shares equal to the number of EIP Conditional Rights granted to the Participant, or such other number of QBE Shares as determined by the Committee in its discretion (including as to any additional QBE Shares in lieu of cash dividends). If the Committee decides to extinguish EIP Conditional Rights then, for the purpose of determining any additional shares in lieu of cash dividends under Rule 11.2, the accrued notional dividends will be calculated on the date the Committee decides to extinguish the EIP Conditional Rights in accordance with this Rule by reference to the EIP Conditional Rights converted to QBE Shares.

### **12.3 Non-transferability and bankruptcy**

An EIP Conditional Right granted to any Participant:

- (a) will not be transferred, assigned, encumbered, charged or otherwise disposed of by the Participant (except on the Participant's death to their personal representatives) and any attempt to do so will result in the lapse of the EIP Conditional Right; and
- (b) will lapse immediately if the Participant is declared bankrupt.

#### 12.4 **Capitalisation**

The Committee may, in its discretion, adjust the number of EIP Conditional Rights granted to a Participant or any other terms and conditions of an EIP Conditional Right to reflect capital reconstructions, bonus share issues or any other transaction which the Committee determines warrants an adjustment to the terms of an EIP Conditional Right Grant. Nothing in the terms and conditions of an EIP Conditional Right Grant restricts the rights of the Board to issue further QBE Shares or entitles a Participant to an increase in shares issued pursuant to a Vested EIP Conditional Right due to the issue of further QBE Shares by the Board.

#### 12.5 **Listing Rules**

EIP Conditional Rights are subject to the listing rules of the Australian Securities Exchange. If there is any inconsistency with the listing rules or the listing rules require any terms to apply in relation to an EIP Conditional Right, then the terms of the EIP Conditional Right will be deemed to be amended to the extent required to eliminate the inconsistency or to include the required term (as applicable).

### 13. **LOSS OF UNVESTED EIP CONDITIONAL RIGHTS**

If, during the Retention Period:

- (a) the Participant terminates their employment or gives notice of the termination of their employment for a reason other than:
  - (i) the Participant Retiring;
  - (ii) the Participant being Totally and Permanently Disabled;
  - (iii) the death of the Participant; or
  - (iv) the Participant accepting an offer of employment made by the purchaser (or its related entity) of the whole or part of the business conducted by the Group Company (through a share sale or other transaction) in which the Participant performs work within 30 days of completion of the purchase;
- (b) the Participating Company that employs the Participant terminates the employment of the Participant or gives notice of the termination of their employment, in either case for Cause; or
- (c) the Participant is subject to any disciplinary procedure or performance improvement procedures or circumstances exist which would warrant the termination of the Participant's employment for Cause, whether or not the Participating Company that employs the Participant is aware of those circumstances,

any Unvested EIP Conditional Rights which have been granted to the Participant will lapse immediately and the Participant will not be entitled to any payment or other benefit in lieu.

### 14. **TRANSFER OF EMPLOYMENT BETWEEN GROUP COMPANIES**

For the purposes of this Plan, a transfer of employment between any two Group Companies will not be a termination of employment for the purposes of Rules 8, 9 and 13 and this Plan will continue to apply to that Participant as if the Participant's employment with the two Group Companies was continuous. A transfer of employment between any two Group Companies means where the Participant commences employment with the second Group Company within 30 days of the termination of their employment with the first Group Company.

## **15. VARIATION OF UNVESTED EIP CONDITIONAL RIGHTS (MALUS)**

The Committee may adjust any Unvested EIP Conditional Rights downward, including to zero if appropriate, if it concludes in good faith that there was:

- (a) serious misconduct by the Participant;
- (b) circumstances that undermine materially the Group's performance; or
- (c) circumstances that undermine materially the reputation of the Group,

in each case that were not foreseen by the Committee at the time of granting the Unvested EIP Conditional Rights.

The Committee may also adjust any Unvested EIP Conditional Rights downward, to zero if appropriate, if such an adjustment is necessary to:

- (a) protect the financial soundness of the Group; or
- (b) respond to significant unexpected or unintended consequences that were not foreseen by the Committee.

The Committee will review the circumstances of each Participant separately and may but shall not be obliged to make an adjustment to any Unvested EIP Conditional Rights under any of the above provisions at its discretion.

## **16. TAKEOVER AND OTHER CORPORATE EVENTS**

### **16.1 Adjustment of Performance Period for Change in Control**

If there is a Change in Control during the Performance Period then, subject to Rule 16.3, the Performance Period will end on the date of such event and the amount of an EIP Grant, if any, will be determined for each Participant by reference to the extent to which the relevant Performance Targets have, in the opinion of the Committee (as constituted immediately before the Change in Control) been satisfied as at that date, the length of time elapsed in the Performance Period (in complete days) and the circumstances of the Change in Control. Any EIP Grant calculated in accordance with this Rule 16.1 will comprise an EIP Cash Grant and EIP Conditional Rights Grant in accordance with Rule 5.4 although the Committee may, in its discretion, determine that 100% of the EIP Grant will be an EIP Cash Grant. Any EIP Cash Grant will be paid, and any EIP Conditional Rights will be granted, to the Participant as soon as practicable after the EIP Grant has been determined.

### **16.2 Adjustment of Performance Period**

If there is a change in Control of the Participating Company that employs the Participant during the Performance Period, then, subject to Rule 16.3, the Performance Period will end on the date of such event and the amount of an EIP Grant, if any, will be determined for each Participant by reference to the extent to which the relevant Performance Targets have, in the opinion of the Committee (as constituted immediately before the change in Control) been satisfied as at that date, the length of time elapsed in the Performance Period (in complete



days) and the circumstances of the change in Control. Any EIP Grant calculated in accordance with this Rule 16.2 will comprise an EIP Cash Grant and EIP Conditional Rights Grant in accordance with Rule 5.4 although the Committee may, in its discretion, determine that 100% of the EIP Grant will be an EIP Cash Grant. Any EIP Cash Grant will be paid, and any EIP Conditional Rights will be granted, to the Participant as soon as practicable after the EIP Grant has been determined.

### **16.3 Maintenance of Performance Period**

Despite Rule 16.1 or Rule 16.2, the Committee (as constituted immediately before the Change in Control) may decide that the Performance Period will not be adjusted under Rule 16.1 or Rule 16.2 and that any EIP Grant for a Participant will be determined after the end of the Performance Period in accordance with these Rules.

### **16.4 Unvested EIP Conditional Rights for Change in Control**

If there is a Change in Control during the Retention Period then, subject to Rule 16.5, the Committee may decide that the Retention Period will end on the date of such event and any Unvested EIP Conditional Rights will vest, and how the Unvested EIP Conditional Rights may otherwise be treated (including as to forfeiture without compensation in lieu), having regard to the circumstances of the Change in Control and other factors as it considers appropriate..

### **16.5 Replacement of Unvested EIP Conditional Rights**

Despite Rule 16.4, the Committee (as constituted immediately before the Change in Control) may decide that the Retention Period will not be adjusted under Rule 16.4 and that any Unvested EIP Conditional Rights for a Participant will be automatically replaced by equivalent new awards (including as to the value of the Unvested EIP Conditional Rights) over shares in the acquiring company (provided that the Committee has first obtained the written agreement of that acquiring company).

## **17. MAXIMUM NUMBER OF QBE SHARES**

At any time, the aggregate of:

- (a) the total number of QBE Shares which would be transferred if all Unvested EIP Conditional Rights granted under these Rules which have not lapsed vested;
- (b) the total number of QBE Shares which have transferred under these Rules in the previous 10 years; and
- (c) the total number of QBE Shares which:
  - (i) may be transferred; or
  - (ii) have transferred,under any other employee share, option or equity plan (including as to conditional rights) operated by any Participating Company in the previous 10 years;

must not on any day exceed 10% of the ordinary share capital of the Company in issue immediately before that day.

## **18. CONFIDENTIALITY**

The terms of an Invitation, EIP Grant, EIP Cash and EIP Conditional Rights are confidential and must not be disclosed by the Participant unless required by law or to obtain professional advice.

## **19. AMENDMENTS**

The Committee may at any time alter all or any part of the rules of the Plan to:

- (a) benefit the administration of the Plan;
- (b) take account of any alteration to applicable laws or regulatory requirements; or
- (c) further the best interests of the Group or any Group Company.

## **20. TERMS OF EMPLOYMENT**

- 20.1 Nothing in this Plan or the operation of the Plan forms part of the contract of employment of an Employee or affects the rights and obligations of an Employee under their terms of employment, which are separate from the Plan.
- 20.2 Participation in the Plan does not create any right to, or expectation of, continued employment or affect the rights of a Participating Company to terminate the employment of any Employee.
- 20.3 No Employee has a right to participate in the Plan. Participation in the Plan or receipt of an EIP on a particular basis in any Performance Period does not confer any right on the Employee to participate in a plan or receive a short term incentive on the same basis, or at all, in respect of any other performance period.
- 20.4 The benefit of participation in the Plan does not give rise to any contractual right or form part of an Employee's fixed remuneration or employment related entitlements.
- 20.5 Other than in respect of Rule 15, the Employee will have no claim in respect of any decision, omission, or exercise of discretion which may operate to the disadvantage of the Employee.
- 20.6 Nothing in this Plan or participation in it may be used to increase damages in any action, complaint, claim or proceeding against the Company, any Group Company or their directors, employees or agents in connection with the office or employment, or the termination of the office or employment, of any Employee.
- 20.7 Receipt of an EIP under this Plan is subject to applicable law and regulatory requirements. If an EIP is prohibited in whole or in part by any law or regulatory requirement then the Employee will have no claim for the payment or other benefit in lieu.

## **21. GENERAL**

### **21.1 The Committee's authority**

The Committee may manage and administer this Plan, including exercising any discretion or power conferred under this Plan, and the Committee has all powers necessary to do so including the power to appoint other persons to act on the Committee's behalf and to exercise any discretion or power conferred under this Plan.

Without limiting the powers and discretions of the Committee in this Plan, and subject to the ASX Listing Rules (if applicable), the Committee may in its discretion and at any time, on notice and with immediate effect:

- (a) suspend or terminate this Plan, these Rules or any document issued under these Rules;
- (b) amend, delete or add to these Rules or any document issued under these Rules,

if it is of the opinion that it is appropriate to do so.

### **21.2 Decisions or determinations by the Committee**

Other than in respect of Rule 15, any decision or determination by the Committee pursuant to this Plan; in relation to any dispute or disagreement as to the interpretation of this Plan; or as to any question or right arising from or related to the Plan:

- (a) is made in the discretion of the Committee, which may inform itself or take such advice as it sees fit; and
- (b) is final.

The Committee is not a fiduciary of any Employee.

### 21.3 **Directions from the Board**

Other than in respect of Rule 16.1, the Board may at any time and from time to time:

- (a) give directions to the Committee as to the manner of the exercise by the Committee of any of its discretions or powers under this Plan; and
- (b) amend any of those directions,

and where the Board has given such a direction, the Committee must exercise the relevant discretion or power in accordance with that direction.

### 21.4 **Taxation and superannuation contributions**

Any payment made under this Plan is subject to the deduction of tax and any social security obligations and is inclusive of any contribution which must be made under the Superannuation Guarantee Legislation or any pension or similar scheme.

### 21.5 **Set off**

- (a) Where at the time an EIP Cash Grant is payable to a Participant under these Rules and the Participant is also obliged to make a payment to the Participating Company that employs them, the Committee may, subject to applicable law, decide to set off the amount of those payments so that:
  - (i) payment of the lesser amount is fully satisfied; and
  - (ii) payment of the greater amount is satisfied by the payment of the difference between the lesser amount and the greater amount.
- (b) Where, immediately prior to the time of vesting of any EIP Conditional Rights under these Rules, the Participant is also obliged to make a payment to the Participating Company that employs them, the Committee may, subject to applicable law, decide to reduce the number of EIP Conditional Rights which would otherwise vest in accordance with these Rules, including to zero, to set off the amount of the payment due to the Participating Company. For the purpose of determining the number of EIP Conditional Rights which will be used to offset the payment due to the Participating Company, the Committee will value each Unvested EIP Conditional Right by reference to the Market Value as if the date on which the set-off takes place is a vesting date for the purposes of these Rules.
- (c) (Where the Company is or will be required to withhold any amount in respect of the EIP Conditional Rights under the *Taxation Administration Act 1953* (Cth), the sum that the Company is or will be required to withhold will constitute a debt owing by the Participant to the Company and the Participant irrevocably directs and authorises:
  - (i) the Company to set off the debt against any moneys owing by the Company to the Participant; and/or

- (ii) the Participating Company that employs the Participant to pay to the Company an amount equal to the debt from any monies owing by the Participating Company to the Participant.
- (d) If the Company requests the Participant to do so, the Participant must dispose of such number of EIP Conditional Rights as is necessary to raise the funds required to repay the debt referred to in Rule 21.5(c) and the Participant irrevocably appoints the Company as his or her attorney and agent to do all things necessary, including, but not limited to, executing all documents necessary, to effect the disposal of the EIP Conditional Rights.

#### 21.6 **No other rights**

The Plan does not confer any right or entitlement, including as to the making of any EIP Grant, on anyone, including an Employee or a third party.

#### 21.7 **Privacy**

By participating in the Plan, a Participant consents to the collection, use, storage, transfer (including internationally) or disclosure of their Personal Information for any purpose in connection with the operation of the Plan. This includes, but is not limited to:

- (a) providing that Personal Information to any Group Company or any third party such as trustees of any employee benefit trust, administrators of the Plan, brokers, professional advisers and any of their respective agents;
- (b) processing of that Personal Information by a Group Company or third party; and
- (c) providing that Personal Information to potential purchasers of the Company, the
- (d) Participant's employer or the business in which the Participant works.

#### 21.8 **Severability**

Part or all of any Rule in this Plan that is illegal or unenforceable will be severed and the remaining provisions continue in force.

#### 21.9 **Waiver**

The failure at any time to insist on performance of any provision of this Plan is not a waiver of the person's right at any later time to insist on performance of that or any other provision in this Plan.

#### 21.10 **Notices**

Any notice or other document which has to be given in connection with this Plan may be delivered to an Employee or sent by post to the Employee at their home address using the records of the Participating Company that employs the Employee, or such work address as that company considers appropriate, or, subject to applicable law, by email (or other electronic means including posting on any website or intranet site) to any address which according to the records of the Participating Company that employs the Employee is used by the Employee.

Any notice or other document which has to be given to the Company in connection with this Plan may be delivered or sent by post to it at its registered office.

Notices sent by post will be deemed to have been given 7 days after the date of posting. Notices sent by email (or other electronic means) will be deemed to have been given on the third day after the day on which the email (or other electronic means) was sent.

21.11 **Documents**

The Committee may require a Participant to complete and return such documents to the Committee as may be required by law or as otherwise necessary for administrative, legal or taxation reasons.

21.12 **Suspension and cancellation**

The Committee may from time to time suspend the operation of the Plan and may at any time cancel the Plan.

21.13 **Governing law**

The Plan and all awards shall be governed by and construed in accordance with the law of New South Wales and the Courts of New South Wales have non-exclusive jurisdiction to hear any dispute.

## ADDENDUM FOR THE UNITED KINGDOM

This Addendum sets out and clarifies how the EIP Plan is applied in the United Kingdom by amending the terms and conditions of the EIP Plan.

### A. EIP CASH GRANT

Any payment of EIP Cash in relation to an EIP Cash Grant shall be paid subject to deduction of income tax and employee's national insurance.

### B. FORM OF EQUITY GRANT

Any EIP Conditional Rights Grant made in accordance with this Plan to a Participant may, at the discretion of the Committee, be in the form of zero exercise price options (**ZEPOs**) for QBE Shares instead of conditional rights. In this event, all references to conditional rights in the EIP Plan will, for the United Kingdom, be taken to be references to ZEPOs. A Participant will not receive, and will have no entitlement to receive, conditional rights.

### C. VESTING DATE

At the date of vesting of a ZEPO in accordance with Rule 11.1 of the EIP Plan Rules (**Vested ZEPO**), the Vested ZEPO (and any notional dividends accrued under Rule 11.2) will become exercisable by the Participant.

### D. EXERCISE OF ZEPOS

#### D.1 Period of exercise

Subject to Rule D.2 of this Addendum, a Vested ZEPO (and any notional dividends accrued under Rule 11.2) will be exercisable up until the date that is 10 years from the Grant Date (**Exercise Period**). If not exercised in that time, the Vested ZEPO (and any notional dividends accrued under Rule 11.2) will lapse.

#### D.2 Exercise of Vested ZEPOs when employment ceases

Subject to applicable law and Rule D.3 of this Addendum, if a Participant's employment with the Participating Company that employs them ceases during the Exercise Period, any Vested ZEPOs which have not been exercised by the Participant will automatically be exercised on the date that is 30 days following the date the Participant's employment with the Participating Company that employs them ceases (or if the Company's Trading Policy prohibits dealing within at that time, within 30 days of such dealing being permitted), unless the Participant exercises the Vested ZEPOs earlier.

#### D.3 Loss of Vested ZEPOS

Despite Rule D.2 of this Addendum, if a Participant's employment is terminated for gross misconduct, any Vested ZEPOs which have not been exercised by the Participant will lapse immediately and the Participant will not be entitled to any payment or other benefit in lieu.

#### D.4 Variation of unvested ZEPOS

The reference to "serious misconduct" in Rule 15(a) of the Plan shall be replaced with "gross misconduct".

#### **D.5 Form of exercise**

The exercise of any Vested ZEPO shall be effected in the form and manner prescribed by the Committee from time to time. The First, Second, Third and Fourth Tranches may, once they have vested, be exercised in whole or part unless, to facilitate the easier administration of the EIP Plan, the Committee decides to impose a minimum number of QBE Shares in respect of which of Vested ZEPOs may be exercised. Subject to any decision of the Committee, if the First, Second, Third or Fourth Tranche is exercised in part, the Participant may exercise the balance of the Tranche at some other time during the Exercise Period.

#### **D.6 Taxation as a result of exercise**

If a liability to income tax or employee's national insurance (**Employee Tax Liability**) arises as a result of the exercise of any Vested ZEPO then unless the Participant has indicated in the form of exercise that they will make a payment to the Company (or as directed to the Participating Company that employs the Participant) of an amount equal to the Employee Tax Liability and the Participant does, within 7 days of being notified by the Company of the amount of the Employee Tax Liability, make such payment to the Company, then the Company may sell or procure the sale of sufficient QBE Shares to meet the Employee Tax Liability. In such circumstances the Company will arrange payment to the member of the Group (or other relevant person) on which the Employee Tax Liability falls of an amount equal to the Employee Tax Liability out of the proceeds of sale (by way of reimbursement).

#### **D.7 Transfer of QBE Shares or cash in lieu**

As soon as reasonably practicable after a Vested ZEPO has been exercised:

- (a) subject to Rule D.7(b) of this Addendum, the Company will transfer or procure the transfer to the relevant Participant an amount of QBE Shares equivalent to the number of Vested ZEPOs that have been exercised; and
- (b) despite Rule D.7(a) of this Addendum, the Committee may, at its discretion, pay cash in lieu of Vested ZEPOs that have been exercised at the weighted average sale price of a QBE Share over the 5 trading days on the Australian Securities Exchange prior to the date of exercise of the Vested ZEPO.

#### **D.8 Tax on cash in lieu payment**

If the Committee determines to make a cash in lieu payment under Rule D.7(b) or under Rule 11.2 of the Plan, such payment shall be made subject to deduction of income tax and employee's national insurance.

### **E. GOVERNING LAW**

This Addendum shall be governed and construed in accordance with the laws of New South Wales and the Courts of New South Wales have non-exclusive jurisdiction to hear any dispute.

### **F. AMENDMENTS AND CANCELLATION**

The Committee may, at any time, determine to alter, replace, suspend or cancel the operation of this Addendum, although any alteration, replacement, suspension or cancellation must not disadvantage a Participant in connection with any ZEPOs granted which are subject to a vesting date or any Vested ZEPOs.