# Remuneration Report

## Remuneration Report contents



## To our shareholders

On behalf of the Board, I am pleased to present QBE's Remuneration Report for 2022.

I am incredibly proud to be leading the People & Remuneration Committee as we continue our journey to enabling a more resilient future. Insurance plays a positive role in our society, adding certainty and supporting communities to protect what matters to them. Since joining the Board, I have had the opportunity to meet many of our employees who are supporting our customers every day. Our people are energised and excited about the new purpose and vision as well as the varied and purposeful careers that QBE offers.

We operate in a competitive global market for talent and are committed to continually improving our employee experience and workplace culture to attract and retain people. Throughout 2022 we delivered on a range of people-focused initiatives and continued to evolve our robust remuneration practices to enable our strategic priorities.

An example of this evolution, as highlighted in last year's Remuneration Report, is the launch of our new 2022 short-term incentive plan (the Annual Performance Incentive or API). Through the API, there is increased emphasis on the impact of both what our people deliver and how they demonstrate the QBE DNA whilst achieving their goals. Overall performance is measured through both financial and non-financial measures, aligned to our key results and priorities, including combined operating ratio (COR), Group cash return on equity (ROE), Risk, People and the various initiatives which form part of our six strategic priorities. Pleasingly, the introduction of the API has strengthened our ability to deliver our strategy and drive towards our target culture.

In addition to the new API, we introduced a DNA Champions award and reinforced our focus on creating a flexible workplace. Investment in our people included the establishment of three new enterprise leadership groups to help strengthen our internal succession pipeline and build collaboration across the enterprise. Progress also continued to be made on the implementation of our Culture Blueprint. We strive for a culture that embraces diversity, seeks feedback, and encourages people to speak up.

Listed on the opposite page are a sample of the people-related recognition and awards received during 2022. We are proud to be publicly acknowledged in so many of our locations across the globe for our people programs.

### Performance during 2022

For 2022, QBE recorded an adjusted cash ROE for incentive purposes of 10.5%, an encouraging result given numerous external challenges and investment market volatility over the year. While our financial performance has been impacted by the increased costs associated with the devastating catastrophes during 2022, our business has demonstrated continued resilience.

The Group COR for incentive purposes was 94.2%. This performance was despite significant catastrophe activity in all regions, the adverse impact from the Russia/Ukraine conflict, and increasing inflationary pressure.

Both of these financial measures were between the threshold and maximum ranges set for incentive payouts.

**For more information on 2022 financial highlights, refer to page 5.**

The API business scorecard considers financial measures alongside non-financial measures for incentive purposes. The inclusion of non-financial measures in 2022 supported our growing maturity as it relates to managing risk and measures our progress against diversity and inclusion metrics and our 2022 strategic priorities. Maintaining this focus will be essential to support the successful embedment of our refreshed sustainability strategy across the business.

Our broader view of performance through the API also considers the individual performance of the executive key management personnel (KMP) when determining incentive outcomes. The assessments against agreed individual performance objectives completed by the Board for the executive KMP results in overall API outcomes which range from 54.2% to 69.4% of their maximum opportunity.

For the Group Chief Executive Officer (CEO), the 2022 API outcome results in him receiving 98.1% of his target opportunity (65.4% of his maximum opportunity). Of this outcome, 50% is deferred as conditional rights and vests in equal tranches over the first, second, third and fourth anniversaries of the award.

**For more information on the 2022 API business scorecard and outcomes, refer to pages 67 to 69.**

The 2019 long-term incentive (LTI) which was due to vest in 2022 to executive KMP did not vest and all awards related to that grant lapsed.

## Looking ahead

Our people are essential to our business' long-term success and in 2023 we continue to have Our people and Our culture as two of our six strategic priorities, as highlighted on pages 8 to 9. Our overarching aim is to enable a sustainable and resilient workforce to ensure we can continue to deliver to our customers and shareholders in 2023 and beyond.

The global market for attracting and retaining talent remains competitive, and we continue to invest to ensure QBE stands out as an employer of choice. As such, we are closely monitoring the ongoing impacts of inflation, cost of living pressures and international market competitiveness. We have made limited changes to executive KMP fixed pay and no changes to non-executive director fees in recent years, but we will review these in light of the above factors in 2023.

The Board is committed to retaining a strong focus on the longer term and alongside fixed pay, will consider the potential for adjustments to levels of LTI opportunity. We will also look at non-executive director fees during 2023 to address any potential market pressures. Any changes that are enacted will be shared in further detail in next year's Remuneration Report.

We remain focused on building a deeper connection amongst our people to our new purpose and vision, enhancing culture through performance and reward, improving leadership capability and internal succession, and supporting flexibility and wellbeing to ensure we continue to attract and retain the best talent.

With 2022 being the first year of the new API plan, no major changes are proposed for 2023. We will continue to review how we can incorporate non-financial metrics into our LTI plans in response to regulatory requirements and in support of our sustainability strategy and commitments.

In closing, I would like to acknowledge my appointment to the Chair of the People & Remuneration Committee and Yasmin Allen as a new non-executive director and member of the Committee following the retirement of John M Green and Stephen Fitzgerald. We thank both John and Stephen for their contribution to the People & Remuneration Committee during their time with QBE. Thank you for your support in 2022. As always, we look forward to shareholder feedback.

**Tan Le | Chair, People & Remuneration Committee**

This Remuneration Report sets out QBE's remuneration framework and provides detail of remuneration outcomes for KMP for 2022 and how this aligns with QBE's performance. Accounting standards define KMP as those executives and non-executive directors with the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. The 2022 Remuneration Report has been prepared and audited in accordance with the disclosure requirements of the *Corporations Act 2001*.

## Recognition and awards

Included in the Bloomberg Gender-Equality Index

Winner of the Australian HR Institute (AHRI) Awards 2022 Organisation Development category for Culture Transformation

Winner of the Employer of the Year Award at The Insurance Insider Awards 2022 in the UK

Insurance Business Asia Top Insurance Employer of 2022

Insurance Business America 2022: 5-star carrier for Diversity, Equity and Inclusion

Awarded Platinum status for excellence in LGBTIQ+ by Australian Workplace Equality Index for inclusion initiatives in the workplace

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# Our remuneration at a glance

## Remuneration framework

Our remuneration strategy is designed to attract, motivate and retain QBE's executives by providing market competitive remuneration aligned with the creation of sustained shareholder value.

### Our purpose

QBE – enabling a more resilient future

### Our remuneration principles

The guiding principles which promote robust risk management practices are applied effectively to manage remuneration and reward across the Group.

- Simple and clear
- Linked to strategy
- Motivating
- Aligned to shareholders
- Globally consistent and locally competitive

### The remuneration framework supports the strategy

**Simple and clear**

A simple and clear view of how delivery of our strategy impacts incentive outcomes for our executives.

**Adaptable to changes in our strategy and external environment**

Performance targets aimed at delivering our long-term objectives will evolve with our strategy, changes to business cycles and the external operating environment.

**Measures that are correlated with performance**

Measures that focus on profitability, management of the balance sheet and our longer-term strategic priorities enable remuneration outcomes to reflect a holistic view of performance.

**Encourages our executives to think and act like business owners**

A significant portion of incentives is paid in equity which focuses executives on creating shareholder value, managing risk and being accountable for the long-term success of QBE.

### Aligning remuneration to culture and managing risk

The remuneration structure is designed to align remuneration with prudent risk-taking, underpinned by clear messaging of our QBE DNA which describes who we are, what we stand for and how we need to operate to be successful. The way that each executive manages risk and conduct is a key consideration of the Board in determining incentive outcomes.

In 2022, we focused on measuring not only what was achieved but how it was achieved to further strengthen our culture. Executive KMP performance assessments include a formal assessment of risk and behaviours using input from the Group Chief Risk Officer (CRO), the Chair of the People & Remuneration Committee, the Chair of the Board Risk & Capital Committee and chairs of divisional boards where relevant.

# Remuneration key features

A high level summary of the terms of the Group CEO's remuneration arrangements in 2022 are presented below:

## Annual Performance Incentive (API)

**Delivered through**
A mix of API cash (50%) and API deferred equity (50%)

**Incentive opportunity**
150% (target), 225% (maximum)

**Performance period**
One year

**Equity deferral period**
One to four years from end of performance period

**Performance measures**
Performance measured through a business scorecard containing Group cash ROE and Group COR financial measures alongside non-financial measures. These incorporate sustainability-aligned metrics based on risk, people and culture and strategic priorities. In addition, individual performance objectives focus both on what has been achieved and how they were achieved during the year.

## Long-term Incentive (LTI)

**Delivered through**
Equity (100%)

**Incentive opportunity**
200% (maximum face-value)

**Performance period**
Three years

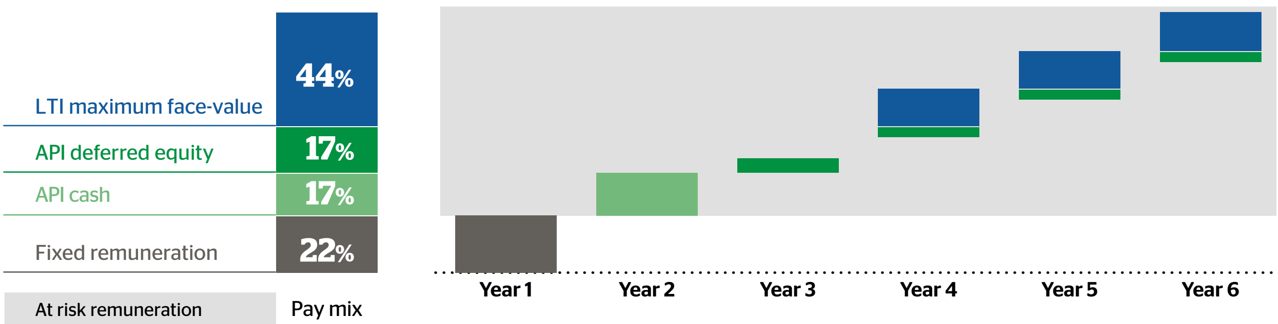
**Equity deferral period**
Three to five years from start of performance period

**Performance measures**
Two measures: Average Group cash ROE (70%) and relative Total Shareholder Return (TSR) (30%) with a global insurance peer group

Malus and clawback provisions and executive minimum shareholding requirements (MSR) continue to apply.

# Remuneration pay mix

The pay mix of the Group CEO provides a blend of fixed and variable pay, cash and equity, and is measured against short- and long-term performance. The graph below sets out the typical remuneration structure and delivery for on-target performance and how the remuneration vests over time.

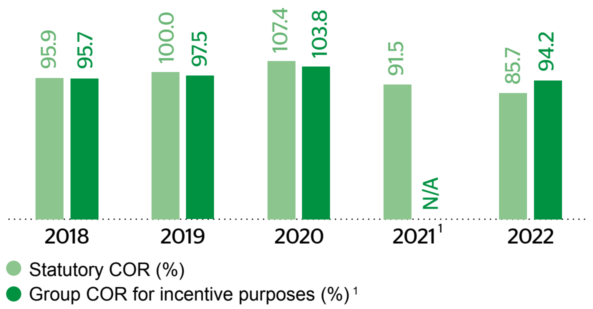


# Five-year performance

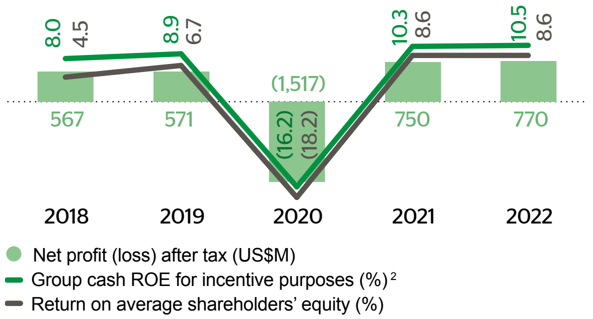
The Group's financial performance demonstrated improved resilience in a tough operating environment that included macro challenges such as geopolitical tensions, elevated catastrophe experience and a surge in inflation.

## Financial performance

### COR

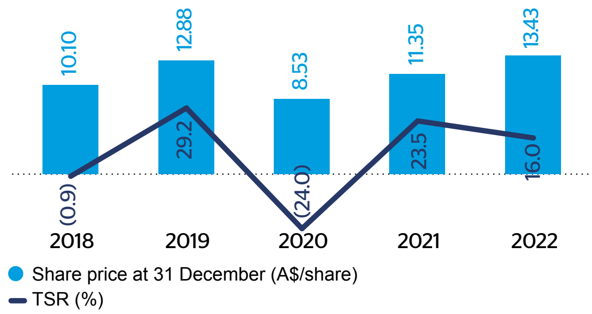



### Profit measures

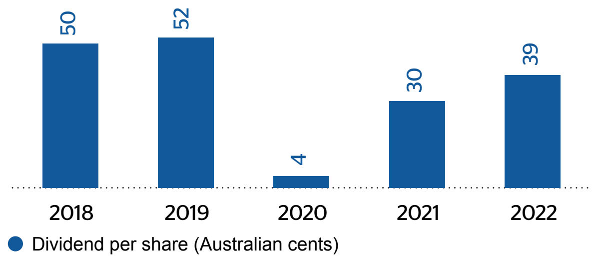



## Return to shareholders

### Return to shareholders




### Dividend per share




## Group CEO outcomes[3]

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Short term incentive achievements as % of target[4] | 98.6 | 68.5 | 90.4 | 115.2 | **98.1** |
| LTI vested (% of grant)[5] | 0 | 0 | – | – | **–** |

**The impact of the financial performance on the incentive payouts for executive KMP is provided on pages 68 to 69.**

## Tracking of unvested LTI awards

**2019 LTI award** – vesting Q1 2022/23/24 – Average Group cash ROE and relative TSR performance – Did not vest

**2020 LTI award** – vesting Q1 2023/24/25 – Average Group cash ROE and relative TSR performance – Partial vesting

**2021 LTI award** – vesting Q1 2024/25/26 – Average Group cash ROE and relative TSR performance – On track

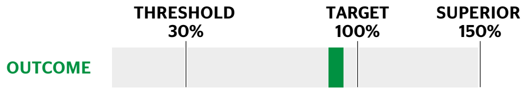
**2022 LTI award** – vesting Q1 2025/26/27 – Average Group cash ROE and relative TSR performance – On track

1 For incentive purposes, the 2021 Group COR was replaced by a blended Group COR. For details please see the 2021 Remuneration Report.
2 For incentive purposes, adjusted Group cash ROE of 10.5% is as provided on page 24. Details of prior years' adjusted Group cash ROE is provided in the Remuneration Report for each relevant year.
3 Full details for 2022 are provided on page 68. Previous Group CEO outcomes are detailed in the Remuneration Report for each relevant year.
4 Legacy plans are detailed on pages 76 to 77 and comprise Executive Incentive Plan (EIP) in 2018, Short Term Incentive (STI) in 2019, 2020 and 2021. The API was introduced in 2022.
5 The '–' indicates no LTI award was eligible for vesting in the relevant year, where '0' indicates zero LTI vested. The 2019 LTI did not vest in 2022. The current Group CEO was not eligible to receive the 2019 LTI.

# How we performed – executive KMP business scorecard

Our focus on a blend of financial and non-financial measures in 2022 resulted in QBE making good progress against our six strategic priorities.

**FINANCIAL** **WEIGHTING: 70%**



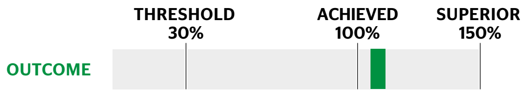

## Group COR

Group COR for incentive purposes in 2022 was 94.2% which resulted in an outcome between threshold and target. This was despite elevated catastrophe activity throughout the year, our allowance for the Russia/Ukraine conflict and the adverse impact from higher inflation across all regions. From a divisional performance perspective, North America's catastrophe costs were slightly below allowance despite the impact from Hurricane Ian, while adverse prior accident year claims development (PYD) declined significantly, details on pages 26 to 27. International was impacted by the aforementioned conflict, adverse PYD associated with inflation and an unfavourable COVID business interruption court judgement, details on pages 28 to 29. Australia Pacific delivered a strong result, although catastrophe costs were elevated, marked by significant flooding and wet weather associated with the La Nina weather pattern. This was broadly offset by favourable PYD associated with strong credit quality in LMI, and releases across a number of commercial lines classes, details on pages 30 to 31.

## Group cash ROE

The Group delivered an adjusted cash ROE of 10.5% for incentive purposes in 2022 which resulted in an outcome between target and superior. Our business has demonstrated continued resilience throughout the year. However, our financial performance has been impacted by the increased costs associated with the devastating catastrophes, the Russia/Ukraine conflict and ongoing inflationary pressures. Pleasingly, the result is the second consecutive double-digit ROE for QBE, the strongest in over a decade, and highlights our building resilience in a year impacted by various external factors.

**NON-FINANCIAL** **WEIGHTING: 30%**




## Risk

The annual risk maturity assessment completed for 2022 received an outcome of 'embedded' across key elements of the Risk Management Framework. This year, higher levels of maturity were identified across risk governance, three lines of defence roles and responsibilities and risk skills and culture. The outcomes reflect improvements made from the risk transformation initiatives completed to date.

## People and culture

There was strong performance across the people agenda in 2022. We remained focused on becoming an employer of choice in our chosen markets and building and empowering a sustainable and diverse pipeline of leaders. Significant progress towards our 2025 diversity targets was delivered through the achievement of our women in leadership targets. An enterprise-wide new incentive plan was introduced with a focus on both what was achieved and how it was achieved. In addition, advancements in a more collaborative and aligned culture, centred around our new purpose, were reflected in improvements in employee engagement levels.

## Strategic priorities

Good progress was made across the enterprise against the strategic priorities in 2022. Work commenced on our **portfolio optimisation** targets and these were incorporated into 2023 business planning. A detailed reassessment of our geographical footprint and lines of business supporting our medium to long term growth aspirations was completed as part of the **sustainable growth** priority. **Bring the enterprise together** delivered greater consistency through more structured collaboration and alignment. We continued to **modernise our business** through digitisation efforts across QBE, along with the simplification of core IT platforms and progress on leveraging our data and global scale.

**For more information on strategic priorities, refer to pages 8 to 9.**

**API BUSINESS SCORECARD WEIGHTED OUTCOME: Slightly below target**

The Board considered both quantitative and qualitative factors in determining the executive KMP API business scorecard outcome.

# Executive KMP performance snapshots

## The realised remuneration outlined below provides an overview of actual remuneration outcomes for executive KMP.

QBE discloses actual remuneration outcomes in the financial period under review. The realised 2022 remuneration figures below include the accrued API cash award for the 2022 financial year, the value of any conditional rights granted in prior years that vested during 2022 and executive shareholdings against the MSR.

### Andrew Horton
Group CEO

| | |
|---|---|
| **Term as KMP in 2022** | Full year |
| **Country of residence** | Australia |
| **Total value of shareholdings against the MSR** (times fixed remuneration) | **4.0** |

**2022 API outcome** (US$000) — **98.1%** of target; 65.4% of maximum

$919 Cash | $919 Deferred

**2022 realised remuneration[1]** (US$000) — $**3,021** Total

$**1,249** | $**919** | $**667** | $**186**

### Jason Harris
Chief Executive Officer, International

| | |
|---|---|
| **Term as KMP in 2022** | Full year |
| **Country of residence** | United Kingdom |
| **Total value of shareholdings against the MSR** (times fixed remuneration) | **1.3** |

**2022 API outcome** (US$000) — **97.4%** of target; 65.0% of maximum

$562 Cash | $375 Deferred

**2022 realised remuneration[1]** (US$000) — $**1,996** Total

$**801** | $**562** | $**626** | $**7**

### Sam Harrison
Group Chief Underwriting Officer

| | |
|---|---|
| **Term as KMP in 2022** | Full year |
| **Country of residence** | United Kingdom |
| **Total value of shareholdings against the MSR** (times fixed remuneration) | **1.5** |

**2022 API outcome** (US$000) — **99.2%** of target; 66.1% of maximum

$554 Cash | $370 Deferred

**2022 realised remuneration[1]** (US$000) — $**1,760** Total

$**776** | $**554** | $**417** | $**13**

### Sue Houghton
Chief Executive Officer, Australia Pacific

| | |
|---|---|
| **Term as KMP in 2022** | Full year |
| **Country of residence** | Australia |
| **Total value of shareholdings against the MSR** (times fixed remuneration) | **1.9** |

**2022 API outcome** (US$000) — **104.2%** of target; 69.4% of maximum

$520 Cash | $347 Deferred

**2022 realised remuneration[1]** (US$000) — $**1,456** Total

$**693** | $**520** | $**227** | $**16**

1 The value of vested conditional rights awards has been calculated using the share price on the vesting date. These figures are different from those shown in the statutory table on page 78. For example, the statutory table includes an apportioned accounting value for all unvested conditional rights held during the year, which remain subject to performance and service conditions and consequently may or may not ultimately vest.

**Key:** Fixed remuneration · API cash · API deferred equity · Value of vested rights · Other

## Amanda Hughes
Group Chief People Officer[2]

| | |
|---|---|
| **Term as KMP in 2022** | Full year |
| **Country of residence** | Australia |
| **Total value of shareholdings against the MSR** (times fixed remuneration) | **0.9** |

**2022 API outcome** (US$000) **97.5%** of target


65.0% of maximum

**2022 realised remuneration[1]** (US$000) $**896** Total


## Todd Jones
Chief Executive Officer, North America

| | |
|---|---|
| **Term as KMP in 2022** | Full year |
| **Country of residence** | United States |
| **Total value of shareholdings against the MSR** (times fixed remuneration) | **2.6** |

**2022 API outcome** (US$000) **81.3%** of target


54.2% of maximum

**2022 realised remuneration[1]** (US$000) $**1,931** Total


## Fiona Larnach
Group Chief Risk Officer

| | |
|---|---|
| **Term as KMP in 2022** | Full year |
| **Country of residence** | Australia |
| **Total value of shareholdings against the MSR** (times fixed remuneration) | **0.3** |

**2022 API outcome** (US$000) **96.3%** of target


64.2% of maximum

**2022 realised remuneration[1]** (US$000) $**912** Total


## Inder Singh
Group Chief Financial Officer

| | |
|---|---|
| **Term as KMP in 2022** | Full year |
| **Country of residence** | Australia |
| **Total value of shareholdings against the MSR** (times fixed remuneration) | **3.1** |

**2022 API outcome** (US$000) **96.8%** of target


64.5% of maximum

**2022 realised remuneration[1]** (US$000) $**2,144** Total


2 A title change for Amanda Hughes from Group Executive, People and Culture to Group Chief People Officer occurred on 3 March 2022.

**Key:** Fixed remuneration · API cash · API deferred equity · Value of vested rights · Other

## 1. REMUNERATION GOVERNANCE

QBE has a robust remuneration governance framework overseen by the Board. This ensures that the remuneration arrangements are appropriately designed and managed and that the agreed frameworks and policies are applied and monitored across QBE.

**Board**

Has overall responsibility for the remuneration strategy and outcomes for executives and non-executive directors.

**People & Remuneration Committee**

Is the main governing body for key people and remuneration items across the Group.

**Further details on the role and scope of the People & Remuneration Committee are set out in the QBE People & Remuneration Committee charter, available from www.qbe.com/investor-relations/corporate-governance/qbe-charters-and-constitution.**

**Group CEO**

**Divisional People & Remuneration Committees**

**External advisers**

## Managing risk

The continued focus on and investment in managing our risk provides for a stronger and resilient QBE.

The People & Remuneration Committee works closely with the Board Risk & Capital Committee, Group CRO and Group Chief People Officer to ensure that any risk associated with remuneration arrangements is managed within the Group's risk management framework. The attendance of other members of the Board at the People & Remuneration Committee meetings strengthens remuneration governance across QBE.

Executive KMP are required to adhere to a range of Group-wide policies to ensure risks are well managed, strong governance structures are in place and high ethical standards are maintained. The Board approves a comprehensive delegated authority for the Group CEO, which is an integral part of QBE's risk management process. The remuneration governance framework incorporates risk oversight principles so that executives cannot unduly influence a decision that could materially impact their own incentive outcome.

The performance-based components of remuneration established in QBE's incentive plans are designed to encourage behaviour that supports the Group's long-term financial soundness.

Specifically, the QBE incentive plans:

- deliver a target remuneration mix balanced between fixed/variable remuneration, short- and long-term and cash and equity;
- incorporate individual performance objectives through the API that measure demonstrable proactive sound risk management, including an assessment of risk maturity and the setting of a clear and consistent tone about the importance of managing risk;
- incorporate robust corporate standards for all employees supporting the QBE risk culture;
- balance performance outcomes based on delivery against a range of financial and non-financial strategic measures which are set in the context of business plans that have been appropriately stress-tested by the Group CRO;
- enable the build-up of meaningful shareholding with API deferred equity and LTI underpinned by the MSR (refer to page 72);
- provide the Board with discretion to take other factors into account when determining the appropriate outcome; and
- allow for multiple risk adjustments: in year, malus for unvested awards and clawback of cash and vested equity (refer to page 71).

As part of the 2022 year-end process, an assessment of each senior executive's approach to risk management has been completed using input from the Group CRO. This process recognises positive and negative risk culture and risk management through upward or downward adjustment of performance ratings, incentive payouts and consequences (that can include executives leaving the organisation).

Across the Group in 2022, over 100 assessments were carried out including for executive KMP and divisional executive teams. Based on the assessments in 2022, there were performance rating and/or incentive adjustments applied both upwards and downwards.

## Malus provision

The malus provision gives the People & Remuneration Committee and the Board discretion to reduce the amount of an unvested award (including to zero) in certain circumstances during the retention period, including in the case of:

- misconduct leading to significant adverse outcomes;
- a significant failure of financial or non-financial risk management;
- a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and/or
- significant adverse outcomes for customers, beneficiaries or counterparties.

This provision reflects QBE's obligations under APRA's Prudential Standard CPS 510 *Governance* to incorporate terms allowing for the adjustment of incentive awards to protect QBE's financial soundness and ability to respond to unforeseen significant issues.

A review against the malus provision was completed as part of the year end process. There was no requirement to apply the provision in 2022.

## Clawback provision

The clawback provision allows, to the extent permissible by applicable law, all variable remuneration (cash and deferred remuneration) to remain subject to clawback for a period of two years from the date of payment or vesting (as the case may be) of the relevant component of variable remuneration.

The Board can determine whether to apply clawback to paid or vested variable remuneration and, if so, the appropriate value over which clawback will be applied.

The circumstances in which the Board may apply clawback include those where it concludes in good faith that there is or has been:

- misconduct leading to material adverse outcomes;
- a material failure of financial or non-financial risk management;
- a material failure or breach of accountability, fitness and propriety, or compliance obligations;
- a material error or a material misstatement of criteria on which the variable remuneration determination was based; and/or
- material adverse outcomes for customers, beneficiaries or counterparties.

Clawback may be applied to any variable remuneration regardless of whether or not the employment or engagement of the relevant person is ongoing.

A review against the clawback provision was completed as part of the year end process. There was no requirement to apply the provision in 2022.

## Consequence Management Policy

The QBE Consequence Management Policy was adopted in 2022 for implementation in 2023. The policy introduces principles and guidance to ensure consequences for misconduct or poor risk outcomes are fair, consistent and aligned with regulatory requirements.

## Securities Trading Policy

Trading in QBE ordinary shares is generally permitted outside of designated closed periods. QBE's Securities Trading Policy states that non-executive directors and other designated employees must notify any intended share transaction to nominated people within the Group. The policy prohibits the hedging of QBE securities at all times. The purpose of this prohibition is to ensure that there is an alignment between the interests of non-executive directors, executives and shareholders.

**A copy of QBE's Securities Trading Policy for dealing in securities is available from www.qbe.com/investor-relations/corporate-governance/global-policies.**

## 1. REMUNERATION GOVERNANCE

### Minimum shareholding requirement

The MSR ensures executives build their shareholding to have significant exposure to QBE's share price. Under the MSR, a minimum of three times fixed remuneration for the Group CEO (one and a half times for other executive KMP) is to be maintained as long as the executive KMP remains at QBE. New executive KMP are required to build their shareholdings over a five-year period after becoming executive KMP.

The value of shareholdings as a multiple of fixed remuneration at 31 December 2022 for each executive KMP is shown on pages 68 to 69. All executive KMP have either met or are on track to meet the MSR requirements at 31 December 2022.

### Treatment of conditional rights on a change in control of QBE

In accordance with the rules of each of QBE's incentive plans, a change in control is defined as either a scheme of arrangement that has been approved by QBE's shareholders or the acquisition by a bidder of 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*.

Should a change in organisational control occur, the People & Remuneration Committee has discretion to determine how unvested conditional rights should be treated, having regard to factors such as the length of time elapsed in the performance period, the level of performance to date and the circumstances of the change of control.

### Use of external advisers

Remuneration advisers provide guidance on remuneration for executives, facilitate discussion, review remuneration and at-risk reward benchmarking within industry peer groups. They also provide guidance on current trends in executive remuneration practices. Any advice provided by remuneration advisers is used as a guide and is not a substitute for consideration of all the issues by each non-executive director on the People & Remuneration Committee.

Ernst & Young (EY) currently acts as the independent remuneration adviser to the People & Remuneration Committee. The People & Remuneration Committee and the Board are satisfied that the advice provided by EY during 2022 was free from undue influence.

During 2022, management requested and utilised reports on market practice from various reputable sources. No recommendations in relation to the remuneration of KMP were provided as part of these engagements.

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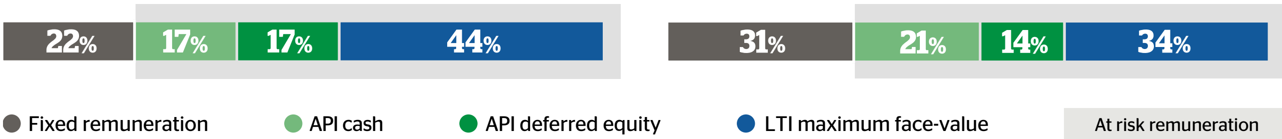
## 2. EXECUTIVE KMP REMUNERATION IN DETAIL

At QBE, having the right talent across the Group enables us to create shareholder value, while prudently managing risk and maintaining strong corporate governance. To deliver our strategic ambitions, we must ensure that our executive remuneration framework reflects QBE's desire to attract and retain the best people.

This section sets out our approach for 2022. The graphs below set out the typical remuneration structure and delivery for the Group CEO and other executive KMP for on-target performance.

### Group CEO pay mix

### Other executive KMP pay mix




### Executive remuneration structure

QBE's executive remuneration structure for 2022 comprised a mix of fixed and at-risk remuneration through API and LTI plan arrangements. Each of these components is discussed in further detail on the following pages.

### FIXED REMUNERATION – KEY DETAILS

#### Description

Fixed remuneration comprises cash salary, superannuation/pension and packaged benefits, additional annual benefits and associated taxes. Additional annual benefits may include health insurance, life assurance, personal accident insurance, expatriate benefits, occasional spouse travel to accompany the executive on business and applicable taxes.

Fixed remuneration is delivered in accordance with terms and conditions of employment.

#### Determining fixed remuneration levels

Fixed remuneration considers the diversity, complexity and expertise required of individual roles. Remuneration quantum is set in the context of QBE's broader reward strategy and internal relativities.

To assess the competitiveness of fixed remuneration, the People & Remuneration Committee considers market data and recognised published surveys.

Australian-based executive roles are generally benchmarked to the ASX 30 and ASX 10-50 peer group of companies, with a specific focus on global companies and companies in the financial services industry. Overseas-based executives or roles that have a global reach are compared with a peer group consisting of global insurers. The peer group of companies used for remuneration benchmarking purposes is set out in the table below:

| PEER GROUP | DESCRIPTION |
|---|---|
| **ASX peer group** | The financial services sub-peer group is determined based on the industry classification on the ASX and includes commercial banks and insurers. |
| **Global insurance peer group** | Consists of large, global insurance companies aligned with the peer group used for the LTI plan. |

## 2. EXECUTIVE KMP REMUNERATION IN DETAIL

### ANNUAL PERFORMANCE INCENTIVE PLAN – KEY DETAILS

#### Description

The API is an annual, performance-based incentive, delivered as a mix of an annual cash payment and deferred award in the form of conditional rights to QBE shares. Performance is measured over a 12-month period. The conditional rights vest in equal tranches over a further four years.

#### Performance measures and rationale

The API plan provides an incentive outcome with a clear link between business performance, risk management and individual behaviours, and allows further discretion by the Board to be applied where warranted. API outcomes are based on a combination of the Group's financial performance, non-financial metrics incorporating sustainability-aligned metrics based on risk, people and culture and strategic priorities, and individual performance assessed both on what has been achieved and how it was achieved during the year. A summary of achievements and positioning against targets is set out in the business scorecard on page 67 and an explanation of the measures and their rationale for use is provided below:

**Financial measures (70% weighting)**

**COR**

COR is the most relevant measure of the underwriting performance of our insurance operations.

COR comprises net claims incurred, net commission expense and underwriting and administration expenses as a percentage of net earned premium. The measure excludes the impact of risk-free rates because it is consistent with the way we report and the basis on which the market assesses the underwriting performance of QBE.

**GROUP CASH ROE**

Cash ROE is a measure of how effectively we are managing shareholders' investment in QBE.

For the API, this measure will generally be measured on the same basis as that used to determine shareholder dividends. As a principle, losses due to unbudgeted amortisation/impairment of intangibles will, other than in exceptional circumstances, be included in cash ROE so that executives remain accountable for the management of intangible assets.

**Non-financial measures (30% weighting)**

**RISK**

Risk outcomes are assessed using the Risk Maturity Assessment, a framework QBE uses to understand how our risk management practices are maturing, how we determine areas of strength and identify areas that may require further investment. This multi-dimensional measure supports how we assess our effectiveness in managing risk, both from a qualitative and quantitative perspective.

**PEOPLE AND CULTURE**

Investment in our people and the strengthening of alignment and collaboration across the enterprise are priorities that enable culture in order to drive performance. Assessing a blend of quantitative measures and qualitative outputs provides a strong lens on people and culture across the enterprise as we look to enable a more sustainable and resilient workforce.

**STRATEGIC PRIORITIES**

How we are actively managing the business to deliver achievements in each of our strategic priority areas is key to delivering our vision. Our focus in 2022 was: portfolio optimisation, sustainable growth, bring the enterprise together and modernise our business. The Board considers how the business performed against each element.

**Individual performance objectives**

The objectives align with strategic priorities. At the end of the year, individual performance of the executive KMP is assessed both on what was achieved and how it was achieved. This embeds QBE DNA behaviours in remuneration outcomes.

**ADJUSTMENTS**
API outcomes may be adjusted by other items (such as material acquisitions or divestments) not included in the business plan and as deemed appropriate by the People & Remuneration Committee.

#### Vesting schedule

The API vesting schedule is outlined below:

| | BELOW THRESHOLD | THRESHOLD | TARGET | SUPERIOR |
|---|---|---|---|---|
| % of API opportunity achieved | 0% | 30% | 100% | 150% |

The API rules provide suitable discretion for the People & Remuneration Committee to adjust any formulaic outcomes to ensure API awards appropriately reflect performance.

API PLAN - key details (continued)

## Instrument and deferral mechanics

The API award is delivered as 60% in cash (50% in the case of the Group CEO) and 40% is deferred as conditional rights to QBE shares (50% in the case of the Group CEO).

Deferred API vests in four equal tranches on the first, second, third and fourth anniversaries of the award. Vesting is subject to service conditions during the deferral period. Malus and clawback also apply.

To calculate the number of conditional rights to be granted, the award value is divided by the volume weighted average price of QBE shares over the five trading days prior to the grant date. Notional dividends accrue during the deferral period.

**Executive KMP API awards for the 2022 performance year are detailed on pages 68 to 69.**

## Leaver provisions

On voluntary termination, dismissal or termination due to poor performance, all awards are forfeited.

'Good leaver' provisions (e.g. retirement, redundancy, ill health, injury, or mutually agreed separation (in some cases)) will apply such that:

- API opportunity is reduced to a pro-rata amount to reflect the proportion of the performance year in service.
- Deferred awards remain in the plan subject to the original vesting conditions.

## Malus and clawback provisions

API is subject to malus and clawback, as applicable, enabling awards to be forfeited, reduced or have clawback applied at the discretion of the People & Remuneration Committee and Board.

**Malus and clawback provisions are detailed on page 71.**

# LONG TERM INCENTIVE PLAN - KEY DETAILS

## Description

The LTI plan consists of an award of conditional rights to QBE shares. Conditional rights are awarded at no cost to the executive KMP.

## Performance measures

Vesting is subject to two performance conditions measured over a three-year performance period:

### Average Group cash ROE (70% weighting)

**DEFINITION**
The three-year arithmetic average of the annual cash ROE over the performance period assessed against targets set in the context of the three-year business plan. The Group cash ROE target is set with reference to the prevailing risk-free rate plus a set margin.

**RATIONALE**
Cash ROE is the primary financial measure of success for QBE and is most tangible for long-term decision making.

### Relative total shareholder return (30% weighting)

**DEFINITION**
TSR is the change in percentage value of an entity's share price plus the value of reinvested dividends and any capital returns measured over the three-year performance period.

TSR of QBE is measured against a global insurance peer group as shown below.

**RATIONALE**
The use of a relative TSR measure enables stronger pay for performance, aligning with shareholders.

### TSR peer group - global insurance peer group

| | | |
|---|---|---|
| Allianz SE | CNA Financial Corporation | The Hartford Financial Services Group, Inc. |
| American International Group, Inc. | Hiscox Limited | The Travelers Companies, Inc. |
| AXA SA | Insurance Australia Group Limited | Zurich Insurance Group AG |
| Beazley plc | QBE Insurance Group Limited | |
| Chubb Limited | Suncorp Group Limited | |

**ADJUSTMENTS**
LTI outcomes may be adjusted by other items (such as material acquisitions or divestments) not included in the business plan and as deemed appropriate by the People & Remuneration Committee.

## LTI allocation

To calculate the number of conditional rights granted, the award value is divided by the volume weighted average price of QBE shares over the five trading days prior to the grant date.

## 2. EXECUTIVE KMP REMUNERATION IN DETAIL

### LTI PLAN – key details (continued)

### Vesting schedules

For the 2022 LTI, the Group cash ROE and TSR vesting schedules are outlined below:

| QBE'S GROUP CASH ROE PERFORMANCE | % OF LTI CONDITIONAL RIGHTS SUBJECT TO THE GROUP CASH ROE COMPONENT WHICH MAY VEST |
|---|---|
| Below risk-free rate + 5.75% | 0% |
| At risk-free rate + 5.75% | 30% |
| Between risk-free rate + 5.75% and risk-free rate + 10.75% | Straight line vesting between 30% and 100% |
| At or above risk-free rate + 10.75% | 100% |

| QBE'S TSR PERFORMANCE RELATIVE TO THE PEER GROUP | % OF LTI CONDITIONAL RIGHTS SUBJECT TO THE TSR COMPONENT WHICH MAY VEST |
|---|---|
| Less than 50th percentile | 0% |
| At the 50th percentile | 50% |
| Between 50th and 75th percentile | 50% plus 2% for each percentile above the 50th percentile |
| 75th percentile or greater | 100% |

The LTI rules provide suitable discretion to the People & Remuneration Committee to adjust any formulaic outcome to ensure LTI awards appropriately reflect performance.

### Vesting periods

Following assessment of performance measures at the end of the three-year performance period, conditional rights will vest in three tranches (on or about the vesting date) set out in the table below, subject to service conditions and malus provisions:

| TRANCHE | VESTING DATE | PERFORMANCE PERIOD | PROPORTION OF ELIGIBLE 2022 LTI CONDITIONAL RIGHTS TO VEST |
|---|---|---|---|
| 1 | 26 February 2025 | End of the three-year performance period | 33% |
| 2 | 26 February 2026 | First anniversary of the end of the performance period | 33% |
| 3 | 26 February 2027 | Second anniversary of the end of the performance period | 34% |

Notional dividends accrue during the vesting period.

### Leaver provisions

In cases of 'good leaver' (e.g. retirement, redundancy, ill health, injury, or mutually agreed separation (in some cases)) the unvested LTI conditional rights may be reduced to a pro-rata amount to reflect the proportion of the performance period in service and may continue to be held subject to the same vesting conditions. On voluntary termination, dismissal or termination due to poor performance, all awards are forfeited.

### Malus and clawback provisions

LTI is subject to malus and clawback provisions, as applicable, enabling awards to be either forfeited or reduced or have clawback applied at the discretion of the People & Remuneration Committee and Board.

**Malus and clawback provisions are detailed on page 71.**

## Legacy equity schemes

The information below summarises QBE's legacy incentive plans mentioned in the Remuneration Report.

### Executive Incentive Plan (EIP) – until 31 December 2018

The EIP was an at-risk reward structure comprised of cash and deferred equity that vested progressively over a five-year period. 40% to 50% of the award was delivered in cash and 50% to 60% of the award was deferred as conditional rights to fully paid ordinary QBE shares.

The conditional rights were deferred over four equal tranches: 25% over each of the four anniversaries of the award. EIP outcomes were subject to the achievement of multiple performance measures over the one-year performance period including the Group's cash ROE and COR targets, individual performance ratings and, for divisional staff, divisional COR targets.

The EIP was replaced by the STI and LTI plans for executive KMP from 2019. The EIP awards made to Sam Harrison prior to his appointment as executive KMP include cash-settled share-based payment awards which are subject to the same vesting conditions as the equivalent conditional rights described above. The benefit received at vesting is indexed to the movement in the A$ value of QBE's shares including dividends declared in the period between grant and vest dates.

### Short Term Incentive (STI) – until 31 December 2021

The STI was a performance-based incentive delivered in the form of an annual cash payment and deferred award in the form of conditional rights to QBE shares. Performance was measured over a 12-month period. The conditional rights were deferred in two equal tranches such that 50% vested on the first anniversary of the award and 50% on the second anniversary of the award.

STI outcomes were subject to the achievement of a blend of divisional CORs for 2021, Group COR for 2017–2020, Group cash ROE targets, divisional COR targets in the case of divisional employees, and individual performance objectives reflecting QBE's strategic priorities. The STI was replaced by the API from 2022.

### LTI levelling mechanism – until 31 December 2021

The LTI levelling mechanism, introduced in 2019, and removed after 2021, effectively puts a ceiling and a floor on aggregate catastrophe claims when determining LTI outcomes, because extreme or benign catastrophe periods can have a material effect across multiple LTI awards as the LTI performance period is measured over three years. The cap and collar uses a range of +/- 1.5% of net earned premium either side of the budgeted catastrophe allowance for which LTI participants are exposed to catastrophe risk. There was no need to adjust the cash ROE for catastrophe claims in 2022. Historically, the cost of catastrophe claims in 2021 was $924 million (2020: $898 million), and being in excess of the range resulted in adjusted cash ROE of 11% in 2021 (2020: (14.2)%).

For the 2021 LTI, target ranges for each of the three performance years are set at the start of each relevant year and are disclosed in the following year. The target range for 2022 was between 7.9% and 11.9% (2021: between 6.3% and 10.3%) with straight line vesting commencing at 30% from the lower range up to 100% at the upper range. The individual annual ranges will be used to create the target range for the three-year performance period.

## Employment agreements

The table below summarises the material terms for the current executive KMP which are subject to applicable laws. The terms and conditions of employment of each executive KMP reflect market conditions at the time of their contract negotiation on appointment and thereafter. In addition, the typical treatment of incentives is also provided below.

| CONTRACTUAL TERM | GROUP CEO | OTHER EXECUTIVE KMP |
|---|---|---|
| **Duration** | Permanent full-time employment contract until notice given by either party | |
| **Notice period (by executive KMP or QBE)** | 12 months: QBE may elect to make a payment in lieu of notice | Six months: QBE may elect to make a payment in lieu of notice |
| **Post-employment restraints** | 12 months non-compete and non-solicitation | Six to 12 months non-compete and non-solicitation |

### Treatment of incentives

#### Voluntary termination

All unvested incentives are forfeited.

#### Involuntary termination

**On termination with cause or for poor performance:** All unvested incentives are forfeited.

**On termination without cause:** For API in the year of termination, the executive remains eligible to be considered for an award on a pro-rata basis, with any award to be determined following the end of the performance year and subject to the standard deferral arrangements. Unvested deferred EIP, STI and API conditional rights remain in the plan subject to the original vesting dates and malus, with clawback provisions included from 2021. Unvested LTI conditional rights may be reduced to a pro-rata amount to reflect the proportion of the performance period in service and may continue to be held subject to the same performance and vesting conditions. Legacy equity awards generally remain in the plan subject to the original performance and vesting conditions; however, the People & Remuneration Committee has discretion to vest these awards in accordance with the original terms and plan rules.

# Remuneration Report continued

## 3. EXECUTIVE KMP REMUNERATION TABLES

### 3.1 Statutory remuneration disclosures

The following table provides details of the remuneration of QBE's executive KMP as determined by reference to applicable Australian Accounting Standards for the year ended 31 December 2022. Remuneration has been converted to US dollars using the average rate of exchange for the relevant year.

| | | SHORT-TERM EMPLOYMENT BENEFITS | | | POST-EMPLOYMENT BENEFITS | OTHER LONG-TERM EMPLOYEE BENEFITS | | | |
|---|---|---|---|---|---|---|---|---|---|
| | YEAR | BASE SALARY US$000 | OTHER[1] US$000 | API CASH[2] US$000 | SUPERANNUATION US$000 | LEAVE ACCRUALS[3] US$000 | SHARE-BASED PAYMENTS[4] US$000 | TERMINATION BENEFITS US$000 | TOTAL US$000 |
| Andrew Horton[5] | **2022** | **1,246** | **186** | **919** | **3** | **32** | **2,125** | **–** | **4,511** |
| | 2021 | 431 | 465 | 390 | – | 33 | 913 | – | 2,232 |
| Jason Harris | **2022** | **801** | **7** | **562** | **–** | **–** | **716** | **–** | **2,086** |
| | 2021 | 894 | 7 | 922 | – | – | 810 | – | 2,633 |
| Sam Harrison[5] | **2022** | **776** | **13** | **554** | **–** | **–** | **883** | **–** | **2,226** |
| | 2021 | 650 | 14 | 578 | – | – | 620 | – | 1,862 |
| Sue Houghton[5] | **2022** | **676** | **16** | **520** | **17** | **(3)** | **810** | **–** | **2,036** |
| | 2021 | 295 | 151 | 289 | 5 | 6 | 396 | – | 1,142 |
| Amanda Hughes[5] | **2022** | **536** | **5** | **324** | **17** | **45** | **250** | **–** | **1,177** |
| | 2021 | 42 | – | 38 | – | (10) | 2 | – | 72 |
| Todd Jones | **2022** | **1,000** | **33** | **600** | **24** | **–** | **1,081** | **–** | **2,738** |
| | 2021 | 1,000 | 27 | 659 | 23 | – | 818 | – | 2,527 |
| Fiona Larnach[5] | **2022** | **607** | **18** | **270** | **17** | **9** | **356** | **–** | **1,277** |
| | 2021 | 540 | 1 | 306 | 16 | 32 | 168 | – | 1,063 |
| Inder Singh | **2022** | **884** | **11** | **628** | **17** | **18** | **867** | **–** | **2,425** |
| | 2021 | 962 | 10 | 905 | 18 | 21 | 733 | – | 2,649 |
| **Total** | **2022** | **6,526** | **289** | **4,377** | **95** | **101** | **7,088** | **–** | **18,476** |
| | 2021[6] | 4,814 | 675 | 4,087 | 62 | 82 | 4,460 | – | 14,180 |

1 Other includes, where relevant, provision of health insurance, spouse travel, accommodation costs, staff insurance discount benefits received during the year, life assurance and personal accident insurance and applicable taxes. It also includes tax accruals in respect of employment benefits and other one-off expenses.

2 API cash is payable in March 2023 for the 2022 performance year.

3 Includes the movement in annual leave and long service leave provisions during the relevant year measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. See note 8.6 to the financial statements on page 158 for more detail.

4 Includes conditional rights and legacy cash-settled awards. The fair value at grant date of conditional rights is determined using appropriate models including Monte Carlo simulations, depending on the vesting conditions. The fair value of each conditional right is recognised evenly over the service period ending at vesting date. Where an award will no longer vest, the related accounting charge for any non-market component is reversed in full and the reversal is included in the table above. This may include conditional rights granted as compensation for incentives forfeited on ceasing previous employment to join QBE. Details of conditional rights are provided on page 80. For Sam Harrison, this includes legacy cash-settled share-based awards ($197,000) relating to grants made prior to his appointment as executive KMP on 1 April 2021 under the 2019, 2020 and 2021 EIP. A description of the EIP is provided on pages 76 to 77.

5 The 2021 disclosures reflect pro-rated remuneration for certain executive KMP who were in role for part of 2021.

6 The total disclosed in the 2021 Remuneration Report ($24,662,000) includes remuneration of former executive KMP, which are excluded from the above, comprising: Jason Brown ($1,061,000), Margaret Murphy ($1,708,000) and Richard Pryce ($7,713,000).

## 3.2 Conditional rights movements

Equity awards at QBE are granted in the form of conditional rights. A conditional right is a promise by QBE to acquire or issue one fully paid ordinary QBE Insurance Group Limited share where certain conditions are met.

The table below details conditional rights provided under the terms of both current and legacy plans, details of which can be found on pages 74 to 77, and contractual arrangements. LTI conditional rights are subject to future performance hurdles as detailed on pages 75 to 76. Conditional rights under the API for the 2022 performance year will typically be granted in the first quarter of 2023.

| 2022 | BALANCE AT 1 JANUARY 2022 NUMBER | GRANTED NUMBER | VALUE AT GRANT DATE US$000[1] | VESTED AND EXERCISED NUMBER | VALUE AT VESTING DATE US$000 | FORFEITED/ LAPSED NUMBER[2] | NOTIONAL DIVIDENDS ATTACHING IN THE YEAR NUMBER | BALANCE AT 31 DECEMBER 2022 NUMBER |
|---|---|---|---|---|---|---|---|---|
| Andrew Horton | 335,570 | 345,059 | 2,646 | (83,892) | 667 | – | 14,700 | 611,437 |
| Jason Harris | 320,683 | 152,220 | 1,160 | (78,240) | 626 | – | 9,722 | 404,385 |
| Sam Harrison | 248,761 | 141,712 | 1,076 | (53,168) | 417 | – | 8,314 | 345,619 |
| Sue Houghton | 195,370 | 99,632 | 741 | (28,546) | 227 | – | 6,571 | 273,027 |
| Amanda Hughes | 6,916 | 94,478 | 715 | (1,729) | 14 | – | 2,458 | 102,123 |
| Todd Jones | 591,236 | 215,735 | 1,608 | (33,385) | 274 | (157,013) | 15,189 | 631,762 |
| Fiona Larnach | 97,626 | 92,172 | 688 | – | – | – | 4,678 | 194,476 |
| Inder Singh | 445,936 | 158,627 | 1,205 | (76,079) | 604 | (98,522) | 10,600 | 440,562 |

1 The value at grant date is calculated in accordance with AASB 2 *Share-based Payment*.
2 The 2019 LTI award and related notional dividends lapsed in full as the performance conditions were not met.

## 3. EXECUTIVE KMP REMUNERATION TABLES

### 3.3 Valuation of conditional rights outstanding at 31 December 2022

The table below details the conditional rights issued affecting remuneration of executives in the previous, current or future reporting periods:

| 2022 | GRANT | GRANT DATE | PERFORMANCE PERIOD START DATE | VESTING/ EXERCISE DATE | CONDITIONAL RIGHTS AT 31 DECEMBER 2022 NUMBER[1,2] | MAXIMUM VALUE OF AWARD TO VEST A$000[3] | FAIR VALUE PER CONDITIONAL RIGHT A$[4] GROUP ROE | TSR | TIME |
|---|---|---|---|---|---|---|---|---|---|
| Andrew Horton | Special | 1 Sep 2021 | 1 Sep 2021 | 2023-2025 | 257,879 | 3,074 | – | – | 11.92 |
| | 2021 STI | 28 Feb 2022 | 1 Jan 2021 | 2023-2024 | 44,623 | 533 | – | – | 11.94 |
| | 2022 LTI | 5 May 2022 | 1 Jan 2022 | 2025-2027 | 308,935 | 3,378 | 12.13 | 8.14 | – |
| Jason Harris | 2020 LTI | 1 Oct 2020 | 1 Jan 2020 | 2023-2025 | 104,050 | 647 | 8.70 | 3.75 | – |
| | 2020 STI | 26 Feb 2021 | 1 Jan 2020 | 25 Feb 2023 | 16,136 | 150 | – | – | 9.30 |
| | 2021 LTI | 26 Feb 2021 | 1 Jan 2021 | 2024-2026 | 128,229 | 930 | 9.30 | 5.21 | – |
| | 2021 STI | 28 Feb 2022 | 1 Jan 2021 | 2023-2024 | 52,522 | 627 | – | – | 11.94 |
| | 2022 LTI | 28 Feb 2022 | 1 Jan 2022 | 2025-2027 | 103,448 | 1,087 | 11.94 | 7.15 | – |
| Sam Harrison | 2018 EIP | 4 Mar 2019 | 1 Jan 2018 | 3 Mar 2023 | 18,255 | 222 | – | – | 12.17 |
| | 2019 EIP | 24 Feb 2020 | 1 Jan 2019 | 2023-2024 | 18,596 | 277 | – | – | 14.91 |
| | 2020 EIP | 26 Feb 2021 | 1 Jan 2020 | 2023-2025 | 39,279 | 365 | – | – | 9.30 |
| | 2021 LTI | 26 Feb 2021 | 1 Jan 2021 | 2024-2026 | 124,285 | 902 | 9.30 | 5.21 | – |
| | 2021 EIP | 28 Feb 2022 | 1 Jan 2021 | 2023-2026 | 12,011 | 143 | – | – | 11.94 |
| | 2021 STI | 28 Feb 2022 | 1 Jan 2021 | 2023-2024 | 32,925 | 393 | – | – | 11.94 |
| | 2022 LTI | 28 Feb 2022 | 1 Jan 2022 | 2025-2027 | 100,268 | 1,053 | 11.94 | 7.15 | – |
| Sue Houghton | 2021 LTI | 3 Aug 2021 | 1 Jan 2021 | 2024-2026 | 94,966 | 831 | 10.89 | 6.61 | – |
| | Special | 3 Aug 2021 | 3 Aug 2021 | 2023-2024 | 75,970 | 827 | – | – | 10.89 |
| | 2021 STI | 28 Feb 2022 | 1 Jan 2021 | 2023-2024 | 16,272 | 194 | – | – | 11.94 |
| | 2022 LTI | 28 Feb 2022 | 1 Jan 2022 | 2025-2027 | 85,819 | 901 | 11.94 | 7.15 | – |
| Amanda Hughes | 2020 EIP | 26 Feb 2021 | 1 Jan 2020 | 2023-2025 | 5,316 | 49 | – | – | 9.30 |
| | 2021 EIP | 28 Feb 2022 | 1 Jan 2021 | 2023-2026 | 26,037 | 311 | – | – | 11.94 |
| | 2021 STI | 28 Feb 2022 | 1 Jan 2021 | 2023-2024 | 2,119 | 25 | – | – | 11.94 |
| | 2022 LTI | 28 Feb 2022 | 1 Jan 2022 | 2025-2027 | 68,651 | 721 | 11.94 | 7.15 | – |
| Todd Jones | 2020 LTI | 24 Feb 2020 | 1 Jan 2020 | 2023-2025 | 166,152 | 2,124 | 14.91 | 10.66 | – |
| | 2020 STI | 26 Feb 2021 | 1 Jan 2020 | 25 Feb 2023 | 30,030 | 279 | – | – | 9.30 |
| | 2021 LTI | 26 Feb 2021 | 1 Jan 2021 | 2024-2026 | 214,530 | 1,556 | 9.30 | 5.21 | – |
| | 2021 STI | 28 Feb 2022 | 1 Jan 2021 | 2023-2024 | 38,565 | 460 | – | – | 11.94 |
| | 2022 LTI | 28 Feb 2022 | 1 Jan 2022 | 2025-2027 | 182,485 | 1,917 | 11.94 | 7.15 | – |
| Fiona Larnach | 2021 LTI | 26 Feb 2021 | 1 Jan 2021 | 2024-2026 | 100,035 | 726 | 9.30 | 5.21 | – |
| | 2021 STI | 28 Feb 2022 | 1 Jan 2021 | 2023-2024 | 17,207 | 205 | – | – | 11.94 |
| | 2022 LTI | 28 Feb 2022 | 1 Jan 2022 | 2025-2027 | 77,234 | 811 | 11.94 | 7.15 | – |
| Inder Singh | 2018 EIP | 4 Mar 2019 | 1 Jan 2018 | 3 Mar 2023 | 23,711 | 289 | – | – | 12.17 |
| | 2020 LTI | 24 Feb 2020 | 1 Jan 2020 | 2023-2025 | 79,009 | 1,010 | 14.91 | 10.66 | – |
| | 2020 STI | 26 Feb 2021 | 1 Jan 2020 | 25 Feb 2023 | 30,811 | 287 | – | – | 9.30 |
| | 2021 LTI | 26 Feb 2021 | 1 Jan 2021 | 2024-2026 | 144,495 | 1,048 | 9.30 | 5.21 | – |
| | 2021 STI | 28 Feb 2022 | 1 Jan 2021 | 2023-2024 | 50,975 | 609 | – | – | 11.94 |
| | 2022 LTI | 28 Feb 2022 | 1 Jan 2022 | 2025-2027 | 111,561 | 1,172 | 11.94 | 7.15 | – |

1 Includes original grant of conditional rights and notional dividends. Shareholders approved the grant of 2022 LTI for Andrew Horton at the Annual General Meeting on 5 May 2022.

2 For the 2020 and 2021 LTI allocations, the number of conditional rights reflects an equal proportion of Group cash ROE and TSR performance conditions. The number of 2022 LTI conditional rights reflects a proportion of 70% Group cash ROE and 30% TSR performance conditions.

3 The maximum value to vest represents the fair value at grant date for all unvested conditional rights. The minimum amount executive KMP may receive will be zero if awards do not vest for any reason.

4 The fair value of conditional rights at grant date is determined using appropriate models including Monte Carlo simulations, depending on the vesting conditions. The fair value of each conditional right is recognised evenly over the service period ending at vesting date. For the 2020 and 2021 LTI allocations, the TSR fair value shown above was averaged over the two peer groups.

## 3.4 Executive KMP shareholdings

The table below provides details of movements during the year in the number of ordinary shares in QBE held by executive KMP, including their personally-related parties. In prior years, where non-recourse loans were provided by the Group to executive KMP for the purchase of shares in QBE, details are shown in the Remuneration Report of each relevant year. There were no loans provided to executive KMP during the year ended 31 December 2022.

| 2022 | INTEREST IN SHARES AT 1 JANUARY 2022 NUMBER | DIVIDENDS REINVESTED NUMBER | CONDITIONAL RIGHTS VESTED NUMBER | SHARES PURCHASED (SOLD) NUMBER[1] | INTEREST IN SHARES AT 31 DECEMBER 2022 NUMBER |
|---|---|---|---|---|---|
| Andrew Horton | 150,000 | 2,067 | 83,892 | – | 235,959 |
| Jason Harris | – | 1,019 | 78,240 | (36,888) | 42,371 |
| Sam Harrison | 201 | 5 | 53,168 | (53,168) | 206 |
| Sue Houghton | 17,000 | 704 | 28,546 | – | 46,250 |
| Amanda Hughes | 16,460 | 43 | 1,729 | – | 18,232 |
| Todd Jones | 205,156 | 372 | 33,385 | (11,805) | 227,108 |
| Fiona Larnach | – | – | – | – | – |
| Inder Singh | 113,041 | 1,310 | 76,079 | – | 190,430 |

1 The shares listed as sold may either partially or fully relate to sales to meet withholding tax obligations upon the vesting of conditional rights.

## 4. NON-EXECUTIVE DIRECTOR REMUNERATION

The following section contains information on the approach to non-executive director remuneration, their fees, other benefits and shareholdings.

### Remuneration philosophy

Non-executive director remuneration reflects QBE's desire to attract, motivate and retain experienced independent directors and to ensure their active participation in the Group's affairs for the purpose of corporate governance, regulatory compliance and other matters.

QBE aims to provide a level of remuneration for non-executive directors comparable with that of its peers, which include multi-national financial institutions. The Board reviews surveys published by independent remuneration consultants and other public information to ensure that fee levels are appropriate. The remuneration arrangements of non-executive directors are distinct and separate from those of the executive KMP.

### Fee structure and components

The aggregate amount approved by shareholders at the Annual General Meeting on 5 May 2022 was A$4,750,000 per annum.

The total amount paid to non-executive directors in 2022 was A$3,387,953 (2021 A$3,398,414).

Under the current fee framework, non-executive directors receive a base fee expressed in Australian dollars. In addition, a non-executive director (other than the Chair) may receive further fees for chairing or membership of a Board Committee.

No changes were made to non-executive director remuneration during 2022. Fees for independent non-executive directors will be reviewed later in 2023.

The non-executive director fee structure in place since 2017 is shown in the table below:

| ROLE | CHAIR FEE | DEPUTY CHAIR FEE | MEMBER FEE |
|---|---|---|---|
| Board | A$663,000 | A$229,000 | A$208,000 |
| Committee | A$50,000 | – | A$27,000 |

### Other benefits

Non-executive directors do not receive any performance-based remuneration such as cash incentives or equity awards. Under QBE's Constitution, non-executive directors are entitled to be reimbursed for all travel and related expenses properly incurred in connection with the business of QBE. All non-executive directors are eligible to receive an annual cash travel allowance of A$42,750 (A$64,000 for the Chair), in addition to fees for the time involved in travelling to Board meetings and other Board commitments.

#### Superannuation

QBE pays superannuation to Australian-based non-executive directors in accordance with Australian superannuation guarantee (SG) legislation. Overseas-based non-executive directors receive the cash equivalent amount in addition to their fees. From 1 July 2022, the SG contribution increased by 0.5% to 10.5%. This change is reflected in table 4.1.

Since 1 January 2020, Australian-based directors may elect to opt out of superannuation contributions as long as they are still receiving contributions from at least one employer. In such cases, a superannuation allowance is paid in lieu of actual contributions.

## 4.1 Remuneration details for non-executive directors

The table below details the nature and amount of each component of the remuneration of QBE's current non-executive directors. Remuneration has been converted to US dollars using the average rate of exchange for the relevant year.

| | | SHORT-TERM EMPLOYMENT BENEFITS | | POST-EMPLOYMENT BENEFITS | | |
|---|---|---|---|---|---|---|
| NON-EXECUTIVE DIRECTOR | YEAR | FEES[1] US$000 | OTHER US$000 | SUPERANNUATION - SG[2] US$000 | SUPERANNUATION - OTHER[2] US$000 | TOTAL US$000 |
| Michael Wilkins | **2022** | **504** | **–** | **17** | **35** | **556** |
| | 2021 | 498 | – | 17 | 32 | 547 |
| Yasmin Allen[3] | **2022** | **106** | **–** | **4** | **7** | **117** |
| Stephen Fitzgerald[4] | **2022** | **95** | **–** | **–** | **–** | **95** |
| | 2021 | 257 | – | – | – | 257 |
| John M Green[4] | **2022** | **104** | **–** | **–** | **10** | **114** |
| | 2021 | 290 | – | – | 28 | 318 |
| Tan Le | **2022** | **231** | **2** | **–** | **–** | **233** |
| | 2021 | 216 | 1 | – | – | 217 |
| Kathryn Lisson | **2022** | **239** | **2** | **–** | **–** | **241** |
| | 2021 | 235 | 3 | – | – | 238 |
| Sir Brian Pomeroy | **2022** | **240** | **2** | **–** | **–** | **242** |
| | 2021 | 238 | 3 | – | – | 241 |
| Jann Skinner | **2022** | **234** | **–** | **4** | **20** | **258** |
| | 2021 | 234 | – | 4 | 18 | 256 |
| Eric Smith | **2022** | **233** | **–** | **–** | **–** | **233** |
| | 2021 | 216 | 1 | – | – | 217 |
| Rolf Tolle | **2022** | **258** | **4** | **–** | **–** | **262** |
| | 2021 | 257 | 3 | – | – | 260 |
| **Total** | **2022** | **2,244** | **10** | **25** | **72** | **2,351** |
| | 2021 | 2,441 | 11 | 21 | 78 | 2,551 |

1 Fees include amounts sacrificed in relation to the Director Share Acquisition Plan (DSAP). During 2022, Michael Wilkins, Stephen Fitzgerald, Tan Le, Kathryn Lisson, Sir Brian Pomeroy, Eric Smith and Rolf Tolle elected to sacrifice a portion of their director pre-tax base fees to acquire QBE shares to meet their minimum shareholding requirement over the required period. The amounts are included in the fees approved by shareholders and form part of the A$3,387,953 on page 82. The increase in their shareholdings in 2022 reflected in table 4.2 was mainly as a result of their participation in the DSAP. Travel allowances and additional fees in lieu of superannuation in Australia are also included in fees. Stephen Fitzgerald, Tan Le, Kathryn Lisson, Sir Brian Pomeroy, Eric Smith and Rolf Tolle received additional fees of 10.0% in lieu of superannuation in Australia from 1 January 2022 to 30 June 2022, and 10.5% from 1 July 2022 to 31 December 2022.

2 Michael Wilkins, Yasmin Allen, John M Green and Jann Skinner are Australian residents. Superannuation is calculated as 10.0% of fees, up to 30 June 2022 and increased by 0.5% to 10.5% through to 31 December 2022. Superannuation in excess of the statutory minimum may be taken as additional cash fees or in the form of superannuation contributions at the option of the director. For part of 2022, Yasmin Allen, John M Green and Jann Skinner elected to opt out of superannuation contributions and a superannuation allowance was paid in lieu of superannuation contributions.

3 Yasmin Allen commenced in role on 1 July 2022.

4 Stephen Fitzgerald and John M Green retired on 5 May 2022.

## Minimum shareholding requirement

With effect from 1 April 2014, a non-executive director MSR was introduced for the Board. Under this requirement, non-executive directors have five years to build a minimum shareholding equal to 100% of annual base fees.

To assist current and new non-executive directors in meeting the requirement, the DSAP was established with effect from 1 June 2014. The DSAP allows non-executive directors to sacrifice a portion of their director pre-tax base fees to acquire QBE shares. Shares acquired in this way are not subject to performance targets, as they are acquired in place of cash payments. Non-executive directors' shareholdings are shown overleaf.

All non-executive directors have met the MSR as at 31 December 2022, or are within the five-year period to achieve the MSR.

# 4. NON-EXECUTIVE DIRECTOR REMUNERATION

## 4.2 Non-executive director shareholdings

The table below details movements during the year in the number of ordinary shares in QBE held by the non-executive directors, including their personally-related parties:

| 2022 | POSITION | TERM AS KMP | INTEREST IN SHARES AT 1 JANUARY 2022 NUMBER[1] | CHANGES DURING THE YEAR NUMBER | INTEREST IN SHARES AT 31 DECEMBER 2022 NUMBER |
|---|---|---|---|---|---|
| Michael Wilkins | Chair | Full year | 72,258 | 11,525 | 83,783 |
| Yasmin Allen | Director | Part year from 1 July 2022 | – | 18,333 | 18,333 |
| Stephen Fitzgerald[2] | Director | Part year to 5 May 2022 | 69,268 | 3,077 | 72,345 |
| John M Green[3] | Director | Part year to 5 May 2022 | 41,253 | – | 41,253 |
| Tan Le | Director | Full year | 4,127 | 4,626 | 8,753 |
| Kathryn Lisson | Director | Full year | 44,079 | 4,931 | 49,010 |
| Sir Brian Pomeroy | Director | Full year | 37,445 | 4,980 | 42,425 |
| Jann Skinner | Director | Full year | 70,000 | – | 70,000 |
| Eric Smith | Director | Full year | 4,127 | 4,640 | 8,767 |
| Rolf Tolle | Director | Full year | 67,618 | 6,188 | 73,806 |

1 The interest in shares for Yasmin Allen represents the balance at the commencement date of 1 July 2022.
2 The interest in shares for Stephen Fitzgerald represents the balance at the date he retired as non-executive director on 5 May 2022 at the conclusion of the Annual General Meeting, which updates the Appendix 3Z lodged on 6 May 2022.
3 The interest in shares for John M Green represents the balance at the date he retired as non-executive director on 5 May 2022 at the conclusion of the Annual General Meeting.

# Directors' Report
FOR THE YEAR ENDED 31 DECEMBER 2022

## Auditor
PricewaterhouseCoopers, Chartered Accountants, continues in office in accordance with section 327B of the *Corporations Act 2001*.

## Non-audit services
During the year, PricewaterhouseCoopers performed certain other services in addition to statutory duties.

The Board, on the advice of the Audit Committee, has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are also satisfied that the provision of non-audit services by the auditor, as set out in note 8.8 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

A copy of the auditor's independence declaration required under section 307C of the *Corporations Act 2001* is set out on page 86.

Details of amounts paid or payable to PricewaterhouseCoopers for audit and non-audit services are provided in note 8.8 to the financial statements.

## Rounding of amounts
The Company is of a kind referred to in the *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts have been rounded off in the Directors' Report to the nearest million dollars or, in certain cases, to the nearest thousand dollars in accordance with that instrument.

Signed in SYDNEY this 17th day of February 2023 in accordance with a resolution of the directors.

Michael Wilkins AO
**Director**

Andrew Horton
**Director**