



Company	QBE Insurance Group Limited
Code	QBE
Meeting	AGM
Date	7 May 2020
Venue	Lumi online broadcast from QBE offices 8 Chifley Sq. Sydney
Monitor	Ian Graves assisted by Sue Howes

Number attendees at meeting	15 shareholders, 3 proxy holders plus 17 visitors
Number of holdings represented by ASA	263
Value of proxies	\$7,865,175
Number of shares represented by ASA	1,018,805 equivalent to the 19 th largest Shareholding in Top 20 list
Market capitalisation	\$16,808m
Were proxies voted?	Yes, on a poll
Pre AGM-Meeting yes with	Chairman Mike Wilkins, Carolyn Scobie Group General Counsel & Company Secretary, Peter Smiles Deputy Company Secretary, Rebecca Skill Head of Executive Reward and Governance, Tony Jackson Head of Investor Relations

A fairly unsatisfactory AGM – If this is the future, let AGMs remain in the past

On the morning of the AGM, ASIC released the Guidelines for using Virtual technology for Member participation during hybrid and virtual meetings. This stated as an overall principle shareholders should have the equivalent opportunity to participate as at a physical meeting. Any changes should be tailored to preserve genuine and effective interaction between members and the Board these included:

- Being able to raise questions in response to presentations other matters arising at the meeting
- With similar opportunity available for questions about the management of the company remuneration report and of the auditor.
- Members' questions or comments submitted in advance of, and/or at, the meeting, the selection process should be balanced and representative. There should also be transparency

about the number and nature of the questions asked and not answered– and appropriate records of questions, comments and responses should be kept to enable this.

- Members entitled to vote on resolutions put at the meeting should have the opportunity to consider the responses to questions and the debate before doing so.

Unfortunately, this did not occur, nor was the Agenda followed. With phone in questions generated by activists allowed, without control over the number of questions, or the repetitive nature. of these questions.

The AGM opened with instructions on how to submit questions using the digital platform as a result of COVID19 restrictions.

The Chairman then announced that a number of the questions already submitted online were similar in nature and that the comments he would make in his address would cover these.

The ASA had submitted the following questions:

1. Reinsurance Program

- QBE recently announced the purchase of additional catastrophe reinsurance for North America which will reduce the Group’s North American peak peril Catastrophe retention by US\$125m and reduce 90% Crop Hail Catastrophe exposure, as well as the reinsurance of Non-performing Portfolio’s North American excess & surplus lines reserves, US\$300M North American Excess & Surplus lines.
- Is this part of the Comprehensive Capital plan, to protect Balance Sheet earnings? Or is it because the North American exposures are greater than previously thought?

2. Capital Management

- Last year, as part of 3 year a Capital management program, QBE spent US\$275m buying back shares, when the Debt to Equity ratio was in excess of the 25-35% preferred range. Now there is a Capital raising to both issue shares and pay down debt.

Although this may be prudent in view of the Covid-19 pandemic, can you explain what was the rationale behind the buy/back decision?

- Under the heading Fortified Balance Sheet, one of the reasons for the Capital raising, is to capture organic growth opportunities. Could you explain what is envisaged by this?

3. Item 2 - Remuneration Report

Chairman as you know, The Australian Shareholders Association has advised our members that we will be voting all undirected proxies against this report.

Can you explain to the meeting why, although supporting the recommendations from the Hayne Royal commission and the Financial Sector Accountability regime, which require greater emphasis on long term incentives, QBE's remuneration plan continues to focus on short term benefits.

The Chairman's address covered:

Other effects of COVID-19 involve the changed working arrangements, which staff have adapted to well and has been mitigated by the robust business continuity plans and IT developments in place that have allowed this to happen relatively readily.

COVID-19 will affect the business results and as such guidance has been removed and recent capital changes have been announced - \$500m additional drawdown on Capital Notes, \$750m institutional placement and \$75m SPP (all USD). Participating shareholders will be able to reach pro-rata entitlements.

The increase in capital would allow the company to take advantage of any opportunities should they arise.

Unseasonal weather did impact the business in North America, but the overall result was an increase in profit and performance.

Comments on resolutions 5 and 6.

There was no commentary on business performance in 1HY20 and we don't consider that our questions were addressed.

Other than to identify that guidance had been removed and times were uncertain no further indication of how the business was travelling was provided.

The CEO presented on FY19 results and indicated that the world had changed dramatically, and that premium relief had been applied to a large number of customers as well as charitable donations made.

The meeting was then opened to phone questions and was taken over by the usual repetitive activist questions, which were not managed by the Chair, nor were questions taken by item on the agenda. The directors being re-elected, and the Remuneration Report were not referenced.

The Voting for the Resolutions for the Remuneration report, approval of the CEO's conditional right and re-election of Directors Ms K Lisson and Mr M Wilkins all passed comfortably. Whilst the Shareholder resolutions on amendments to the constitution to facilitate special interest groups were soundly defended.

After the meeting ASA wrote to QBE in line with ASIC's virtual meeting requirements asking whether QBE would be publishing a list of the questions and the person asking on their website.

All in all, not a good example of a virtual AGM.