

## **DISCLOSURE REQUESTS AHEAD OF 2024 QBE INSURANCE AGMs**

Saturday, January 13, 2024

Dear Chair and fellow QBE directors,

As a shareholder in QBE, I look forward to participating in your 2024 AGM on May 10 and would like you to consider these specific requests in terms of how the documentation is prepared, the voting is conducted and the actual meeting is run on the day.

First up, in terms of timely disclosure, please continue releasing the full annual report on the same day as your annual results, thereby maximising the time that proxy advisers and analysts have to consider the documentation for the AGM, in particular the remuneration report.

The QBE constitution requires external candidates to nominate at least 35 business days before the AGM and last year's notice of meeting was released 27 business days before the AGM. It would be great if the NOM could be released marginally earlier this year.

Also, given that QBE has such a global board, it would be useful to disclose where the candidates up for election reside in this year's notice of meeting.

### **Stick with the hybrid model**

Please ensure that this most important governance meeting of the year is run as a full hybrid AGM again, unlike what some of the old school dinosaurs like Fortescue, Harvey Norman, Seven Group, Worley and Santos did last year by refusing to provide any form of live online participation during the meeting.

It would also be good to avoid half-baked hybrid options such as the way Commonwealth Bank chose to offer live online questions last year, but once again failed to deliver online voting during the meeting for those attending remotely.

### **Don't bother with the telephone**

Given that live telephone questions were only utilised at a handful of meetings last year, it would be fine to ditch that option this year and just focus on the two main channels of questions, that being from the room and those lodged online during the meeting. Questions in writing lodged before the meeting are best dealt with in the formal addresses or can be read out in the absence of enough questions lodged on the day. In order to maximise live online questions, it is important to open up the questions portal an hour before the meeting and there's no reason why you can't also open online voting at the same time.

### **Sensible limits on questions from all quarters**

In order to fairly accommodate both sets of participants, it would be good to impose a 2-3 minute speaking limit for those in the room and a 600-800 character limit for those asking questions online. Also, regularly switching between both channels ensures everyone feels included. The Commonwealth Bank has chosen to use journalist Helen Dalley as a questions moderator at its past two AGMs and that has worked well. It is very important not to censor or edit online questions and to avoid doing that, please don't let the chair or CEO read out the online questions.

## **Follow the agenda, especially with questions**

I participated in [these 109 AGMs](#) last year and introduced a self-imposed 6 online questions limit across the full meeting for the main 2023 season. The intention is to maintain that discipline in 2024. However, for this to work well it is important for issuers to follow the agenda and deal with questions on each individual item of business sequentially, as opposed to the unfortunate “job lot” approach with debate adopted by the likes of QBE, Macquarie Group, JB Hi Fi and Treasury Wine Estates last year.

Mike, as I told you in [this exchange](#) last year, you don’t throw the agenda out at the start of board meetings and say “does anyone have a question on anything on today’s agenda?” so please don’t do it at the 2024 AGM. The ASA supports this view.

For orderly online questions to work, please ensure your share registry or online AGM provider offers a drop down box for each individual item of business so that questions can be specifically directed, plus ideally a separate selection for item 1 on the accounts and also a “general questions” category, which usually works well if at the bottom. Ending the meeting with “any last final general questions” is a welcome approach, unless of course the debate has extended beyond two hours.

Having attended in the room last year, I’m not sure what online approach you took last year but will be participating online this year.

## **Length of formal addresses and debate**

In terms of the formal addresses, these should ideally go for between 20 and 40 minutes and please do better than just words. Some slides are always helpful, although [these 44 busy slides](#) presented by Macquarie Group last year was perhaps overdoing it. A combined 12 minutes of presentations from the QBE chair and CEO with no slides was perhaps underdoing it last year. Also, if the chair of the remuneration committee is intending to make some scripted remarks at the beginning of that item, then please include those words in the formal addresses lodged with the ASX before the meeting commences.

Excluding any videos, ceremonial introductions or procedural explanations, the ideal ASX200 AGM lasts about 90 minutes, with 30 minutes of formals and then 60 minutes of debate, before some quality catering and refreshments are rolled out.

## **Early disclosure of proxy position**

Progress has been made since 2020 with many more companies responding positively to requests to disclose the formal proxy position to the ASX along with the formal addresses. As you can see from [this list](#), the likes Carsales, Myer, NAB and Ventia Services have commenced this practice since COVID but the likes of Origin Energy, Brambles and JB Hi Fi has been doing it for more than 15 years.

Given that the AGM is effectively a “voting completion and announcement event” but with more than 95% of directed votes lodged by proxy more than 48 hours before the meeting, it makes sense to disclose the proxies as early as possible so that the meeting itself can be used to interrogate the votes as to why there were any material protests.

Therefore, rather than starting the proxy votes disclosure at [slide 53 as you can see](#) Regis Healthcare did in 2002, a discrete separate pre-AGM ASX announcement [like this 2023 one from Carsales](#) would be preferable to give the proxy votes the platform and respect they deserve.

Even better, why not follow [this lead by Webjet](#) in 2023 and announce the proxy position to the ASX after the market has closed on the evening before the AGM. This is best practice disclosure as it gives analysts and investors more time to digest the data ahead of the commencement of trading and the AGM debate the following day. Given that QBE disclosed the proxy position to the AGM before the formal addresses and debate last year, you may as well lodge them with the ASX early this year as well.

Whilst on the topic of best practice voting disclosure, check out this [pre-AGM proxies announcement](#) by Myer ahead of last year's AGM. It not only clearly sets out the percentages, including the proportion of total shares on issue voted, but they've added headcount data which provides some much-needed insight into retail shareholder sentiment and plunging participation rates.

### **Disclosing voting outcomes by shares and shareholders**

I've been pushing for voluntary scheme of arrangement-style voting disclosure at AGMs in recent years as an antidote to falling retail shareholder voting in recent years since we've moved away from the reply-paid envelope accompanying the printed notice of meeting. This is the principal reason why the value of ASA undirected proxies have more than halved from their peak of about \$8 billion in 2007.

As you can see [from this list](#), the likes of ASX, Altium, Tabcorp, Webjet, Metcash and Myer have adopted this double metric scheme-style voting disclosure practice since COVID and there's no reason why you shouldn't get with the program this year. All the share registries keep the data, it's just case of the board authorising that it be disclosed with the proxy and poll voting results.

It is true that some of the 95%+ ASX100 mandates will be shown to struggle for majority support on the second head count metric but just disclosing this data will encourage more retail shareholders to vote as their efforts will be published. For instance, you can see in [these Metcash figures](#) at its 2022 AGM that 99.6% of votes were in favour of the fee cap increase for the directors but it was only [53.5% of the voting shareholders](#) (462 out of the 871 who voted).

In terms of turnout, we're unlikely to ever see a shareholder meeting like News Corp's 2004 move to America EGM where it [claimed](#) that 114,719 different shareholders voted on the proposal, with [an incredible 112,606 or 91.28%](#) backing the move to Delaware. As [this long list shows](#), no other Australian scheme vote has ever got anywhere near a turnout like that and retail shareholder participation has subsequently crashed more broadly.

It is always worth comparing those [remarkable 2004 News Corp voter numbers](#) with the very sluggish turn-out numbers more recently from the companies on [this list](#), including Qantas where only about 3,500 of their circa 180,000 shareholders [bothered to vote](#) at last year's AGM, even after all the publicity in the lead up.

Anything you can do to promote the idea of retail shareholders voting before or at your AGM would be greatly appreciated as we really do have a problem here, especially with companies like the Big Four banks or AGL which have retail shareholder ownership running at more than 40% of issued capital. In the case of AGL, Mike Cannon-Brookes was able to get 4 candidates up in 2022, partly because the power of his circa 11% stake was elevated by [an AGM turnout](#) of just 330 million votes that was not even 50% of the 673 million shares on issue.

## **Publishing a record of AGM proceedings, including a full transcript**

In terms of respecting the AGM process and acknowledging that barely 5% of shareholders vote and less than 1% participate in the AGM or watch it live, it is important to publish a full archive of the AGM webcast, along with a transcript. Whilst QBE has a good long term record of publishing the full webcast, you've never published an AGM transcript and specifically rejected a request to do so last year. Your competitor Insurance Australia Group offers [this web page](#) which includes access to 20 years of full AGM transcripts. Here is a [list of other companies](#) which are currently [publishing full AGM transcripts](#) and it would be good if you were added to the list this year. Best practice on AGM transcript elevation and disclosure was actually delivered by Kathmandu in 2021 when it lodged this [full 23 page transcript](#) with the ASX two days after its AGM.

## **Annual elections of directors**

In 2019, Treasury Wine Estates voluntarily moved to annual elections for directors in line with best practice that occurs in both the US and the UK. BHP also does this, even after ending its UK dual listing in 2021. Given QBE is a global business and we have recently appointed two new directors to the board from offshore markets where annual elections are mandatory, will you move to this model in 2024?

And speaking of board size, a constitutional amendment this year removing the cap of 12 on directors would make sense given that you are currently at 11 and it is not good practice to operate so close to the cap. Webjet recently reviewed its constitution and moved to the uncapped model and Rio Tinto has had this for many years.

## **Dealing with proxy advisers, including ASA**

Finally, a couple of observations about your dealings with proxy advisers. Having rolled out such a large delegation of 7 to meet with ASA last year, it might be worth extending this respect to adding ASA to the drop down box when it comes to shareholders voting online considering who they appoint as proxy. This will hopefully add to the 167 QBE shareholders who appointed ASA last year. I trust that the chair is also leading a governance roadshow with the proxy advisers servicing wholesale investors who request access to the board.

Thank you for taking the time to consider these requests.

If you or your staff would like to discuss any of these issues I can be reached on 0412 XXX XXX, or a written response would also be appreciated.

Kind regards  
Stephen Mayne  
QBE shareholder