

A circular, fisheye view of a city skyline at night, with light trails from buildings and streets creating a vibrant, multi-colored pattern. The city lights are reflected in a body of water, creating a symmetrical effect.

THRIVING ON CHANGE

2016 ANNUAL REVIEW

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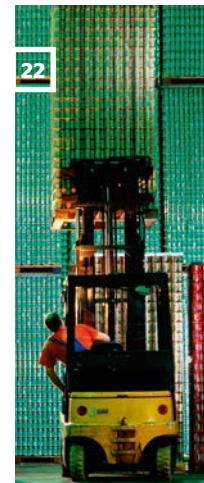
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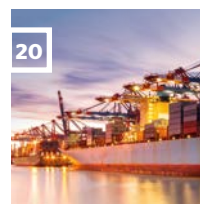
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The business world is changing at an accelerating pace. Technological, social, behavioural and demographic changes are all disrupting the old models, offering opportunities for those who are brave enough to grasp them. But with those opportunities comes risk - risk we can see and manage, like new product or new geographies or new channels, but also 'unknown unknowns' - risks we can't even predict.

Huge advances in digital technology and big data are transforming the traditional value chain we all understood. Companies worldwide are operating in a more complex, global environment offering huge benefits, but also increased political risk and uncertainty. Social change has created a new generation of 'always connected' individuals with different values and ambitions. So how can companies navigate these often uncharted waters? Our customers are more demanding in what they expect from their insurer - in the products they need, like cyber coverage or worldwide insurance programs, in wider risk management services, in the business skills and knowledge we bring, and in the way we interact with them.

We understood these trends when we defined our purpose - to give people the confidence to achieve their ambitions - knowing they have a partner standing with them to help them succeed. Providing that confidence isn't just about risk transfer. It's about providing risk management services in a more holistic way, about using technology to transform how we assess risk and how we provide services. It's about making sure that we have the right skillsets to provide these services in the modern world. QBE is tapping in to new technologies to get closer to customers. Our Group Digital Innovation Lab is experimenting with emerging technologies, our use of drones for claims assessment and our drive to embed analytics into our decision-making are just some of the many initiatives we have in play.

QBE is thriving on change.

2016 snapshot

Shareholder Highlights

Current shareholders

126,245

as at 31 January 2017

Dividend per share (A¢)

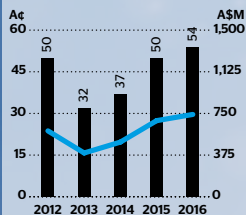
54¢

⬆️ 8% from 2015

Dividend payout (A\$M)

\$741M

⬆️ 8% from 2015



Financial Highlights

Combined operating ratio (COR) (%)

94.0%

2015 94.9%

Gross written premium (US\$M)

\$14,395M

⬇️ 5% from 2015

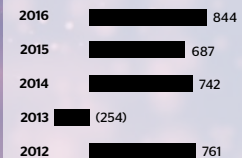
Gross earned premium by class of business



Net profit after income tax (US\$M)

\$844M

⬆️ 23% from 2015



Net claims ratio (%)

58.2%

2015 60.4%

Standard & Poor's credit rating

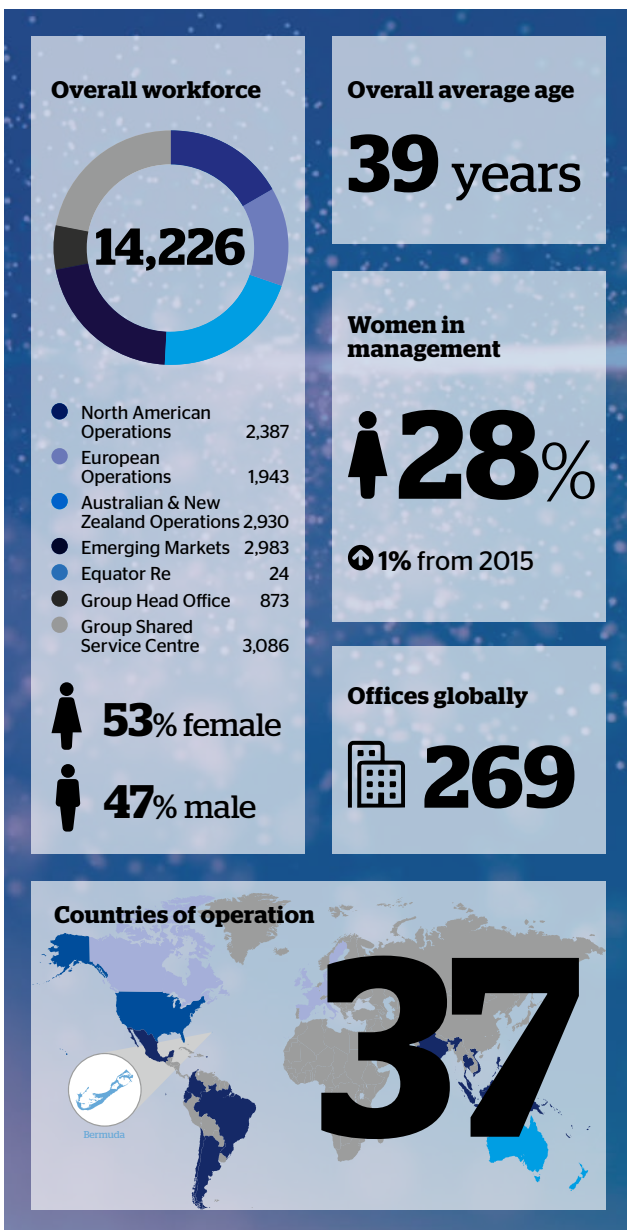
A+

Insurer financial strength rating (FSR)

A-

Issuer credit rating (ICR)

Operational Highlights



Environmental and Social Highlights



Growing QBE's fundamental value

QBE recorded a 2016 financial performance at the better end of our target range. We believe this result is a milestone in the journey to delivering steady increases in QBE's fundamental value even in the face of challenging market conditions and an increasingly uncertain global political environment. We are confident shareholders will be rewarded as we work to further strengthen QBE's global franchise through a relentless focus on underwriting excellence and operating efficiency together with measured customer and partner-led growth.

The market

The insurance market of 2016 continued to be characterised by surplus capital with corresponding downward pressure on pricing across most of the globe, particularly in commercial lines. Despite this dynamic, industry underwriting profits have generally been sustained by relatively low catastrophe claims coupled with continued prior accident year claims releases and cost efficiencies.

The near-term pricing outlook is broadly flat in most territories with the exception of Australia, where the insurance market started to harden in mid-2016 following a period of unsustainable price declines coupled with claims inflation. This means that as we look forward to 2017, the "day job" for insurers of generating underwriting profits is, as yet, no less challenging than a year ago.

Insurers are also grappling with a more uncertain political backdrop. This was evidenced in 2016 by increased anti-globalisation sentiment and concerns over immigration contributing to the Brexit vote and boosting support for populist politicians.

In the United States, proposed economic policies include

large tax cuts for individuals and businesses, additional spending on infrastructure and defence and new trade barriers. Implementation of the President's policy proposals would likely provide a short-term economic stimulus; however, if enacted, these policies may lead to large budget deficits, creating inflationary pressures and increased pressure on the Federal Reserve to be more aggressive in raising interest rates.

Meanwhile, evidence is now emerging that Britain's vote to leave the European Union is feeding through to the economy of the United Kingdom in the form of rising inflation.

Predicting the impact of political change and geopolitical tension is notoriously challenging; however, it is reasonable to conclude that current uncertainty may contribute to more supportive conditions for the insurance industry. I say this because, broadly speaking, there are two things that make the operating landscape more favourable for insurers - if insurance prices are increasing or interest rates are rising. There are currently grounds for optimism on both fronts. Increased inflation in Europe will inevitably place upwards

pressure on insurance pricing, while the pace of interest rate increases in the United States may accelerate as the Trump administration's impact on the economy becomes clearer.

Whether or not the headwinds faced by insurers in recent years ease, I believe we have the right strategies in place to grow QBE's fundamental value without reliance on rising interest rates or an improving pricing cycle. QBE has a differentiated global franchise and our business plans assume that the marketplace we see today is the one in which we will continue to operate.

2016 performance

Notwithstanding the challenging external environment, I am pleased to report that QBE delivered on our plans for the year with a financial result that was at the better end of our target range.

A notable aspect of the full year result was a substantial improvement in the performance of our Australian & New Zealand Operations in the second half of the year. Shareholders will recall that we reported an unsatisfactory performance in our Australian home market at the half year. This resulted from cumulative pricing declines coupled with

heightened claims inflation in several short-tail classes, exacerbated by deterioration in the NSW compulsory third party (CTP) scheme.

While it takes more than a year for the full benefits of corrective action to be reflected in financial results once a commitment is made to remediate an insurance business, the Board is encouraged by the early progress made by Pat Regan and the team in Australian & New Zealand Operations. A carefully executed plan to restore pricing to more sustainable levels saw a 0.1% decline in Australian premium rates at the half year reversed in short order such that a full year price increase of 1.7% was recorded, including a 4.5% increase in the fourth quarter. The early benefits of these rate increases coupled with claims cost initiatives can be seen in a meaningful improvement in the division's combined operating ratio between June and December 2016.

Our North American Operations, which welcomed Russ Johnston as Chief Executive Officer during the year in a seamless transition from Dave Duclos, continued on its trajectory of performance improvement. The division is benefiting from portfolio rationalisation



and a tighter focus on core businesses, with the ongoing growth of Specialty an important contributor to the result.

Our European Operations had another strong year in a marketplace that is increasingly difficult and our Emerging Markets business continues to make progress, adding meaningfully to our future growth opportunities.

We have a stated objective of achieving gross written premium growth of 3% per annum across the cycle and early in the year we anticipated that growth of around this level would be achievable in 2016. While the target was not ultimately achieved due to a combination of prudent underwriting in a challenging marketplace and our own internal remediation initiatives, in our view this level of growth remains a reasonable objective over a planning cycle.

Our balance sheet remains in excellent shape, as reflected in Standard & Poor's decision in May 2016 to revise the rating outlook on QBE's core operating entities to "positive" from "stable".

Moreover, it is pleasing to note that we have now reported five consecutive half years of positive prior accident year claims development.

Looking to the future

This is my third annual message as Chairman, having taken on the role in April 2014 in the midst of a difficult period for the company.

Reflecting on the progress that has been made over the last three years, it is apparent that the QBE of 2017 is a hugely different company from the one that I took over as Chairman. Yet even in our darkest hour I was confident QBE had the essential attributes required to return to being an industry leader. Importantly, there was no question of QBE's solid underwriting DNA, the quality and commitment of our people or the latent benefits of being one of only a handful of truly global insurance franchises.

Achieving a return to stable and predictable earnings required that we first match these fundamental qualities with a more robust balance sheet while continuing to transform the business to strengthen and differentiate our global franchise.

The success that John Neal and his team have achieved in meeting this challenge is reflected in consecutive annual results towards the better end of our published targets and a balance sheet that is in excellent shape. Only with this hard work completed did we

have the forward visibility to set out clear medium-term financial targets for QBE at our May 2016 Investor Update. These targets covered a range of metrics from growth in gross written premium to operating expense savings, reinsurance cost savings, claims efficiencies, return on equity and cash remittances.

Your Board recognised this strength in our mid-year action to increase the dividend payout ratio to up to 65% of cash profits as well as our recent action to adopt a share buyback facility.

Importantly, QBE's transformation extends beyond financial measures and I am delighted that in the last year we have attracted three exceptional candidates to provide stewardship at Board level. Recent Board appointments include two of the insurance industry's foremost leaders of recent decades, Rolf Tolle and Mike Wilkins. Our third new director, Kathy Lisson, brings a rare skillset spanning digital technology, cyber security, IT risks and data analytics that is essential to shaping our company's strategic direction.

Your Board is also acutely aware that there is no room for complacency in the insurance industry of 2017. There is still work to be done to ensure our

global business is operating as efficiently as possible, while the impact of technology, including disruptive technologies, on the insurance industry will only increase in coming years. More than \$4 billion has been invested in Insurtech startups in the last two years and we are committed to being at the forefront of industry developments. I'm delighted that Kathy Lisson is chairing a new Board committee focused exclusively on technology and operational transformation at QBE.

While there has been a great deal of change at QBE over the last three years, one constant is our cautious approach to the way we go about our business. Whether it's through the comprehensive reinsurance we buy or our reluctance to go too far up the risk curve in our investment strategy, our over-riding goal is to deliver stable and predictable earnings.

In closing, I remain enthused and optimistic about QBE's ability to deliver high quality financial returns for our investors while fulfilling our mission for our customers through an increasingly talented global workforce and leadership team.

W. Marston Becker
Chairman

Delivering results through consistent strategy execution

QBE recorded a strong 2016 financial result including an above target combined operating ratio and an insurance profit margin towards the upper end of our target range. This performance is testament to the strength and diversification of our global franchise underpinned by a strong underwriting culture and supported by a high-quality balance sheet.

It is pleasing to report that in 2016 all key performance measures improved. Excluding the impact of discount rate movements, the combined operating ratio reduced to 93.2% from 94.3%¹ in 2015. Net profit after tax was \$844 million, up 5% on 2015¹, with an increase in investment income partially offset by an adverse discount rate movement and the impact of the stronger US dollar, particularly against sterling. On a constant currency basis, net profit after tax increased by 16%. Return on equity increased to 8.1% from 7.5%¹ last year.

Importantly, the detail below the headline result for 2016 is encouraging on a number of levels and reflects the successful transformation of QBE over the last five years. Following the restructuring of both our underwriting account and our balance sheet, our underwriting performance continues to improve year on year and we have now had five consecutive half years of positive prior accident year claims development. Our balance sheet is of high quality as recognised by the Standard & Poor's Global Ratings assessment which indicates that the Group's capital position is "well above the AA level".

Global market conditions leave little room for error and our underwriting discipline is evident across all of QBE's businesses.

This is particularly the case in North American Operations, where the combined operating ratio improved to 97.7%² from 99.8% in 2015, when the division produced its first underwriting profit for some years. We are expecting further steady improvement towards a mid-90s combined operating ratio over the medium-term.

The strength of both QBE's market position and operational capability are reflected in early but visible signs that the remediation plan for Australian & New Zealand Operations is gaining traction. Corrective actions across underwriting and pricing together with improved discipline in our claims management functions underpinned a significant improvement in the attritional claims ratio in the second half of 2016. As a consequence, I am confident that by the end of 2017 the division will have returned to more acceptable levels of profitability.

Our 2016 performance saw QBE achieve targets for underwriting discipline, cost reduction, reinsurance savings, claims efficiency, capital ratios and cash remittances. The profit uplift coupled with strong cash flow generation has allowed the Board to both increase the final dividend by 10% to 33 Australian cents, as well as announce a three year cumulative

on-market share buyback facility of up to A\$1 billion.

Divisional Performance

1. North American Operations

The turnaround in performance initiated by Dave Duclos has continued under Russ Johnston's leadership, with North American Operations' underwriting profit more than doubling in 2016. A second consecutive strong Crop performance and continued profitable growth in Specialty have aided the division's development. Actions taken to address legacy issues, including reinsuring program business run-off liabilities with a third party and exiting our mono-line commercial auto business, see the division well placed for further material performance improvement. We have the right mix of product and capability to support a well-defined plan by industry and product. Ongoing cost efficiencies are also expected to contribute to margin improvement in 2017 and beyond.

2. European Operations

In what is arguably the most competitive insurance market in the world, the strength of the QBE franchise in the London Market is evident in continued disciplined underwriting

and an increase in positive prior accident year claims development. Richard Pryce and the team delivered a strong combined operating ratio of 90.2%² in a year characterised by continued deterioration in trading conditions, an industry-wide increase in large risk and catastrophe claims activity and an uncertain political and economic backdrop. This is an extremely strong performance that benefited from an ongoing commitment to underwriting excellence coupled with significant operational improvement which reduced the expense base and enhanced efficiency.

The European Operations team is advancing its plans for the reorganisation of the business should it become impractical to access the European single market from the UK as a consequence of the European Union referendum outcome (Brexit).

3. Australian & New Zealand Operations

The strength of our distribution partnerships is playing a pivotal role in the turnaround of Australian & New Zealand Operations which commenced during the second half of 2016. In August 2016, Pat Regan was appointed Acting CEO of Australian & New Zealand Operations to lead the

1 2015 comparable figures exclude Argentina workers' compensation, M&LS deferred acquisition cost write-down as well as agency and other asset sales.

2 Combined operating ratio excluding discount rate impact.



remediation of the business following a marked first half deterioration in the attritional claims ratio. The deterioration was due to several years of price reductions coupled with claims inflation and deterioration in the performance of the NSW CTP portfolio.

Pat and his team quickly developed a comprehensive remediation plan, with indications of successful execution evident in an improvement in the division's attritional claims ratio from 62.0% in the first half to 58.6% in the second half of 2016. An even greater improvement was achieved in the final quarter of the year.

While insurance portfolio remediation takes time, a combination of pricing increases, enhanced underwriting discipline and claims focus is expected to return the attritional claims ratio to more acceptable levels by the end of 2017.

4. Emerging Markets

David Fried and the Emerging Markets team delivered constant currency gross written premium growth of 10% with a stable combined operating ratio. Growth was underpinned by an enhanced focus on driving profitable growth across specialty, commercial, SME and personal lines (via strategic partners), with the stable underwriting result achieved despite several large individual risk and catastrophe claims.

The implementation of a single strategy across Asia Pacific and Latin America has supported enhanced productivity, efficiency and consistency across the division. Financial performance is benefiting from more frequent and robust technical portfolio reviews, increased utilisation of data analytics and continued portfolio remediation.

QBE is well-positioned to benefit from the additional trade and infrastructure investment expected to be generated by the emerging markets' favourable long-term economic outlook.

5. Equator Re

Equator Re plays an important role in assisting the Group and our four operating divisions in managing their balance sheet and capital requirements through the provision of excess of loss reinsurance protection and proportional cover. 2016 was a successful year for Equator Re, with the division recording a significantly improved combined operating ratio of 78.9%¹. Positive prior accident year claims development was a significant contributor to the improved underwriting performance.

QBE's strategy

At our Investor Update held in May 2016, QBE's leadership team introduced six themes that together form the core of our strategy: to deliver on clear medium-term financial targets by building upon our differentiated position as one of only around 15 insurers that operate on a truly global basis.

As we look forward to 2017, the focus for each of these themes will continue to develop and evolve:

Underwriting excellence – underwriting performance and margin will always be our primary areas of focus. QBE's commitment to underwriting excellence is evident across the divisions, whether it be continued improvement in North American Operations, the more frequent and robust portfolio reviews now being undertaken in Latin America or maintaining discipline in a challenging market in European Operations.

We believe there is more we can do to improve underwriting performance, and we need to be adaptable as delivering underwriting excellence will sometimes require a bespoke approach. For example, the approach adopted to remediate Australian & New Zealand Operations was to divide the business into 44 "cells" with regular, detailed reviews undertaken for each cell to ensure that new underwriting plans and remediation actions are being implemented and driving desired outcomes.

¹ Combined operating ratio excluding discount rate impact.

Customer and partner-led growth – our target is to achieve 3% premium growth across the cycle through further improvement in QBE's market position and relationships with distribution partners. During 2016, the competitive environment did not support achievement of this target due to our over-riding focus on underwriting excellence.

World class talent – QBE has made a substantial investment in building, developing and retaining the very best talent. It is four years since we launched our Leadership Academy in partnership with Duke University, with over 2,350 of our leaders having participated in Academy programs. We are now undertaking a refresh of the Leadership Academy modules to support our leadership development, while 2017 will also see the full launch of our Underwriting Academy following the successful completion of pilot programs in 2016. Our objective is for every QBE underwriter to be accredited by our academy and receive a qualification that is recognised by many of the insurance bodies around the world.

Operational efficiency – our 2016 expense savings target of \$150 million was met and planning is well-advanced to deliver a further \$150 million in expense savings by the end of 2018, with some of these savings to be reinvested in technology. In 2017, we will also look to optimise the value of our onshore and offshore service centres.

Claims excellence – we expect that half of our 2018 target of \$200 million in claims run-rate savings will be achieved by the end of 2017. Initiatives to combat claims fraud are an area of ongoing focus, as is efficient claims management through the sharing of global standards.

Data and analytics – after establishing data and analytics as a global function in 2016, including the development of offshore support in the Philippines and in India, our focus in 2017 will be directed towards projects that support portfolio remediation, claims initiatives and customer analysis.

In summary

I am encouraged by QBE's response to the challenges of 2016. Following the transformation initiatives of recent years our business is more streamlined and more focused. A challenging market backdrop put us to the test in 2016, and we delivered.

While QBE's transformation has been all encompassing, I am especially pleased by our success in institutionalising a customer-centric approach. Consistent with our vision for QBE to be the insurer that builds the strongest partnerships with customers, I am seeing increasing evidence of our people thinking about each client and what we can do for them as an insurer.

For many customers our whole account management approach is a real differentiator, providing visibility upfront on everything from our technical pricing capability to our claims handling approach, our risk solutions capability and our preparedness to enter into more complex financial structures, whether that be a multi-year contract or participation in a complex captive-based arrangement. This approach was pioneered in our European Operations but through cross-pollination of thought, ideas and people, is increasingly evident in how we do business elsewhere in the world, and in our ability to serve multi-jurisdiction clients.

In closing, I want to thank our stakeholders – our customers, our people, our shareholders and our business partners – for their ongoing support. I am confident that continued focus on our strategic themes and on further embedding our commitment to customer partnerships will underpin QBE's future success.

John Neal
Group Chief Executive Officer

Outlook for 2017

2017 targets:



Gross written premium:

Relatively stable^{1,2}



Combined operating ratio:

93.5%
to
95.0%^{3,4,5}



Investment return:

2.5%
to
3.0%



We anticipate the market backdrop will remain challenging in 2017, although indications of modest improvement are now emerging. The rate of decline in global insurance pricing is easing and, while there is variation between markets, we anticipate that premium rates in markets other than Australia will be broadly flat in 2017. We are also encouraged by the improved US macroeconomic outlook following the presidential election, while investment income should benefit from higher bond yields in all major markets.

The QBE franchise is positioned to support growth; however, in light of the still competitive premium pricing landscape and recent exchange rate volatility, gross written premium is expected to remain relatively stable during 2017. Continuing focus on retention is key, along with select growth expected from Emerging Markets and targeted pockets within European Operations and North American Operations.

Looking beyond the current year, the medium-term targets provided at the May 2016 Investor Update are unchanged. More specifically, we remain committed to our 2018 targeted combined operating ratio of around 93% as the full benefit of our operating expense reductions and claims savings are realised. This, together with the improving outlook for investment returns, supports our long-term return on tangible equity target of 13-15%.

1 Premium target is based on assumed foreign exchange rates relative to the US dollar as follows: AUD 0.73; GBP 1.25; and EUR 1.10.

2 Net earned premium growth will likely exceed gross written premium growth due to in excess of \$350 million of reinsurance cost savings achieved as a result of the restructure and refinement of the Group's 2017 reinsurance protections.

3 Assumes risk-free rates as at 31 December 2016.

4 Assumes favourable prior accident year claims development.

5 Other than the 0.5% explicit increase in the probability of adequacy of the net central estimate for potential changes to the Ogden tables (refer page 24 of the 2016 Annual Report for further details), the target range does not allow for a potentially more extreme legislative outcome.

Our strategic agenda

2016 ACHIEVEMENTS:



Underwriting excellence

- Establishment of underwriting hubs in Miami and Singapore to optimise use of underwriting talent in growing economies of Latin America and Asia
- Focus on core business, including growing North American Specialty and Emerging Markets
- Continued divestment of non-core businesses and remediation of underperforming lines
- Use of data and analytics to allow data-driven underwriting decisions, focused risk selection and greater pricing accuracy
- Improved stress testing of underwriting scenarios
- Group Underwriting Committee to monitor underwriting performance and drive adherence to underwriting standards and best practices
- Rollout of QBE Underwriting Academy to embed best-in-class underwriting skills and accreditation by the appropriate insurance institutes



Customer and partner-led growth

- Client relationship management system and processes implemented globally
- Multinational capability improved for customers operating across multiple geographies
- Advanced customer risk management system offers clients guidance on wider risk issues
- Data and analytics used to improve understanding of customer buying habits allowing more focused support
- Premiums4Good offers customers choices of social and environmental investments
- The QBE Digital Innovation Lab carries out research into business opportunities in areas such as Internet of Things, Blockchain and machine learning



World class talent

- The launch of the QBE Underwriting Academy saw 233 graduates complete the program in 2016, with an additional 79 trained subject matter experts
- 2,351 leaders have attended the QBE Leadership Academy to improve our bench strength at all levels
- A focus on engagement has resulted in improved scores across the business
- Diversity and inclusion statistics continue to improve towards published targets



Operational efficiency

- Multiple initiatives generated cost savings in excess of \$150 million in 2016
- A more strategic approach to cost and infrastructure management in 2017 will see further benefit realised
- In excess of \$350 million reduction in 2017 external reinsurance spend
- Further use of Group Shared Services Centre to achieve cost and efficiency benefits
- We are continuing to enhance our long-term plan and strategy for technology



Claims excellence

- Use of data and analytics for fraud prevention, claims recoveries and litigation management
- Group Chief Claims Officer appointed to facilitate sharing of best practice, to maximise opportunities in the areas of fraud management, claims, claims supply chain management and claims leakage
- \$200 million of claims benefits targeted by 2018
- Innovative use of drone technology to deliver excellent claims service to clients



Data and analytics

- Over 70 projects in progress to embed data and analytics to create a culture of data-driven decision-making
- This includes:
- Claims anti-fraud and subrogated recovery
 - Customer segmentation and improved customer experience
 - Agent and broker segmentation and performance
 - Underwriting exposure, loss control and pricing analytics
 - Recruitment effectiveness

The QBE Group Digital Innovation Lab: Inspiring our digital future

Optimised for learning



Ideas



Lab research
ratification



Experiment



Business review



Implementation

Technology is driving change in the insurance industry, allowing the most far-sighted organisations to 'reimagine insurance' - redefining the business model and transforming the services they provide and the way they are delivered. The QBE Group Digital Innovation Lab was launched in 2016 to help create a future that is driven by the emerging technologies of today.

New technologies abound. We need to be able to make a call on which of them has the ability to improve our business and therefore where we should invest. What is real and what is simply noise? How quickly will it change the model - overnight, or in five years' time, or never?

The Lab helps us answer these questions. Even more importantly, by working in partnership with some of the brightest minds in academia and industry, it allows us to actively influence the answers to the questions. Working closely with our business experts around the world, we can make the technologies relevant and real for our customers by embedding them in our business processes.

Value creation



Capacity



Skills



Resources

The QBE Lab is a research and development team, which provides the skills, capacity and resources needed to effectively experiment with the emerging technologies which will reshape the markets we operate in globally.

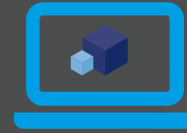
The QBE Lab is experimenting with the emerging technologies that will help us build the strongest partnerships with our customers - enabling growth, efficiency and effectiveness.

ARTIFICIAL INTELLIGENCE



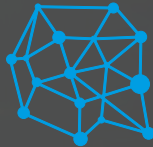
Artificial Intelligence (AI) can provide QBE with the opportunity to better understand and predict risk in complex systems. The Lab is focusing on recent advances that allow us to understand why AI systems make specific decisions, essential in using AI where financial, ethical and legal consequences of decisions are significant.

INTERNET OF THINGS (IoT)



Smart devices, connected to the Internet of Things (IoT), offer previously unavailable information which can have a meaningful impact on our customers. The Lab is working with top academics and industry partners to experiment with some of the most advanced sensor hardware and analytics platforms available in the market, offering the potential to continuously monitor and reduce risk.

BLOCKCHAIN



Implemented in a consistent and compatible way across a value chain, Blockchain offers the potential to make processing more secure, transparent and efficient across the whole industry. The Lab is investing in Blockchain experiments, building applications that test out the technology's unique characteristics.

AUGMENTED/ VIRTUAL REALITY



Virtual reality applications allow us to simulate situations and design solutions for scenarios which would otherwise be impossible to simulate, or may be cost prohibitive today. The imaging and collaboration capabilities of these technologies allow the involvement of our subject matter experts from around the world, underwriting some of the most complex classes of risk. The resulting data and training sets can then be re-used in the development of our future talent.



Drone technology: Delivering on our customer promise

Drone benefits



Accuracy

Allows accurate risk assessments in challenging geographies.



Speed

Provides immediate access in time-critical situations.



Area

Offers the ability to cover vast expanses of terrain.



Cost

Offers claim assessment at significantly lower cost, in turn, reducing customer premiums.

The use of drones has allowed us to transform the way we handle claims in the most unusual or difficult situations.

Drones offer QBE immediate access to areas affected by catastrophic events, such as earthquake or flood, allowing us to provide early assessment of the extent of damage. We can then accelerate the claims process, identifying the resources and technical capability required to provide the necessary client support and deliver a more precise and accurate solution.

Currently in use in our North American Operations, European Operations and Emerging Markets, drones have helped QBE deliver better customer outcomes.

Case study:

North American Crops

QBE was an early adopter in the use of drones, using the technology to assist in the inspection and verification of more than 70,000 acres of citrus trees in Florida.

The QBE drone images were used to count the trees and inspect each for damage, reducing a three-month manual task to under three weeks.



“A few days (after the earthquake) we got a positive answer from QBE saying that our claim would be settled as fast as possible. That fact actually made me think that there was hope, because I thought it was all over... I can actually say that I now have a new opportunity.”

QBE customer, Ecuador



Case study:

Ecuador Earthquake

In April 2016, a 7.8 magnitude earthquake struck the province of Manabi in Ecuador, the most devastating earthquake in the country since 1979. In the city of Portoviejo, the collapse of at least 684 private buildings led to a significant increase in the number of casualties.



Recognising the urgency, we immediately mobilised our regional catastrophe response team to Quito, with team members from Miami, Mexico, Argentina, Colombia and Puerto Rico providing local Ecuador support. With a danger of further building collapse, the authorities restricted physical access to the quake zone. Within two days, drone technology started to show its real value - surveying the damage and allowing us to settle 90% of large losses within 90 days.

In the community:
Emerging Markets
- Latin American Operations



Aid for Ecuador

To assist the people of Ecuador in their recovery, QBE Emerging Markets organised a division-wide donation program. Donations from employees across Asia Pacific and Latin America were matched by QBE, raising almost US\$35,000, with an additional US\$25,000 donated by the QBE Group Foundation. The resulting funds were given to Save the Children in Ecuador to assist in their relief work, which included supporting children who tragically lost family members. Local QBE employees also organised a drive to collect bottled water, food and basic necessities for people in the most affected areas. QBE has been present in Ecuador since 1992 and today is the third largest private general insurer in the country.

Case study:

2015/16 UK Floods

In December 2015, devastating storms swept across parts of the UK, resulting in the worst flooding in 250 years.

We used drones to quickly assess the impact on the community and obtain a view of the damage as early as possible. This allowed us to accelerate claims payments, letting our customers get on with rebuilding their lives.



Premiums4Good:

A global leader in impact investment

Premiums4Good
total investment (US\$M)

\$400M

Invested across

16 securities

which meet QBE's investment
and impact criteria

Through the Premiums4Good (P4G) initiative, QBE is pioneering a new way for our customers to actively make a real and lasting difference to communities and the environment through their insurance premiums. We are the only global insurance company with a dedicated impact investing program directly driven by the policyholder.

Officially launched at Lloyd's of London in March 2016, participation in the Premiums4Good program is now offered to selected customers of North American Operations, European Operations and Australian & New Zealand Operations. The program increases QBE's opportunity to connect with our customers and provides them with the opportunity to invest in a better world.

Key features

Customer specific



Targeted customers have the opportunity to elect for a percentage of their premium to be invested into carefully selected securities with social or environmental benefits including Social Impact Bonds and Green Bonds



No cost/no risk

There is no cost to the customer and the investment risk is borne by QBE

Transparent reporting



We provide an annual update showing investments made and the social and environmental benefits. These reports can then be used by customers in reports to their own employees and customers



Social responsibility

Complements other social responsibility initiatives our customers and employees are involved in, such as the QBE Foundation

Current Investment List

INVESTMENT TYPE	NO. OF INVESTMENTS	SOCIAL/ENVIRONMENTAL IMPACT AREA
Green Bond	6	Renewable Energy/ Low Carbon
Forest Bond	1	Low Carbon
Corporate Credit	1	Financial Inclusion
Social Bond	1	Education & Training
Infrastructure Debt	2	Renewable Energy/ Mass Transport
Social Impact Bond	4	Social Services/Education & Training/Healthcare
Equity Fund	1	Social Services
Total Investments	16	

Case study:

Redefining the role of insurance

When QBE first trialled Premiums4Good in 2015, we were proud to be offering insurance customers something that had never been done before - the opportunity to direct a portion of their insurance premiums into socially responsible investments.

Since then, QBE has invested more than \$400 million in qualifying securities and the potential of the program has captured the attention of the Cambridge Institute for Sustainability Leadership (CISL).

In an article published in Insurance Business Australia, CISL's Tom Herbstein and Andrew Voysey noted that Premiums4Good "could represent a defining moment in the role of insurance in society", providing "an exciting example of an insurance company innovating ways to achieve a greater societal impact, via its investment activities, by integrating the client directly into the process."

But delivering on the potential of Premiums4Good will not be straightforward. According to CISL, "Ultimately the success of Premiums4Good will depend not just on client uptake, but also on uptake by the broader insurance sector and the ability of insurers to align such investments with solutions to the challenges they face on the underwriting side of the business. This will require a shift in the way the industry approaches managing societal risk resilience, how the regulatory environment enables the growth of such investments and whether enough investment opportunities can be created." The path to delivering on the full potential of Premiums4Good may not be smooth, but at QBE we are committed to paving the way.



“QBE’s Premiums4Good initiative has helped fund our Future Shapers project which helps vulnerable young people improve their educational attainment and access to work. Without QBE’s help, more young people in Sheffield would face an uncertain future.”

Gail Gibbons
CEO, Sheffield Futures

“It is satisfying to know that this market-leading initiative is making a real difference to communities in need.”

Kerri Thomas
Sparke Helmore Lawyers

“Premiums4Good is a great opportunity and closely aligns with our corporate responsibility initiatives.”

Rod Fielding
COO & CFO, Allens

Governance

QBE’s aim is to be transparent in our commitment to invest, in line with the Premiums4Good mandate. The Classification of Social Investments Committee (COSI Co) was created to support the governance of the Premiums4Good initiative. The independent committee comprises six members; three from QBE and three from external organisations (Big Society Capital, Philanthropy Australia and Impact Investing Australia). The role of the committee is to classify and review investments as to their “Additional Social Objective” (ASO) and verify their positive impact.

QBE has been working to add appropriate exposure to our portfolios in anticipation of scaling up the Premiums4Good product offerings, seeking and co-creating securities that deliver both an attractive investment return as well as incorporating an additional social or environmental objective.

North American Operations business review

North American Operations more than doubled underwriting profit in 2016, reflecting a strong Crop performance and continued profitable growth in Specialty. Ongoing cost efficiencies, coupled with a more focused Property & Casualty portfolio, bodes well for further margin improvement.

Russ Johnston

Chief Executive Officer • North American Operations

2016 in review

Gross written premium (US\$M)

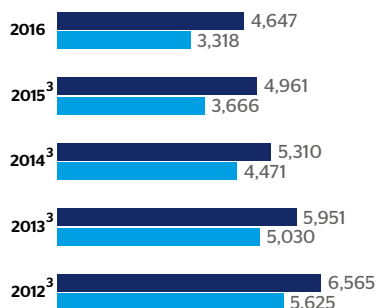
4,647

↑ 2% from 2015²

Net earned premium¹ (US\$M)

3,318

↑ 1% from 2015²



1 Adjusted for transactions to reinsure run-off liabilities.

2 Prior period comparable figures exclude premium associated with the sale of M&LS in 2015.

3 Comparability of prior period data is diminished as a result of the sale of M&LS and the adoption of a significantly revised crop premium earning pattern in 2015.

A number of growth and margin-enhancing initiatives are currently underway and North American Operations remains confident of delivering a mid-90s combined operating ratio by 2018. North American Operations continues its focus on building a leading specialist franchise that delivers profitable organic growth by building market leading and proprietary products tailored to customer needs. Since 2013, Specialty has launched nine new business units and has developed a culture of innovation and excellence with over 30 new products brought to market. We have a well-diversified portfolio, anchored around accident and health and errors and omissions, augmented with offerings across directors and officers, transactional liability, aviation and inland marine. This has allowed us to develop an organic growth capability that we are now leveraging across the Property & Casualty portfolio. We have launched an "excess and surplus lines" business and are building out our existing personal lines platform to further enhance portfolio diversification. The Property & Casualty franchise is moving forward with a more focused distribution footprint. Our value proposition is centred around the scale of our Specialty and Property & Casualty product offerings and our delivery of integrated capabilities to customers. Our high quality Crop and Reinsurance businesses are also

integral, providing additional portfolio diversification and confidence in posting a further improved underwriting result in 2017.

Implementation of a series of initiatives focused on claims, analytics and human capital are well underway as we continue to build sustainable financial results and brand value. In 2016, we started deploying advanced analytics to enable claims triage, subrogation and anti-fraud capabilities to improve recoveries as well as third party management to ensure we drive a positive customer experience with efficient and effective practices. In addition, utilisation of machine learning is improving our analytical capabilities with respect to customer analysis and underwriting which is driving improved decision making at a transactional and portfolio level across our businesses. The introduction of drone technology in our crop business has enabled us to better serve our customers. Over the course of 2017, we will increase our deployment of analytics and technology to improve business optimisation throughout the North American Operation. Moreover, continued development of a performance-driven and results-focused culture, while building in house technical expertise through the launch of our underwriting academy, further underpins our confidence in delivering on our medium-term financial targets.

Premiums4Good

GWP received to date (US\$M)

230

Committed to invest (US\$M)

11.5

Following the launch in 2015, North American Operations received positive feedback by brokers and QBE's Specialty community during 2016 on the new way for our customers to consciously invest in a better world through Premiums4Good.



"and I need
to know I'm
looked after in
the air and on
the ground."

Insuring US agriculture:



QBE insures 12% of all production agriculture in the United States, including over 100,000 farmers and nearly 50 million acres of rural farmland.

"Our performance-driven culture underpins our confidence in delivering on our medium-term targets."

In North America, QBE's deep expertise and industry experience meets the specialised and unique risk management needs of Aviation policyholders and Aviation trading partners.

Our customers, such as Wisconsin Aviation, whose aircraft, aviation school and hangar we insure, cite both QBE's expertise and integrated products and service capabilities as the reasons why QBE is their insurer of choice. From underwriters, to loss control and claims teams, we focus on understanding their business from a 360 degree perspective, delivering proactive solutions to potential risks.

By placing our customers at the centre of our thinking, we ensure we meet their expectations in a highly integrated fashion. In addition, our own people are the most critical part of our service offering to all our customers and this has allowed us to leverage a specialist-to-specialist underwriting model in Aviation. As a result, QBE has risen to become a market leader, delivering future-ready products and safety services that are contemporary, creative and relevant to policyholders and producer partners.

Outlook for 2017

North American Operations aims to be a top quartile, diversified specialty insurer in the markets in which we compete. The goal is to deliver sustainable, profitable growth with a strong underwriting margin.

During 2016, we further strengthened the depth and breadth of our management team while building a truly national platform, both of which are essential to remaining a profitable and growing operation. Although faced with competitive industry challenges, the outlook for 2017 remains positive. Improvements in underlying business trends indicate that the North American transformation is on track and our expanded field operations are well established with highly respected and recognised industry executives which bodes well for future growth and industry relevance.

Despite headwinds in resetting our Property & Casualty business, the growth of our Specialty franchise and diversification from our high quality Crop and Reinsurance businesses underpin our confidence in sustaining a mid-90s combined operating ratio over the medium-term.

In the community

'Habitat for Humanity' of Dane County

More than 100 employees in Sun Prairie, Wisconsin, participated in a build for 'Habitat for Humanity', providing affordable housing for a family that may not otherwise have had the opportunity to become homeowners. Volunteers built all interior and exterior wall panels for the home at QBE's campus, which were then transported to the build site. As Sun Prairie's largest employer, QBE believes it's important to give back to the local community and provide employees with the opportunity to make a difference outside of their work environment.

European Operations business review

European Operations delivered another strong underwriting performance during a year of further deterioration in trading conditions, an industry-wide increase in large risk and catastrophe claims activity and unprecedented currency fluctuation.

Richard Pryce

Chief Executive Officer • European Operations

2016 in review

The strong results we have seen in European Operations are largely due to our continued underwriting excellence. To help maintain this focus we launched the Underwriting Academy, which aims to provide our underwriters across the globe with practical skills and technical expertise that will ultimately better serve our customers and help us achieve our vision - to be the insurer that builds the strongest partnerships with customers. We also announced an important strategic project to improve the efficiency and effectiveness of underwriting operations which will modernise the way in which we manage and administer the underwriting process. Both initiatives are aimed at improving our business as we stay committed to investing in the future of European Operations.

Following the European Union referendum in June 2016 and the increasingly likely outcome that we will be unable to effectively access the European single market from the UK, we are well advanced in our business restructure planning.

Many of our colleagues have diligently prepared for the new Insurance Act in the UK. This is a major challenge for the industry and has been a great opportunity for the business to display its expertise and professionalism. Attention has now turned to the introduction in May 2018 of the European General Data Protection Regulation. Despite Brexit, this regulation will still be implemented into UK law and as such, have a significant impact on our customers. Our efforts to provide valued-added insight and content through the publication of a series of 'thought leadership' reports has been very well received by our customers.

We have brought into the business some significant expertise in the field of Data Science. Data Science represents a huge opportunity for us to enhance our performance and customer service by utilising data analytics to make better decisions and stand out from the competition. We have already seen significant benefits in the claims arena following the adoption of analytical techniques.

Gross written premium (US\$M)

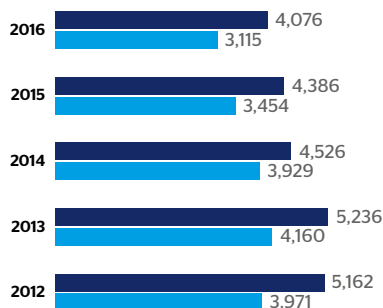
4,076

↓ 7% from 2015²

Net earned premium¹ (US\$M)

3,115

↓ 10% from 2015³



1 Adjusted for transactions to reinsure UK long-tail liabilities.

2 Down 3% on a constant currency basis.

3 Down 6% on a constant currency basis.

Premiums4Good

GWP received to date (US\$M)

60.8

Committed to invest (US\$M)

15.2

EO were the first to launch Premiums4Good in 2015. Since then, several high profile customers have taken up Premiums4Good noting the unique nature of the offering.



"and protecting our port facilities is complex but critical!"

“Data science represents a huge opportunity for us to enhance our performance and customer service by utilising data analytics to make better decisions and stand out from the competition.”

QBE's expertise in Marine is reflected in an extensive product portfolio across such areas as cargo, ports and terminals, hull and war as well as marine liability. This ensures that our tailored, comprehensive cover, alongside our excellent claims capabilities, helps a wide variety of customers manage their risks - from transportation to business interruption to pollution. Our London-based subsidiary, British Marine, also delivers protection to many thousands of small to medium merchant ships, yachts and fishing vessels across the world. In addition, our commitment to partnering closely with all our marine customers and truly understanding their business environment ensures the risk solutions we provide are customised to their needs.

In the community

Mental health webchat service



The QBE Foundation awarded a grant to Campaign Against Living Miserably (CALM), an organisation preventing male suicide in the UK through their helpline, website and magazine, as well as raising awareness of the issue nationally. The charity was recommended by QBE underwriter and CALM volunteer, Andrew Coleman.

Through QBE's funding, CALM's helpline was supplemented by a webchat service, increasingly becoming a preferred option for young men.

Jane Powell, CEO of CALM, said "Men aged 20-24 are nearly four times more likely to take their lives than women the same age. This grant will literally help us save lives."

Outlook for 2017

European Operations is prepared for another challenging year but, as always, will remain focused on further improving an already very strong business. In this regard, several ongoing operational projects are expected to deliver additional benefits in 2017 and beyond.

Our approach to new business will be careful and considered but we expect to see even more value from our extended distribution during 2017 with most growth coming from our continental European offices.

Inevitably, managing the outcome of the European Union referendum is very important and remains a priority for the executive team.

Australian & New Zealand Operations business review

Increased average claim size and frequency saw our attritional claims ratio deteriorate in the first half of 2016. Decisive action undertaken since, including premium rate increases and claims cost management initiatives, has seen the attritional claims ratio improve in the second half of 2016 with further improvement expected in 2017.

Pat Regan

Chief Executive Officer • Australian & New Zealand Operations

2016 in review

Gross written premium (US\$M)

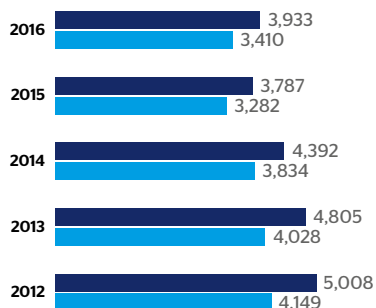
3,933

↑ 4% from 2015¹

Net earned premium (US\$M)

3,410

↑ 4% from 2015¹



¹ Up 5% on a constant currency basis.

Australian & New Zealand Operations reported a combined operating ratio of 92.7%, up from 91.3% in 2015. The increase in our attritional claims ratio during the first half of 2016 required decisive action to address the deterioration in our performance.

During the second half of the year we implemented a comprehensive remediation plan with a strong governance framework that is now embedded in the business as an ongoing discipline.

Key remediation initiatives undertaken included rate increases, improved risk selection, tighter management and control over claims expenses, focused supplier management and greater emphasis on salvage and third party recoveries, as well as improvement in our management information lead indicators.

This new approach enabled a thorough analysis and understanding of the many factors at play during the year, including the importance and value of improving customer experience. Extensive customer-centred research, together with our

relationship management expertise, helped us to redesign and improve many core processes. As a result of success in this area, retention has remained strong at 83.1%, up on 81.7% achieved in 2015.

Additionally, a focus on technical excellence was identified as a key success factor and work was commenced to strengthen this area of expertise. This remains an important element in the broader strategy to recruit and retain the best people in the industry as a driver of future performance. New appointments made in key areas of the business refreshed the talent in decision-making roles and augmented the core strengths already in place.

Our combined commission and expense ratio increased marginally, reflecting a slight change in the mix of business. Our expense ratio remained stable at 14.0%. Continued focus on expense management has offset the loss of income from our Victorian Workers' Compensation Managed Fund business and an increase in technology investment.

Premiums4Good

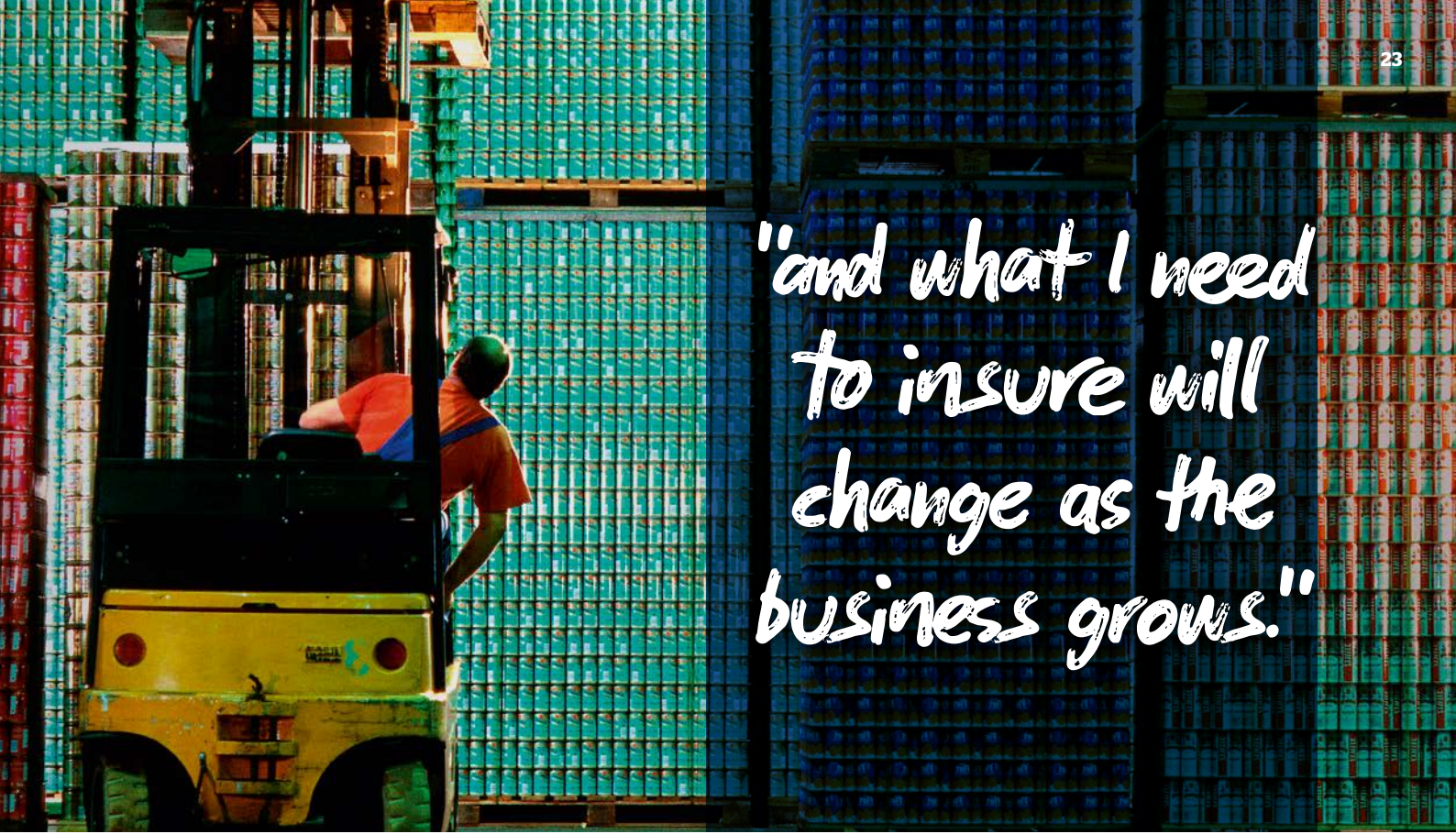
GWP received to date (US\$M)

1.0

Committed to invest (US\$M)

0.3

Customers in rural and regional Australia have shown a strong desire to support their communities following a successful pilot of Premiums4Good in Elders, which will be rolled out in 2017. Select Financial Institutions customers will also participate from Q1, 2017.



"and what I need to insure will change as the business grows."

In the community

Helping children with cancer



Our support of The Kids' Cancer Project has helped fund vital research and trial programs for children diagnosed with cancer. Childhood cancer is the leading cause of death of Australian children by disease and, sadly, claims the lives of three children each week.

In 2016, we funded the production of an anti-cancer drug for a Phase 1 trial. The first patient, Declan, from Western Australia, was given only three months to live. We're extremely grateful that he is still with us 15 months later and experienced none of the side effects traditionally associated with chemotherapy. The huge success of this trial is a strong indication of the drug's potential as an effective treatment for children with cancer. QBE will continue its support of The Kids' Cancer Project into 2017 to fund the manufacture of a new batch of the drug, ensuring the trial continues for courageous kids like Declan.

With over 200,000 Australian businesses insured with QBE, we understand that every business that partners with us faces its own unique set of risks. We also understand that every business owner that partners with QBE wants to protect their people, property and reputation. With deep, cross-category expertise and products ranging from Business Liability to Commercial Packages and Property, QBE provides SMEs across Australia and New Zealand with tailored solutions, focused on getting them back in business when it matters most, to work on the job at hand, with real confidence.

Outlook for 2017

The insurance market will remain competitive; however, the premium rate cycle is hardening as our competitors respond to higher claims costs and continuing low investment returns. We anticipate premium rate increases at least in line with claims inflation and in some products, particularly property and motor vehicle, at levels above inflation.

We will drive further improvement in our attritional claims ratio during 2017 as the remediation initiatives are fully embedded and earned through the underwriting account. Improved risk selection is also expected to benefit our large individual risk claims ratio.

The NSW Government remains committed to regulatory reform in the CTP market. At this stage, the exact nature of the likely changes is difficult to predict. We continue to work closely with the Government in relation to the proposed reforms that aim to deliver a fairer and more sustainable scheme.

"With changes in underwriting to both leadership and governance, ANZO is well placed to ensure the ongoing development of market leading products that support our customer and intermediaries."

Emerging Markets business review

Emerging Markets delivered a solid result in 2016, recording a stable combined operating ratio and double-digit gross written premium growth. We remain focused on winning and retaining business where we see the highest potential for further profitable growth.

David Fried

Chief Executive Officer • Emerging Markets



Gross written premium (US\$M)

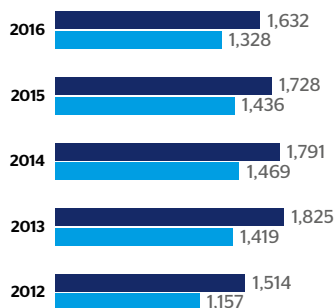
1,632

↓ 6% from 2015¹

Net earned premium (US\$M)

1,328

↓ 8% from 2015²



1 Up 10% on a constant currency basis.

2 Up 8% on a constant currency basis.

3 Subject to regulatory approval.

2016 in review

In 2016, Emerging Markets posted solid underlying growth and a stable combined operating ratio through the continued implementation of our profitable growth strategy.

On a constant currency basis, gross written premium and net earned premium grew by 10% and 8% respectively, largely due to an enhanced focus on driving profitable growth in four key areas of business: Specialty, Commercial, SME and Personal Lines with strategic partners.

The division also recorded a stable combined operating ratio of 99.5% despite several large individual risk and catastrophe claims during the year. The underwriting results were protected by an improved reinsurance structure implemented in 2016.

This solid overall performance can be attributed to close management of portfolios, strategic remediation and tight expense control. Following a business review to address Latin American underwriting margins, in December 2016, the QBE Group entered into an agreement to sell³ its small and currently unprofitable Chilean operations to the current management team of QBE Chile Seguros Generales S.A.

Additionally, the Group finalised the buyout of the remaining 45% of paid-up shares of the joint venture operation in Indonesia previously held by PT Pool Advista Indonesia Tbk and purchased an additional 23% stake in our Indian joint venture, Raheja QBE.

To sustain long-term growth ambitions, Emerging Markets continues to pursue improvements in productivity, efficiency and consistency through implementation of a single operating model across the division. A new operating structure has been introduced in Hong Kong to ensure QBE is well positioned to meet the evolving business needs in this market.

The establishment of a Centre of Excellence in Miami has delivered a more robust governance structure, strengthened relationships with major trading partners (MTPs) and enhanced underwriting expertise and control in Latin America. For example, profitable growth achieved by working more closely with MTPs in Colombia increased by more than 70% on the prior year.

The long-term outlook for Emerging Markets remains positive and will continue to drive premium growth for QBE.



Innovation: Qnect

QBE Qnect, an innovative online insurance portal, provides instant quotes, policy issuance and policy services through any web-enabled device, making it possible for intermediaries to immediately satisfy their customers' insurance needs. First launched in Hong Kong and Singapore in 2014, Qnect has been extended to seven markets including Argentina in Emerging Markets.



"So we can preserve today's art for tomorrow."

"To sustain long-term growth ambitions, Emerging Markets continues to pursue improvements in productivity, efficiency and consistency through implementation of a single operating model across the division."

The Latin American Art Museum of Buenos Aires (MALBA), which opened in 2001, relies on multiple insurance and risk management solutions from QBE to safeguard its treasured 20th Century art collection. Each year, more than 400,000 people visit the museum from across Latin America and beyond, to experience its unique collection of the region's art in all its forms. The partnership with QBE provides the museum with general liability cover and all risks property cover, to protect against the physical loss or damage to irreplaceable pieces. The museum's mission is to collect, preserve, research, and promote Latin American art in all mediums and we at QBE are very proud to partner with MALBA to make this happen.

In the community: Asia Pacific Operations

Relief after Cyclone Winston

In February 2016, Fiji was left devastated by Cyclone Winston. To assist the people of Fiji, QBE Emerging Markets organised a multi-faceted fundraising program.

Approximately \$25,000 was raised through employee donations from across the division, which was then matched dollar for dollar by QBE, along with an additional \$25,000 donation by the QBE Group Foundation. As a result, almost \$50,000 was given to the Save the Children to help in the relief efforts. Local teams also organised a drive for clothing and household items.



Outlook for 2017

Emerging Markets remains committed to maintaining strong premium growth with an overarching focus on profitability. We continue to build strong partnerships with customers by providing products where the QBE Group's core strengths are best utilised. We remain focused on the areas of business where we see the highest growth potential.

In Asia Pacific, the outlook for all the markets we serve is positive. Strong growth is forecast this year in a number of economies, providing a solid platform for us to continue to expand our business in the region.

In Latin America, overall GDP growth is expected to rebound in 2017. The region has the potential to sustain strong economic growth with more than 160 million people between the ages of 15 and 29.

The favourable longer-term economic outlook for emerging markets in general should translate into additional trade and infrastructure investment, with corresponding positive implications for our business growth.

Equator Re business review

Equator Re remains core to the management of the Group's risk appetite and capital through its role in optimising divisional retentions and managing the Group's innovative global ceded reinsurance program.

Jim Fiore

Chief Reinsurance Officer & President • Equator Re

Outlook for 2017

Over 90% of Equator Re's portfolio renews at 1 January and our renewal pricing was in line with the broader market. While the majority of our portfolio renewed similar to expiring policy terms and structure, portfolios without claims activity saw rate changes between zero and negative 10% depending on geography and product line.

Equator Re increased its participation on some marine, crop and reinsurance programs that will provide an additional source of income in 2017. While we do not expect major changes to our portfolio during the remainder of the year, we anticipate a change in the earning pattern in 2017, reflecting the increased proportional treaty component of our business. The volume of net earned proportional business will continue to increase as business already written is earned.

The 2017 outwards reinsurance placement was achieved within budget and expectations. External reinsurance premium spend has reduced in line with expectations without any meaningful increase in the retained risk profile of the Group. The structure is as per plan and provides extensive per risk, catastrophe and aggregate protection to the QBE Group.

2016 in review

Overall, 2016 was a very successful year for Equator Re. We delivered strong results while increasing the portfolio of products offered to our divisional customers. Many of these new initiatives facilitated the release of excess divisional capital, thereby assisting the Group in meeting its financial strength and capital flexibility ambitions.

Equator Re delivered a strong underwriting result in 2016, reporting a combined operating ratio of 70.7%¹ representing a significant improvement on 89.0% recorded last year and broadly in line with expectations. While delivering this strong underwriting performance, Equator Re was at the same time able to increase gross written premium by 34% and grow net earned premium by 28%.

During 2016, Equator Re successfully translated the Group Large Risk and Catastrophe (GLRC) aggregate reinsurance program into bespoke divisional covers, providing increased certainty for each division around their expected reinsurance recoveries. Equator Re's top and bottom line result benefited from the provision of these divisional large risk and catastrophe (DLRC) protections. The result also benefited from

novation of the Group Aggregate Risk (GAR) reinsurance program.

Equator Re's result was also impacted by an increased volume of proportional business, as a result of increased shares in divisional programs and also due to underlying growth in those divisional portfolios that Equator Re proportionally reinsures. This business typically generates a higher (but arguably less volatile) combined operating ratio than Equator Re's existing excess of loss portfolio and will therefore create upward pressure on the entity's combined operating ratio. In 2016, this pressure was more than offset by the profitability of the DLRC covers.

During 2016, Equator also reviewed its customer engagement model. Feedback on the recent renewal period indicates that all divisions are happy with the underwriting service provided by our small but professional team.

Gross written premium¹ (US\$M)

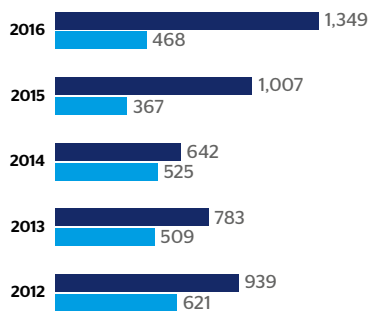
1,349

↑ 34% from 2015

Net earned premium¹ (US\$M)

468

↑ 28% from 2015



¹ Adjusted for North American Operations LPT transaction.

Environmental, social and governance

As a global insurer with operations in 37 countries, QBE follows environmental, social and governance (ESG) standards across a range of jurisdictions. In last year's inaugural consolidated Sustainability Review we stated that QBE's focus extends beyond compliance as we actively focus on the sustainability of all aspects of our business and on making a positive contribution to the communities in which we operate.

The ESG Committee's activities are structured around six areas of focus:

- 1. UNDERWRITING**
- 2. INVESTMENTS**
- 3. OPERATIONS**
- 4. METRICS AND DISCLOSURE**
- 5. MANAGEMENT OF OUR PEOPLE, CULTURE AND COMMUNITY**
- 6. GOVERNANCE AND COMPLIANCE**

In 2016 we took steps to strengthen the governance of our ESG activities and ensure a more co-ordinated approach. Central to these efforts was the formation of an ESG Committee, formalised as an executive committee reporting to the Group Board Risk and Capital Committee (BRCC). This committee provides oversight and guidance to QBE's ESG-related projects, activities and initiatives other than those of the QBE Foundation, which has separate governance arrangements.

The ESG Committee is chaired by the Group Head of Communication and Marketing and includes representatives from Group departments including Risk, Finance, Investments, Investor Relations, People, Communications, Legal, Company Secretariat and Compliance.

Each area of focus is led by a senior executive and is supported by a range of committees and forums that drive implementation of ESG initiatives in day-to-day business activities and decision-making across all levels of the organisation. These committees and forums include members with relevant technical skills and experience and some have independent members who provide a broader business and community perspective.

This Sustainability Review provides a detailed overview of each of the ESG Committee's areas of focus, together with a discussion of QBE's commitment to our community.

1. UNDERWRITING

QBE's core underwriting and distribution strategy is reflective of QBE's Purpose "to give people the confidence to achieve their ambitions" and is designed to offer an extensive array of underwriting solutions and products sold through a multi-distribution strategy across the globe through professional intermediaries, business partners and direct to our retail customers.

A number of ESG-related initiatives were progressed during 2016:

2016 PROGRESS				
<p>→ QBE's Risk Management Services have been expanded to assist our clients to better manage their risks, including from operational incidents, events and losses.</p>	<p>→ Awareness sessions on climate change were conducted with the Group Board at which global experts in this field presented.</p>	<p>→ QBE's Global Emerging Risks Group continued to examine the impact of emerging and developing risks, including climate, technology and social change.</p>	<p>→ Development of Underwriting Principles incorporating customer-focused ESG considerations by the Group Underwriting Committee.</p>	<p>→ QBE continues to develop underwriting products and services to sustainable industries including the agriculture industry.</p>

A theme that links QBE's commitments to responsible underwriting and investment is an ongoing focus on seeking out opportunities to "do more good" through our partnerships with businesses and initiatives that are contributing to the wellbeing of our planet and society.

Our involvement in agricultural production in the United States is one example of this commitment. Support of crop production both protects against worldwide hunger and assists in minimising production costs. This contributes to reducing the end cost of basic foodstuffs and also facilitates production of corn used for the manufacture of ethanol as a more environmentally friendly fuel. QBE insures 12% of all production agriculture in the United States, including over 100,000 farmers and nearly 50 million acres of rural farm land.

The Emerging Markets division is actively seeking to expand its activities providing insurance for environmentally-friendly power generation, property risks relating to sustainable buildings and energy-efficient product manufacturing operations.

In addition to increasing involvement in the insurance of onshore wind and solar farms, during 2016 European Operations became an underwriter to a Dutch company offering clean and affordable solar power to a market of 1.3 billion potential customers who live off the electricity grid.

Australian & New Zealand Operations has a portfolio of underwriting clients with a commitment to environmental wellbeing, playing a role in the transition to a low-carbon economy or addressing social problems such as homelessness.

Spotlight story:

Global Risk Solutions

Through the formation of a new Global Risk Solutions Practice in April 2016, QBE is bringing together a team of more than 75 risk engineers, risk management consultants and scientists across the globe into a single community. The objective is to improve knowledge exchange and provide expertise to underwriters and insureds.

Global Risk Solutions provides a variety of services to customers including risk profiling and evaluation, accident investigation, business continuity, risk assessment, supply chain analysis, environmental management, client awareness forums and training materials. In addition to the core internal team, Global Risk Solutions manages over 35 external suppliers (incorporating 200+ consultants) to help service a global client network and divisional customers.

The next step is for the Global Risk Solutions team to roll out elements of the market-leading risk solutions model developed in European Operations to QBE offices around the world. This offering includes a senior team of risk practitioners with greater than 15 years' experience and ranging from chemical engineers to construction, logistics, mining, retail and professional services.

Central to the European Operations approach is QRisk, a risk database launched in 2013 to manage all information from surveys and risk assessments. The QRisk database has now captured more than 7,500 client engagement activities, providing a strong foundation for increased use of data analytics to drive a better understanding of clients and industry sectors in 2017 and beyond. The intelligence from this data source is providing underwriters with a richer insight to the risks they insure, with the potential to protect the environment through identifying opportunities for risk reduction.

2. INVESTMENTS

QBE has a co-ordinated approach to responsible investment with two major initiatives led by the Group Chief Investment Officer. A dedicated Manager, Responsible Investments was appointed in 2016 with day to day responsibility for activities in this area.

The first of these initiatives relates directly to QBE's obligations as a signatory to the Principles for Responsible Investment supported by the United Nations. Consistent with the Principles, QBE introduced a new Credit Risk Policy in 2016 which applies across the entirety of QBE's business and includes a requirement that the credit evaluation of risks and risk mitigants include consideration of "regulatory, environmental, social and governance risks and impacts on QBE's reputation".

More specifically, QBE incorporates ESG principles into investment decisions across major portfolio areas as follows:

- In relation to corporate bonds, our selection processes recognise that the sustainability of a business is likely to be greater if it has strong governance that includes effective management of ESG factors. To understand and monitor a company's approach to managing ESG policies and practices, an independently derived ESG measure is included in the credit management process; and
- In relation to growth assets and related asset classes, QBE invests using external managers via either mandates or collective investment schemes. When considering whether to appoint or allocate to an external fund manager, QBE considers the extent to which managers incorporate ESG factors into investment processes and operational areas. More than three quarters of external managers currently engaged by QBE are signatories to the Principles for Responsible Investment.

Premiums4Good

QBE's second major investment initiative is Premiums4Good, a pioneering program understood to be unique in the insurance industry globally which allows targeted customers to direct a proportion of their premium to be invested in securities with an additional social or environmental objective.

Examples of these investments include Social Impact Bonds, green bonds and investments into infrastructure projects with environmental benefits. Through this initiative, QBE is playing a part in stimulating the development of new investment products which offer appropriate risk-adjusted returns as well as supporting beneficial social outcomes.

Significant progress was made in the rollout of Premiums4Good in 2016. The official launch of the program took place at Lloyd's of London in March 2016 and participation in the program is now open to selected customers in European Operations, North American Operations and Australian & New Zealand Operations. A total investment of \$400 million has now been made into impact investments across 16 securities that meet the Premiums4Good investment and impact criteria.

The Premiums4Good program is now reaching a level of maturity such that the impact of some early investments is starting to become clear. For example, The Benevolent Society Social Benefit Bond was one of the first Social Impact Bonds to be launched globally, with funds used to support an intensive support program ("Resilient Families") for Australian families with children at risk of being removed or placed in out-of-home care. The third annual investor update reported that Resilient Families has improved the safety and wellbeing of all of the children in the 156 families referred to the program since 2013, positively impacting more than 360 children to date. Importantly, there have been 21% fewer entries into out-of-home care for children of families participating in the program, compared with the control group.

"P4G has had a positive impact on our retention rate; our customer engagement; and our new business opportunities. It's now an integral part of our value offering to customers alongside multinational policies and risk engineering amongst other things. It gives customers the perfect reason to give more of their business to QBE, so I encourage everyone to talk about it with their customers at every opportunity."

Grant Clemence
Director of Underwriting,
QBE European Operations

Current Investment List

INVESTMENT TYPE	NO. OF INVESTMENTS	SOCIAL/ENVIRONMENTAL IMPACT AREA
Green Bond	6	Renewable Energy/ Low Carbon
Forest Bond	1	Low Carbon
Corporate Credit	1	Financial Inclusion
Social Bond	1	Education & Training
Infrastructure Debt	2	Renewable Energy/ Mass Transport
Social Impact Bond	4	Social Services/Education & Training/Healthcare
Equity Fund	1	Social Services
Total Investments	16	

3. OPERATIONS

QBE is committed to conducting our operations responsibly, and took steps to strengthen governance in this area in 2016 through the establishment of an Operations and Technology Committee of the QBE Board.

As supplier expenditures are second only to human resource expenses, a particular area of focus is the transparent and fair procurement of goods and services. Our procurement activities are conducted according to the following core principles:

PROCUREMENT PRINCIPLES				
Procurement activities are conducted transparently and fairly.	Procurement activities are conducted in accordance with all applicable laws, including those relating to anti-bribery, corruption and modern slavery.	All procurement process participants must adhere to the policy and probity guidelines outlined by the Procurement function.	Procurement activities take into account current and potential suppliers' ESG practices in decision-making.	Procurement decisions are supported by ethical, impartial and objective processes and appropriate documentation.

Procurement activities are designed to deliver value for money while minimising operational risk (including legal risk) when negotiating and interacting with suppliers. For example, we review supplier information security and business continuity plans as a standard part of the supplier selection processes.

Our suppliers' ESG practices are directly considered in the supplier selection process. This is done through the inclusion of a section in QBE's standard Request For Proposal template that asks the supplier to describe and provide evidence of their environmental initiatives, ongoing sustainability practices, and to provide any reporting and disclosures from such activities.

All significant ongoing supplier relationships are managed in accordance with their contractual terms, to minimise risk and maximise value for QBE.

An additional element of QBE's commitment to responsible operations is prioritising environmental sustainability when selecting office buildings in which to house our operations. Group Head Office in Sydney is located in 8 Chifley Square, Sydney - a modern building targeting carbon emissions at least 75% less than those of a 'typical' Sydney CBD office building, and our London operations are also housed in buildings with strong environmental credentials. The introduction of activity-based working in some offices also assists in reducing QBE's carbon footprint and encourages flexible work practices for staff.

Current initiatives

We have recently updated our standard procurement and contracting templates to include questions and clauses related to anti-bribery, corruption and modern slavery and are in the process of revising due diligence and evaluation guidelines to reflect these requirements. Our existing supplier base is being notified of the requirement to comply with the Modern Slavery Act in the United Kingdom and attestations of compliance are being sought.

Since 2014 we have been investing in procurement systems, with the result that we now have a globally consistent procurement framework and process that allows for transparency and auditability of decision-making. Our procurement team can now:

- Search and find agreements, globally, using the contract repository containing 7,000+ contracts to date.
- View historical expenditures, linked to division, category, supplier, timeframe and accounting entities.
- Use electronic sourcing for our selection processes to track all supplier communication, bid evaluation and bid award decisions.
- Manage all procurement projects through a five-step sourcing process, with documented stage-gate signoffs and progress tracking along the way. This provides complete transparency in the evaluation of suppliers and related decision-making.
- Manage the segmentation and risk processes of our suppliers in an automated and auditable fashion.

The next step in this process is to complete the implementation of a Supplier Management Program which will facilitate periodic supplier reviews to ensure incumbent suppliers are adhering to requirements.

4. ENVIRONMENTAL METRICS AND DISCLOSURE

QBE acknowledges the impact that our business has on the environment. An area of focus for the ESG Committee is to deliver continual improvement in the way that we report on this impact.

During the 2016 reporting period, as part of our continual improvements in ESG reporting, QBE re-designed our greenhouse gas (GHG) data collection process to more accurately report the level of our emissions. This included gathering more granular data and expanding the array of Scope 3 emissions disclosed. Additionally, for the first time, QBE has engaged Deloitte to provide limited assurance on our 2016 reported GHG data.

Consistent with prior years, the QBE Group GHG emissions data has been prepared based on:

- QBE's ESG Reporting – Greenhouse Gas Emissions Reporting Framework and other internal policies and procedures.
- The Greenhouse Gas Protocol's Corporate Accounting and Reporting and Corporate Value Chain (Scope 3) Accounting and Reporting Standards.

The Group's GHG emissions reporting is driven by our global insurance operations across the world. The GHG emissions are calculated using the energy content and emission factors that were relevant to each region in which we operate and sourced from the Australian National Greenhouse Accounts (NGA), the UK Government's Department of Environmental Food and Rural Affairs (DEFRA) and Department of Energy & Climate Change (DECC) Greenhouse Gas Conversion Factors for Company Reporting 2016, the US Environmental Protection Agency (EPA), and the International Energy Agency (IEA)'s *CO₂ Emissions from Fuel Combustion 2016 Edition*.

The Group's GHG emissions inventory comprises of:

- **Scope 1** – Direct emissions: direct greenhouse gas emissions from fuel consumption and mileage from company cars, as well as natural gas consumed for office building heating
- **Scope 2** – Indirect emissions from electricity consumption
- **Scope 3** – Other indirect emissions related to business travel (air, rail and land), waste disposal including recycling and water consumption.



Greenhouse Gas Emissions by Scope (tonnes per carbon dioxide equivalent – tCO₂-e)

	12 MONTHS TO				
	DECEMBER 2016	DECEMBER 2015	DECEMBER 2014	DECEMBER 2013	DECEMBER 2012
Scope 1 - Direct emissions ²	8,686	12,400	11,144	10,777	1,160
Scope 2 - Electricity consumption ¹	22,324	30,639	33,517	33,639	36,396
Scope 3 - Other indirect emissions ^{1,2,3,4}	21,752	10,698	11,166	11,847	19,899
	52,762	53,737	55,827	56,263	57,455

1 Estimations were required in certain office locations and activity data streams where actual activity data was not available. Estimations were made based on comparable offices in the same region. QBE aims to increase the availability of actual activity data in future reporting periods.

2 Prior years Scope 1 and Scope 3 emissions were restated to report GHG emissions from fuel consumptions as part of Scope 1 direct emissions. These were previously reported as Scope 3 other indirect emissions.

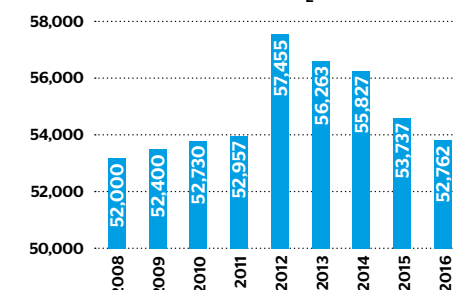
3 As part of continual improvement on GHG emissions reporting, we reported GHG emissions from waste disposal and water consumptions in Scope 3 other indirect emissions for the first time in 2016.

4 Scope 3 emissions from business air travel in 2016 includes DEFRA's required distance uplift and excludes radiative forcing. Greenhouse gas emissions from air business travels 2015 and prior exclude both distance uplift and radiative forcing.

Measures of environmental footprint

	2016	2015	2014	2013
Total GHG emissions (tCO ₂ -e)	52,762	53,737	55,827	56,263
Number of employees (FTE)	14,226	14,532	14,084	15,455
GHG emissions (tCO ₂ -e)/FTE	3.71¢	3.70¢	3.96¢	3.64¢
Electricity usage in QBE offices (MWh)	41,813	49,402	53,981	52,851
Water consumption in QBE offices (kL)	183,906			
Office paper (tonnes)	505			
Recycling rates (% of waste)	46%			

Group GHG emissions (tCO₂-e)



Stakeholder engagement and external reporting

Stakeholder engagement and external reporting in relation to ESG strategies and initiatives are increasing areas of focus for QBE. We engage with stakeholders in relation to ESG strategies and initiatives through a number of mediums and this is regarded as key to developing an effective and meaningful ESG program.

In 2016, QBE was selected as an index component of the Dow Jones Sustainability Indices (DJSI), recognising QBE's corporate sustainability leadership in the insurance industry. FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) has also recently confirmed that QBE has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

By engaging with our stakeholders and reporting on our progress in implementing our ESG strategy and initiatives, QBE ensures that we are transparent and open about our ESG journey and achievements.

5. MANAGEMENT OF OUR PEOPLE, CULTURE AND COMMUNITY

Overall workforce

14,226

53% female

47% male

Overall average age

39 years

Senior management

72% male

28% female

QBE is focused on creating a dynamic, diverse and inclusive workplace where people are able to achieve their personal and professional ambitions. Equally, we are committed to making a positive impact in the communities in which we operate, whether it is through the work we do with our customers or the range of activities we undertake through the QBE Foundation and our social investing initiatives.

Attracting, retaining and developing our people

As an employer of over 14,000 people globally, QBE is constantly exploring ways to attract, retain and develop the very best people. With a range of business-critical roles from underwriting through to claims, sales and operations, having a diverse group of employees with a range of skills, backgrounds and experiences is a key part of our ongoing success.

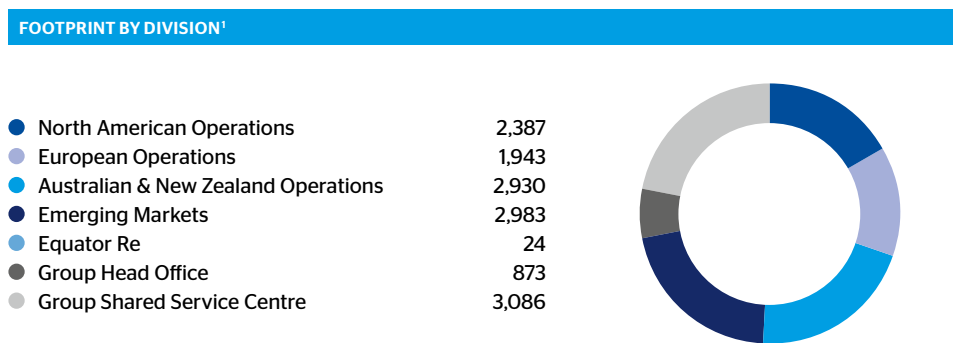
Our promise to our people

QBE's values are known by the acronym ONE QBE - Openminded; Networked; Empowered; Quality Approach; Business Acumen; Excellent Outcomes. These values drive the day-to-day behaviour of our people and support us in delivering our employee value proposition (EVP). We recognise and celebrate employees across each Division when it comes to consistently living the values through our 10/10 Global recognition program. The EVP is based on three critical pillars that capture the promise we have made to our people across all parts of our business.

We are committed to creating:

EVP PRINCIPLES		
A dynamic, diverse and inclusive culture	Consistent systems that reward and recognise contribution	Opportunity for people to fulfil their personal and professional ambitions

Geographical footprint by Division:



¹ All figures are permanent or fixed term employees as at 31 December 2016.

Developing our people

QBE is one of the few insurers that has invested in a bespoke Leadership Academy and Underwriting Academy, providing our current and future leaders exposure to innovative, relevant and engaging training to help them progress their careers at QBE.

In its fourth year of operation, the QBE Leadership Academy had 531 leaders participate in programs globally in 2016, taking the total number of graduates to 2,351. Drawing on both internal and external speakers and content, the QBE Leadership Academy continues to be a key pillar in our talent development strategy.

The QBE Underwriting Academy launched in 2016, with 233 graduates across our Divisions so far and an additional 79 trained subject matter experts.

With underwriting at the core of our business, the objective of the QBE Underwriting Academy is to raise the bar for the industry and our business by establishing a consistent, replicable model of underwriting excellence. Academy content includes QBE modules that explore our markets and products; track networking pathways to knowledge and experience; explore market fluctuations, ethics, ESG considerations and their impact on risk and pricing policy; and create a level of shared understanding around QBE's underwriting approach globally.

To further enhance the QBE Underwriting Academy, we have chosen three market-based insurance institutes to deliver certificate qualifications to our foundation underwriters in their home regions. The program will provide development for underwriters over two years.

QBE Leadership Academy

2,351
graduates

QBE Underwriting Academy

233
graduates

79
trained subject
matter experts



5. MANAGEMENT OF OUR PEOPLE, CULTURE AND COMMUNITY CONTINUED

Creating a culture of inclusion and diversity in the workforce

In order to strengthen our commitment to fostering a diverse and inclusive culture, the Group Diversity & Inclusion Council continued to meet regularly through 2016 and there are now Diversity & Inclusion Councils set up across all Divisions, with each council chaired by a Group Executive Committee member.

In 2016, we launched a new Group Diversity & Inclusion Policy outlining QBE's commitment in promoting and embedding diversity and inclusion in our workplace. We are also focused on accelerating our progress towards gender-balanced leadership teams (currently 28% female), with a new target of 35% by 2020.

We provide employees and leaders many opportunities to demonstrate their commitment to creating an inclusive workplace through a variety of initiatives including mentoring programs; employee network events led by senior leaders; globally coordinated celebrations and awareness sessions relating to gender equality, LGBT inclusion, importance of work/life integration and building awareness of supporting people with a disability.

We have invested in modernising our workplaces in Australia, London, Hong Kong and Miami, with New York scheduled for 2017. This investment has focused on transforming our offices and workplace into an attractive new agile environment that supports new technology, connectivity, creativity and collaboration. We have launched a new global intranet site used to empower and better engage our workforce globally and have used social media to enhance collaboration, information sharing and promote networking.

To ensure we keep our employee value proposition current, we undertake an annual Global Staff Survey to provide insights in:

Engagement	Understanding of QBE's Purpose, Vision and Strategy	ONE QBE values	Embedding of diversity and inclusion	Priority areas for improvement
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We have seen our overall engagement score improve from last year, now at 64% with an 85% response rate. While we are focused on continuing improvement in employee engagement across QBE, we have achieved pleasing progress in the proportion of employees who feel we provide a work environment that is collaborative (63% up from 59% last year) and respectful of difference (71% up from 68%).

Spotlight story:

Supporting Indigenous Communities

QBE ANZO commenced our formal Reconciliation Action Plan (RAP) in July 2015. Our RAP formalises our ongoing commitment to create meaningful relationships, enhance respect and promote sustainable opportunities for Aboriginal and Torres Strait Islander communities, organisations and businesses.

QBE's employee RAP Working Group is responsible for ensuring the RAP meets commitments that include: recognition of national events such as NAIDOC week; providing cultural awareness training to senior leaders; and, forging stronger relationships with our Indigenous partners including Jawun, Career Trackers and GO Foundation.

Jawun provides an opportunity for our employees to participate in a six week secondment with Indigenous communities across Australia to use their professional skill set to provide insights and further foster relationships and understanding of some of the issues faced by Aboriginal and Torres Strait Islander populations. In 2016, QBE reached a milestone of 50 employee secondments.

Our current RAP concludes in August 2017 and we will then look to renew and enhance our existing commitments.

Discrimination and equal opportunity policy

We strive to ensure QBE is an equal opportunity employer, and promote the following principles:

DISCRIMINATION AND EQUAL OPPORTUNITY PRINCIPLES

Our ONE QBE values promote collaboration and teamwork – we expect all employees to foster and promote a work environment that is respectful of each other, our customers, our shareholders and the community – acting with honesty and integrity. We openly embrace the unique diversity, skills and qualities of all our employees and encourage an environment that is open to learning, is culturally sensitive, flexible, safe and attractive.

We promote a high level of engagement and performance by ensuring all employees have equal access to the opportunity to learn, develop and grow, acknowledging our employees have a wealth of knowledge, skills and ideas to contribute.

We demonstrate appropriate workplace behaviours and take accountability to eliminate all forms of unlawful discrimination – we listen, engage, and understand our employees and respond appropriately to their individual needs.

Our leaders model and reinforce the inclusive behaviours we outline in our Leadership Essentials Competency Model, ensuring that all our people management practices and decisions are based on fairness and merit. This includes how we hire, identify talent, reward and develop our people.

These principles reflect our commitment to recruit on the basis of role requirements and we select people based on their skills, experiences and suitability to the role. We do not discriminate on the basis of diverse characteristics including, but not limited to, ethnic identity. QBE strives to be an equal opportunity employer in all our locations. We see this as a fundamental part of creating a diverse and inclusive workplace that attracts and retains the best people, irrespective of their point of difference.

Our retention strategies aim to ensure all our people management practices and decisions are based on fairness and merit, eliminating all forms of discrimination and bias in relation to hiring, identification of talent, and how we reward and develop our people. A recent area of focus has been gender pay equity. This has included analysis of internal and external pay relativity by job family and level, as well as the distribution of performance ratings and merit pools. Our objective in undertaking this analysis is to identify any areas of bias in remuneration decisions and develop strategies to address bias.



5. MANAGEMENT OF OUR PEOPLE, CULTURE AND COMMUNITY CONTINUED

Charities supported

250+

Grants and donations to charities

\$3.7M

QBE employee volunteer work

3,300+
days volunteered

QBE fundraising initiatives

\$750,000+
raised and
matched by the
QBE Foundation

Our commitment to our community

QBE plays an active role in our communities around the world. We have three main avenues for contribution and participation in each of our divisions, creating opportunities for our people to support and give back to the communities in which they live:

- Through the QBE Foundation and the allocation of grants to registered charities nominated by our people.
- By dollar-for-dollar matching of fundraising efforts by our people.
- With a designated volunteering day for every employee.

In 2016 we supported over 250 charities globally with \$3.7 million in grants and donations, in addition to over 3,300 days of volunteering efforts that were made directly by our people.

The QBE Foundation

The QBE Foundation was established in 2011 to partner with charities that help people overcome disadvantage, strengthen their abilities and live more independently, successfully and productively. This philosophy is an extension of our core purpose - to give people the confidence to achieve their ambitions.

Each division has its own QBE Foundation Committee that works with local employees to identify charities that are delivering programs consistent with the purpose and philosophy of the foundation. Through a rigorous application process, including the requirement that no more than 15% of any donation goes to administrative costs, we are able to ensure our philanthropic efforts are directed to charities with whom our people have an affinity or non-financial connection.

Donation matching

With over 14,000 people across our business, there are a range of very personal causes that our people support in their own time. In all our divisions, we work with employees to match their fundraising efforts dollar-for-dollar. In 2016, more than \$750,000 was raised and matched by the QBE Foundation.

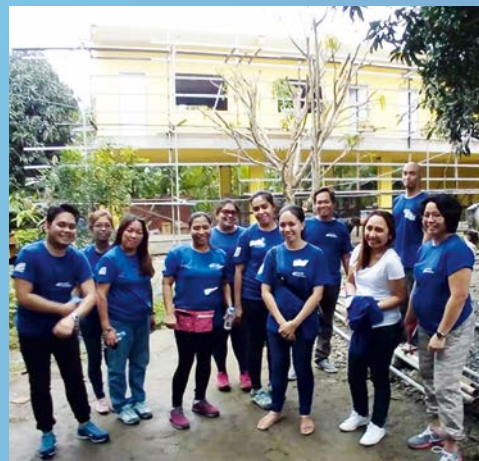
Volunteering

Everyone at QBE has the opportunity to support their local communities through a designated volunteer day that can be used to support a cause they are passionate about. Whether individually or with a number of colleagues, the volunteering day has multiple benefits for the participants, the beneficiary and QBE. More than 3,300 days were volunteered in 2016; an increase of more than 40% on 2015.

In the community: Group Shared Services Centre

Classrooms for tomorrow's leaders

The QBE GSSC team partnered with Dynamic Teen Company (DTC) to build a senior high school for disadvantaged children, to provide better access to education and a more stable and grounded journey into adulthood. With funding from the QBE Foundation, the school's construction proceeded and was assisted by QBE volunteers who devoted weekends over the course of nine months. The school is set to open in early 2017. Volunteers also joined DTC's Kariton Klasrum, an award winning 'classroom-in-a-cart' initiative, bringing education to children in impoverished areas.



6. GOVERNANCE AND COMPLIANCE

QBE recognises that a robust corporate governance framework is fundamental to the sustainability of our business. The company is subject to extensive legal and regulatory requirements, industry codes and business and ethical standards (collectively “obligations”) across its business activities. Some requirements apply to QBE globally and others apply in individual jurisdictions in which QBE operates.

The QBE Corporate Governance Statement can be found on the QBE website.

QBE is committed to maintaining high ethical standards in all elements of the conduct of our business. The actions and conduct of employees, as well as others acting on QBE’s behalf, are key to maintaining these standards. Our Code of Business Ethics and Conduct drives the day-to-day behaviour of our employees. It is designed to ensure QBE employees act with honesty and integrity, promoting and supporting QBE’s reputation and a positive compliance culture, outcomes and management of risk.

A number of changes were made in 2016 in order to introduce greater Group-wide clarity and consistency in key areas of governance and compliance. The Group Compliance Framework and the Group Compliance Monitoring Program were approved by the Board Risk and Capital Committee during 2016. These documents form the foundation of QBE’s ability to manage compliance risk globally, and meets not only regulatory expectations but strengthens our ability to deliver sustainable compliance outcomes and assess the effectiveness of our compliance risk management.

Also in 2016, four new Group Policies were approved: Sanctions, Whistleblowing, Anti-Bribery and Anti-Corruption and Work, Health and Safety. These policies:

- Are principles-based and set minimum standards.
- Document roles and responsibilities.
- Define the governance structure and reporting responsibilities.
- Stipulate requirements for the introduction of supporting Compliance Programs, including risk assessment, reporting of incidents and breaches, monitoring and evaluation, and training and communications.

The principles set out in these Group Policies, in conjunction with local policies, apply to all QBE contractors, employees, directors and for Sanctions and Anti-Bribery and Anti-Corruption to agents. Everyone has a responsibility to read and understand the Group Policy or, where applicable, divisional policies and comply with them. The Group Policies are supported by Global Working Groups that provide oversight, monitoring and quality assurance, information and advice for the QBE Group in relevant areas of expertise. Global Working Groups have been established for sanctions, whistleblowing, bribery and corruption and work, health and safety.

In the community: Group Head Office

Enabling Genetic Testing

The QBE Foundation sponsored a team of employee volunteers including Group CEO, John Neal, in ‘The Bloody Long Walk’ fundraising event – a 35km walk organised by Australian Mitochondrial Disease Foundation (AMDF). More than \$22,000 was raised by the group, which included dollar for dollar matching by the QBE Foundation.

Mitochondrial disease (mito) is a debilitating genetic disorder that robs the body’s cells of energy, causing multiple organ dysfunction or failure. There is no cure and few effective treatments. QBE’s donation to AMDF will provide a dozen patients suspected of having mito with a definitive genetic test, eliminating the need for painful, invasive tests, and going some way to prevent misdiagnosis and unnecessary anguish.



Independent limited assurance

Deloitte Touche Tohmatsu was engaged to provide independent limited assurance over QBE’s Greenhouse Gas (GHG) data, covering the January 2016 to December 2016 period, to assess the completeness and accuracy of the 2016 GHG Emissions data in line with QBE’s GHG Emissions Reporting Framework and the GHG Protocol’s Corporate Accounting and Reporting and Corporate Value Chain (Scope 3) Accounting and Reporting Standards. The engagement was in accordance with the Australian Standards on Assurance Engagements ASAE 3410 Assurance Engagements on Greenhouse Gas Statements (‘ASAE 3410’).

The full limited assurance statement can be accessed from QBE’s ESG report online, which is available on the QBE Group website: - www.group.qbe.com/corporate-governance/sustainability-report.

Board of directors



W. Marston (Marty) Becker

JD, BSBA

CHAIRMAN

AGE 64

Marty Becker is based in the US. He was appointed as an independent non-executive director in 2013 and Chairman in April 2014.



John M. Green

B JURIS/LLB, FAICD, SF FIN

DEPUTY CHAIRMAN

AGE 64

John M. Green is based in Australia and became an independent non-executive director of QBE in 2010. John is the Deputy Chairman.



Stephen Fitzgerald

B EC

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 53

Stephen Fitzgerald is based in the UK and was appointed as an independent non-executive director of QBE in 2014.

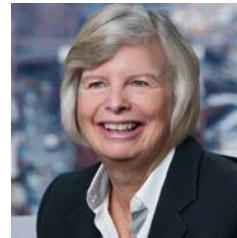


Margaret Leung B EC

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 64

Margaret Leung is based in Hong Kong, and was appointed as an independent non-executive director of QBE in 2013.



Kathryn (Kathy) Lisson B, SC (HONOURS)

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 64

Kathy Lisson is based in Canada. She was appointed as a non-executive director in September 2016.



John Neal

GROUP CHIEF EXECUTIVE OFFICER

AGE 52

John Neal joined QBE in 2003 and was appointed Group Chief Executive Officer in August 2012. He has over 30 years' experience in the insurance industry.



Sir Brian Pomeroy

MA, FCA

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 72

Sir Brian Pomeroy is based in the United Kingdom and was appointed as an independent non-executive director of QBE in 2014.



Patrick (Pat) Regan

BSC, ACA

GROUP CHIEF FINANCIAL OFFICER AND CHIEF EXECUTIVE OFFICER, AUSTRALIAN & NEW ZEALAND OPERATIONS

AGE 50

Pat Regan joined QBE as Group Chief Financial Officer and became an executive director in 2014. He was appointed CEO, Australian & New Zealand Operations in 2016 and is in the process of transitioning out of his Group Chief Financial Officer role.



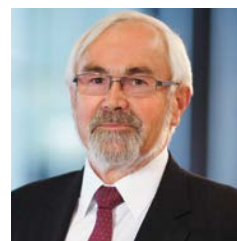
Jann Skinner

B COM, FCA, FAICD

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 59

Jann Skinner is based in Australia and was appointed as an independent non-executive director of QBE in 2014.



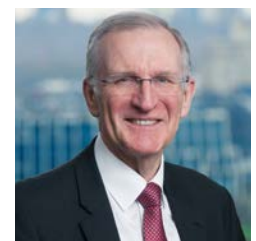
Rolf Tolle

DIP PS, DIPL. POL

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 69

Rolf Tolle is based in the United Kingdom and was appointed as an independent non-executive director in March 2016.



Michael (Mike) Wilkins B COM, MBA

INDEPENDENT NON-EXECUTIVE DIRECTOR

AGE 60

Mike Wilkins is based in Australia. He was appointed as an independent non-executive director of QBE in November 2016.

Group executive committee



John Neal

GROUP CHIEF EXECUTIVE OFFICER

AGE 52

John Neal joined QBE in 2003 and was appointed Group Chief Executive Officer in August 2012. He has over 30 years' experience in the insurance industry.



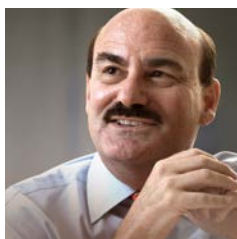
Jason Brown

B ECON ACA

GROUP CHIEF RISK OFFICER

AGE 47

Jason Brown was appointed Group Chief Risk Officer in 2014 and has been involved in the financial services industry for over 20 years.



David Fried

BA-ECON/ POLI. SCIENCE

CHIEF EXECUTIVE OFFICER, EMERGING MARKETS

AGE 55

David Fried joined QBE in 2013 as Chief Executive Officer, Asia Pacific Operations and was later appointed Chief Executive Officer, Emerging Markets in 2014.



Russell (Russ) Johnston

BSC, BF

CHIEF EXECUTIVE OFFICER, NORTH AMERICAN OPERATIONS

AGE 51

Russ Johnston joined QBE in May 2016 as Chief Executive Officer, North American Operations. Russ has more than 25 years' experience in the insurance industry in North America.

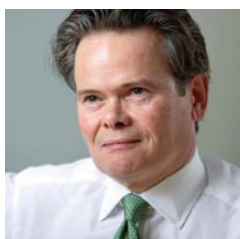


Margaret Murphy

GROUP CHIEF HR OFFICER

AGE 44

Margaret Murphy joined QBE in October 2016 in the role of Group Chief Human Resources Officer. Prior to this, she was the Chief of Staff to the Group HR Director at Barclays plc.



Richard Pryce

B HIS (HONS)

CHIEF EXECUTIVE OFFICER, EUROPEAN OPERATIONS

AGE 57

Richard Pryce was appointed Chief Executive Officer, European Operations in 2013. He has worked in the London insurance market for 34 years.



Patrick (Pat) Regan

BSC, ACA

GROUP CHIEF FINANCIAL OFFICER AND CHIEF EXECUTIVE OFFICER, AUSTRALIAN & NEW ZEALAND OPERATIONS

AGE 50

Pat Regan joined QBE as Group Chief Financial Officer and became an executive director in 2014. He was appointed CEO, Australian & New Zealand Operations in 2016 and is in the process of transitioning out of his Group Chief Financial Officer role.



Colin Fagen¹

B COM, MBA

GROUP CHIEF OPERATIONS OFFICER

AGE 49

Colin Fagen worked for QBE for over 17 years. He was appointed Group Chief Operations Officer in February 2016.

¹ Colin ceased employment with QBE on 9 February 2017.

Summary financial information

The following provides a summary of QBE's consolidated financial results and balance sheet for the year ended 31 December 2016. Further details can be found in the audited Annual Report which is available online at www.qbe.com.

Summary income statement

FOR THE YEAR ENDED 31 DECEMBER 2016

	STATUTORY RESULT		ADJUSTED RESULT	
	2016 US\$M	2015 US\$M	2016 US\$M ¹	2015 US\$M ²
Gross written premium	14,395	15,092	14,088	14,782
Gross earned premium revenue	14,276	14,922	13,863	14,606
Net earned premium	11,066	12,314	11,636	12,213
Net claims expense	(6,442)	(7,434)	(7,023)	(7,308)
Net commission	(2,034)	(2,114)	(2,034)	(2,116)
Underwriting and other expenses	(1,922)	(2,137)	(1,922)	(2,058)
Underwriting result	668	629	657	731
Net investment income on policyholders' funds	407	402	407	368
Insurance profit	1,075	1,031	1,064	1,099
Net investment income on shareholders' funds	339	263	339	239
Financing and other costs	(294)	(244)	(294)	(244)
Losses on sale of entities	-	(2)	-	-
Unrealised losses on assets held for sale	(3)	-	(3)	-
Amortisation and impairment of intangibles	(45)	(95)	(45)	(95)
Profit before income tax	1,072	953	1,061	999
Income tax expense	(228)	(260)	(228)	(186)
Profit after income tax	844	693	833	813
Net profit attributable to non-controlling interests	-	(6)	-	(6)
Net profit after income tax	844	687	833	807

1 Presented excluding M&LS fronting and transactions to reinsure legacy US multi-line property and casualty (program) run-off liabilities and UK long-tail liabilities.

2 Excludes Argentine workers' compensation, M&LS deferred acquisition cost write-down as well as agency and other asset sales.

Consolidated balance sheet

AS AT 31 DECEMBER 2016

	2016 US\$M	2015 US\$M
Assets		
Cash and investments	25,235	26,708
Trade and other receivables	4,831	4,950
Deferred insurance costs	1,965	2,538
Reinsurance and other recoveries on outstanding claims	4,540	3,204
Other assets	1,128	909
Fixed and intangible assets	3,884	3,867
Total assets	41,583	42,176
Liabilities		
Trade and other payables	2,139	2,101
Unearned premium	6,763	7,006
Outstanding claims	18,321	18,583
Other liabilities	552	397
Borrowings	3,474	3,529
Total liabilities	31,249	31,616
Net assets	10,334	10,560

10 year history

FOR THE YEAR ENDED 31 DECEMBER

		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Gross written premium	US\$M	14,395	15,092	16,332	17,975	18,434	18,291	13,629	11,239	11,015	10,391
Gross earned premium	US\$M	14,276	14,922	16,521	17,889	18,341	17,840	13,432	10,943	10,773	10,353
Net earned premium	US\$M	11,066	12,314	14,084	15,396	15,798	15,359	11,362	9,446	9,293	8,552
Claims ratio	%	58.2	60.4	63.2	64.5	66.0	68.2	59.9	60.3	57.6	54.3
Commission ratio	%	18.4	17.2	16.8	16.8	16.2	14.9	15.5	16.2	17.2	18.5
Expense ratio	%	17.4	17.3	16.1	16.5	14.9	13.7	14.3	13.1	13.7	13.1
Combined operating ratio	%	94.0	94.9	96.1	97.8	97.1	96.8	89.7	89.6	88.5	85.9
Investment income											
before investment gains/losses	US\$M	641	541	676	691	723	948	658	832	1,237	837
after investment gains/losses	US\$M	746	665	814	772	1,227	767	657	1,153	1,199	1,130
Insurance profit	US\$M	1,075	1,031	1,074	841	1,262	1,085	1,703	1,609	1,830	1,895
Insurance profit to net earned premium	%	9.7	8.4	7.6	5.5	8.0	7.1	15.0	17.0	19.7	22.2
Financing and other costs	US\$M	294	244	297	345	324	275	222	191	223	189
Operating profit (loss)											
before income tax	US\$M	1,072	953	931	(448)	941	868	1,551	1,891	2,028	2,135
after income tax and non-controlling interests	US\$M	844	687	742	(254)	761	704	1,278	1,532	1,558	1,612
Number of shares on issue ¹	millions	1,370	1,370	1,363	1,247	1,194	1,112	1,048	1,020	982	881
Shareholders' funds	US\$M	10,284	10,505	11,030	10,356	11,358	10,386	10,311	9,164	7,834	7,435
Total assets	US\$M	41,583	42,176	45,000	47,271	50,748	46,737	41,386	36,723	33,967	34,737
Net tangible assets per share ¹	US\$	4.90	5.07	5.32	4.75	4.49	3.93	4.78	4.64	4.04	6.02
Borrowings to shareholders' funds	%	33.8	33.6	32.5	44.1	43.4	45.8	31.5	29.1	32.9	40.8
Basic earnings per share ¹	US cents	61.6	50.3	57.4	(22.8)	65.1	64.9	123.7	152.8	175.0	189.0
Basic earnings per share - cash basis ²	US cents	65.5	65.3	63.5	62.9	89.1	73.0	127.7	156.4	177.2	190.5
Diluted earnings per share	US cents	60.8	49.8	55.8	(22.8)	61.6	61.3	119.6	149.9	172.2	181.8
Return on average shareholders' funds	%	8.1	6.4	6.9	(2.3)	7.0	6.8	13.1	18.0	22.3	26.0
Dividend per share	Australian cents	54	50	37	32	50	87	128	128	126	122
Dividend payout	A\$M	741	685	492	394	593	956	1,336	1,306	1,187	1,068
Total investments and cash ³	US\$M	25,235	26,708	28,583	30,619	31,525	28,024	25,328	22,448	19,995	21,552

1 Reflects shares on an accounting basis.

2 Earnings per share on a cash basis is calculated with reference to cash profit, being profit after tax adjusted for amortisation and impairment of intangibles and other non-cash items net of tax.

3 Includes financial assets at fair value through profit or loss, cash and cash equivalents and investment properties.

Remuneration overview

The following provides a summary of the remuneration for QBE's executives and non-executive directors - collectively called "key management personnel". The detailed Remuneration Report is contained in the 2016 Annual Report on pages 68 to 102 which is available online at www.qbe.com.

Executives

QBE's remuneration strategy is designed to provide market competitive remuneration that motivates and retains QBE's executives, aligned with the creation of sustained shareholder value. QBE's executive remuneration structure comprises a mix of fixed and at-risk remuneration reflecting a balance of short and long-term incentives.

The table below sets out the actual value of the remuneration realised by executives in 2016.

EXECUTIVES	REMUNERATION EARNED IN 2016			DEFERRED EQUITY OUTCOME IN 2016	TERMINATION BENEFITS ⁴ US\$000	TOTAL REMUNERATION REALISED IN 2016 US\$000
	FIXED REMUNERATION US\$000	STI CASH ¹ US\$000	OTHER ² US\$000	CONDITIONAL RIGHTS VESTED ³ US\$000		
Group head office						
John Neal	1,635	821	97	476	-	3,029
Jason Brown	520	347	27	172	-	1,066
Colin Fagen ⁵	971	-	109	451	-	1,531
Margaret Murphy	139	92	87	-	-	318
Patrick Regan	1,189	992	103	1,174	-	3,458
Divisional						
David Fried	920	576	1,547	415	-	3,458
Russell Johnston	584	429	18	-	-	1,031
Richard Pryce	966	801	149	410	-	2,326
Former executives						
David Duclos	475	296	17	367	-	1,155
Mike Emmett	106	65	(10)	-	900	1,061
Tim Plant	442	149	30	191	357	1,169
Jenni Smith	462	303	57	92	457	1,371

1 The STI cash amount in respect of performance in 2016 is payable in March 2017. For further details, refer to section 4.4 of the Remuneration Report.

2 "Other" includes provision of motor vehicles, health insurance, spouse travel, staff insurance discount benefits received during the year, life assurance and personal accident insurance and the applicable taxes thereon. It also includes the deemed value of interest-free share loans, the movement in annual leave and long service leave provisions, tax payments and other one-off expenses. For David Fried, this also includes expatriate benefits including a housing allowance, education assistance, a cost of living adjustment and associated taxes thereon. For Margaret Murphy, this includes cost of relocation.

3 The value of conditional rights has been determined by reference to the closing share price on the relevant vesting date. For Patrick Regan, this includes the second tranche of conditional rights granted on 20 August 2014 which vested on 1 March 2016. For further details, refer to section 6.4.3 of the Remuneration Report.

4 "Termination benefits" in respect of Mike Emmett, Tim Plant and Jenni Smith includes apportioned fixed remuneration paid for the balance of the notice period to the termination date and STI cash awards from the date of ceasing to be a KMP to the date of termination. For Mike Emmett this also includes a redundancy payment and a restraint payment. For further details, refer to section 6.2 of the Remuneration Report.

5 At the time of publishing the Remuneration Report, the 2016 STI award to Colin Fagen has not been determined. The award will be determined in accordance with the STI Plan Rules.

Non-executive directors

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 purposes of corporate governance, regulatory compliance and other matters. QBE aims to provide a level of remuneration for non-executive directors comparable with its peers, which include multinational financial institutions.

The table below details the nature and amount of each component of the remuneration of QBE's current non-executive directors.

NON-EXECUTIVE DIRECTOR	YEAR	SHORT-TERM EMPLOYMENT BENEFITS		POST EMPLOYMENT BENEFITS		TOTAL ³ US\$000
		FEES ¹ US\$000	OTHER US\$000	SUPERANNUATION - SGC ² US\$000	SUPERANNUATION - OTHER US\$000	
Marty Becker	2016	592	-	-	-	592
	2015	593	-	-	-	593
Stephen Fitzgerald	2016	272	-	-	-	272
	2015	256	-	5	7	268
John M Green	2016	292	-	14	13	319
	2015	272	-	14	12	298
Margaret Leung	2016	248	-	-	-	248
	2015	248	-	-	-	248
Kathryn Lisson	2016	89	-	-	-	89
	2015	-	-	-	-	-
Sir Brian Pomeroy	2016	267	-	-	-	267
	2015	267	-	-	-	267
Jann Skinner	2016	258	-	14	10	282
	2015	234	-	14	8	256
Rolf Tolle	2016	201	-	-	-	201
	2015	-	-	-	-	-
Michael Wilkins	2016	41	-	2	1	44
	2015	-	-	-	-	-
Total	2016	2,260	-	30	24	2,314
	2015	1,870	-	33	27	1,930⁴

1 Travel allowances, additional fees in lieu of superannuation in Australia and amounts sacrificed in relation to the Director Share Acquisition Plan are included in directors' fees.

- Marty Becker, Stephen Fitzgerald, Margaret Leung, Kathryn Lisson, Sir Brian Pomeroy and Rolf Tolle receive additional fees of 9.5% in lieu of superannuation in Australia.
- Marty Becker, Stephen Fitzgerald, Margaret Leung, Kathryn Lisson, Sir Brian Pomeroy, Rolf Tolle and Michael Wilkins all participate in the Director Share Acquisition Plan.

2 John Green, Jann Skinner and Michael Wilkins are Australian residents. Superannuation is calculated as 9.5% of fees. 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.

3 Remuneration has been converted to US dollars using the average rate of exchange for the relevant year.

4 Former non-executive director, John Graf, retired during 2015 therefore is excluded from the table above. Total non-executive director remuneration in 2015 was \$2,219,000.

Shareholder information

QBE is incorporated in Australia, is listed on the Australian Securities Exchange (ASX) and trades under the code "QBE".

Registered office

QBE Insurance Group Limited

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QBE website

QBE's website provides investors with information about QBE including annual reports, corporate governance statements, annual reviews, sustainability reviews, half yearly reports and announcements to the ASX. The website also offers regular QBE share price updates, a calendar of events, a history of QBE's dividend and online access to your shareholding details via the share registry.

Shareholder information and enquiries

Enquiries and correspondence regarding shareholdings can be directed to QBE's share registry:

Computershare Investor Services Pty Limited (Computershare)

GPO Box 2975
Melbourne VIC 3001 Australia

452 Johnston Street
Abbotsford VIC 3067 Australia

Telephone: 1300 723 487 (Australia)

Telephone: +61 3 9415 4840 (International)

Web: www.computershare.com.au

Email: qbe.queries@computershare.com.au

For security purposes, you will need to quote your Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

If you are broker (CHESS) sponsored, queries relating to incorrect registrations and changes to name and/or address can only be processed by your stockbroker. Please contact your stockbroker. Computershare cannot assist you with these changes.

Financial calendar

YEAR	MONTH	DAY	ANNOUNCEMENT
2017	February	27	• Results and dividend announcement for the year ended 31 December 2016
		March	9
	10		• Record date for determining shareholders' entitlement to 2016 final dividend
	13		• DRP/BSP election close date – last day to nominate to participate in the Dividend Reinvestment Plan or the Bonus Share Plan
	April	13	• Payment date for the 2016 final dividend
	May	3	• 2017 Annual General Meeting
	June	30	• Half year end
	August	17 ¹	• Results and dividend announcement for the half year ended 30 June 2017
		24 ¹	• Shares begin trading ex dividend
		25 ¹	• Record date for determining shareholders' entitlement to 2017 interim dividend
		28 ¹	• DRP/BSP election close date – last day to nominate to participate in the Dividend Reinvestment Plan or the Bonus Share Plan
	September	29 ¹	• Payment date for the 2017 interim dividend
	December	31	• Full year end

¹ Dates shown may be subject to change.

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