

SUNCORP GROUP LIMITED
ABN 66 145 290 124
CORPORATE GOVERNANCE STATEMENT
2015/16



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ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
<p>1.1 A listed entity should disclose:</p> <ol style="list-style-type: none"> the respective roles and responsibilities of its board and management; and those matters expressly reserved to the board and those delegated to management. <p>1.2 A listed entity should:</p> <ol style="list-style-type: none"> undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. <p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> <p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (sections 2.1 and 2.2)</p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (sections 2.1 and 2.2)</p> <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (sections 2.3, 2.9)</p> <p><input checked="" type="checkbox"/> in our Notice of AGM at suncorpgroup.com.au/investors/reports (available mid-August 2016)</p> <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (section 2.3)</p> <p><input checked="" type="checkbox"/> in section 2.9 of the Remuneration Report contained within the 2015/16 Directors' Report and Financial Statements at suncorpgroup.com.au/investors/reports</p> <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (section 3.1)</p> <p><input checked="" type="checkbox"/> in our Suncorp Group Board Charter (page 1)</p>

Corporate Governance Council recommendation

**We have followed the recommendation in full for the whole of the period above.
We have disclosed ...**

PRINCIPLE 1– LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

- 1.5** A listed entity should:
- have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
 - disclose that policy or a summary of it; and
 - disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
 - the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 - if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.
- ... the fact that we have a diversity policy that complies with paragraph (a):
 in our Corporate Governance Statement (sections 7, 7.1)
 ... and a copy of our Equal Employment Opportunity & Diversity Policy or a summary of it:
 at suncorpgroup.com.au/about-us/governance
 ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:
 in our Corporate Governance Statement (Introduction, section 7.1, section 3)
 ... and the information referred to in paragraphs (c)(1) or (2):
 in our Corporate Governance Statement (section 2.3, 3, 7)
- 1.6** A listed entity should:
- have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
 - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
- ... the evaluation process referred to in paragraph (a):
 in our Corporate Governance Statement (sections 2.3, 2.12)
 ... and the information referred to in paragraph (b):
 in our Corporate Governance Statement (section 2.12)
- 1.7** A listed entity should:
- have and disclose a process for periodically evaluating the performance of its senior executives; and
 - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
- ... the evaluation process referred to in paragraph (a):
 in our Corporate Governance Statement (section 3.3)
 ... and the information referred to in paragraph (b):
 in our Corporate Governance Statement (section 3.3)
 in section 2.5 of the Remuneration Report which is contained in the 2015/16 Directors' Report and Financial Statements at suncorpgroup.com.au/investors/reports

Corporate Governance Council recommendation

**We have followed the recommendation in full for the whole of the period above.
We have disclosed ...**

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

- 2.1** The board of a listed entity should:
- have a nomination committee which:
 - has at least three members, a majority of whom are independent directors; and
 - is chaired by an independent director, and disclose:
 - the charter of the committee;
 - the members of the committee; and
 - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
 - if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.
- 2.2** A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership
- 2.3** A listed entity should disclose:
- the names of the directors considered by the board to be independent directors;
 - if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
 - the length of service of each director.
- 2.4** A majority of the board of a listed entity should be independent directors.
- 2.5** The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.
- 2.6** A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.
- ... the fact that we have a Nomination Committee that complies with paragraphs (1) and (2):
- in our Corporate Governance Statement (sections 2.3, 2.4, 2.14)
 - ... and a copy of the charter of the committee:
 - at suncorpgroup.com.au/about-us/governance
- ... and the information referred to in paragraphs (4) and (5):
- in our Corporate Governance Statement (section 2.14)
 - in section 2 of the Directors' Report, which is contained in the 2015/16 Directors' Report and Financial Statements suncorpgroup.com.au/investors/reports
- ... our Board Skills Matrix:
- in our Corporate Governance Statement (section 2.6)
- ... the names of the directors considered by the board to be independent directors:
- in our Corporate Governance Statement (section 2.3 and 2.4)
 - ... and, where applicable, the information referred to in paragraph (b):
 - in our Corporate Governance Statement (section 2.4)
 - ... and the length of service of each director:
 - in our Corporate Governance Statement (section 2.3)
- ... the fact that we follow this recommendation:
- in our Corporate Governance Statement (section 2.4)
- ... the fact that we follow this recommendation:
- in our Corporate Governance Statement (section 2.4)
- ... the fact that we follow this recommendation:
- in our Corporate Governance Statement (sections 2.7)

Corporate Governance Council recommendation

**We have followed the recommendation in full for the whole of the period above.
We have disclosed ...**

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

- 3.1 A listed entity should:
have a code of conduct for its directors, senior executives and employees; and disclose that code or a summary of it.

... our code of conduct or a summary of it:
 is referred to in our Corporate Governance Statement (section 6.2)
 a copy of the Code of Conduct is at this location suncorpgroup.com.au/about-us/governance

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

- 4.1 The board of a listed entity should:
- a. have an audit committee which:
 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 2. is chaired by an independent director, who is not the chair of the board, and disclose:
 3. the charter of the committee;
 4. the relevant qualifications and experience of the members of the committee; and
 5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
 - b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.
- 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

... the fact that we have an Audit Committee that complies with paragraphs (1) and (2):
 in our Corporate Governance Statement (sections 2.3, 2.14, 9.1)
 ... and a copy of the charter of the committee:
 at suncorpgroup.com.au/about-us/governance
 ... and the information referred to in paragraphs (4) and (5):
 in our Corporate Governance Statement (sections 2.3, 2.6, 9.1 and section 1 of the Directors' Report which is contained in the 2015/16 Directors' Report and Financial Statements at suncorpgroup.com.au/investors/reports
 and in section 2 of the Directors' Report which is contained in the 2015/16 Directors' Report and Financial Statements at suncorpgroup.com.au/investors/reports

... the fact that we follow this recommendation:
 in our Corporate Governance Statement (section 9.4)

... the fact that we follow this recommendation:
 in our Corporate Governance Statement (section 9.5)

Corporate Governance Council recommendation

**We have followed the recommendation in full for the whole of the period above.
We have disclosed ...**

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

- | | |
|---|--|
| <p>5.1 A listed entity should:</p> <p>a. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>b. disclose that policy or a summary of it.</p> | <p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (section 8.1) we provide a summary</p> <p><input checked="" type="checkbox"/> at suncorpgroup.com.au/about-us/governance we provide the Disclosure Policy</p> |
|---|--|
-

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

- | | |
|---|---|
| <p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p> | <p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at these locations:</p> <p>suncorpgroup.com.au/about-us/who-we-are</p> <p>suncorpgroup.com.au/about-us/governance</p> <p>suncorpgroup.com.au/about-us/our-history</p> |
| <p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (sections 8.3, 8.4 and 8.5)</p> |
| <p>6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p> | <p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (section 8.3, 8.5)</p> |
| <p>6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (section 8.4, 8.5)</p> |
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Corporate Governance Council recommendation

**We have followed the recommendation in full for the whole of the period above.
We have disclosed ...**

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

- 7.1** The board of a listed entity should:
- have a committee or committees to oversee risk, each of which:
 - has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director, and disclose:
 - the charter of the committee;
 - the members of the committee; and
 - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
 - if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.
- 7.2** The board or a committee of the board should:
- review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
 - disclose, in relation to each reporting period, whether such a review has taken place
- 7.3** A listed entity should disclose:
- if it has an internal audit function, how the function is structured and what role it performs; or
 - if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
- 7.4** A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.
- ... the fact that we have a Risk Committee that complies with paragraphs (1) and (2):
 in our Corporate Governance Statement (sections 2.3, 2.14, 5.2)
 ... and a copy of the charter of the committee:
 at suncorpgroup.com.au/about-us/governance
 ... and the information referred to in paragraphs (4) and (5):
 in our Corporate Governance Statement (section 2.14 and 5.2)
 and in section 2 of the Directors' Report, which is contained in the 2015/16 Directors' Report and Financial Statements at suncorpgroup.com.au/investors/reports
- ... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:
 in our Corporate Governance Statement (section 5, 5.1)
 ... and that such a review has taken place in the reporting period covered by this Appendix 4G:
 in our Corporate Governance Statement (section 5, 5.1)
- ... how our internal audit function is structured and what role it performs:
 in our Corporate Governance Statement (introduction and section 9.2) and in the Risk Management section on the Governance section on the website at suncorpgroup.com.au/about-us/governance
- ... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:
 at suncorpgroup.com.au/investors/reports, specifically in the business-related and corporate responsibility disclosures contained in the 2015/16 Annual Review, section 5 of the Corporate Governance Statement, the 2015/16 Directors' Report and Financial Statements (specifically Notes 29 and 30) and the risk management disclosures at suncorpgroup.com.au/about-us/governance

Corporate Governance Council recommendation

**We have followed the recommendation in full for the whole of the period above.
We have disclosed ...**

PRINCIPLE 8– REMUNERATE FAIRLY AND RESPONSIBLY

- 8.1** The board of a listed entity should:
- a. have a remuneration committee which:
1. has at least three members, a majority of whom are independent directors; and
 2. is chaired by an independent director, and disclose:
 3. the charter of the committee;
 4. the members of the committee; and
 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
- 8.2** A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.
- 8.3** A listed entity which has an equity-based remuneration scheme should:
- a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- b. disclose that policy or a summary of it.
- ... the fact that we have a Remuneration Committee that complies with paragraphs (1) and (2):
- in our Corporate Governance Statement (sections 2.3, 2.14, 4)
 - ... and a copy of the charter of the committee:
 - at suncorpgroup.com.au/about-us/governance
 - ... and the information referred to in paragraphs (4) and (5):
 - in our Corporate Governance Statement (sections 2.14, 4)
 - and in section 2 of the Directors' Report, which is contained in the 2015/16 Directors' Report and Financial Statements at suncorpgroup.com.au/investors/reports
- ... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:
- in our Corporate Governance Statement (section 4)
 - and in sections 2 and 3 of the Remuneration Report, which is contained in the 2015/16 Directors' Report and Financial Statements at suncorpgroup.com.au/investors/reports
- ... the Securities Trading Policy or a summary of it:
- in sections 2.7 of the Remuneration Report which is contained in the 2015/16 Directors' Report and Financial Statements at suncorpgroup.com.au/investors/reports
 - our Corporate Governance Statement (section 6.2)
 - our Securities Trading Policy can be found at this location: suncorpgroup.com.au/about-us/governance
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2015/16 CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement (**Statement**) for Suncorp Group Limited (**Suncorp**) reports on Suncorp Group's corporate governance policies and practices, and highlights where related governance documents and other information are located on the Suncorp Group website. The Statement has been approved by the Suncorp Group Board of Directors (the **Board**) and the representations made are accurate as at 4 August 2016.

Suncorp Group complies with the *Corporations Act 2001* and the Australian Securities Exchange's Listing Rules. As an entity regulated by the Australian Prudential Regulation Authority (**APRA**), the Company also complies with the governance requirements prescribed by APRA under Prudential Standard CPS 510 *Governance*.

Throughout the reporting period, Suncorp Group's governance arrangements have been consistent with the third edition of the ASX Corporate Governance Council's (**ASXCGC**) *Corporate Governance Principles and Recommendations*.

2015/16

Key areas of focus and achievements

- › New operating model announced and refreshed strategy introduced to allow the business to better meet the needs of customers and build a more resilient organisation. The new operating model will drive future profitability by giving customers an enhanced experience where they can access a range of products and services, experiences and innovations.
- › Further innovation with the establishment of a dedicated Technology, Data and Labs function to lead Suncorp's business intelligence and technology strategy.
- › Further articulating Suncorp's organisational culture, recognising the core dimensions that underpin the overall culture: Customer Culture, Risk Culture and Performance Culture.
- › Achievements ahead of target within Suncorp's diversity and inclusion strategy included more women being appointed to senior leadership roles:
 - › Suncorp is on track to achieve its target of having 40% of senior leadership positions held by women by June 2017, with 38% of these roles held by women at the end of June 2016.
 - › In October 2015, Ms Sally Herman joined the Board as a non-executive director meaning the Board achieved its stated diversity objective of 33% of directors being women – up from 22% in 2015.
- › In March 2016, the Risk and Legal functions were combined. The Risk function will continue to maintain its independence and play an important role in challenging and overseeing the risks taken across Suncorp Group. The role of Chief People Experience Officer was also expanded with accountability for human resources, partnering, real estate and learning.
- › Ms Sarah Harland's appointment as Chief Information Officer takes effect on 1 September 2016.

Suncorp Group includes leading general insurance, banking, life insurance and superannuation brands in Australia and New Zealand. The Group has approximately 13,500 employees and relationships with up to nine million customers. Suncorp Group Limited ranks in the top 20 companies in the S&P/ASX 100 Index. Suncorp Bank is a licensed Australian bank. The licensed general insurer is AAI Limited, and the licensed life insurer is Suncorp Life & Superannuation Limited.

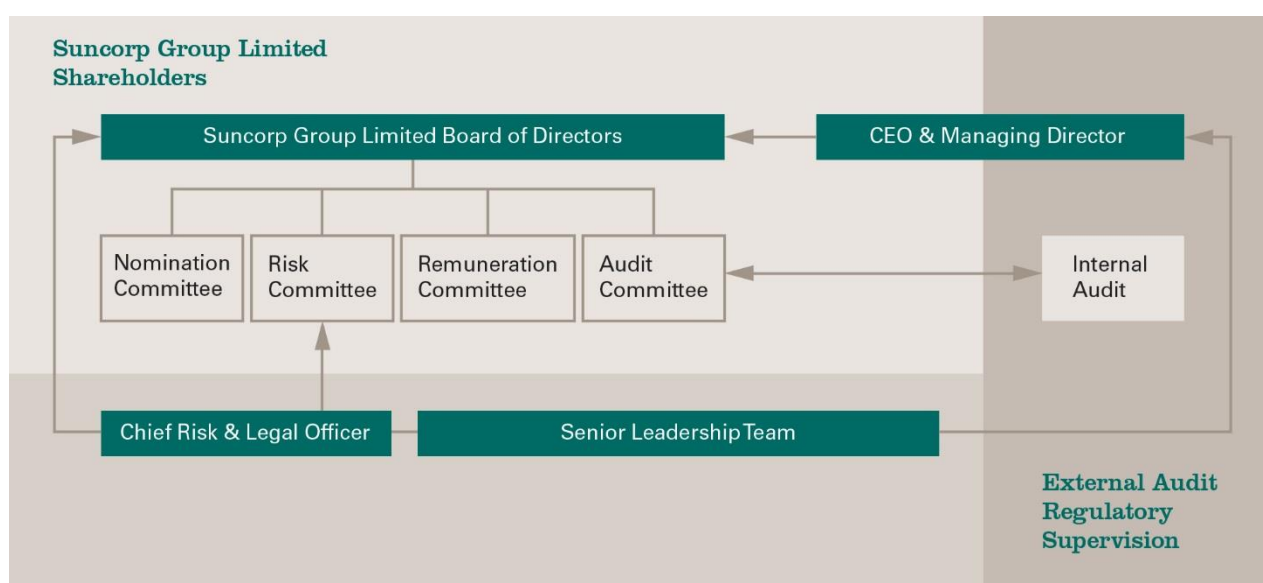
Detailed information about the Group's business activities is at suncorpgroup.com.au. More information on Suncorp's New Zealand businesses and operations can be found at vero.co.nz.

1. SUNCORP GROUP GOVERNANCE FRAMEWORK AND OPERATING MODEL

The Board believes high standards of corporate governance are essential for sustaining long-term company and share price performance and creating value for shareholders.

The Board is committed to maintaining its robust governance system and a culture that values ethical behaviour and integrity. The Board is responsible for the governance framework which operates under Board-approved policies, charters and practices. The Board committees help the Board fulfil its governance role.

The Board and its committees regularly review the Group's governance framework and associated practices to ensure they keep pace with regulatory change. The Board and committee charters are regularly reviewed to ensure consistency and accuracy.

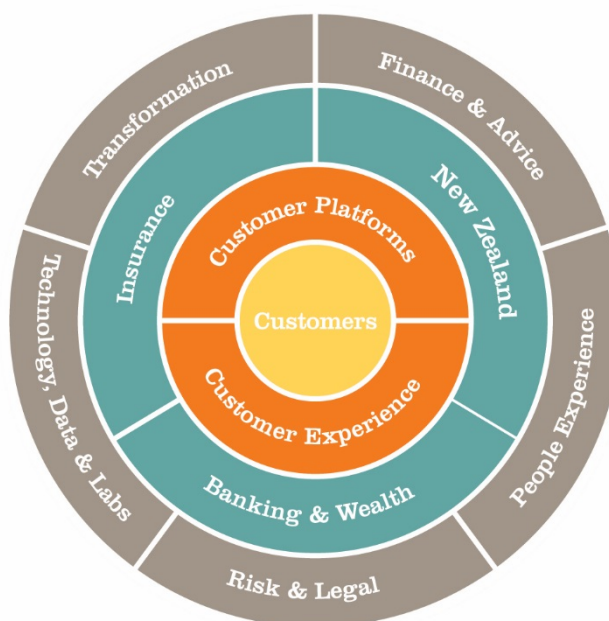


1.1 OPERATING MODEL

The new operating model puts the customer at the centre of everything Suncorp does and is structurally and symbolically important in that all customers are to be treated as Group customers, without the distinction of traditional line-of-business domains. The Group's Customer Experience team uses data, insights and forward-looking analytics to inform product innovation and marketing strategies to ensure Suncorp is at the forefront of satisfying evolving customer needs.

The Customer Platforms team creates dynamic and interactive platforms to allow customers to access any product, any brand, via any channel – including a digital marketplace. These customer functions support the Group's business units: Banking & Wealth; Insurance; and Suncorp New Zealand. These three business units are responsible for product design and manufacturing, claims management, delivering industry-leading experiences and end-to-end responsibility for the statutory entities. The organisation continues to be supported by corporate functions across Finance & Advice; Technology, Data & Labs; People Experience; Risk & Legal and Transformation.

SUNCORP OPERATING MODEL



2. SUNCORP GROUP BOARD AND BOARD DELEGATIONS

2.1 THE BOARD'S ROLE

The Company's Constitution states that its business and affairs are to be managed under the Board's direction. The Board's role, responsibilities, powers and duties are further detailed in the Board Charter.

The Board is ultimately responsible for the sound and prudent management of the Company, including:

- representing shareholders and policyholders, accounting for performance and delivering long-term value
- approving the strategic direction of the Company
- monitoring and guiding management
- appointing the CEO & Managing Director and determining the CEO & Managing Director's succession
- overseeing effective governance
- ensuring fair treatment for all stakeholders, including the customer, and
- ensuring the Company's long-term financial viability.

The Board directs management in the execution of business objectives, strategies and financial performance. Other than the responsibilities specifically reserved for the Board and its committees in their respective charters, the responsibility for management of day-to-day business activities is delegated to the CEO & Managing Director, Mr Michael Cameron, who is accountable to the Board. The Board and the CEO & Managing Director are supported by the Senior Leadership Team (**Senior Executives**) who report to the CEO & Managing Director.

The Constitution, the Board Charter and Board committee charters are available at suncorpgroup.com.au/about-us/governance. The Board regularly reviews the Board Charter and the delegation of Board authority to the CEO & Managing Director.

2.2 BOARD AND MANAGEMENT RESPONSIBILITIES

Specific responsibilities are formally delegated to management by the Board. A summary of the Board's principal responsibilities and the matters delegated to management is summarised in the table below. The Board Charter sets out the principles for how the Board operates and describes the Board's responsibilities and those formally delegated to management. The Board Charter also sets out the key matters to be considered by each main board entity in the Group, including a matrix of regulatory governance matters each entity considers. More information in relation to management of risks is set out in Part 5 and on the [Governance section](#) of the Group website.

Board of Directors Summary of principal responsibilities

APPROVE:

- › strategic direction and related targets and objectives
- › annual budgets, dividend policy and dividend payments
- › major operating and capital expenditure and credit facilities in excess of the limits delegated to management
- › determine the CEO & Managing Director's level of authority in respect of operating and capital expenditure and credit facilities and authorise the CEO & Managing Director's further delegation of those authorities to management
- › appointment/removal of the CEO & Managing Director, Company Secretary and Senior Executives
- › Suncorp's incentive structures and the remuneration of the CEO & Managing Director and Senior Executives, including measures of performance and targets
- › CEO & Managing Director and executive succession planning.

REVIEW/APPROVE:

- › management proposals regarding acquisitions and divestitures of companies, businesses and functions
- › Suncorp Group capital management policies and plans, having regard to the various liquidity and capital adequacy regulatory requirements applying to Suncorp Group financial and regulatory reporting
- › the Enterprise Risk Management Framework and risk management strategies.

MONITOR:

- › Suncorp Group financial performance and Senior Executive performance in implementation and achievement of strategic and business objectives
- › processes whereby business risks are identified and approve systems and controls to manage those risks and monitor compliance
- › corporate governance practices including the environmental impact and compliance with sustainability policies and practices
- › Suncorp's Values to maintain a culture that supports the Group's ability to operate consistently within its risk appetite and deliver fair and balanced outcomes for its stakeholders.

Management

Summary of matters the Board has delegated to management

- › Develop corporate strategies and business plans in consultation with directors and implement the corporate strategies approved by the Board
- › Develop Suncorp's values and operating principles to help ensure appropriate employee behaviours across Suncorp
- › Make recommendations to the Board on significant strategic and business initiatives
- › Develop an annual budget for the Board's consideration and conduct Suncorp Group's business activities within the approved budget limits
- › Make recommendations to the Board or relevant Board committee on appointments to Senior Executive roles
- › Develop and maintain succession plans for senior management roles
- › Set effective and appropriate employee incentive arrangements
- › Lead by example in displaying the right behaviours in all situations
- › Develop and maintain risk management systems and frameworks as approved by the Board or Risk Committee
- › Manage the business in accordance with regulatory and legislative requirements and within Suncorp Group's approved policy and procedures framework.

2.3 BOARD COMPOSITION, STRUCTURE AND LETTERS OF APPOINTMENT

Current directors

The names of the current directors, together with details of their qualifications, term in office and independent status are set out in the table below. Detailed biographies of directors are published on the [Suncorp Group website](#) and in the 2015/16 Directors' Report and Financial Statements, available at suncorpgroup.com.au/investors/reports.

Suncorp Group Limited Board of Directors			
NAME OF DIRECTOR	TERM IN OFFICE	QUALIFICATIONS	STATUS
Dr Zygmunt Switowski AO (Board Chairman)	10 years, 11 months	BSc (Hons), PhD, FAICD, FAA, FTSE	Independent
Mr Michael Cameron	4 years, 3 months	F CPA, FCA, FAICD	Non-independent
Mr William Bartlett	13 years, 1 month	FCA, F CPA, FCMA, CA (SA)	Independent
Ms Audette Exel AO	4 years, 1 month	BA, LLB (Hons)	Independent
Ms Sally Herman	9 months	BA, GAICD	Independent
Mr Ewoud Kulk	9 years, 5 months	BEcon, FAICD	Independent
Ms Christine McLoughlin	1 year, 6 months	BA, LLB (Hons), FAICD	Independent
Dr Douglas McTaggart	4 years, 3 months	BEcon (Hons), MA, PhD, DUniv, FAICD, SF Fin	Independent
Mr Geoffrey Ricketts CNZM	9 years, 5 months	LLB (Hons), LLD (Honoris Causa), FlnstD	Independent

The Company's Constitution and Board Charter set out the Board's composition as follows:

- a minimum of five directors and a maximum of 13
- a majority must be independent, non-executive directors.

The Board Charter sets out the quorum for meetings. The composition of the Board is subject to review in a number of ways:

- The Company's Constitution provides that an election of directors must take place each year.
- In addition no director (excluding the CEO & Managing Director), may retain office for more than three years or until the third Annual General Meeting (**AGM**) following the director's appointment, whichever is the longer.
- A director's re-election is not automatic as it is subject to assessment by the Nomination Committee. In a statement accompanying the next AGM Notice, the Board confirms to shareholders whether it supports a retiring director's re-election.
- The Nomination Committee reviews the Board's composition periodically in line with the Board Renewal Policy, either when a vacancy arises, or as part of the Board's ongoing succession planning.
- The Board is committed to a continuing process of Board renewal and performance assessment. The annual Board appraisal includes an assessment of future requirements in relation to the Board's composition and its overall performance. This appraisal process is explained in section 2.12.

Suncorp Group has formal letters of appointment in place with the non-executive directors setting out their appointment terms. Mr Michael Cameron, being the CEO & Managing Director, has an employment contract.

2.4 INDEPENDENCE OF THE BOARD AND BOARD CHAIRMAN

The Board Charter stipulates a majority of the Board must be independent, non-executive directors. The Board regularly reviews the independence of each non-executive director and, in June 2016, completed an independence assessment in accordance with the ASXCGC Principles and Recommendations.

A director's interests, position, associations or relationships will be considered relevant when assessing independence if the individual circumstances materially interfere with (or could reasonably be perceived to materially interfere with) a director's ability to exercise independent judgment across certain or all aspects of their role as a director. The Board takes a qualitative approach to assessing materiality and independence on a case-by-case basis by reference to each director's particular circumstances, rather than applying strict quantitative thresholds.

The Board considers all its current directors to be independent, with the exception of Mr Michael Cameron who is the CEO & Managing Director.

- Mr William Bartlett has served as a non-executive director of the parent company of the Group for 13 years. The Board values having an appropriate mix of longer serving directors who know the history of Suncorp Group and considers that Mr Bartlett remains independent.
- The Board Chairman, Dr Zygmunt Switkowski AO, is elected from the independent non-executive directors in accordance with the Board Charter. The Board Chairman plays a pivotal governance role, is the chair of the Nomination Committee and is an ex officio member of all Board Committees. Dr Switkowski will have served as Chairman since 2011, non-executive director since 2010 and director of Suncorp-Metway Limited since 2005. The Board values the Chairman's deep understanding of the Group and considers that Dr Switkowski remains independent.

Further information about Mr Bartlett and Dr Switkowski is in the 2015/16 Directors' Report and Financial Statements, available at suncorpgroup.com.au/investors/reports.

Determinations regarding independence do not change any director's obligation to manage a conflict of interest that may arise between carrying out their duties as a director of the Company and their other interests and duties.

2.5 DIRECTORS' CONFLICTS OF INTEREST

The *Corporations Act 2001* contains requirements for dealing with directors' conflicts of interest. To ensure the appropriate management of any actual, potential or perceived conflict of interest, the Board has adopted the following procedures:

- A director has a continuing obligation to keep the Board advised of any interest that has arisen that could potentially conflict with those of the Suncorp Group.
- Where a director has an actual, potential or perceived conflict in a matter being considered by the Board, the director will:
 - declare that conflict of interest
 - not receive the relevant Board papers
 - not be present at the meeting when the matter is considered
 - not participate in any decision on the matter

unless the Board Chairman (or if the relevant director is the Board Chairman, either the Board Risk Committee Chairman or the Board Audit Committee Chairman) determines otherwise. However, in the case of a material personal interest, the level of involvement of the relevant director will be determined by the Board (excluding the relevant director).

Further information is contained in the [Board Charter](#) and the [Code of Conduct](#).

2.6 DIRECTORS' SKILLS AND EXPERIENCE

The Board is committed to ensuring that directors have a collective mix of skills, experience, expertise and diversity (including gender diversity). The Board also strives to retain a balance between long-serving directors with established experience and knowledge of Suncorp Group's business and history, and new directors who bring an external perspective and unique insights.

Current Board skills profile

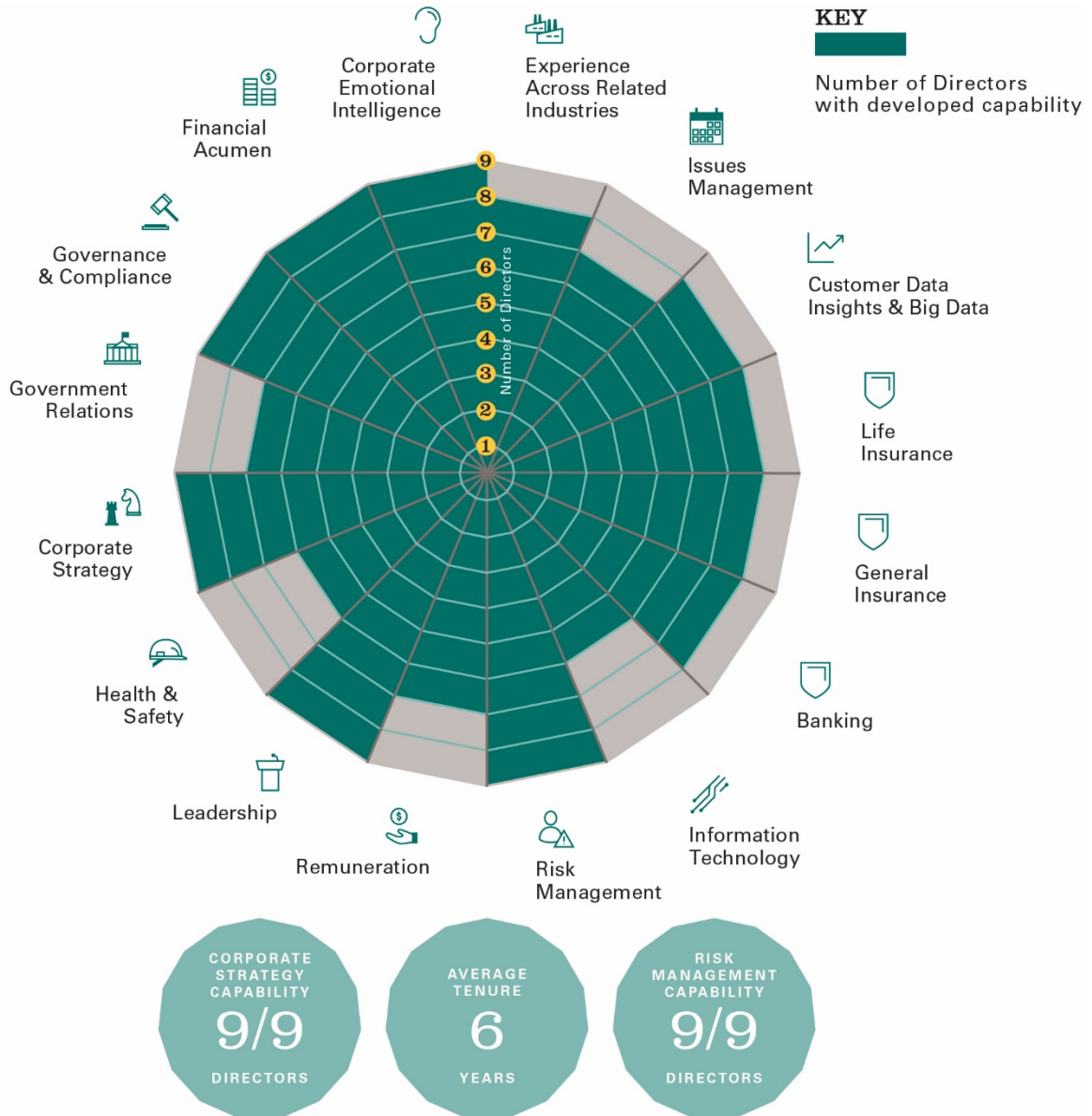
The Board members, including some who are also directors of other ASX-listed companies, have a broad and diverse range of experience and skills across a number of business areas. During 2015/16, the Board identified the key skills, experience and qualities required for the effective management of the business, both then and into the future. These attributes are outlined in the following diagram.



Board Skills Matrix

These skills, attributes and experience were then incorporated into a Board Skills Matrix that is used to provide targeted learning and development initiatives for directors and when selecting and recruiting new directors to join the Board.

The Board Skills Matrix was introduced in 2014/15, and updated during 2015/16 following a change in the Board's composition. The diagram below demonstrates the number of current directors with a 'developed' level of capability (ie. scoring an average of at least 3 out of 5 for a particular area), meaning that the director has a level of proficiency in that area that can be contributed to the Board by drawing upon the director's previous experience.



Other skills and experience

The directors' cumulative overseas experience includes New Zealand, China, Japan, Singapore, Vietnam, Malaysia, Thailand, India, South Africa, United States of America, Netherlands, Bermuda and the United Kingdom.

The Board considers its current members have an appropriate mix of skills that enable the Board to discharge its responsibilities and deliver the Company's strategy and corporate objectives. The Board also considers that each director demonstrates the following personal attributes:

- an understanding of and commitment to the highest standards of governance
- honesty and integrity
- sufficient time available to undertake their responsibilities.

2.7 DIRECTOR INDUCTION AND EDUCATION

Directors have a duty to perform their statutory obligations and to act in good faith in a way most likely to promote the success of Suncorp Group.

As part of a comprehensive induction program covering Suncorp Group's financial, strategic, operational and risk management position, a new director meets with the Board Chairman, the CEO & Managing Director, Senior Executives and other senior managers to gain valuable insights into relevant operational matters and matters of corporate strategy. These meetings are held soon after a director's appointment.

Ongoing director education is provided through regular management presentations on key functions or activities and site visits to Suncorp operations. Directors are also offered access to external education and professional development training at the Company's expense. KPMG, the external auditor, and industry experts also address the Board from time to time on matters relevant to Suncorp Group's business or its operating environment. Most of the topics are determined in advance, tailored to Suncorp Group and form part of the Board's annual meeting schedule.

To ensure directors remain equally informed on all material matters impacting Suncorp Group's businesses, copies of submissions for Board committee meetings are provided to all directors, and non-executive directors may attend meetings of any Board committee regardless of whether they currently serve on that committee.

2.8 BOARD RENEWAL AND SUCCESSION PLANNING

Board renewal and succession planning is an important part of the governance process. The Board regularly reviews and evaluates its succession planning, and the Nomination Committee oversees this process.

Once the Nomination Committee determines a new director is to be appointed, a candidate search is undertaken. This search is based on the Board's specific selection criteria, incorporating the Board Skills Matrix, and is supported by external consultants as required. Candidate searches include extensive background checks on character, education, employment experience, criminal history and bankruptcy to ensure suitability.

The Nomination Committee also recommends directors for re-election to the Board. The Nomination Committee Charter is available at suncorpgroup.com.au/about-us/governance.

Statements on the Board Renewal Policy and factors relevant in making its decisions are set out in the Board Charter.

2.9 FIT AND PROPER POLICY

In accordance with APRA's Prudential Standard APS 520 Fit and Proper, the Company maintains a Fit and Proper Policy. This policy is designed to assist in managing the risks associated with the appointment of persons to roles that have a significant impact on the sound and prudent management of Suncorp Group.

Directors are formally assessed against this policy annually and on appointment to confirm that they are of good standing, possess and have maintained the necessary expertise and skills required to fulfil their roles as directors.

2.10 MEETINGS OF THE BOARD

The Board generally holds monthly meetings to consider matters relevant to Suncorp Group's operations and performance, with additional Board meetings held as required throughout the year.

At least twice a year the Board meets with the Senior Executives to consider matters of strategic importance. Senior Executives are also invited to attend directors' meetings where matters relevant to their respective function are considered. In addition, Senior Executives of each function are invited to present a 'function-in-focus' session to the Board on an annual basis. Immediately following each meeting of directors, the non-executive directors meet without the executive director or any other management representatives present.

The Board held 11 meetings in 2015/16 and two strategic planning sessions. Details of directors' attendance at those meetings are disclosed in the 2015/16 Directors' Report and Financial Statements, available at suncorpgroup.com.au/investors/reports.

2.11 DIRECTORS' ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors have unrestricted access to internal records and to senior management, and receive regular financial and operational reports. Each director has entered into a deed that provides for access to documents, in certain circumstances, following their retirement as a director.

Directors are entitled, with the approval of the Board Chairman, to obtain independent professional advice relating to their role as a director, at the Company's expense. A copy of any advice received by a director is made available to all other Board members except where the circumstances would make that inappropriate.

2.12 BOARD APPRAISAL

A performance appraisal of the Board and its committees is conducted annually. Periodically, an independent consultant is engaged to facilitate the process. The Board Chairman conducts appraisals in the years where an independent consultant is not engaged.

Generally, the same methodology applies to both types of appraisals:

- Directors assess the Board's and its committees' effectiveness in meeting the requirements of their charters (for example, by interviewing the directors or through the completion of questionnaires).
- The contributions of individual directors are assessed.
- The Board Chairman may meet further with individual directors.
- Performance assessments are summarised in a report for the Board and Board Chairman as appropriate.
- Senior Executives may be asked to provide feedback on the Board's performance.

The Board as a whole then discusses and considers the report and agrees any recommendations as necessary. When the external consultant facilitates, the results may also be benchmarked against other companies.

During 2015/16 a performance appraisal of the Board and its committees was conducted and a summary of the findings was provided to the Chairman for discussion with the Board.

2.13 MINIMUM SHAREHOLDING REQUIREMENT

Directors and Senior Executives are subject to a minimum shareholding requirement. More information on the minimum shareholding requirement is included in the Remuneration Report in the 2015/16 Directors' Report and Financial Statements, available at suncorpgroup.com.au/investors/reports.

2.14 BOARD COMMITTEES

The Board has established a Nomination Committee, Remuneration Committee, Risk Committee and an Audit Committee. Each committee’s charter sets out its role, responsibilities, composition and structure. All charters are available at suncorpgroup.com.au/about-us/governance.

Composition and responsibilities of Board Committees

Details of the current membership, composition and responsibilities of each Board committee are set out in the table below.

Suncorp Group Limited Board of Directors		
<p>Nomination Committee All non-executive directors. The Board Chairman is Chair of the Nomination Committee.</p>	<p>Audit Committee Dr D McTaggart (Chair), Mr W Bartlett, Ms S Herman, Mr G Ricketts (non-executive directors). The Board Chairman is an ex officio member.</p>	<p>Risk Committee Mr E Kulk (Chair), Mr W Bartlett, Ms A Exel AO, Ms C McLoughlin (non-executive directors). The Board Chairman is an ex officio member.</p>
<p>The Nomination Committee is responsible for making recommendations to the Board on:</p> <ul style="list-style-type: none"> › Board composition › Board renewal and succession planning › the appointment and re-appointment of directors › appointments to Board committees › the Board, and individual director and committee performance evaluation process 	<p>The Audit Committee assists the Board in fulfilling its statutory and fiduciary responsibilities with respect to oversight of Suncorp Group’s financial and operational control environment. Specific issues addressed by the Audit Committee throughout the year, in accordance with its charter, included:</p> <ul style="list-style-type: none"> › reviewing statutory reports and returns for lodgement with APRA › reviewing half-year and annual financial statements and reports prior to consideration by the Board › reviewing and assessing reports from management, the Appointed Actuary (general insurance) and the Appointed Actuary (life insurance), the Reviewing Actuary and the external auditors in relation to matters impacting on the half-year and annual financial statements › audit planning – reviewing and approving audit plans as submitted by both internal and external auditors and agreeing areas of audit emphasis and audit approach › reviewing the provision of non-audit services by the external auditor to assess whether there is any potential impact on the auditor’s independence › reviewing internal and external audit reports and where weaknesses in controls or procedures have been identified, assessing whether remedial action taken by management is adequate and appropriate. <p>The CEO & Managing Director, Chief Financial Officer (CFO), the Chief Risk and Legal Officer (CRLO) and the internal and external auditor are invited to meetings. The Audit Committee also holds discussions with the auditors in the absence of management on a regular basis.</p>	<p>The Risk Committee provides the Board with oversight across the Suncorp Group for all categories of risk, through the identification, assessment and management of risk and monitoring adherence to internal risk management policies and procedures. Specific issues addressed and activities undertaken by the Risk Committee throughout the year, in accordance with its charter, included:</p> <ul style="list-style-type: none"> › review and recommend for Board approval the Enterprise Risk Management Framework › review and recommend the Suncorp Group’s risk appetite › review Group and business function risk reports and assess performance against risk appetite › review and approve stress test scenarios › oversight of the risk appetite, business planning and capital management development process › review and approve Suncorp Group policy framework and policy suite › review and recommend risk management strategies and reinsurance management strategies as required by APRA. <p>The CEO & Managing Director, the CFO and the CRLO are invited to meetings.</p>
<p>Remuneration Committee Ms C McLoughlin (Chair), Mr W Bartlett, Mr E Kulk, Dr D McTaggart (non-executive directors). The Board Chairman is an ex officio member.</p>		
<p>The Remuneration Committee is responsible for making recommendations to the Board on:</p> <ul style="list-style-type: none"> › the individual remuneration arrangements of the CEO & Managing Director, executives and person(s) or category of persons that may be specified by APRA › the size of the annual bonus/incentive pools › the remuneration of non-executive directors › the remuneration structure of the categories of persons covered by the Company’s remuneration policy. 		

The Board appoints other sub-committees from time to time to deal with projects relating to the conduct of Suncorp Group's various activities. The Board committees play a crucial part in the governance framework.

The Board regularly reviews and approves the committee charters, chairmanship and membership.

The Board receives the committee minutes and an update from the Chair of each committee on an ongoing basis.

The number of committee meetings held during the year and details of directors' attendance at those meetings are disclosed in the 2015/16 Directors' Report and Financial Statements, which is available at suncorpgroup.com.au/investors/reports.

3. SENIOR EXECUTIVES

The Board and the CEO & Managing Director are supported by the Senior Executives (who report to the CEO & Managing Director). The Senior Executives as at 4 August 2016 are listed below. The biographies of the CEO & Managing Director and the Senior Executives are available on the [Suncorp Group website](#).



3.1 COMPANY SECRETARY

Details of the Company Secretaries during the financial year to 30 June 2016 and as at the date of this report are set out below.

Ms Anna Lenahan BA (Hons), MA (Psych) (Hons), LLB (Hons) was appointed Chief Risk and Legal Officer (**CRLO**) in March 2016, and has been Company Secretary since joining Suncorp in March 2011 as Executive General Manager Group General Counsel and Company Secretary.

Mr Darren Solomon LLB was appointed Company Secretary in 2010. Mr Solomon commenced with the Group in 1989 as a senior lawyer in the Group's legal department before moving to the Company Secretariat team in 2006. Mr Solomon's Group role is Head of Company Secretariat.

Ms Kristy Huxtable FGIA, MAICD, MBA, Grad Dip (GIA), Grad Dip (HR) was appointed Company Secretary on 1 August 2016 and has been with the Company since January 2014 in the Company Secretariat team. Ms Huxtable has extensive corporate governance and secretarial experience within financial services.

The Company Secretaries are directly accountable to the Board, through the Board Chairman, for all governance matters that relate to the Board's proper functioning.

3.2 SENIOR EXECUTIVE INDUCTION AND EDUCATION PROCESSES

When a Senior Executive is appointed, information and training is provided on Suncorp Group's key policies, practices and procedures, as well as information relevant to the role they will be performing and the management and business structure within which they will be operating.

Senior Executives, whether new to the Group or an existing employee, are expected to have the qualifications and industry experience necessary to perform properly the particular duties and responsibilities of their role, and to maintain those qualifications and expertise while they remain in that role. This is also a requirement under APRA's Prudential Standards which apply to all of the Group's major operating entities.

Senior Executives and other senior managers are formally assessed under the Fit and Proper Policy annually and on appointment to confirm that they are of good standing, and possess and have maintained the necessary expertise and skills required to fulfil their role within the Group.

The Suncorp Group supports Senior Executives and other employees in maintaining and enhancing their industry and business knowledge and expertise, and associated professional qualifications.

3.3 EVALUATION OF SENIOR EXECUTIVES

A scorecard system is used to establish performance measures and monitor the performance of executives (including the CEO & Managing Director, Senior Executives and other senior managers) against those measures.

The performance measures contained in the scorecards are a mixture of financial and non-financial indicators and risk-related measures that align with the Suncorp Group and business plans approved by the Board. The measures also reflect the individual executive's overall accountabilities and responsibilities.

The performance management system also requires leaders to balance the scorecard result with the manner in which the results were obtained, as the overall performance of each Senior Executive is assessed having regard to the corporate values and the general manner in which the Senior Executive positively supports Suncorp's culture.

At the end of the financial year, the CEO & Managing Director conducts an assessment of each Senior Executive's performance, relative to the scorecard measures and peer group performance, in the context of industry and market conditions. Those assessments are submitted to the Remuneration Committee for review prior to submission to the Board as part of the annual remuneration review process.

The Senior Executive performance assessments for the financial year ended 30 June 2016 were conducted in accordance with the arrangements described above.

The CEO & Managing Director's performance is subject to Board assessment at the end of the financial year. The Board Chairman then communicates the review outcomes, as agreed by the Board, to the CEO & Managing Director.

4. REMUNERATION GOVERNANCE

Suncorp Group is committed to a fair and responsible executive remuneration framework. Executives are remunerated in a way that reflects their performance in relation to the delivery of corporate strategy and superior financial performance.

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policy and governance, including executive remuneration arrangements. The Committee consults experts and investors on the appropriateness of Suncorp Group's remuneration arrangements. The Committee Chair and the Chief People Experience Officer also meet with a number of institutional shareholders during each financial year to discuss the remuneration framework, strategy and policy and to seek feedback on the Remuneration Report.

A summary of the key responsibilities of the Remuneration Committee is set out in section 2.14. The Remuneration Committee Charter is available at suncorpgroup.com.au/about-us/governance. The Committee met six times during 2015/16.

The annual Remuneration Report explains the Remuneration Policy and structures in place for Suncorp key management personnel, along with full details of their benefits and interests. It also clearly discloses the processes for evaluating the performance of the CEO & Managing Director and Senior Executives and the results of those evaluations, short and long-term incentive structure, deferral and clawback provisions, and the variability of long-term incentives (**LTI**) from year to year depending on vesting conditions related to the LTI performance measure (which is relative Total Shareholder Return). The Remuneration Report, which forms part of the 2015/16 Directors' Report and Financial Statements, is put before shareholders for adoption at the AGM and is available at suncorpgroup.com.au/investors/reports.

5. RISK MANAGEMENT AT SUNCORP

Managing risk is a key contributor to Suncorp Group's success.

The Board and management recognise that an effective system of risk management plays a critical role in the setting and achievement of Group objectives. Suncorp has systems, structures, policies, processes and people in place to identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk.

Effective risk management at Suncorp is driven by:

- a risk management framework where the business takes accountability for risk management and owns its risk decisions
- an independent risk management function that advises and challenges the business in its risk taking
- monitoring of the Group's risk maturity and targeted actions to continually lift risk management capability
- including risk management outcomes in the assessment of performance
- a robust 'risk appetite' that is aligned to the Suncorp strategy and sets out the nature and degree of risk the Board is willing to accept in pursuit of the Suncorp Group's business objectives.

During 2015/16, Suncorp announced a new operating model to deliver its customer strategy and drive future profitability and growth. As part of the new operating model, the Risk and Legal functions have been combined. The Risk function, in particular, will continue to maintain its independence and will play an important role in challenging and oversighting the risks taken across Suncorp.

It is recognised that risk culture is a core component of Suncorp's overall culture. Suncorp's culture is further explained in section 6.1.

Further information about Suncorp's Risk Management approach is available in the 2015/16 Directors' Report and Financial Statements, available at suncorpgroup.com.au/investors/reports and in the Risk Management section available at suncorpgroup.com.au/about-us/governance.

5.1 SUNCORP GROUP ENTERPRISE RISK MANAGEMENT FRAMEWORK (ERMF)

The Suncorp Group operates within an Enterprise Risk Management Framework (**ERMF**). The ERMF lays the foundation for all risk management and demonstrates Suncorp's commitment to effective risk management as a key element of business success. The ERMF will continue to evolve with Suncorp's strategy and operating environment.

The three lines of defence operating model of risk management accountability has been adopted to set the clear expectation that all employees within the Group are responsible for risk management. As the foundation for risk management, the ERMF:

- links risk appetite to strategic business and capital plans
- supports a risk-aware culture
- sets out accountabilities and governance arrangements for the management of risk within the three lines of defence model

- establishes processes to identify and manage risk on an ongoing basis
- enhances business risk-based decision-making.

At a management level, risk management committees with executive representation form an important part of the risk accountabilities model, bringing together key subject matter experts to monitor and oversee elements of the ERMF.

The ERMF was reviewed in 2015/16, including by the external and internal audit teams to satisfy the Board that it continues to be sound. Internal Audit independently tests and verifies the efficacy of risk standards and compliance, validates the overall risk framework and provides assurance it is functioning as designed. Internal Audit provides written reports to both the Audit and the Risk Committees. (Refer also to section 9.2.)

The three lines of defence operating model of risk management accountability has been adopted to set the clear expectation that all employees are responsible for risk management.

During 2016/17, the ERMF will be reviewed as part of Suncorp's new operating model and its enhanced risk maturity. This review will include the incorporation of the previously separate Operational Risk Management Framework as part of the ERMF.

5.2 RISK COMMITTEE – COMPRISES INDEPENDENT BOARD MEMBERS

The Risk Committee is responsible for providing the Board with oversight of all categories of risk across Suncorp and receives written reports from management on the status of risk appetite, the Group's current and emerging risk profile and the effectiveness of the risk framework in operation.

The Risk Committee, which met five times during 2015/16:

- consists of five independent non-executive directors including the Board Chairman, Dr Zygmunt Switkowski AO, as an ex officio member
- is chaired by Mr Ewoud Kulk, an independent non-executive director with extensive experience in insurance and risk management
- has Ms Christine McLoughlin, Mr William Bartlett, and Ms Audette Exel AO among its members, all of whom have an extensive understanding of risk management.

The Risk Committee undertook a review of the ERMF during 2015/16 and takes primary responsibility for ensuring the Board-approved ERMF constitutes an appropriate and effective framework for risk management. The Committee reviews the ERMF annually and endorses it for Board approval, and also ensures that the supporting policies, internal controls and processes are sound and working as intended. Significant changes to the ERMF, risk appetite, and risk management policies are also endorsed or approved by the Committee.

A summary of the Risk Committee's key responsibilities is set out in section 2.14. The Risk Committee Charter is available at suncorpgroup.com.au/about-us/governance.

6. ORGANISATIONAL CULTURE AND GOVERNANCE POLICIES OF GENERAL APPLICATION THROUGHOUT SUNCORP

6.1 CULTURE

Suncorp's culture is the aggregation of observed behaviours across all employees, driven by the values, beliefs, symbols and systems.

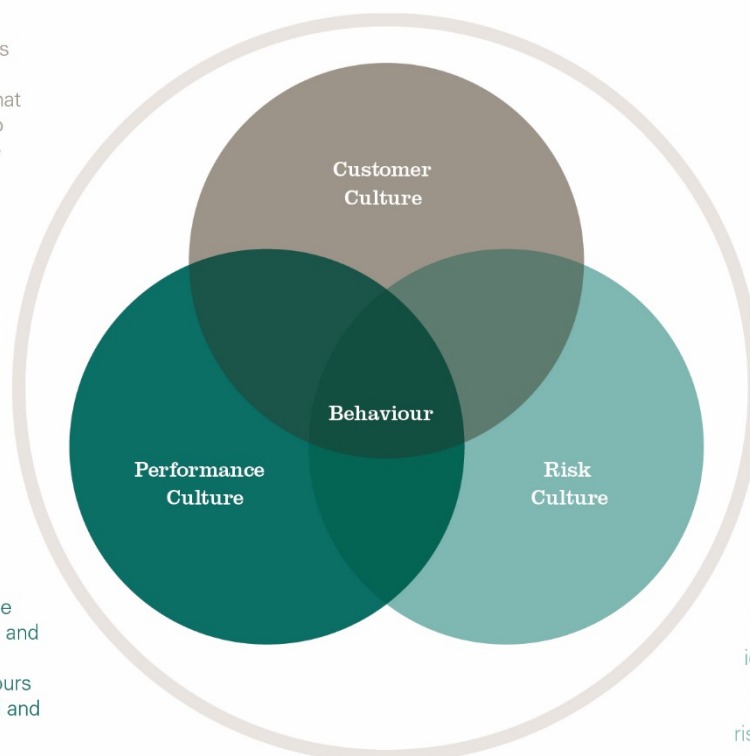
It is recognised that Suncorp's overall culture is underpinned by three core elements: Customer Culture, Risk Culture and Performance Culture (refer to the diagram following).

Culture

Suncorp's culture is the aggregation of observed behaviours across all employees, driven by the values, beliefs, symbols and systems.

Customer centric culture is the set of symbols, systems and processes that empower all our people to put their customers at the heart of every decision. Our customer culture is critical at all stages of the customer life cycle, including claims management.

Performance culture is the set of symbols, practices and policies that help people understand what behaviours and outcomes are valued and rewarded at Suncorp.



Risk culture is the set of acceptable norms and behaviours that determine the collective ability to identify, understand, openly discuss and manage the Group's current and future risks within our risk appetite.

Collectively, the alignment of these three cultural dimensions shapes the behaviour of our employees and maximises the outcomes for our customers and shareholders (as well as our employees).

The Board and senior management recognise the importance of a positive culture (and risk culture), as well as the aspects that are critical in shaping and maintaining a positive culture, including:

- the alignment between Suncorp's strategy, values and principles
- the role played by the Board, senior management and all leaders in modelling appropriate behaviours
- clear accountabilities between the Board, senior management, leaders and all employees
- the alignment between the desired culture and Suncorp's recruitment, induction, training, and reward and recognition structures
- regularly checking on the health of Suncorp's culture through enhanced metrics and other feedback mechanisms, such as engagement surveys.

6.2 CODE OF CONDUCT AND RELATED POLICIES

The Code of Conduct outlines the desired culture and standards of behaviour expected of the Board, Senior Managers and all leaders and employees.

Building and maintaining a customer-centric workforce is essential to the successful implementation of the Group's new customer-aligned operating model and delivery of the refreshed strategy – a workforce that aspires to deliver excellent customer and business value through innovation. In addition, infrastructure, policies and procedures must continue to promote an environment which delivers outcomes and creates sustainable value for customers and shareholders.

Engagement with customers extends to joint venture partners and other industry groups that represent Suncorp customers and have an interest in the quality and development of Suncorp products and services. Suncorp's strategy of elevating the customer requires alignment across the total workforce, including our strategic partners.

As the elevation of the customer evolves, strategic partnering decisions will continue to take into account the impact of the customer experience and the ability to deliver value to the customer.

The Group's main business activities are also subject to a number of industry codes such as the General Insurance Code of Practice and the Banking Code of Conduct.

A number of additional internal policies are in place as part of a compliance framework to monitor and encourage adherence with the Code of Conduct and industry codes. The key related policies are the:

- Conflicts of Interest Policy
- Whistleblower Policy
- Securities Trading Policy.

The Company monitors compliance with the Code of Conduct and its various other policies using an internal due diligence system. The Code is available at suncorpgroup.com.au/about-us/governance.

6.3 DEALINGS IN COMPANY SECURITIES

The Board has adopted a Securities Trading Policy that prohibits directors and all employees from trading in Suncorp securities at any time while in possession of price-sensitive information. As part of this policy, directors must not enter into a transaction that is designed to limit the economic risk of a holding in unvested Suncorp securities (i.e. a hedging transaction).

In addition, directors and prescribed persons are prohibited from trading in Suncorp securities at certain times surrounding the release of the Company's half-year and annual financial results to the ASX and the date of the AGM.

Approval to trade is coordinated by the Company Secretary who is also responsible for reporting all transactions by directors and prescribed persons to the Suncorp Board in a timely manner.

The Securities Trading Policy, which is made available to directors and employees through the website, is published at suncorpgroup.com.au/about-us/governance.

6.4 INFORMATION TECHNOLOGY GOVERNANCE

Suncorp relies on its information technology platforms to:

- support the business activities
- provide reliable, secure and innovative technology solutions that meet regulatory standards yet are agile enough to adapt to changing business requirements and provide efficient connectivity for customers.

The newly-established Technology, Data and Labs function (**TDL**) leads the business intelligence and technology strategy and includes all data and analytics, digital enablement, cloud and infrastructure and security services. The establishment of the dedicated TDL function recognises that digital, innovation and business agility are central to driving growth and competing in an environment where technology is increasingly being used as a key point of differentiation.

TDL has simplified the core back-end systems through the Simplification and Optimisation programs and is now positioned to shift its focus towards enabling a customer-centric marketplace strategy. TDL's technology teams manage Suncorp's technology infrastructure and applications; physical and cyber security; and the Agile and Lean centres of excellence. TDL also leads Suncorp's project delivery which is focused on simplifying systems and digitally connecting customers.

Suncorp seeks to manage its operational risks by putting in place clear procedures and automating activities, and by following its risk management framework and policies. The Group is subject to operational risks and losses resulting from inadequate or failed internal processes, people and systems, or from external events. The nature of Suncorp's business exposes it to cyber security risks. Suncorp seeks to reduce such risks by investing in its people and underlying infrastructure, maintaining an understanding of trends in technology and cyber security, and entering into strategic relationships with specialist technology providers. The infrastructure and operations are subject to regulatory oversight and reporting, and Suncorp has backup recovery infrastructure and processes to reduce the impact from disruptions.

The Chief Data Office is responsible for enterprise and customer analytics while leading the Group's business intelligence transformation. This is driving a shift to predictive data interpretation that delivers richer customer insights.

Maintaining momentum in extracting value from Suncorp's assets including data, systems and people, will deliver deeper customer insights and aid better and faster business decisions. Suncorp will focus on continual improvement in digital capability, seeking new ways to create innovative solutions and value for customers.

In May 2016 Suncorp announced the appointment of Ms Sarah Harland to the role of Chief Information Officer in charge of the TDL function, effective 1 September 2016.

7. DIVERSITY, INCLUSION AND FLEXIBILITY

Suncorp believes that it can only unleash the innovation, collaboration and customer focus required to execute its strategy if it increases the diversity of its workforce and creates a more inclusive workplace which enables every member of its workforce to perform at their best. Suncorp's approach to diversity and inclusion provides a platform to 'Create a better today' for all our stakeholders, including employees and customers.

Suncorp's policy on diversity is contained within its Equal Employment Opportunity and Diversity Policy, a summary of which is available at suncorpgroup.com.au/about-us/governance.

7.1 GENDER EQUALITY

As an Employer of Choice for gender equality, Suncorp recognises that a balanced representation of women and men at all organisational levels is critical to its success. Suncorp believes that a gender-balanced workforce will allow it to achieve a better understanding of how it can deliver value to customers thereby increasing shareholder returns, and creating an environment where its people can realise their true potential.

This commitment is reflected in Suncorp's progress towards its gender diversity goals – Suncorp is on track to achieve its target of having 40% of senior leadership positions held by women by June 2017, with 38% of these roles held by women at the end of June 2016. One third (33%) of the Suncorp Board are women, which equals the target we set ourselves to achieve by FY17.

As at 30 June 2016, the proportion of women the Suncorp Group employed was:

Group	FY16 Actual % of Women	FY17 target
Directors	33%	33%
Senior Leaders ¹	38%	40%
All Leaders ²	47%	-
Total workforce	58%	-

¹ Senior Leaders refers to senior management roles at Suncorp. It includes the CEO & Managing Director, Group Executives, Executive General Managers and Executive Managers together with a small number of other senior roles of influence.

² All Leaders refers to Senior Leaders plus all other People Leader roles across the Group.

In its ongoing effort to reduce barriers for women in the workplace, Suncorp offers programs to help high-performing female talent expand their leadership skills, reach their potential and drive their career forward. It also offers a Buddy Program that supports women transitioning to and from the workplace before, during and after parental leave. Of Suncorp's female employees, 91% return to work from parental leave and remain with Suncorp for at least 12 months.

Suncorp also acknowledges that domestic violence is a significant issue in our society and therefore one which will inevitably impact some employees, either directly or indirectly. To provide information and support employees who are targets of or are impacted by domestic violence, during the year Suncorp issued a Domestic Violence Guideline. The guideline also provides leaders with information to support employees during this time.

Suncorp has complied with its [reporting obligations](#) under the *Workplace Gender Equality Act 2012* and continues to be recognised as an employer of choice for gender equality.

7.2 FLEXIBILITY

Providing flexible working arrangements is a key area of focus for Suncorp. Suncorp recognises the role that such arrangements play in attracting and retaining a talented and diverse workforce. Suncorp offers an extensive range of flexible working provisions and these are stated in its 2015 Enterprise Agreement.

Suncorp continues to look for opportunities to help its people to better manage their lifestyle options, including the continued growth of 'work at home' working arrangements; 79% of Suncorp people take advantage of flexible working options.

7.3 MATURE AGE

Suncorp recognises that mature age employees also add to the diversity mix of the workforce. A great deal of corporate knowledge and experience rests with employees over the age of 55 and Suncorp is taking steps to support such employees who wish to continue their careers in Suncorp. Over 300 employees have attended workshops, which provide information and tools to support them into the next phase of their career. A case study of Suncorp's mature age program was featured in the [2016 Australian Human Rights Commission National Inquiry Report into Employment Discrimination](#) against Older Australians and Australians with Disability.

7.4 LEADERSHIP, GOVERNANCE AND STRATEGY

To help build a diverse and inclusive culture Suncorp is currently implementing a 3-year Diversity and Inclusion Plan. The plan builds on work to date and focuses on further increasing workforce flexibility and diversity of thought and continuing to build a more inclusive environment.

Diversity, inclusion and flexibility at Suncorp have the highest level of commitment and support. The CEO & Managing Director chairs the Diversity Council which has the following remit:

- Oversee implementation of the Diversity and Inclusion Plan.
- Make recommendations to the Senior Leadership Team.
- Track progress against objectives and initiatives.
- Promote and champion diversity and inclusion.

The Diversity Council meets quarterly and the Senior Leadership Team reviews and discusses progress against key diversity measures monthly. The Suncorp Board receives quarterly reporting on key diversity measures and has a deeper dive into diversity annually.

Building a more diverse, inclusive and flexible workforce is part of everyone's role. Leaders at Suncorp are expected to take practical steps to increase the diversity of the workforce, the inclusivity of the workplace and the extension of flexible working arrangements. Their performance in this respect is reviewed in their annual performance reviews.

Leaders across Suncorp are offered training to recognise and address unconscious bias and in leading diverse and dispersed teams.

In recognition of its diversity and inclusion work, Suncorp has been externally recognised in the following recent awards:

- Employer of Choice for Gender Equality – WGEA 2015 and 2014
- Winner, Best Workplace Flexibility Program – Australian HR Awards 2015
- Finalist, Employer of the Year – ANZIIF Women’s Council 2014
- Finalist, Gender Equity in the Workplace – Australian HR Awards 2014.

8. MARKET DISCLOSURE AND COMMUNICATIONS

Suncorp aims to keep the market, analysts, investors and shareholders fully informed of its financial performance and strategy.

8.1 CONTINUOUS DISCLOSURE

The Company has a Disclosure Policy and associated procedures which:

- regulate the communication of market sensitive information
- outline the processes for ensuring material information is not disclosed on a selective basis
- set out the Group's processes to ensure compliance with its continuous disclosure obligations.

The Disclosure Policy summarises the processes that have been adopted to ensure Suncorp Group complies with its continuous disclosure obligations. The Disclosure Policy applies to all Suncorp directors, officers, employees, contractors, advisers and consultants, and is available at suncorpgroup.com.au/about-us/governance.

A Corporate Disclosure Officer is responsible for ensuring compliance with ASX continuous disclosure requirements, and for coordinating disclosure of information to the ASX, analysts, investors, shareholders, the media and the public. The Disclosure Committee comprised of the CEO & Managing Director, the Chief Financial Officer (**CFO**), the CRLO and the Head of Investor Relations assists the Corporate Disclosure Officer in making disclosure-related decisions.

8.2 MEDIA RELATIONS POLICY

The Suncorp Group Media Relations Policy, which supplements the Disclosure Policy, outlines procedures for managing the disciplined release of information and responses to the media and other external parties. The key policy objectives are to portray Suncorp and its brands, products and services in a balanced way.

Employees may not make comment to the media or to other external parties on any aspect of the business unless they are authorised to comment. Media releases and participation in major public forums (e.g. presentations at significant conferences) must be approved in advance by Suncorp Corporate Affairs.

8.3 MAINTAINING RELATIONSHIPS WITH KEY STAKEHOLDERS

Suncorp Group’s Investor Relations team coordinates an active investor relations program to maintain dialogue with institutional investors, retail investors and sell-side analysts through meetings, presentations, and other ad hoc events. The program includes domestic and international investor roadshows, conferences and briefings. Any material information is released to the ASX prior to briefings with shareholders or analysts.

A key event on the Investor Relations calendar is Investor Day which is generally held in May each year.

8.4 ONLINE AND ELECTRONIC COMMUNICATION WITH SECURITYHOLDERS IS ENCOURAGED

Suncorp’s latest ASX announcements are automatically published on the Suncorp Group website, enabling access to the broader investment community. Interested parties can register to receive news updates.

Suncorp seeks to continually improve its online and electronic communications and the functionality of the website and encourages securityholders to elect to receive shareholder reports and other communications electronically.

Shareholders are encouraged to, and do, regularly communicate electronically with Suncorp's share registrar, Link Market Services, on all shareholder-related matters.

8.5 ANNUAL GENERAL MEETING (AGM)

The Suncorp AGM will be held at 2:30pm on Thursday 22 September 2016 at the Sofitel Brisbane Central, 249 Turbot Street, Brisbane. A Notice of AGM is sent to shareholders at least 28 days in advance – this material includes explanatory notes that clearly explain the nature of the AGM business and the resolutions to be put to shareholders.

The AGM begins with a business presentation, followed by a question and answer session led by the Board Chairman. Shareholders are encouraged to attend the AGM or submit questions to the Board prior to the meeting. Shareholders who are unable to attend are encouraged to vote directly (online) in advance of the meeting or appoint a proxy. The AGM voting result is lodged with the ASX as soon as practicable after the AGM and published on the Suncorp Group website. The AGM is webcast live on the website for interested parties who are unable to attend.

9. CORPORATE REPORTING

9.1 AUDIT COMMITTEE – COMPRISES INDEPENDENT BOARD MEMBERS

The Audit Committee is responsible for assisting the Board to fulfil its statutory and fiduciary responsibilities with respect to overseeing Suncorp's financial and operational control environment. The Audit Committee also monitors internal control policies and procedures designed to safeguard Suncorp's assets and maintain the integrity of corporate reporting.

The Audit Committee, which met five times during 2015/16:

- consists of five independent non-executive directors including the Board Chairman, Dr Zygmunt Switkowski AO, as an ex officio member
- has Mr William Bartlett, Mr Geoffrey Ricketts CNZM and Ms Sally Herman among its members, all of whom have an extensive understanding of audit and finance
- is chaired by Dr Douglas McTaggart, an independent non-executive director with extensive experience in business and finance.

The CEO & Managing Director, CFO, CRLO and the internal and external auditor are invited to meetings at the Audit Committee's discretion. The Audit Committee also holds discussions with the auditors in the absence of management on a regular basis.

A summary of the key responsibilities of the Audit Committee is set out in section 2.14. The Audit Committee Charter is available at suncorpgroup.com.au/about-us/governance.

9.2 INTERNAL AUDIT FUNCTION

The Audit Committee has adopted an Internal Audit Charter. The objectives of Internal Audit include:

- assessing whether risks have been adequately identified and assessed
- assessing whether internal controls (including management oversight processes) are properly designed, and are consistently and effectively operating to mitigate those risks
- conducting investigations on behalf of the Audit Committee, senior management and regulators as required.

Members of the internal audit department have full, free and unrestricted access to all Suncorp activities, records, property and personnel. The Head of Internal Audit has a direct functional reporting line to the Audit Committee Chairman and has full and free access to the Audit Committee.

The internal audit function is independent of the external auditor.

9.3 INTEGRITY OF FINANCIAL AND CORPORATE REPORTING

The Board receives monthly reports from management on the financial performance of each function and Suncorp, including details of all key financial and business results reported against budget, with regular updates on yearly forecasts.

The Audit Committee has reviewed the integrity of the Company's financial statements for the financial year ended 30 June 2016 and confirmed that the Company's financial reports for the 2015/16 financial year comply with accounting standards and present a true and fair view of the Company's financial condition and operational results.

9.4 WRITTEN DECLARATIONS

When the Board considers the Suncorp statutory financial statements and reports in February and August each year, written certifications regarding the integrity of those financial statements and the risk management and internal compliance and control systems are provided by the CEO & Managing Director, the CFO and the CRLO.

For the 2015/16 financial year the CEO & Managing Director, CFO and CRLO have provided:

- a written declaration regarding the integrity of the financial statements of Suncorp Group
- assurance that Suncorp Group's risk management and internal compliance and control systems are operating effectively in all material respects.

These certifications meet the requirements of s295A of the *Corporations Act 2001*. The certifications the CEO & Managing Director, CFO and CRLO provide are based on responses management provide to a management certification questionnaire, which is designed to provide an assurance to directors on matters that may impact the financial statements of Suncorp Group companies.

9.5 EXTERNAL AUDITOR – KPMG

Suncorp Group's external auditor is KPMG. KPMG has a partner rotation policy that requires the signing and engagement partner to change every five years in accordance with the requirements of the *Corporations Act 2001*. The Board has endorsed the rotation policy.

KPMG provides a written report, to each Audit Committee meeting, on audit and non-audit services provided to Suncorp Group and the associated fees for those services. These fees are disclosed each year in the Directors' Report and Financial Statements.

KPMG also confirms its independence as auditor has been maintained in relation to Suncorp Group, having regard to relevant policies, professional rules and statutory requirements.

KPMG attends the Company's AGM each year and will be available to address questions relevant to the audit.