

SUNCORP GROUP LIMITED

ABN 66 145 290 124

NOTICE OF 2015 ANNUAL GENERAL MEETING

One Company  
Many Brands



Leaner.  
Faster.  
Smarter.



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THE CHAIRMAN

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#### REGISTERED OFFICE

Suncorp Group Limited  
Level 28, 266 George Street  
Brisbane, Qld 4000  
07 3362 1222  
suncorpgroup.com.au

ABN 66 145 290 124



#### INFORMATION ON SUNCORP GROUP

This Notice of Annual General Meeting forms part of Suncorp Group's 2014/15 Annual Reporting Suite which includes the Directors' Report and Financial Statements and the Annual Review. These documents are available on the website at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports), on our tablet application or copies may be obtained on request by calling 1300 882 012 (+61 2 8767 1219 from outside Australia) or emailing [suncorp@linkmarketservices.com.au](mailto:suncorp@linkmarketservices.com.au).

#### SUNCORP GROUP LIMITED 2015 ANNUAL GENERAL MEETING

The Suncorp Group Limited 2015 Annual General Meeting (**AGM**) will be held in the Ballroom Le Grand of the Sofitel Brisbane Central, 249 Turbot Street, Brisbane, on Thursday 24 September 2015 at 2.30pm (Brisbane time). Shareholder registration will begin at 1.30pm.

#### HOW TO GET THERE



#### TRAIN

The nearest station, Central Station, is located beneath the hotel.

#### BUS

A number of bus routes pass King George Square, Queen Street Mall or Central Station. Sofitel Brisbane Central is a short walk from these locations.

#### PARKING

There is a hotel car park available to attendees for a fee (access from Turbot Street). An alternative option is Wickham Terrace car park opposite Sofitel Brisbane Central, entrance on Turbot Street.

## Letter from the Chairman

**DR ZIGGY SWITKOWSKI AO**  
21 AUGUST 2015



### DEAR SHAREHOLDER

Please find enclosed notice of the 2015 Suncorp Group Limited AGM which will be held on Thursday 24 September 2015 in the Ballroom Le Grand, Sofitel Brisbane Central, 249 Turbot Street, Brisbane, starting at 2.30pm (Brisbane time). Directions to the venue are detailed on the inside cover. Shareholder registration opens at 1.30pm.

At the AGM the Managing Director and Group Chief Executive Officer Patrick Snowball and I will comment on the Suncorp Group's performance for the financial year ended 30 June 2015. The AGM will be webcast live on [suncorpgroup.com.au](http://suncorpgroup.com.au) and the speeches will also be available on the website.

Shareholders may submit specific questions to the Board, in advance of the AGM, by emailing [investor.relations@suncorp.com.au](mailto:investor.relations@suncorp.com.au) (or by post to GPO Box 1453, Brisbane, Qld 4001).

Suncorp Group's performance in 2014/15 is detailed in the 2014/15 Annual Reporting Suite which includes the Directors' Report and Financial Statements and the Annual Review. Shareholders who elected to receive these documents will find a copy enclosed. These reports are also available online at [suncorpgroup.com.au](http://suncorpgroup.com.au).

The enclosed shareholder voting form has detailed instructions on how shareholders may lodge their vote, or appoint a proxy to vote on their behalf if they are unable to attend.

Shareholders are invited to join the Board and our Senior Leadership Team for light refreshments at the conclusion of the AGM. I look forward to seeing you then.

Yours faithfully

A handwritten signature in black ink that reads "J. Switkowski". The signature is written in a cursive style.

**Dr Ziggy Switkowski AO**  
CHAIRMAN

### IMPORTANT INFORMATION

A shareholder voting form is enclosed for ordinary shareholders entitled to attend the AGM and vote. This form is barcoded to facilitate easier registration and has detailed information on how shareholders may lodge their vote either directly or by appointing a proxy to attend and vote on their behalf. Please note, preference shareholders are welcome to attend and ask questions at the AGM however, only ordinary shareholders are entitled to vote on the business of the AGM.

## Suncorp Group's 2014/15 results

We continue to build a resilient, diversified and people-focused organisation under the One Company. Many Brands operating model. The Group's transformation is enabling us to deliver exceptional results while creating brighter futures for all our stakeholders: customers, employees, communities and shareholders. Today, Suncorp is leaner, faster and smarter.

### FINANCIAL HIGHLIGHTS

Suncorp Group's 2014/15 net profit after tax (NPAT) was \$1,133 million. This strong result was achieved despite a large number of natural hazard events, representing a cost of \$1.1 billion net of reinsurance. The Group's performance has been supported by a strong balance sheet, diversified earnings and disciplined expense control.

All of our businesses are delivering low-risk, above-system growth, while maintaining margins.

**General Insurance** delivered NPAT of \$756 million demonstrating the business's resilience despite the significant financial impact of weather events. The underlying insurance trading ratio increased from 14.3% to 14.7% reflecting the benefits achieved through operational efficiency programs and improvements in claims management.

**Suncorp Bank** significantly improved its earnings with profit after tax of \$354 million, while executing major transformational programs including Ignite, which involves updating the core banking system. This result was achieved through improvements in balance sheet quality and improved net interest margin.

**Suncorp Life** profit after tax was \$125 million. Underlying profit was above target at \$113 million, outperforming expectations with favourable claims and lapse experience. Annual in-force premium increased by 6.5% to \$970 million.

Our **New Zealand** operations have contributed \$175 million to our General and Life Insurance results.

### SUSTAINABLE VALUE CREATION

Suncorp Group continues to deliver attractive shareholder returns through disciplined cost and capital management, reinsurance arrangements and ongoing business efficiency improvements.

Total shareholder return (including dividends) for the year was 6.8%, slightly above the ASX 200 accumulation index of 5.7%. Over the past five years the Group has delivered total returns of 124% and improved its share price by 67%. The business remains focused on delivering sustainable returns to shareholders.

The Suncorp Group Limited Board has declared the payment of a final ordinary dividend of 38 cents per share. For the fourth consecutive year, the Board has also declared a special dividend which will be paid at 12 cents per share. This brings the year's total dividend to 88 cents per share fully franked and supports the Group's commitment to returning capital to shareholders that is in excess of regulatory ratios and surplus to operating requirements.

#### Group NPAT

**\$1,133m**  
up 55.2%

#### General Insurance UITR\*

**14.7%**  
up from 14.3%

#### Bank NPAT

**\$354m**  
up 55.3%

#### Life underlying NPAT

**\$113m**  
up 34.5%

#### Excess capital of

**\$570m**

#### Optimisation benefits of

**\$170m**  
in 2018

## Suncorp Group's strategy

Suncorp is a low-risk financial services conglomerate, operating in Australia and New Zealand. The Group aims to deliver high yield and steady growth for its shareholders by diligently serving its customers.

### A CLEAR AND COMMITTED STRATEGY

We remain unified behind the One Company. Many Brands operating model which continues to drive scale efficiencies across the Group while enabling deeper relationships with more of Suncorp's nine million customers.

Ongoing Simplification programs are streamlining operations while reducing costs and risk. Suncorp is on track to deliver the Optimised Platform in the 2017/18 financial year. This will improve the Group's flexibility to respond quickly to customer needs and changing market dynamics.

Our strong cash flows and capital position allow us to invest in systems, products and capability so we can innovate and remain a leader in our field.

### OUR COMMITMENT TO CORPORATE RESPONSIBILITY

Suncorp's commitment to Corporate Responsibility will support the sustainability of our company well into the future. We have integrated this into our everyday operations through industry leadership, stakeholder engagement and community investment activity.

Suncorp's people are at the heart of this commitment. Their determination is behind Suncorp's ability to successfully manage financial, social and environmental factors.

Maintaining relationships with stakeholders is a central component of running a business that creates value and meets its Corporate Responsibility commitments. Suncorp engages regularly with stakeholders and uses feedback to make meaningful decisions about the Group's operations.

### EVENT RESPONSE

The Brisbane Hail Storm, Cyclone Marcia, NSW Storms and ANZAC Day Hail all hit within a five month period, testing Suncorp's capacity to support customers. For each of these events, the Group was able to mobilise resources from across the business. Customer response teams were deployed swiftly and claims call centres were scaled up by hundreds of consultants. Those customers

whose homes or businesses were unsafe were prioritised with temporary repairs or the offer of alternative accommodation.

These events highlight the need to invest in natural disaster mitigation to improve community safety and put downward pressure on premiums. Suncorp continues to invest in research, contribute to government inquiries and develop products that support mitigation.

### CHANGE OF LEADERSHIP

Under the leadership of Group CEO Patrick Snowball and his executive team, the Company has established credibility and confidence with the market while building a highly engaged culture where Suncorp's people can feel proud about their contributions. The Company's turnaround is complete. The Group is now leaner, faster and smarter and in a great position to leverage its strategic assets – cost, capital, customers and culture.

Suncorp welcomes Michael Cameron to the Group CEO position. Through his role on the Board since 2012, he has helped shape our strategy and define our priorities.

In appointing Mr Cameron, the Board believes he is the right leader for this time and will be at the helm of a company that is buzzing with energy and enthusiasm.

## Suncorp Group's medium-term key targets

**'above-system' growth in key target markets**

**Optimisation benefits of \$170 million in the 2018 financial year**

**'meet or beat' an underlying ITR of 12% through the cycle**

**sustainable return on equity of at least 10%**

**an ordinary dividend payout ratio of 60% to 80% of cash earnings**

**continuing to return surplus capital to shareholders**

# Notice of 2015 Annual General Meeting

2.30PM, THURSDAY 24 SEPTEMBER 2015

## Business

### Financial and other reports

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2015.

**NOTE: THERE IS NO REQUIREMENT FOR SHAREHOLDERS TO APPROVE THESE REPORTS.**

### Resolution 1 Remuneration Report

To consider and, if thought fit, pass the following resolution as an **advisory** resolution:

To adopt the Remuneration Report for the financial year ended 30 June 2015.

#### VOTING RESTRICTIONS

The Company will disregard any votes cast on this resolution by, or on behalf of, a director (other than the Chairman of the AGM (**Chairman**)) or other member of the key management personnel of the Suncorp Group (**KMP**, details of whose remuneration are set out in the Remuneration Report) or their closely related parties, unless the vote is cast as a proxy for a person who is entitled to vote on this resolution,

in accordance with the directions on the shareholder voting form.

The Chairman may vote on this resolution, as a proxy for a person who is entitled to vote on this resolution, whether or not the shareholder voting form directs how the proxy is to vote, provided the shareholder voting form expressly authorises the Chairman to exercise the proxy (even though the resolution is connected with the remuneration of the KMP of the Suncorp Group, including the Chairman).

The Chairman intends to vote any undirected proxies in favour of this resolution.

**NOTE: THIS RESOLUTION IS ADVISORY ONLY AND DOES NOT BIND THE COMPANY OR DIRECTORS.**

### Resolution 2 Grant of performance rights to the Company's incoming Managing Director and Group Chief Executive Officer

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution:

That approval is given for the grant of performance rights to the value of \$3,000,000 under the Suncorp Group Equity Incentive Plan, to the incoming Managing Director and Group Chief Executive Officer,

Mr Michael Cameron, in the manner set out in the Explanatory Memorandum.

#### VOTING RESTRICTIONS

The Company will disregard any votes cast on this resolution by, or on behalf of, Mr Michael Cameron and any of his associates.

However, the Company need not disregard a vote if it is cast by Mr Michael Cameron, or an associate of Mr Cameron, or any other KMP of the Suncorp Group (or their closely related parties) as a proxy for a person who is entitled to vote on this resolution, in accordance with the directions on the shareholder voting form.

The Chairman may also vote on this resolution, as a proxy for a person who is entitled to vote on this resolution, whether or not the shareholder voting form directs how the proxy is to vote, provided the shareholder voting form expressly authorises the Chairman to exercise the proxy (even though this resolution is connected with the remuneration of a KMP of the Suncorp Group).

The Chairman intends to vote any undirected proxies in favour of this resolution.

**NOTE: NO DIRECTORS OF THE COMPANY, OTHER THAN MR CAMERON, ARE ELIGIBLE TO PARTICIPATE IN THE SUNCORP GROUP EQUITY INCENTIVE PLAN FOR THE 2015/16 FINANCIAL YEAR.**



### Resolution 3 Grant of restricted shares to the Company's incoming Managing Director and Group Chief Executive Officer

To consider and, if thought fit, pass the following resolution as an **ordinary** resolution:

That approval is given for the grant of up to 240,000 restricted shares under the Suncorp Group Equity Incentive Plan, to the incoming Managing Director and Group Chief Executive Officer, Mr Michael Cameron, in the manner set out in the Explanatory Memorandum.

#### VOTING RESTRICTIONS

The Company will disregard any votes cast on this resolution by, or on behalf of, Mr Michael Cameron and any of his associates.

However, the Company need not disregard a vote if it is cast by Mr Michael Cameron, or an associate of Mr Cameron, or any other KMP (or their closely related parties) as a proxy for a person who is entitled to vote on this resolution, in accordance with the directions on the shareholder voting form.

The Chairman may also vote on this resolution, as a proxy for a person who is entitled to vote on this resolution, whether or not the shareholder voting form

directs how the proxy is to vote, provided the shareholder voting form expressly authorises the Chairman to exercise the proxy (even though the resolution is connected with the remuneration of a KMP of the Suncorp Group).

The Chairman intends to vote any undirected proxies in favour of this resolution.

**NOTE: NO DIRECTORS OF THE COMPANY, OTHER THAN MR CAMERON, ARE ELIGIBLE TO PARTICIPATE IN THE SUNCORP GROUP EQUITY INCENTIVE PLAN FOR THE 2015/16 FINANCIAL YEAR.**

### Resolutions 4a to 4c Re-election and election of directors

To consider and, if thought fit, pass the following resolutions as separate **ordinary** resolutions:

- (a) That Dr Zygmunt E Switkowski AO, being a non-executive director who retires in accordance with the Company's Constitution, be re-elected as a director of the Company.
- (b) That Dr Douglas F McTaggart, being a non-executive director who retires in accordance with the Company's Constitution, be re-elected as a director of the Company.

- (c) That Ms Christine F McLoughlin, being a non-executive director appointed on 11 February 2015, be elected as a director of the Company in accordance with the Company's Constitution.

By Order of the Board

**A C Lenahan**  
GROUP EXECUTIVE, GROUP GENERAL  
COUNSEL AND COMPANY SECRETARY

21 August 2015

## Important voting information

### ENTITLEMENT TO ATTEND AND VOTE

Shareholders will be eligible to vote at the AGM if they are registered holders of ordinary shares in the Company as at 7.00pm (AEST) on Tuesday 22 September 2015. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the AGM. Shareholders who are eligible to vote should read the voting instructions on the enclosed shareholder voting form.

Shareholders can vote in one of three ways:

- » by attending the AGM and voting, either in person (or by attorney), or in the case of corporate shareholders, by corporate representative
- » by lodging a direct vote, or
- » by appointing a proxy to attend the AGM and vote on their behalf.

### DIRECT VOTING AND VOTING BY PROXY

If shareholders wish to lodge a direct vote or appoint a proxy to vote on their behalf at the AGM, they can do so by:

- (a) completing a shareholder voting form online at [linkmarketservices.com.au](http://linkmarketservices.com.au). To do this shareholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN), which is shown on the enclosed shareholder voting form, or
- (b) completing the shareholder voting form that accompanies this Notice of Meeting and returning it either:
  - » by mail to Suncorp Group Limited, c/- the Company's share registry, Link Market Services Limited (**Link**), using the reply paid envelope provided
  - » by fax to Link on (02) 9287 0309, or
  - » by hand delivery to Link, 1A Homebush Bay Drive, Rhodes, NSW 2138 or Level 12, 680 George Street, Sydney, NSW 2000.

Only those shareholder voting forms received by Link by 2.30pm (AEST) on Tuesday 22 September 2015 (being 48 hours before the commencement of the AGM) will be considered valid.

If the shareholder voting form is signed by the shareholder's attorney, the original or an original certified copy of the power of attorney must accompany the shareholder voting form (if it has not already been lodged with Link for notation).

Any person appointed as proxy does not need to be a member of the Company, and a shareholder can appoint an individual or a body corporate as a proxy.

A body corporate appointed as a proxy must also lodge a Certificate of Appointment of Corporate Representative.

A shareholder who is entitled to cast two or more votes may appoint up to two proxies and may specify the percentage or number of votes each proxy is appointed to exercise.

If a shareholder who has lodged a direct vote or appointed a proxy to vote on their behalf attends the AGM, the direct vote or proxy appointment is cancelled or suspended.

For further instructions on voting, please refer to the shareholder voting form that accompanies this Notice of Meeting.

### UNDIRECTED PROXIES

- » Any undirected proxy given to the Chairman on **Resolutions 1, 2, 3 or 4a to 4c** by a shareholder entitled to vote on those resolutions **will be voted in favour** of those resolutions and the shareholder will be taken to have expressly authorised the Chairman to exercise the proxy as he/she sees fit.
- » Any undirected proxy given to a director (other than the Chairman) or other member of the KMP of the Suncorp Group, or their closely related parties, on **Resolution 1** by a shareholder entitled to vote on this resolution **will not be voted** unless that shareholder specifies how the proxy should vote by marking 'For' or 'Against' opposite that resolution on the shareholder voting form.
- » Any undirected proxy given on **Resolutions 2 or 3** to Mr Cameron, or an associate of Mr Cameron, or any member of the KMP of the Suncorp Group (other than the Chairman), or their closely related parties by a shareholder entitled to vote on these resolutions **will not be voted** unless that shareholder specifies how the proxy should vote by marking 'For' or 'Against' opposite that resolution on the shareholder voting form.
- » Any undirected proxy given to the Chairman on **any other resolution** will be voted in favour of the resolution.

### MORE INFORMATION

**An Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Shareholders should read these documents in full. The AGM will also be webcast live on [suncorpgroup.com.au](http://suncorpgroup.com.au).**

## Explanatory Memorandum

**This Explanatory Memorandum accompanies and forms part of the Notice of Meeting for the Company's AGM to be held on Thursday 24 September 2015 at 2.30pm (Brisbane time). Information relevant to the business to be considered at the AGM is provided in this Explanatory Memorandum and shareholders should read this document in full.**

## Business

### Financial and other reports

This item provides shareholders with an opportunity to ask questions concerning the Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2015 (which are contained in the 2014/15 Directors' Report and Financial Statements), and the Company's performance generally. There is no requirement for shareholders to approve these reports.

For those shareholders who did not elect to receive a printed copy, the 2014/15 Directors' Report and Financial Statements are published on the Suncorp Group website at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports). For shareholders who wish to obtain a copy, one can be posted (free of charge) by contacting Link on 1300 882 012 (+61 2 8767 1219 from outside Australia).

The Auditor will be present to answer questions from shareholders relevant to:

- » the conduct of the audit
- » the preparation and content of the Auditor's Report
- » the accounting policies adopted by the Company in relation to the preparation of the financial statements, and
- » the independence of the Auditor in relation to the conduct of the audit.

The Auditor will also respond to any written questions that are relevant to the content of the Independent Auditor's Report or the conduct of the audit, provided these are submitted to the Company no later than five business days prior to the AGM.



## Resolution 1 Remuneration Report

The Remuneration Report, as contained in the Company's 2014/15 Directors' Report and Financial Statements, has been submitted to shareholders for consideration and adoption (by way of advisory resolution). Shareholders will be given an opportunity at the AGM to ask questions about, or comment on, the Remuneration Report.

The Remuneration Report provides information on the following matters:

- » the principles adopted by the Board for determining the nature and amount of remuneration of directors and Senior Executives (including KMP of the Suncorp Group as defined in the Remuneration Report)
- » the performance conditions that apply to the different components of the remuneration framework, why those performance conditions were chosen and how performance is measured against them
- » the integration of risk management into performance and remuneration decisions, and
- » remuneration details for directors and Senior Executives.

The Board believes the Company's remuneration policy, structures and frameworks, as outlined in the Remuneration Report, are appropriate relative to the size of the Company, its business objectives and current and emerging market practices.

Shareholders should note that the vote will be advisory only and does not bind the Company or directors.

However the Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the AGM when reviewing the Company's remuneration policies.

Under the Corporations Act 2001 (**Corporations Act**), if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, shareholders will be required to vote at the second of those annual general meetings on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director and Group Chief Executive Officer), who are in office at the second annual general meeting, must stand for re-election.

## Resolution 2 Grant of performance rights to the Company's incoming Managing Director and Group Chief Executive Officer

The Board is seeking the approval of shareholders for the grant of performance rights to the value of \$3,000,000 under the Suncorp Group Equity Incentive Plan (**Plan**) to the incoming Managing Director and Group Chief Executive Officer (**Group CEO**), Mr Michael Cameron.

Under the Plan, a performance right entitles a participant to one fully paid ordinary share in the Company (or under limited circumstances, a cash payment in lieu of an allocation of ordinary shares) at no cost, and arises at a set future point in time, provided specific performance hurdles are met (**performance right**). If a performance right vests and shares are allocated, a payment equal to the dividends earned on those allocated shares during the performance period is paid (less applicable taxes paid or due to be paid by the Plan trustee with respect to the dividends).

While there is no requirement to seek shareholder approval in relation to the grant of these performance rights, the Board is seeking shareholder approval of this grant in recognition of the importance of shareholder engagement on key remuneration issues, such as the remuneration of the Group CEO.

### FACE VALUE OF PERFORMANCE RIGHTS

The Board endorsed an award of performance rights with a face value of \$3,000,000 (**Group CEO's performance rights**) as Mr Cameron's long-term incentive (**LTI**) remuneration for the 2015/16 financial year. The purpose of LTI remuneration is to focus the Group CEO and Senior Executives on the Company's long-term business strategy, align their interests with those of shareholders and support the creation of long-term shareholder value.

The face value of the Group CEO's performance rights was determined with the input of independent advisers, and takes into account the appropriate level of total remuneration based on a number of factors, including the extent to which the total remuneration is market competitive.

Subject to shareholder approval, the Group CEO's performance rights will be granted to Mr Cameron as soon as practicable following 1 November 2015. The grant of performance rights under the Plan will, subject to the terms and conditions described below,

allow Mr Cameron to obtain ordinary shares in the Company. Any shares acquired under the Plan are acquired on market.

## TERMS AND CONDITIONS

### NUMBER OF PERFORMANCE RIGHTS

The actual number of performance rights to be granted to Mr Cameron (representing the maximum number of shares that would be allocated if all vesting conditions are met) is not known at this stage.

The number of performance rights that Mr Cameron will receive is calculated by dividing the face value of the Group CEO's performance rights by the value of a performance right, then rounding down to the nearest whole number. The value of a performance right for the purpose of this grant is the amount of the volume weighted average price (**VWAP**) of the Company's ordinary shares on the Australian Securities Exchange (**ASX**) over the five trading days leading up to 1 November 2015.

As the VWAP is unknown at this time, the following example is provided to illustrate how the number of performance rights will be determined:

### EXAMPLE: CALCULATION OF THE NUMBER OF PERFORMANCE RIGHTS

Value of performance rights	<b>\$3,000,000</b>
Example share price ( <b>VWAP</b> )	<b>\$13.84</b>
Number of performance rights	<b>216,763</b>

The VWAP as well as the actual number of performance rights to be granted to Mr Cameron will be announced to the ASX after 1 November 2015.

### PERFORMANCE PERIOD

The performance period will begin on 1 September 2015 and will end on 31 August 2018. This aligns with all other Plan offers made to Senior Executives for the 2016 financial year.

### PERFORMANCE MEASURES

The Board has determined that the performance rights to be granted to Mr Cameron (if shareholder approval is granted) will be subject to the performance measures outlined below. These performance measures will be assessed over the performance period.

Performance is measured by ranking the Company's total shareholder return (**TSR**) against its peer comparator group (**Peer Comparator Group**). The Peer Comparator

Group comprises the 50 largest companies ranked by market capitalisation listed on the ASX (S&P/ASX 100 Index) at the beginning of the performance period, excluding listed Real Estate Investment Trusts and mining companies. The Remuneration Committee believes the Peer Comparator Group is appropriate in the absence of a suitable peer group of direct comparators.

TSR measures the percentage change in the Company's share price together with the value of dividends received during the performance period (assuming that all of those dividends are re-invested into new shares) and capital returns. TSR will vary over time but reflects the market perception of the Company's overall performance relative to the Peer Comparator Group.

The relative TSR performance measure is chosen on the basis that it:

- » offers a relative measure of changes in shareholder value by comparing the Company's return to shareholders against the returns of companies of similar size and investment profile
- » provides alignment between shareholder returns and reward outcomes for the Group CEO and Senior Executives over the long term, and
- » minimises the impact market cycles may have when measuring shareholder returns.

The ranking of the Company's TSR at the end of the performance period determines the extent to which performance rights vest, in accordance with the vesting schedule represented in the table below.

RELATIVE TSR PERFORMANCE OUTCOME	PERCENTAGE OF PERFORMANCE RIGHTS THAT WILL VEST
Below the 50th percentile (below median performance)	0%
At the 50th percentile (median performance)	50%
Between the 50th and 75th percentiles	50% plus 2% for each full 1% increase in the Company's ranking against the Peer Comparator Group
At or above the 75th percentile	100%

There will be no re-testing of TSR performance at the end of the performance period if a grant of performance rights is made to Mr Cameron under this resolution. Where performance conditions are not met, the performance rights will lapse.

#### TREATMENT OF GROUP CEO'S PERFORMANCE RIGHTS ON CESSATION OF EMPLOYMENT

Unvested performance rights will lapse if Mr Cameron's employment is terminated for cause or by resignation. If Mr Cameron's employment is terminated for any other reason, the unvested performance rights will continue beyond cessation of employment and will vest or lapse depending on whether the performance conditions are achieved, subject to the Board's discretion to determine otherwise.

#### TRADING OF SHARES ONCE VESTED

Shares allocated upon the vesting of performance rights under the Plan are subject to the Suncorp Group Securities Trading Policy.

#### HEDGING PROHIBITION

Executives and employees who receive equity or equity-linked deferred remuneration are prohibited from hedging their economic exposures before the equity or equity-linked remuneration is fully vested. In the event of a breach, the individual's entitlement to performance rights or securities is forfeited with immediate effect.

#### OTHER INFORMATION

In relation to the Plan:

- » Mr Cameron is the only director entitled to participate in the Plan for the 2015/16 financial year, and
- » there is no loan scheme in relation to the performance rights.

#### BOARD RECOMMENDATION

**The Board, with Mr Cameron abstaining and not voting, recommends that shareholders vote in favour of the resolution to grant performance rights to the value of \$3,000,000 under the Plan to the Group CEO.**

#### Resolution 3

**Grant of restricted shares to the Company's incoming Managing Director and Group Chief Executive Officer**

The Board is seeking the approval of shareholders for the grant of up to 240,000 restricted shares under the Plan, to the

Group CEO, Mr Michael Cameron. If all of these restricted shares had been granted and had vested on 14 April 2015, the date Mr Cameron's appointment was announced, the value of the restricted shares would have been approximately \$3,321,600.

Under the Plan, a restricted share entitles a participant to one fully paid ordinary share in the Company (or under limited circumstances, a cash payment in lieu of an allocation of ordinary shares) at no cost, and arises at a set future point in time, provided specific vesting conditions or restrictions are met (**restricted share**). If a restricted share vests and shares are allocated, a payment equal to the dividends earned on those allocated shares during the performance period is paid (less applicable taxes paid or due to be paid by the Plan trustee with respect to the dividends).

While there is no requirement to seek shareholder approval in relation to the grant of these restricted shares, the Board is seeking shareholder approval of this grant in recognition of the importance of shareholder engagement on key remuneration issues, such as the remuneration of the Group CEO.

#### NUMBER OF RESTRICTED SHARES

The Board endorsed an award of up to 240,000 restricted shares (**Group CEO's restricted shares**) as Mr Cameron's sign-on benefit, intended as compensation for forfeited incentives due to cessation of employment with his former employer.

The maximum number of the Group CEO's restricted shares takes into account all annual incentives, bonus short-term incentive awards, deferred short-term incentives and long-term incentives which may be forfeited by him as a result of concluding his previous employment and commencing as Group CEO (including the likelihood of those incentives vesting). The actual number of restricted shares to be granted to Mr Cameron will be reduced from 240,000 to the extent any such incentives are actually received by Mr Cameron in relation to his previous employment.

The grant is split into three tranches replicating the vesting timeline of the incentives forfeited as follows:

- » Tranche 1 – up to 80,000 restricted shares with a vesting date of 1 January 2016
- » Tranche 2 – up to 80,000 restricted shares with a vesting date of 1 January 2017, and
- » Tranche 3 – up to 80,000 restricted shares with a vesting date of 1 January 2018.

Subject to shareholder approval, the Group CEO's restricted shares will be granted to Mr Cameron as soon as practicable

following the AGM, or if he has not commenced as Suncorp's Group CEO at the time of the AGM, as soon as practicable following his commencement date. The grant of restricted shares under the Plan will, subject to the terms and conditions described below, allow Mr Cameron to obtain ordinary shares in the Company. Any shares acquired under the Plan are acquired on market.

## TERMS AND CONDITIONS

### VESTING CONDITIONS

The Board has determined that the restricted shares to be granted to Mr Cameron (if shareholder approval is granted) will be subject to the Plan rules and a service condition, only vesting if Mr Cameron remains employed by a Suncorp Group company on the vesting date of each tranche, and notice has not been given by either party to terminate the employment.

The Board may also determine that some or all of the unvested restricted shares are forfeited in certain circumstances. For example, in the event of conduct by Mr Cameron, which in the Board's opinion, is inconsistent with the Group's risk management policies and practices or to take into account any significant or unexpected loss or deterioration in the financial performance of the Group.

### TREATMENT OF GROUP CEO'S RESTRICTED SHARES ON CESSATION OF EMPLOYMENT

Unvested restricted shares in each tranche will be forfeited if Mr Cameron's employment ends (or notice has been given by either party to terminate the employment) prior to the date that the tranche is due to vest.

### TRADING OF SHARES ONCE VESTED

Shares allocated upon the vesting of restricted shares under the Plan are subject to the Suncorp Group Securities Trading Policy.

### HEDGING PROHIBITION

Executives and employees who receive equity or equity-linked deferred remuneration are prohibited from hedging their economic exposures before the equity or equity-linked remuneration is fully vested. In the event of a breach, the individual's entitlement to performance rights or securities is forfeited with immediate effect.

### OTHER INFORMATION

In relation to the Plan:

- » Mr Cameron is the only director entitled to participate in the Plan for the 2015/16 financial year, and
- » there is no loan scheme in relation to the restricted shares.

## BOARD RECOMMENDATION

**The Board, with Mr Cameron abstaining and not voting, recommends that shareholders vote in favour of the resolution to grant up to 240,000 restricted shares in three equal tranches under the Plan to the Group CEO.**

### Resolutions 4a to 4c

#### Re-election and election of directors

In accordance with the Company's Constitution, no director (except the Managing Director) may retain office for more than three years or until the third annual general meeting following that director's appointment and the Company must hold an election of directors each year. Accordingly, Dr Zygmunt Switkowski AO and Dr Douglas McTaggart will retire at the 2015 AGM and, being eligible, have offered themselves for re-election.

Also in accordance with the Company's Constitution, Ms Christine McLoughlin, who was appointed as a non-executive director by the Board on 11 February 2015, is to be elected by shareholders as a non-executive director of the Company.

Profiles for Dr Switkowski AO, Dr McTaggart and Ms McLoughlin follow.

The Board regularly reviews the independence of each non-executive director and undertakes an annual review, in accordance with the ASX Corporate Governance Principles and Recommendations, the Corporations Act, the Board Charter and the Suncorp Group Conflicts of Interest Policy. The most recent review was undertaken in June 2015. The Board considers all of the current non-executive directors (with the exception of the incoming Group CEO Mr Michael Cameron) to be independent, including each of the directors seeking re-election or election.

## BOARD RECOMMENDATION

**The Board recommends that shareholders vote in favour of the re-election of the directors offering themselves for re-election, and the election of the director offering herself for election.**

## Directors' profiles



### Dr Zygmunt E Switkowski AO

Dr Switkowski has been Chairman of the Company since October 2011, a director of the Company since December 2010 (and a director of Suncorp-Metway Limited since September 2005). Dr Switkowski is an ex-officio member of the Audit, Risk and Remuneration Committees.

Dr Switkowski is Chairman of NBN Co Limited, a director of Tabcorp Holdings Limited, Oil Search Limited and Chancellor of RMIT University.

Dr Switkowski is a former chairman of both the Australian Nuclear Science and Technology Organisation and Opera Australia. Dr Switkowski is also a former Chief Executive Officer of Telstra Corporation Limited, Optus Communications Ltd and a former Chairman and Managing Director of Kodak Australasia Pty Ltd.

In June 2014, Dr Switkowski was made an officer of the Order of Australia for his work on the arts, sciences and tertiary education as well as his contribution to the telecommunications and business community.

Dr Switkowski is 67 years of age, holds a Bachelor of Science (Honours) and a Doctorate of Philosophy (PhD). He is a Fellow of the Australian Academy of Science, the Australian Academy of Technological Sciences and Engineering and the Australian Institute of Company Directors.



### Dr Douglas F McTaggart

Dr McTaggart has been a director of the Company since April 2012. Dr McTaggart is Chairman of the Audit Committee.

Dr McTaggart is currently Chairman of the QIMR Berghofer Medical Research Institute and Suncentral Maroochydore Pty Ltd, and a member of both the Queensland Council of the Australian Institute of Company Directors and the Australian National University Council.

In March 2012, Dr McTaggart was appointed to the Queensland Government Independent Commission of Audit and Chairman of the Public Service Commission and is a member of the Prime Minister's Expert Advisory Panel for the White Paper on Reform of the Federation. He has also served in other advisory roles to government as well as holding positions on, including chairing, various industry representative bodies.

Dr McTaggart was Chief Executive of QIC Limited for 14 years until his retirement in June 2012. Prior to joining QIC, Dr McTaggart was the Under Treasurer and Under Secretary of the Queensland Department of Treasury and had a distinguished academic career including the roles of Professor of Economics and Associate Dean at Bond University.

Dr McTaggart is 62 years of age. He holds a Bachelor of Economics (Honours), a Master of Arts and a Doctorate of Philosophy (PhD).



### Ms Christine F McLoughlin

Ms McLoughlin has been a director of the Company since February 2015. Ms McLoughlin is a member of both the Remuneration Committee and the Risk Committee.

Ms McLoughlin is currently a director of nib Holdings Ltd, Spark Infrastructure Group and Whitehaven Coal Limited. In the charitable sector Ms McLoughlin is the Deputy Chairman of The Smith Family.

Prior to joining the Suncorp Board, Ms McLoughlin was the inaugural Non-Executive Chairman of the Australian Payments Council. Ms McLoughlin is also a former director of Westpac's life insurance, general insurance and lenders mortgage insurance companies, the Victorian Transport Accident Commission and the Australian Nuclear Science and Technology Organisation.

As a senior executive, Ms McLoughlin held leadership roles in the financial services (including insurance) and telecommunications sectors with responsibilities spanning the Australian, New Zealand, United Kingdom and South East Asian markets. Ms McLoughlin brings expertise across the areas of strategy, risk, human resources and communications.

Ms McLoughlin is 52 years of age, holds a Bachelor of Laws (Honours), a Bachelor of Arts and is a Fellow of the Australian Institute of Company Directors.

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