

SUNCORP GROUP LIMITED
ABN 66 145 290 124
NOTICE OF 2016
ANNUAL GENERAL MEETING



Create a better today



LETTER FROM
THE CHAIRMAN

1

SUNCORP'S 2015/16
RESULTS

2

SUNCORP GROUP'S
STRATEGY

4

SUNCORP GROUP LIMITED
NOTICE OF 2016 ANNUAL
GENERAL MEETING

6

IMPORTANT VOTING
INFORMATION

6

EXPLANATORY
MEMORANDUM

7

REGISTERED OFFICE

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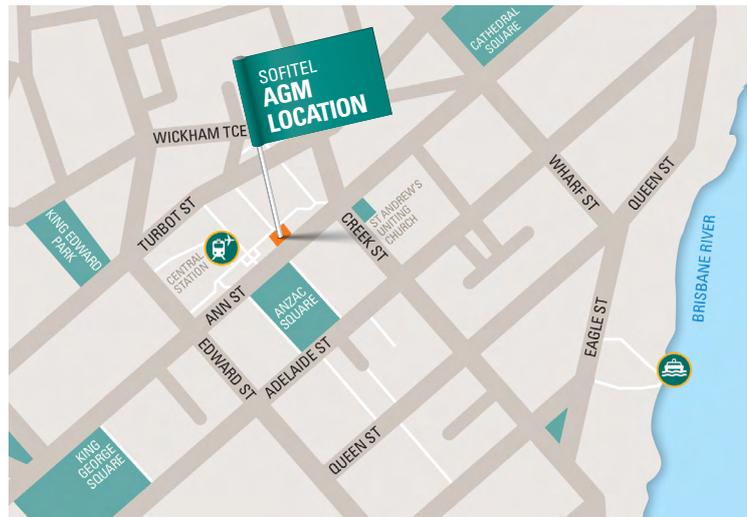
INFORMATION ON SUNCORP GROUP

This Notice of Annual General Meeting forms part of Suncorp Group's 2015/16 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, on our tablet app or copies may be obtained on request (by calling 1300 882 012 or +61 2 8767 1219 from outside Australia or emailing suncorp@linkmarketservices.com.au).

Notice of 2016 Annual General Meeting

The Annual General Meeting (AGM) of Suncorp Group Limited (the Company) will be held in the Ballroom Le Grand of the Sofitel Brisbane Central, 249 Turbot Street, Brisbane, Qld on Thursday 22 September 2016 at 2.30pm (AEST). 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
CHAIRMAN
19 AUGUST 2016



DEAR SHAREHOLDER

It is my pleasure to invite you to the 2016 AGM on Thursday 22 September 2016. The venue is the Ballroom Le Grand, Sofitel Brisbane Central, 249 Turbot Street, Brisbane. The AGM starts at 2.30pm (AEST), and shareholder registration opens at 1.30pm. Directions to the venue are detailed on the inside cover.

At the AGM the CEO & Managing Director Michael Cameron and I will comment on Suncorp Group's performance for the financial year ended 30 June 2016. Full details are in the 2015/16 Directors' Report and Financial Statements and the 2015/16 Annual Review. These reports are available on the website at suncorpgroup.com.au/investors/reports, or if you elected to receive these documents you will find a copy enclosed.

We seek to make the AGM as accessible as possible and this includes a live webcast on the website, with speeches made available shortly after its conclusion.

A key purpose of the AGM is to allow you to vote on matters important to you as a shareholder.

With the endorsement of the Board, we will be seeking your voting contribution to the following resolutions, as further detailed in the attached material:

- » Remuneration Report
- » Grant of performance rights to the CEO & Managing Director
- » Election of Sally Herman as director
- » Renewal of proportional takeover provisions within the Constitution.

Detailed instructions on how to lodge your vote, or appoint a proxy to vote on your behalf if you are unable to attend, are included in the Notice of Meeting and in the enclosed shareholder voting form. The best way to register your voting intentions, or appoint a proxy, is to do so online. This can be facilitated via our share registry's dedicated website at linkmarketservices.com.au, or alternatively you may use the form enclosed.

As the AGM is the Board's opportunity to hear directly from you, shareholders may submit specific questions to the Board,

in advance of the AGM, by emailing investor.relations@suncorp.com.au (or by post to GPO Box 1453, Brisbane, Qld 4001).

As always, the Board and the Senior Leadership Team look forward to light refreshments with you at the conclusion of the AGM. I look forward to seeing you then.

Yours faithfully

DR ZIGGY SWITKOWSKI AO
CHAIRMAN

IMPORTANT INFORMATION

A shareholder voting form is enclosed for ordinary shareholders entitled to attend the AGM and vote. Please bring this form with you to the AGM as it is barcoded to facilitate easier registration.

Please note, preference shareholders are welcome to attend the AGM and ask questions; however, only ordinary shareholders are entitled to vote on the business of the AGM.

Financial highlights

In 2015/16, Suncorp Group's net profit after tax (NPAT) was \$1,038 million. This solid result was achieved despite global market volatility, an increase in the cost of settling claims following a record run of natural hazard events in 2015 and the impact of the lower Australian dollar. The Group's performance has been realised through refining the strategy to invigorate growth and driving more resilience to volatility. This includes elevating the role of the customer and recalibrating costs.

GENERAL INSURANCE

Delivered NPAT of \$624 million demonstrating the business's resilience despite the financial impact of weather events.

SUNCORP BANK

Significantly improved its earnings with profit after tax of \$393 million, while executing major transformation programs including updating the core banking system.

SUNCORP LIFE

Profit after tax was \$142 million. Underlying profit was above target at \$124 million, outperforming expectations with favourable claims and lapse experience.

GROUP NPAT

\$1,038m

GENERAL INSURANCE NPAT

\$624m

BANK NPAT

\$393m

LIFE UNDERLYING NPAT

\$124m

About Suncorp

Suncorp Group Limited is a top 20 ASX-listed company with \$96 billion in assets. The Company has evolved into a unique franchise, delivering highly-valued banking and wealth, and insurance products and services across Australia and New Zealand.

Today the Group employs approximately 13,500 employees and serves close to nine million customers through its trusted brands including Suncorp, AAMI, GIO, Shannons, Vero and Apia.

The Customer Experience and Customer Platform functions use data, insights and forward-looking analytics to inform product innovation, and deliver experiences and solutions that meet more of our customers' needs.

Integral to meeting customer needs are three operational business units: Banking & Wealth; Insurance; and Suncorp New Zealand.

Suncorp is one of Australia's largest general insurers by gross written premium and the second largest general insurer in New Zealand.

Suncorp Bank is one of Australia's leading banks serving one million personal, small to medium enterprise and agribusiness customers.

Life insurance and superannuation products are provided through the Group's brands and via aligned and independent financial advisers.

The Group is supported by corporate functions including Finance & Advice, Technology, Data & Labs, People Experience and Risk & Legal. A Transformation team was established to drive the Group's transition to its new operating model.

Suncorp's purpose is to *Create a better today* for all of our stakeholders, including our customers, shareholders, people and communities. This means we help people live the life they want now and plan for the life they want tomorrow.



Business strategy

As Suncorp becomes a more purpose-driven organisation focused on delivering greater value for its customers, the Group's purpose, business model, strategy and priorities have evolved. In 2016, Suncorp's purpose is to *Create a better today* for its customers, shareholders, employees and the communities where it operates. The new business model will deliver greater value for customers by putting them at the centre of the organisation.

PURPOSE

**Create a
better today**

BUSINESS MODEL

ONE SUNCORP

STRATEGY

Customer

Capital

Cost

Culture

PRIORITY

RESILIENCE

PURPOSE

In line with our revised strategy, we engaged our employees and stakeholders to refresh our purpose – *Create a better today*. This guides our decision making and actions, and defines why we exist and what we want to be known for.

BUSINESS MODEL

The investment through the Building Blocks, Simplification and Optimisation programs has laid the foundation for the Group to transition to a new 'One Suncorp' model with the customer at the centre of the business.

'One Suncorp' is an integrated, customer-centric business model that enables customers to choose any of the Group's products, services or brands, assisted by navigation and selection tools that deliver the best possible solutions to meet their needs.

To enable this approach, we have changed the way we operate, removing structural constraints allowing us to have full visibility of our customers across all brands, to better understand, serve and meet more of their needs.

STRATEGY

Suncorp's strategy to leverage its strategic assets of Cost, Capital, Culture and Customer remains the same, however we have sharpened our focus on elevating the customer.

This means a shift from the current approach of selling unrelated and unconnected products to one which broadens and deepens our relationships with our customers. We are also connecting them to branded marketplaces, offering personalised experiences and solutions aimed at solving their problems and meeting more of their needs.

By meeting more of our customers' needs we will deliver new revenue opportunities for our business.

Our focus also remains on effectively managing Capital and Cost, and building on our innovative and collaborative Culture. The focus on Cost will continue in order to maintain our scale advantage and allow reinvestment, our Capital management is focused on optimising the balance sheet and our Culture is essential to delivering our strategy.

PRIORITY

Suncorp has identified three key priority areas based on building resilience. The Group is focused on:

- » Maintaining momentum and stability to deliver our market commitments
- » Elevating the customer by focusing on Connected Customers and building the Suncorp marketplace
- » Recalibrating costs to create a leaner, more effective and competitive business.

By focusing on our priorities we will increase the number of Connected Customers – customers with two or more needs met from the four needs categories of Home, Mobility, Self and Money. This will help us improve customer retention and growth and deliver our shareholder promise of 10% return on equity.

CORPORATE RESPONSIBILITY**LEADERSHIP**

Providing industry leadership through robust governance, transparency and risk management processes.

CUSTOMERS

Creating value for our customers.

WORKPLACE

Creating an environment where our people are safe, valued and can do their best work.

COMMUNITY AND ENVIRONMENT

Supporting, protecting and enhancing our communities and environment.

Suncorp takes its commitment to Corporate Responsibility seriously. The Group actively considers economic, social and environmental risks and opportunities in all that it does and strives to make a positive difference for all of its stakeholders. This includes demonstrating leadership across our industry, ensuring we have robust systems and procedures in place to govern our business ethically and transparently; creating value for our customers; keeping our people safe, engaged and providing them with opportunities to succeed; and contributing to and supporting our communities while minimising impacts to our environment.

Notice of 2016 Annual General Meeting

2.30PM, THURSDAY 22 SEPTEMBER 2016

Ordinary 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 2016.

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 2016.

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

Resolution 2 Grant of performance rights to the Chief Executive Officer & Managing Director

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 Chief Executive Officer & Managing Director, Mr Michael Cameron, in the manner set out in the Explanatory Memorandum.

NOTE: OTHER THAN MR CAMERON, NO OTHER DIRECTORS OF THE COMPANY ARE ELIGIBLE TO PARTICIPATE IN THE SUNCORP GROUP EQUITY INCENTIVE PLAN FOR THE 2016/17 FINANCIAL YEAR.

Resolution 3 Election of director

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

That Ms Sally Herman, being a non-executive director appointed on 22 October 2015, be elected as a director of the Company in accordance with the Company's Constitution.

Special Business

Resolution 4 Renewal of proportional takeover provisions

To consider and, if thought fit, pass the following resolution as a **special** resolution:

That the proportional takeover provisions in Rule 41 of the Constitution of Suncorp Group Limited be renewed for a further period of three years commencing from the date of this Annual General Meeting.

By Order of the Board



DR ZIGGY SWITKOWSKI AO
CHAIRMAN
19 AUGUST 2016

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.

Important voting information

VOTING RESTRICTIONS REMUNERATION REPORT (RESOLUTION 1)

The Company will disregard any votes cast on this resolution:

- » by, or on behalf of, a person who is a member of the key management personnel of the Suncorp Group (**KMP**) named in the Remuneration Report for the year ended 30 June 2016 and their closely related parties (regardless of the capacity in which the vote is cast); and
- » as proxy by a person who is a member of the KMP on the date of the AGM and their closely related parties.

However, the Company need not disregard a vote if it is cast as proxy for a person entitled to vote:

- » in accordance with the directions on the shareholder voting form; or
- » by the Chairman of the AGM, in accordance with an express authorisation in the shareholder voting form to exercise the proxy even though this resolution is connected with the remuneration of the KMP.

VOTING RESTRICTIONS GRANT OF PERFORMANCE RIGHTS TO THE CEO & MANAGING DIRECTOR (RESOLUTION 2)

The Company will disregard any votes cast on this resolution:

- » by, or on behalf of, Mr Michael Cameron and any of his associates; and
- » as proxy by a person who is a member of the KMP on the date of the AGM and their closely related parties.

However, the Company need not disregard a vote if it is cast as proxy for a person entitled to vote:

- » in accordance with the directions on the shareholder voting form; or
- » by the Chairman of the AGM, in accordance with an express authorisation in the shareholder voting form to exercise the proxy even though this resolution is connected with the remuneration of a member of the KMP.

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 20 September 2016. 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, or
- » 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:

- » completing a shareholder voting form online at 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
- » completing the shareholder voting form that accompanies this Notice of Meeting and returning it either:
 - » by mail to Suncorp Group Limited, c/- 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 20 September 2016 (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 a proxy does not need to be a shareholder, and a shareholder can appoint an individual or a body corporate as a proxy. A body corporate appointing 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

The Chairman intends to vote any undirected proxies given by shareholders to him in favour of Resolutions 1, 2, 3 and 4 and those shareholders will be taken to have expressly authorised the Chairman to exercise the proxy as he sees fit.

Any undirected proxy given to a director (other than the Chairman) or other member of the KMP, or their closely related parties, on Resolution 1 will not be voted.

Any undirected proxy given to Mr Cameron, or an associate of Mr Cameron, or any member of the KMP (other than the Chairman), or their closely related parties on Resolution 2 will not be voted.

COPIES OF INFORMATION

Shareholders who wish to obtain a copy of the Directors' Report and Financial Statements or the Company's Constitution, may contact Link on 1300 882 012 (+61 2 8767 1219 from outside Australia). A copy will be posted (free of charge).

Explanatory Memorandum

This Explanatory Memorandum accompanies and forms part of the Notice of Meeting for the Company's AGM to be held on Thursday 22 September 2016 at 2.30pm (AEST). Information relevant to the business to be considered at the AGM is provided in this Explanatory Memorandum and shareholders should read this section in full.

Ordinary 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 2016 (which are contained

in the 2015/16 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 2015/16 Directors' Report and Financial Statements are published on the Suncorp Group website at suncorpgroup.com.au/investors/reports.

The Auditor will be present to answer audit-related questions from shareholders and will also respond to any relevant written questions 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 2015/16 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 principles adopted by the Board for determining the nature and amount of remuneration of directors and Senior Executives (including KMP 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.

Resolution 2

Grant of performance rights to the Chief Executive Officer & Managing Director

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 Chief Executive Officer & Managing Director (**CEO & Managing Director**), Mr Michael Cameron.

Shareholder approval is not required in relation to the grant of performance rights under the Plan as any shares allocated to Mr Cameron under the Plan will not be issued by the Company to Mr Cameron but will be acquired on market.

If shareholders do not approve the grant of these performance rights at the AGM, it is intended that an equivalent long-term incentive (**LTI**) award will be provided to Mr Cameron in cash, subject to performance, service and other conditions.

Under the Plan, a performance right entitles a participant on vesting to be allocated 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. A performance right vests at a set future point in time, provided specific performance measures are met (**performance right**).

If a performance right vests and shares are allocated, a payment equal to the notional 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). If a performance right does not vest, no dividend equivalent payment will be made.

If there are any corporate actions or capital reconstructions by the Company, the Board has a discretion, where it considers it appropriate, to make adjustments to the terms of the performance rights, to eliminate any material advantage or disadvantage to the participant.

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 CEO & Managing Director.

FACE VALUE OF PERFORMANCE RIGHTS

The Board endorsed an award of performance rights with a face value of \$3,000,000 (**CEO & Managing Director's performance rights**) as Mr Cameron's LTI remuneration for the 2016/17 financial year. The purpose of LTI remuneration is to focus the CEO & Managing Director on the Company's long-term business strategy, align his interests with those of shareholders and support the creation of long-term shareholder value.

The face value of the CEO & Managing Director's performance rights 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 CEO & Managing Director's performance rights will be granted to Mr Cameron as soon as practicable after the AGM and in any event, no later than 12 months after the date of the AGM. 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 allocated to Mr Cameron under the Plan will be acquired on market.

Terms and Conditions

NUMBER OF PERFORMANCE RIGHTS

The number of performance rights to be granted to Mr Cameron will be calculated by dividing the face value of the CEO & Managing Director'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 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 September 2016.

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	\$3,000,000
Example share price (VWAP)	\$12.50
Number of performance rights	240,000

The VWAP as well as the actual number of performance rights to be granted to Mr Cameron will be announced at the AGM and to the ASX as soon as practicable after the AGM.

PERFORMANCE PERIOD

The performance period will begin on 1 September 2016 and end on 31 August 2019. This aligns with all other Plan offers made to Senior Executives for the 2016/17 financial year.

PERFORMANCE MEASURES

The Board has determined that the vesting of 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 reinvested 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 CEO & Managing Director 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 following table:

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 after 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 lapse.

TREATMENT OF CEO & MANAGING DIRECTOR'S PERFORMANCE RIGHTS ON CESSATION OF EMPLOYMENT

Unvested performance rights will generally 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. In each case, the Board has 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 of the Suncorp Group 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

Since the last AGM, Mr Cameron was issued with 226,639 performance rights and 240,000 restricted shares under the Plan. The acquisition price for these securities was nil.

Mr Cameron is the only director entitled to participate in the Plan for the 2016/17 financial year.

BOARD RECOMMENDATION

The Board, with Mr Cameron abstaining and not voting, recommends that shareholders vote in favour of the resolution to grant performance rights under the Plan to the CEO & Managing Director on the terms set out above.

Resolution 3 Election of director

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 AGM following that director's appointment, without seeking re-election. The Company must hold an election of directors each year.

As part of the Board renewal, Mr Geoff Ricketts will retire by rotation at this year's AGM and will not seek re-election. Mr Ricketts has made a significant contribution over nearly ten years on the Suncorp Group Board and has been a trusted adviser to the Chairman and his Board colleagues. It is pleasing to note that Mr Ricketts will, however, remain Chairman of Vero Insurance New Zealand Limited, Vero Liability Insurance Limited and Asteron Life Limited for the foreseeable future.

In accordance with the Company's Constitution, Ms Sally Herman, who was appointed as a non-executive director by the Board on 22 October 2015 is to be elected by shareholders as a non-executive director of the Company.



Ms Sally Herman, BA, GAICD, age 59

MS HERMAN HAS BEEN A DIRECTOR OF THE COMPANY SINCE 22 OCTOBER 2015. SHE IS A MEMBER OF THE AUDIT COMMITTEE.

Ms Herman is an experienced non-executive director in the financial services, retail, manufacturing and property sectors. Her directorships include Breville Group Limited (since March 2013), Premier Investments Limited (since December 2011), Investec Property Limited (since July 2013),

and previously FSA Group Limited (2011–2014) and property advisory firm, Urbis (2011–2016). Her executive career in Australia and the USA includes 16 years with the Westpac Group managing major business units in most of its operating divisions. Ms Herman is Chairman of an independent girls' school in Sydney and a director of Sydney Harbour Federation Trust. She also serves on the advisory boards of several community groups.

BOARD RECOMMENDATION

The Board recommends that shareholders vote in favour of the election of Sally Herman as a director of the Company.

Special Business

Resolution 4 Renewal of proportional takeover provisions

The Company's Constitution currently contains provisions dealing with proportional takeover bids which prohibit the transfer of shares under a proportional takeover bid unless a proportional takeover bid resolution is passed by the shareholders, approving the proportional takeover bid.

Under the Corporations Act and Rule 41.4 of the Company's Constitution, the provisions must be renewed every three years or they will cease to have effect. The provisions were inserted into the Company's Constitution at the 2013 Annual General Meeting. The provisions will automatically cease to have effect after 23 September 2016, unless renewed by a special resolution of the shareholders. If renewed, the provisions contained in Rule 41 will operate on the same basis as the existing provisions for a further three years from the date of the 2016 Annual General Meeting.

WHY DO WE NEED THE PROVISIONS?

The directors consider that shareholders should continue to have the opportunity to vote on any proportional takeover bid for the Company.

Without the provisions, a bid may enable control of the Company to pass without shareholders having the chance to sell all their shares to the bidder. Shareholders, therefore, may be exposed to the risk of being left as a minority in the Company and of the bidder taking control of the Company without paying an adequate premium for gaining control.

The directors also consider that the provisions may avoid shareholders feeling pressured to accept a bid even if they do not want it to succeed.

WHAT IS THE EFFECT OF THE PROVISIONS?

If the provisions are renewed and a bid is made, the directors will be required to seek the approval of shareholders for that bid more than 14 days before the bid period closes.

The resolution is decided on a simple majority. Each shareholder who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. The bidder and their associates are not allowed to vote on the resolution.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the resolution is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution.

The bid will be taken to have been approved if the resolution is not voted on within the deadline specified in the Corporations Act. However the directors will breach the Corporations Act if they fail to ensure the resolution is voted on.

The provisions do not apply to full takeover bids, and will only apply until 21 September 2019, unless again renewed by a special resolution passed by shareholders.

POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROVISIONS

While the renewal of the provisions contained in Rule 41 will allow the directors to ascertain shareholders' views on a proportional takeover bid, the directors consider that the provisions do not otherwise offer any advantage or disadvantage to the directors who remain free to make their own recommendation to the shareholders of the Company as to whether the bid should be accepted.

The potential advantages of the provisions for shareholders include:

- » that all shareholders have an opportunity to consider a proportional takeover bid and vote on the resolution at a general meeting which may assist in ensuring that any bid is attractive to a majority of shareholders
- » it increases shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is appropriately priced
- » knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the bid when determining whether to accept or reject the offer, and
- » that the provisions may help shareholders avoid being locked in as a minority and avoid the bidder acquiring control of the Company without paying an adequate control premium.

The potential disadvantages of the provisions for shareholders include that the provisions:

- » may discourage proportional takeover bids
- » may reduce the likelihood of a proportional takeover bid being successful
- » may reduce any speculative element in the market price of the Company's shares arising from the possibility of a proportional takeover bid being made, and
- » may be considered to constitute an unwarranted additional restriction of the ability of shareholders to freely deal with their shares.

The Board considers that the potential advantages for shareholders of the provisions outweigh the potential disadvantages for shareholders.

REVIEW OF ADVANTAGES AND DISADVANTAGES OF THE PROVISIONS

There have been no full or proportional takeover bids for the Company while the provisions have been in operation. Accordingly, there is no example against which the advantages or disadvantages of the provisions for the directors and the shareholders may be assessed. However, the directors consider that there have been no disadvantages to the shareholders arising from inclusion of the provisions in the Constitution and believe that the potential advantages of the provisions operating for the next three years outweigh the possible disadvantages.

NO AWARENESS OF ANY PROPOSAL TO ACQUIRE OR TO INCREASE THE EXTENT OF A SUBSTANTIAL INTEREST IN THE COMPANY

As at the date on which this Explanatory Memorandum was prepared, no director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

The Company's Constitution is available on the Suncorp Group website at suncorpgroup.com.au or if shareholders wish to obtain a copy (free of charge) they may contact Link on 1300 882 012 (+61 2 8767 1219 from outside Australia).

BOARD RECOMMENDATION

The Board recommends that shareholders vote in favour of the renewal of the proportional takeover provisions in Rule 41 of the Constitution of Suncorp Group Limited.

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suncorpgroup.com.au



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