



# Notice of 2017 Annual General Meeting

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Create a better today



Suncorp Group Limited  
ABN 66 145 290 124

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## 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. Subject to voting restrictions set out in the Notice of Meeting, they are also entitled to vote on Resolution 4 (to reduce the capital of the Company). Preference shareholders are not otherwise entitled to vote on the business of the AGM.

# Notice of 2017 Annual General Meeting

The Annual General Meeting (AGM) of Suncorp Group Limited (the Company) will be held at:

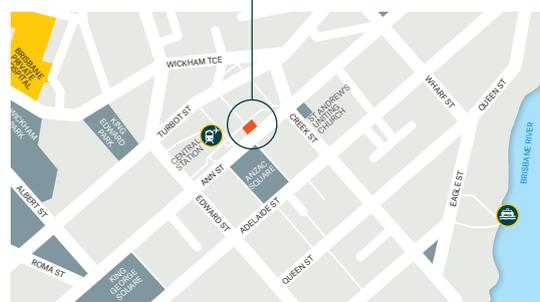
**TIME:** 2.30pm (AEST)

**DATE:** Thursday 21 September 2017

**WHERE:** Ballroom Le Grand, Sofitel Brisbane Central, 249 Turbot Street, Brisbane, Queensland

**EXTRA:** Shareholder registration will begin at 1.30pm

## HOW TO GET HERE



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

**BUS** A number of bus routes pass King George Square, Queen Street Mall and Central Station. The 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 the Sofitel Brisbane Central; the entrance is on Turbot Street.

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## A MESSAGE FROM OUR CHAIRMAN



**“ A KEY PURPOSE OF THE AGM IS TO ALLOW YOU TO VOTE ON MATTERS IMPORTANT TO YOU AS A SHAREHOLDER. ”**

Dear Shareholder

It is my pleasure to invite you to the 2017 AGM on Thursday 21 September 2017. 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 2017. Full details are in the 2016-17 Directors' Report and Financial Statements and the 2016-17 Annual Review. These reports are available on the website at [suncorpgroup.com.au/investors/reports](http://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
- Re-election of Ms Audette Exel AO as director
- Election of Mr Simon Machell as director
- Selective capital reduction in relation to convertible preference shares issued on 6 November 2012 (SUNPC).

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](http://linkmarketservices.com.au), alternatively you may use the form enclosed.

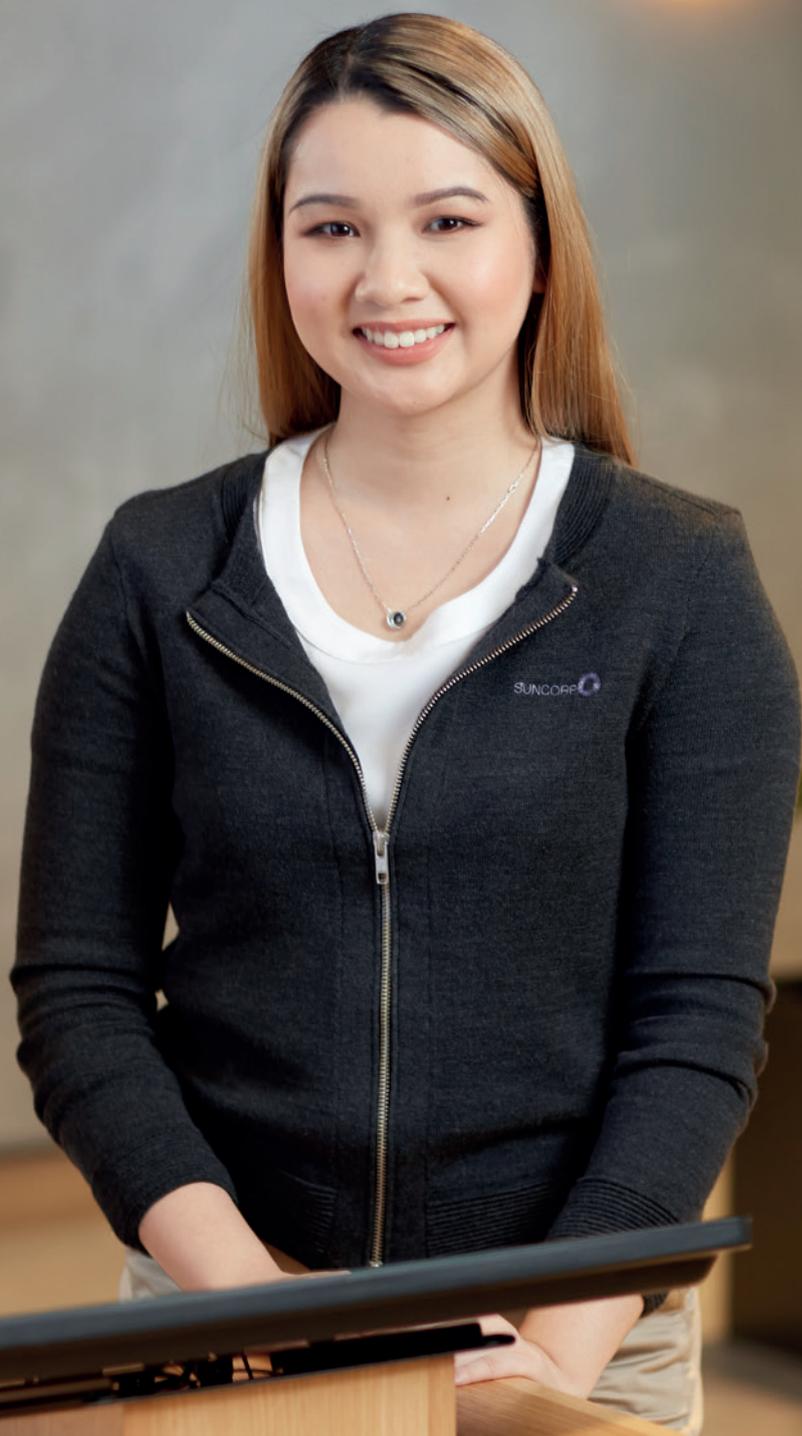
As the AGM is the Board's opportunity to hear directly from you, shareholders may submit specific questions to the Board, in advance of the AGM, by emailing [investor.relations@suncorp.com.au](mailto:investor.relations@suncorp.com.au) (or by post to GPO Box 1453, Brisbane, Qld 4001).

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  
18 AUGUST 2017

# SUNCORP



# About Suncorp

Suncorp Group Limited is a trusted provider of financial services and solutions, helping customers make good choices and take positive action to improve their financial wellbeing.

We are a top 20 ASX-listed company with \$97 billion in assets. Today, we employ approximately 13,400 people and serve close to nine million customers across Australia and New Zealand.

Our Marketplace of products, services and experiences is designed to make it easier for our customers to meet their financial needs. It brings together our strong portfolio of banking, wealth management and insurance solutions from across our many brands including Suncorp, AAMI, GIO, Apia and Shannons, as well as those from our partners.

Since 1902, Suncorp has created value for stakeholders while being a responsible and resilient business. During 2016-17 we delivered a cash return on average shareholders' equity of 8.4 per cent, achieved customer satisfaction of 82 per cent across our consumer brands, reached gender parity in our leadership roles and further reduced our greenhouse gas emissions by 11 per cent.

# Highlights



## OUR BUSINESS PERFORMANCE

Net profit after tax	Cash return on average shareholders' equity	Customer satisfaction across our consumer brands
\$1,075m	8.4%	82%



## OUR PEOPLE AND SOCIETY

Women in leadership	Investment in local communities	Engagement of our people
49%	\$9.8m	62%



## OUR ENVIRONMENT

Reduction in greenhouse gas emissions	Reduction in fuel used in company vehicles	Reduction in air travel
11%↓	15%↓	22%↓

# Our Strategy

During the past year, we have evolved Suncorp's vision to be the destination for the moments that matter. By placing the customer at the centre of everything we do, we will have a deeper understanding of their needs and be in a better position to support them when they need us most.

## ONE SUNCORP

We continue to live our purpose and achieve our vision by working as One Suncorp and collaborating across the business. We have increased our focus on building partnerships with third parties to extend the range of solutions for our customers and to drive growth for our business.

## STRATEGIC PRIORITIES

To achieve our vision, Suncorp is focused on four strategic priorities:

### Elevate the customer:

We use insights to understand and meet customer needs, and continue to embed a customer-centric culture.

Our goal is to deliver seamless and valuable customer experiences that are consistently great, and brilliant in the moments that matter.

### Create the Marketplace:

By creating a connected network of brands, partners, solutions and channels, we are making it faster, simpler and easier for our customers.

Through the Suncorp Marketplace, customers will have greater choice from a suite of personalised solutions and integrated offers, to support them in the key moments in their lives.

### Maintain momentum and grow:

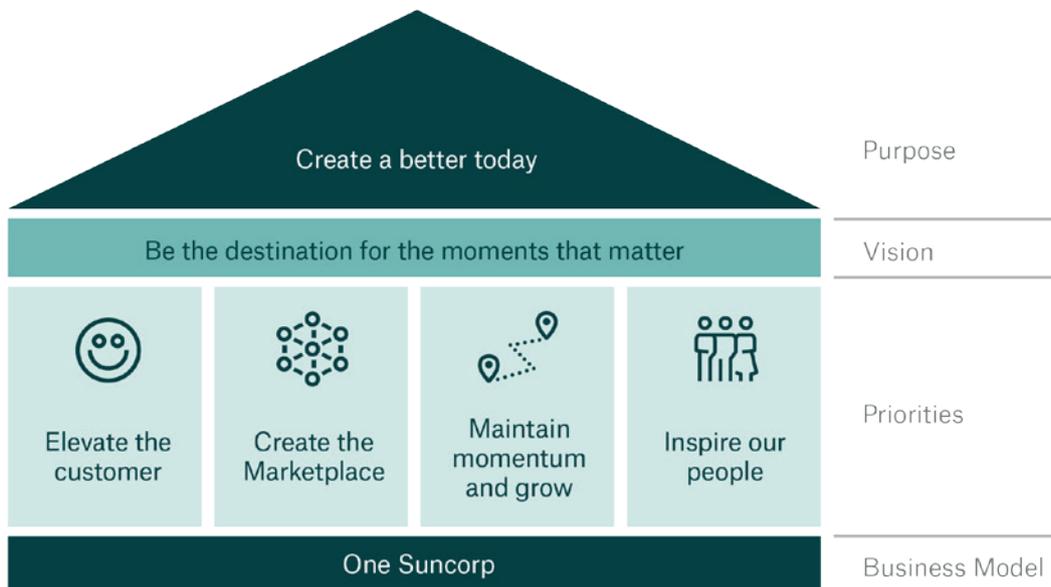
We are building and protecting Suncorp's reputation for excellence in manufacturing financial services solutions for customers in Australia and New Zealand.

We focus on targeted revenue growth opportunities, operational excellence including simplification and digitisation, and disciplined portfolio management.

### Inspire our people:

We are fostering a diverse, inclusive and highly engaged workforce.

We are committed to empowering, engaging and creating an environment where our people have the support, capability, technology and workspace to be their best.



# Notice of 2017 Annual General Meeting

2.30 PM, THURSDAY 21 SEPTEMBER 2017

## 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 2017 (**2016-17**).

**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 2017.*

**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 \$3,500,000 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:** MR CAMERON IS THE ONLY DIRECTOR OF THE COMPANY ELIGIBLE TO PARTICIPATE IN THE SUNCORP GROUP EQUITY INCENTIVE PLAN FOR THE 2017-18 FINANCIAL YEAR.

### RESOLUTION 3 RE-ELECTION/ELECTION OF DIRECTORS

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

*(a) That Ms Audette Exel AO, being a non-executive director since June 2012, be re-elected as a director of the Company in accordance with the Company's Constitution.*

*(b) That Mr Simon Machell, being a non-executive director appointed on 7 April 2017, be elected as a director of the Company in accordance with the Company's Constitution.*

### RESOLUTION 4 SELECTIVE CAPITAL REDUCTION IN RELATION TO SUNPC

Shareholders are asked to approve one or more selective capital reductions in relation to Convertible Preference Shares issued on 6 November 2012 (**SUNPC**).

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

*That the conduct and terms and conditions of one or more selective capital reductions in respect of the Convertible Preference Shares issued on 6 November 2012 in an amount of up to \$100.00 per Convertible Preference Share as described in the Explanatory Memorandum accompanying this Notice of Meeting, be approved.*

By Order of the Board



**DR ZIGGY SWITKOWSKI AO**  
CHAIRMAN  
18 AUGUST 2017

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

### 1. ENTITLEMENT TO ATTEND AND VOTE

For the purposes of the AGM (including voting at the AGM), shareholders are those persons who are registered holders of shares in the Company as at 7.00pm (AEST) on Tuesday 19 September 2017. Accordingly, persons who are registered as shareholders after that time will be disregarded in determining shareholders entitled to attend (and if applicable, vote) at the AGM.

Holders of ordinary shares in the Company may vote on all resolutions, subject to the voting restrictions described in sections 2, 3 and 4 below.

Holders of Convertible Preference Shares issued on 8 May 2014 (**SUNPE**) have voting rights in relation to any resolution to reduce the share capital of the Company and may therefore vote on Resolution 4, subject to the voting restrictions described in section 4 below. SUNPE holders are not entitled to vote on any other resolutions, but are entitled to attend and be heard at the AGM.

Holders of SUNPC have voting rights in relation to any resolution to reduce the share capital of the Company, but may not vote in favour of Resolution 4 due to the voting restrictions described in section 4 below. SUNPC holders are not entitled to vote on any other resolutions, but are entitled to attend and be heard at the AGM.

SUNPC and SUNPE holders are entitled to appoint a proxy to attend the AGM (and if applicable, vote) on their behalf. A proxy need not be a shareholder. Any SUNPC or SUNPE holder wishing to appoint a proxy should contact the Share Registrar, Link Market Services Limited, by calling 1300 882 012 (inside Australia) or +61 2 8767 1219 (outside Australia), or by email at [suncorp@linkmarketservices.com.au](mailto:suncorp@linkmarketservices.com.au)

## 2. 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 2017 and their closely related parties (regardless of the capacity in which the vote is cast); or
- 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.

## 3. VOTING RESTRICTIONS – GRANT OF PERFORMANCE RIGHTS TO THE CHIEF EXECUTIVE OFFICER & 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 (regardless of the capacity in which the vote is cast); or
- 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.

## 4. VOTING RESTRICTIONS – SELECTIVE CAPITAL REDUCTION IN RELATION TO SUNPC (RESOLUTION 4)

While SUNPC holders have voting rights in relation to any resolution to reduce the share capital of the Company, section 256C(2)(a) of the *Corporations Act 2001* (Cth) requires the Company to disregard any votes cast in favour of Resolution 4 by a person who is to receive consideration as part of the capital reduction, or by their associates. As a result, the Company will disregard any votes cast in favour of Resolution 4 by any person who holds SUNPC or their associates.

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.

## 5. VOTING, DIRECT VOTING AND VOTING BY PROXY (ORDINARY SHAREHOLDERS ONLY)

This section only applies to ordinary shareholders. Preference shareholders should refer to section 1 for information on voting.

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.

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](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
- 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 19 September 2017 (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 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.

## 6. UNDIRECTED PROXIES

The Chairman of the AGM 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 of the AGM 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.

## 7. APPOINTING THE CHAIRMAN AS YOUR PROXY

You may appoint the Chairman of the AGM as your proxy.

If you direct the Chairman of the AGM how to vote on a resolution, your vote will be cast in accordance with your direction.

If you do not direct the Chairman of the AGM how to vote on a resolution, or the Chairman of the AGM becomes your proxy by default, then by completing and returning the relevant shareholder voting form you will be expressly authorising the Chairman of the AGM to exercise your undirected proxy on a resolution even though it may be directly or indirectly connected with the remuneration of a member of the KMP.

If you appoint a proxy (other than the Chairman of the AGM) and your proxy is either not recorded as attending the meeting or does not vote on a resolution, the Chairman of the AGM will, before voting on the resolution closes, be taken to have been appointed as your proxy for the purposes of voting your proxy.

## 8. 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 (inside Australia) or +61 2 8767 1219 (outside Australia). A copy will be posted (free of charge).

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## EXPLANATORY MEMORANDUM

This Explanatory Memorandum accompanies and forms part of the Notice of Meeting for the Company's AGM to be held on Thursday 21 September 2017 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.

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## 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 2017 (which are contained in the 2016-17 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 2016-17 Directors' Report and Financial Statements are published on the Suncorp Group website at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports)

The Auditor will be present at the AGM to answer audit-related questions from shareholders. Shareholders may also submit questions to the Company's auditor (KPMG) on the content of the Auditor's Report or the conduct of its audit of the Company's Financial Report for the year ended 30 June 2017. Such questions must be received by no later than 5pm (AEST) on Thursday, 14 September 2017.

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### RESOLUTION 1 REMUNERATION REPORT

The Remuneration Report, as contained in the Company's 2016-17 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.

Nevertheless, the Board Remuneration Committee continues to review the remuneration frameworks and expects to evaluate suitable alternative models in the year ahead. Any material changes will be presented to a future AGM and disclosed in that year's Remuneration Report.

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.

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### 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 \$3,500,000 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. However, 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.

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.

### Face value of performance rights

The Board endorsed an award of performance rights with a face value of \$3,500,000 (**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. The performance rights granted to the CEO & Managing Director were determined after consideration of peer group remuneration and external stakeholder consultation.

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

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 2017.

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 LTI performance rights	<b>\$3,500,000</b>
Example share price (VWAP)	<b>\$14.00</b>
Number of LTI performance rights	<b>250,000</b>

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 2017 and end on 31 August 2020. This aligns with all other LTI 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 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 LTI PERFORMANCE RIGHTS THAT WILL VEST
Below the 50th percentile (below median performance)	<b>0%</b>
At the 50th percentile (median performance)	<b>50%</b>
Between the 50th and 75th percentiles	<b>50% plus 2% for each full 1% increase in the Company's ranking against the Peer Comparator Group</b>
At or above the 75th percentile	<b>100%</b>

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 LTI 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 235,017 performance rights using the calculation methodology proposed for this year's performance rights. 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, 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 RE-ELECTION/ 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 AGM following that director's appointment and the Company must hold an election of directors each year.

As part of Board renewal, Mr Ewoud Kulk and Mr William Bartlett will retire by rotation at this year's AGM and not seek re-election. Collectively they have made a significant contribution over their terms on the Suncorp Group Board and been trusted advisers to the

Chairman and their Board colleagues. It is pleasing to note that Mr Kulk will remain Chairman of AA Insurance Limited (New Zealand) and Suncorp Insurance Ventures Pty Limited for the foreseeable future.

In accordance with the Company's Constitution, Ms Audette Exel AO who has been a non-executive director on the Board since 27 June 2012 is to stand for re-election by shareholders as a non-executive director of the Company. Mr Simon Machell who was appointed as a non-executive director by the Board on 7 April 2017 is to stand for election by shareholders as a non-executive director of the Company.



#### **AUDETTE EXEL AO BA, LLB (Hons)**

**MS EXEL HAS BEEN A DIRECTOR OF THE COMPANY SINCE JUNE 2012. SHE IS A MEMBER OF THE RISK COMMITTEE.**

Ms Exel is the founder of the Adara Group and Chief Executive Officer of its Australian companies. Before establishing the Adara Group, she was Managing Director of Bermuda Commercial Bank (1993-1996), Chairman of the Bermuda Stock Exchange (1995-1996) and served on the board of the Bermuda Monetary Authority (1999-2005). Ms Exel began her career as a lawyer specialising in international finance. In 2013, she was awarded an honorary Order of Australia for service to humanity (through the Adara Group) in Uganda and Nepal and in 2014 was recognised by Forbes as a 'Hero of Philanthropy'. In 2015, Ms Exel was inducted into the Australian Businesswomen's Hall of Fame, and was a recipient of a World Class New Zealand Award. In 2016, she was named Australia's 2016 'Leading Philanthropist' by Philanthropy Australia.

Ms Exel is considered by the Board to be an independent non-executive Director.

#### **BOARD RECOMMENDATION**

The Board, with Ms Exel abstaining, recommends that shareholders vote in favour of the re-election of Audette Exel as a director of the Company.



#### **SIMON MACHELL BA (Hons), FCA**

**MR MACHELL HAS BEEN A DIRECTOR OF THE GROUP SINCE APRIL 2017.**

Mr Machell has over 30 years' experience in the insurance industry throughout Europe and Asia. He currently serves as a non-executive director of Tesco Personal Finance plc (UK), Tesco Personal Finance Group Limited (UK) and is Chairman of Tesco Underwriting Limited (UK). Mr Machell is also a non-executive director and Chairman of the Risk Committee for Prudential Corporation Asia Limited (Hong Kong) and a non-executive director of Pacific Life Re Limited (UK). Mr Machell was with Aviva and its predecessor companies for over 20 years and had roles including CEO of Norwich Union General Insurance in the UK (2007 to 2013) and CEO of all Aviva's businesses in Asia and eastern Europe.

Mr Machell is considered by the Board to be an independent non-executive Director.

#### **BOARD RECOMMENDATION**

The Board, with Mr Machell abstaining, recommends that shareholders vote in favour of the election of Simon Machell as a director of the Company.

#### **RESOLUTION 4 SELECTIVE CAPITAL REDUCTION IN RELATION TO SUNPC**

##### **BACKGROUND**

On 6 November 2012, the Company issued 5.6 million Convertible Preference Shares, which trade under ASX code SUNPC (**SUNPC**) pursuant to a prospectus dated 3 October 2012 (**SUNPC Prospectus**) with a face value of \$100 each to raise \$560 million. The full terms of SUNPC are set out in Appendix A of the SUNPC Prospectus (**SUNPC Terms**). The SUNPC Prospectus can be downloaded from the Investor page of the Company's website at [www.suncorpgroup.com.au/investors](http://www.suncorpgroup.com.au/investors)

Unless otherwise defined, capitalised terms used in this section of the Explanatory Memorandum have the same meaning as in the SUNPC Terms contained within the SUNPC Prospectus.

Under the SUNPC Terms, the Company has the option, subject to approval from the Australian Prudential Regulation Authority (**APRA**), to exchange all or some of SUNPC on the Optional Exchange Date (being 17 December 2017). Subject to APRA approval and the restrictions contained in the SUNPC Terms, if the Company elects to exchange SUNPC, it can choose to do so through any of the following methods:

- Convert SUNPC into ordinary shares in the Company
- Redeem SUNPC; or
- Resell SUNPC.

The SUNPC Terms define 'Redeem' to include a redemption, a buy-back, a capital reduction or any combination of such activities.

Approval of Resolution 4 will allow the Company to elect, subject to APRA approval, to redeem SUNPC through one or more selective capital reductions in respect of SUNPC on the Optional Exchange Date and, subject to obtaining the necessary agreements and approvals, including from APRA, would also allow the Company to effect one or more selective capital reductions in respect of all or some SUNPC outside of the SUNPC Terms.

#### **WHY ARE WE SEEKING SHAREHOLDER APPROVAL?**

The Corporations Act requires that any selective capital reduction be approved by a special resolution passed at a general meeting of the Company.

Approval is being sought now so that the Company does not need to convene an extraordinary general meeting if it later decides to conduct a selective capital reduction in respect of SUNPC. If approval is obtained, any selective capital reduction in respect of SUNPC will be effected no later than 12 months after the date on which Resolution 4 is passed.

#### **WILL ANY SELECTIVE CAPITAL REDUCTION IN RESPECT OF SUNPC TAKE PLACE?**

As at the date of this Explanatory Memorandum, no decision has been made by the Board regarding whether to undertake a selective capital reduction in respect of SUNPC or when it would take place. If the Company makes a decision on whether to undertake any selective capital reduction or any related transactions, details of the relevant proposal will be announced to the ASX.

The Board would only decide to undertake a selective capital reduction approved at the Meeting if the Board considers that it is in the best interests

of the Company to do so and is satisfied that it will have no material adverse impact on the Company's financial or regulatory capital position, no material prejudice to the Company's creditors and is in the best interests of the Company.

#### FINANCIAL EFFECT OF THE SELECTIVE CAPITAL REDUCTION

##### Cost of selective capital reduction

As of 18 August 2017, the cost of the selective capital reduction in respect of the SUNPC would be up to \$100 per SUNPC, in aggregate \$560 million. The Company's issued share capital would be reduced by up to that amount. In addition, if the amount of the capital reduction per SUNPC is less than \$100 per SUNPC, the difference would be returned to SUNPC holders by way of redemption of the SUNPC. The redemption would be funded from profits of the Company or the proceeds of a new issue of shares made for the purposes of the redemption.

##### Financial statements

The Company's latest audited financial statements, being the audited financial statements for the financial year ended 30 June 2017 are available on the Investors page of the Company's website at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports)

#### SOURCE OF FUNDS FOR THE SELECTIVE CAPITAL REDUCTION

The funds for the selective capital reduction in respect of SUNPC may be provided through existing cash reserves or through implementing other funding alternatives. The Board will, at the relevant time, consider the best alternative or combination of alternatives for funding any such transaction. Details of any proposal will, once finalised, be announced to the ASX.

#### WHAT ARE THE ADVANTAGES OF APPROVING RESOLUTION 4?

If Resolution 4 is approved, the Company would have the flexibility to effect one or more selective capital reductions in respect of SUNPC.

More generally, the Company is committed to maintaining an efficient capital structure. The practical ability to conduct one or more selective capital reductions in respect of SUNPC would provide greater capital management flexibility. This may also increase the Company's general flexibility to manage its regulatory capital.

#### WHAT ARE THE DISADVANTAGES OF APPROVING RESOLUTION 4?

A potential disadvantage of conducting one or more selective capital reductions in respect of SUNPC is that the

Company would have a reduced capital base following those transactions. The Board would consider the adequacy of the reduced capital base having regard to the Company's present and anticipated future needs, in making any such decision.

#### DIRECTORS' INTERESTS

No director of the Company has an interest in any SUNPC, other than Ewoud Kulk who has an indirect interest in 3,000 SUNPC.

#### VOTING ON RESOLUTION 4

The voting exclusion statement in the Notice of Meeting contains important information for shareholders, SUNPC holders and SUNPE holders on Resolution 4.

#### BOARD RECOMMENDATION AND OTHER INFORMATION

There is no other information known to the Board which may be material to the decision on how to vote in relation to Resolution 4 which the Company has not previously disclosed to its shareholders, SUNPC holders or SUNPE holders.

The Board recommends that shareholders and SUNPE holders vote in favour of Resolution 4.



#### INFORMATION ON SUNCORP GROUP

This Notice of Annual General Meeting forms part of Suncorp Group's 2016-17 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 app or copies may be obtained on request by calling 1300 882 012 or +61 2 8767 1219 from outside Australia or by emailing [suncorp@linkmarketservices.com.au](mailto:suncorp@linkmarketservices.com.au)

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.

To see more, go online  
[suncorpgroup.com.au](http://suncorpgroup.com.au)

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**SUNCORP**