



Suncorp Group Limited

*Brighter futures*

Notice of  
2014 Annual  
General Meeting

One Company  
Many Brands



Suncorp Group Limited 2014 Annual General Meeting (**AGM**) to be held in the Ballroom Le Grand of the Sofitel, 249 Turbot Street, Brisbane, on Thursday 23 October 2014 at 2.30pm (Brisbane time). Shareholder registration will begin at 1.30pm.



#### GETTING 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 Train Station. Sofitel 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 on Turbot Street.

#### REGISTERED OFFICE

Suncorp Group Limited  
Level 28, 266 George Street  
Brisbane, Qld, 4000  
07 3362 1222

[suncorpgroup.com.au](http://suncorpgroup.com.au)

ABN 66 145 290 124

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#### INFORMATION ON SUNCORP GROUP

This Notice of Annual General Meeting forms part of Suncorp Group's 2013/14 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).

# Letter from the Chairman



## DEAR SHAREHOLDER

Please find enclosed notice of the 2014 Suncorp Group Limited AGM which will be held on Thursday 23 October 2014 in the Ballroom Le Grand, Sofitel, 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 2014. The AGM will be webcast live on [suncorpgroup.com.au](http://suncorpgroup.com.au) and these speeches will also be available on the website. Shareholders may submit specific questions in advance to the Board 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 2013/14 is detailed in the 2013/14 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. The 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 light refreshments with the Board and our Senior Leadership Team 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, flowing style.

**Dr Ziggy Switkowski AO**

Chairman

19 September 2014

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 2013/14 Results

Suncorp Group reported net profit after tax of \$730 million for the year ended 30 June 2014.

Dividends for the year total \$1.05 cents per share, up 40% from 2013.

## RETURNS TO SHAREHOLDERS

In 2013/14 the share price increased almost 14%, outperforming the ASX 200. The Suncorp Group Limited Board declared the payment of a final ordinary dividend of 40 cents per share and a special dividend of 30 cents per share. The total dividend payout for 2013/14 is \$1.05 per share fully franked, an increase of 40%. This demonstrates the Board's commitment to returning capital to shareholders that is in excess of regulatory ratios and surplus to Group operating requirements. Following the payment of dividends, the Group's capital position remains strong.

## FINANCIAL HIGHLIGHTS

The **Group's net profit after tax** was \$730 million and profit after tax from business lines was \$1,330 million. This included a \$496 million non-cash write-down of intangible assets in the Suncorp Life business following a review of claims and lapse assumptions in May 2014. This has not impacted the Group's ability to pay dividends.

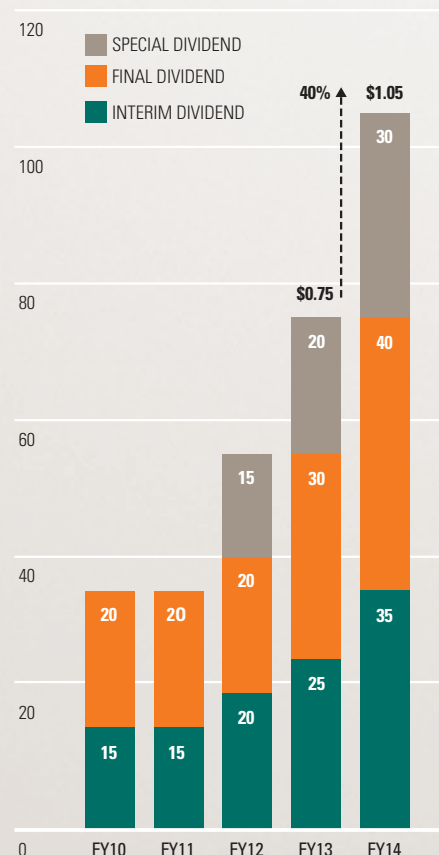
**General Insurance** profit after tax was \$1,010 million. The key drivers were premium growth, favourable natural hazard and investment experience and a continued focus on claims and expense management.

**Suncorp Bank** delivered an after tax profit of \$228 million. The 2013/14 financial year represents a period of transition for Suncorp Bank. It consolidated operations and addressed legacy funding and cost positions related to the former Non-core portfolio, laying the foundations for sustainable, profitable growth.

**Suncorp Life** profit after tax was \$92 million. The result was driven by \$50 million of claims and lapse experience losses. The lower planned profit margin also includes the impact of a renewed reinsurance arrangement and revised assumptions.

## DIVIDENDS (CENTS PER SHARE)

7.5% YIELD BASED ON \$14.00 SHARE PRICE



GROUP NPAT\*

**\$730**  
MILLION

**9 million**

CUSTOMERS IN  
AUSTRALIA AND  
NEW ZEALAND

**\$1.05**

DIVIDEND  
PER SHARE

SUNCORP GROUP LIMITED

**TOP 15**  
ASX-LISTED

\* net profit after tax (NPAT)

# Suncorp Group's Strategy

## A CLEAR STRATEGY DRIVING RESULTS

The Board and executive team's commitment to the *One Company. Many Brands* business model provides clarity of purpose and direction. The focus remains on Australia and New Zealand where the business continues to deliver profitable growth. Suncorp is a simple but modern, low-risk financial services Group focussed on operational efficiencies, cost control and timely investments in systems and product development, to deliver sustainable shareholder returns. Legacy issues such as the Non-core banking portfolio and Life business assumptions have now been resolved and the business is in its strongest position in recent history.

Suncorp's priorities are to:

- continue to simplify the business and extract value through efficiency and cost reduction (simplification), and
- invest benefits created by simplification programs to be more responsive to changing consumer behaviour and in turn deliver greater value to customers and shareholders (differentiation).

## EVOLVING OUR CORPORATE RESPONSIBILITY APPROACH

Suncorp's approach to Corporate Responsibility (CR) promotes the identification and management of key economic, social and environmental challenges and opportunities. It factors into strategy setting, risk management and stakeholder engagement functions.

Suncorp believes that successful companies take an interest in the many people and communities they affect. Those companies will strive to make a positive difference through the way they conduct their business and how they interact with the world around them. CR at Suncorp embodies this way of thinking.

In 2013/14, Suncorp has continued to responsibly manage its businesses in the interest of shareholders, customers and the community. Progress has been made in ensuring products remain affordable and accessible, most recently through a partnership with Good Shepherd Microfinance to deliver a renters' insurance product to low income and disadvantaged

people. Suncorp's employees continue to improve their engagement levels and pride in the company and its contributions. Community support has been extended through grants programs and scholarships for road and community safety initiatives. These are just some of the many examples of CR programs.

## SUNCORP GROUP'S MARKET COMMITMENTS FOR 2014/15

Suncorp Group's 2013/14 results put the Group in a good position to deliver its market commitments in 2014/15.

THE GROUP'S ASPIRATIONAL GROWTH TARGET WAS RESET (PREVIOUSLY 7% TO 9%) IN 2014 TO REFLECT MARKET CONDITIONS. END OF YEAR GROUP GROWTH WAS **5.4%**.

**ON TRACK** TO DELIVER ANTICIPATED SIMPLIFICATION BENEFITS IN 2014/15.

THE TOTAL DIVIDEND PAYOUT RATIO IS **73.6%**, AT THE UPPER END OF THE GROUP TARGET.

Group growth of  
**4% to 6%**  
in 2015

Simplification  
benefits of  
**\$225m**  
in 2015

Meet or beat  
underlying ITR<sup>1</sup>  
of **12%**

Continue to  
return surplus  
capital

**60-80%**  
dividend payout  
ratio

Group RoE<sup>2</sup>  
of **at least 10%**  
in the 2015  
financial year

THE GROUP CONTINUES TO DELIVER, CLOSING THE YEAR WITH **14.3%** UNDERLYING ITR.

FOR THE THIRD SUCCESSIVE YEAR, A **SPECIAL DIVIDEND** HAS BEEN PAID SUPPORTING THE COMMITMENT TO RETURN SURPLUS CAPITAL TO SHAREHOLDERS.

**ON TRACK** TO MEET THE 2014/15 TARGET.

<sup>1</sup> Insurance Trading Ratio (ITR)  
<sup>2</sup> Return on Equity (RoE)

# Notice of 2014 Annual General Meeting

Thursday 23 October 2014

The AGM of Suncorp Group Limited (**the Company**) will be held at 2.30pm (Brisbane time) on Thursday 23 October 2014 in the Ballroom Le Grand, Sofitel, 249 Turbot Street, Brisbane.

## 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 2014.

**Note:** There is no requirement for shareholders to approve these reports.

### 1 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 2014.

**VOTING RESTRICTIONS:** The Company will disregard any votes cast on this resolution by, or on behalf of, a director (other than the Chairman) or other member of the key management personnel (**KMP**, details of whose remuneration are set out in the Remuneration Report) of the Suncorp Group, 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 of the AGM (**Chairman**) may vote on the 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.

### 2 RESOLUTION 2 – GRANT OF PERFORMANCE RIGHTS TO THE COMPANY'S 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 276,839 performance rights under the Suncorp Group Equity Incentive Plan to the Managing Director and Group Chief Executive Officer, Mr Patrick Snowball, 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 Patrick Snowball and any of his associates.

However, the Company need not disregard a vote if it is cast by Mr Patrick Snowball or any other KMP of the Suncorp Group (or a closely related party) 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 Snowball, are eligible to participate in the Suncorp Group Equity Incentive Plan.

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

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

- (a) That Mr William J Bartlett, 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 Ms Audette E Exel, 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 Mr Ewoud J Kulk, being a non-executive director who retires, be re-elected as a director of the Company.

### 4 RESOLUTION 4 – AMENDMENT OF CONSTITUTION

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

That the Constitution of the Company be amended as set out in the document tabled at the Meeting, and described in the Explanatory Memorandum.

By Order of the Board



**A C Lenahan**

Group Executive  
Group General Counsel and Company Secretary

19 September 2014

# 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 (Sydney time) on Tuesday 21 October 2014. 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 (Brisbane time) on Tuesday 21 October 2014 (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 authority under which the attorney was appointed must accompany the shareholder voting form.

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 a Corporate Representative.

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion 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 and 2** 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 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 **Resolutions 1 and 2** by a shareholder entitled to vote on these resolutions **will not be voted** unless shareholders specify how the proxy should vote by ticking '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.

**An Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Shareholders should read these documents in full. This 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 23 October 2014 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 2014 (which are contained in the 2013/14 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 2013/14 Directors' Report and Financial Statements are published on the Suncorp Group website at [suncorpgroup.com.au](http://suncorpgroup.com.au). 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.

## 1

### RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report, as contained in the Company's 2013/14 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, and 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, 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.

## 2

### RESOLUTION 2 – GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

The Board is seeking the approval of shareholders for the grant of 276,839 performance rights under the Suncorp Group Equity Incentive Plan 2014 Long Term Incentive Offer (**Plan**) to the Managing Director and Group Chief Executive Officer (**Group CEO**), Mr Patrick Snowball.

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 that have been 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

On 26 June 2014, the Board approved an award of performance rights with a face value of \$4,000,000 (**Group CEO's performance rights**) as Mr Snowball's long-term incentive (**LTI**) remuneration for the 2015 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. The proposed award of the Group CEO's performance rights has been endorsed by the Board on the recommendation of the Remuneration Committee.



Subject to shareholder approval, the Group CEO's performance rights will be granted to Mr Snowball as soon as practicable following the AGM. The grant of performance rights under the Plan will, subject to the terms and conditions described below, allow Mr Snowball 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 number of performance rights that Mr Snowball will receive is calculated by dividing the face value of the Group CEO's performance rights by the value of a performance right. The value of a performance right for the purpose of this grant is \$14.4488, representing the volume weighted average price of the Company's ordinary shares on the Australian Securities Exchange over the five trading days up to 1 September 2014. Therefore the resulting number of performance rights, rounded down to the nearest whole number, to be granted to Mr Snowball will be 276,839 and represents the maximum number of shares that would be allocated if all vesting conditions are met.

### PERFORMANCE PERIOD

The performance period will begin on 1 October 2014 and will end on 30 September 2017. This aligns with all other Plan offers made to Senior Executives for the 2015 financial year.

### PERFORMANCE MEASURES

The Board has determined that the performance rights to be granted to Mr Snowball (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 Australian Securities Exchange (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 retesting of TSR performance at the end of the performance period if a grant of performance rights is made to Mr Snowball 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 Snowball's employment is terminated for cause. If Mr Snowball's employment is terminated for any other reason, a pro-rata number of performance rights will be forfeited (calculated based on the number of months Mr Snowball did not work during the performance period, as a proportion of the number of months making up the performance period). The balance of 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 Snowball is the only director entitled to participate in the Plan
- there is no loan scheme in relation to the performance rights
- 900,000 performance rights (**Initial Grant**) were granted to Mr Snowball on 1 October 2009 following his commencement of employment with the Suncorp Group, representing his full LTI entitlement for the 2010, 2011 and 2012 financial years:
  - the 900,000 performance rights vest in three equal tranches of 300,000 ordinary shares per tranche subject to the performance measures outlined above, tested over a three to five-year period

# Explanatory Memorandum (continued)

- Mr Snowball accepted the initial vesting of Tranche 1 at 96% on 30 September 2012, resulting in 288,000 shares vesting
- Mr Snowball accepted the initial vesting of Tranche 2 at 100% on 30 September 2013, resulting in 300,000 shares vesting
- the potential vesting date for the performance rights under Tranche 3 is 30 September 2014
- 446,752 performance rights with a value of \$4,000,000 were granted to Mr Snowball on 25 October 2012, following shareholder approval. This grant has a potential vesting date of 30 September 2015. There will be no option to extend the performance period beyond this date, and
- 324,396 performance rights with a value of \$4,000,000 were granted to Mr Snowball on 24 October 2013, following shareholder approval. This grant has a potential vesting date of 30 September 2016. There will be no option to extend the performance period beyond this date.

## BOARD RECOMMENDATION

**The Board, with Mr Snowball abstaining and not voting, recommends that shareholders vote in favour of the resolution to grant 276,839 performance rights under the Plan to the Group CEO.**

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## RESOLUTION 3 – RE-ELECTION OF DIRECTORS

In accordance with the Company's Constitution, at every AGM, one third of the rotation directors (being all directors other than the Managing Director) must retire from office and are eligible for re-election. Accordingly, for the 2014 AGM, two Directors must retire and seek re-election.

Mr William Bartlett and Ms Audette Exel will retire by rotation at the 2014 AGM and, being eligible, have offered themselves for re-election.

In addition, while not required by the Company's Constitution or the ASX Listing Rules, Mr Ewoud Kulk will retire at the 2014 AGM and being eligible, offers himself for re-election. The Board believes it is prudent for

Mr Kulk to offer himself for re-election early in this way, given five of seven current rotation directors would otherwise be required to retire and seek re-election at the 2015 AGM.

Profiles for Mr Bartlett, Ms Exel and Mr Kulk follow.

The Board regularly reviews the independence of each non-executive director and undertakes an annual review, in accordance with the ASX Corporate Governance Council's Principles and Recommendations, the Corporations Act 2001, the Board Charter and the Suncorp Group Conflicts of Interest Policy. The most recent review was undertaken in July 2014. The Board considers all of the current non-executive directors, including each of the directors seeking re-election, to be independent.

## BOARD RECOMMENDATION

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

## DIRECTORS' PROFILES

### MR WILLIAM J BARTLETT



**Mr Bartlett has been a director of the Company since December 2010 (and a director of Suncorp-Metway Limited since July 2003). He is a member of each**

**of the Audit, Risk and Remuneration Committees.**

Mr Bartlett is a director of Reinsurance Group of America Inc., RGA Reinsurance Company of Australia Limited, GWA International Limited and Abacus Property Group. He is also Chairman of the Council of Governors of the Cerebral Palsy Foundation.

Mr Bartlett has 35 years' experience in accounting and was a partner of Ernst & Young in Australia for 23 years, retiring on 30 June 2003. He also has extensive experience in the actuarial, insurance and financial services sectors through membership of many industry and regulatory advisory bodies including the Life Insurance Actuarial Standards Board (1994-2007).

Mr Bartlett is 65, and is a Fellow of the Institute of Chartered Accountants, a Certified Practising Accountant, a Fellow of the Chartered Institute of Management Accountants, and a Member of the Institute of Chartered Accountants (South Africa).

### MS AUDETTE E EXEL



**Ms Exel has been a director of the Company (and of Suncorp-Metway Limited) since June 2012. She is a member of the Risk Committee.**

Ms Exel is a founder of the ISIS Group and Chief Executive Officer of its Australian company, ISIS (Asia Pacific) Pty Limited. She is also co-founder and Chair of The ISIS Foundation and is Vice Chairman of the Board of The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited.

Ms Exel has recently been awarded an honorary Order of Australia for her work with women and children living in extreme poverty in Nepal and Uganda through The ISIS Foundation.

Before establishing ISIS, Ms Exel was Managing Director of Bermuda Commercial Bank (1993-1996), Chairman of the Bermuda Stock Exchange (1995-1996) and was on the board of the Bermuda Monetary Authority, Bermuda's central financial services regulator (1999-2005) and was chair of its Investment Committee.

Prior to joining Bermuda Commercial Bank, Ms Exel practised as a lawyer specialising in international finance. She began her career with Allen, Allen and Hemsley in Sydney, Australia before joining the English firm of Linklaters & Paines in their Hong Kong office.

Ms Exel won the Telstra 2012 Commonwealth Bank NSW Business Owner award and the Telstra 2012 NSW Business Woman of the Year Award.

Ms Exel is 51, and holds a Bachelor of Arts and a Bachelor of Law (Honours). She is called to the Bars of NSW, Australia; England and Wales; and Bermuda.

## MR EWOUT J KULK



**Mr Kulk has been a director of the Company since December 2010 (and a director of Suncorp-Metway Limited since March**

**2007). He is Chairman of the Risk Committee and a member of the Remuneration Committee.**

Mr Kulk is Chairman of AA Insurance (NZ), a director of the Westmead Millennium Institute, a past member of the NSW Council of the Australian Institute of Company Directors and a past president of the Insurance Council of Australia. He has over 25 years' experience in the insurance industry.

Mr Kulk was a director of Promina Group Limited at the date of the merger with the Suncorp Group. He was Managing Director of the Australian General Insurance Group (1994-1998) and was Group Director Asia Pacific for Royal & Sun Alliance Insurance Group plc from March 1998 until his retirement in September 2003.

Mr Kulk is 68, holds a Bachelor of Economics and is a Fellow of the Institute of Company Directors.

## 4

### RESOLUTION 4 – AMENDMENT OF CONSTITUTION

#### WHY DOES THE CONSTITUTION REQUIRE AMENDMENT?

A number of amendments to the Company's Constitution (**Constitution**) are proposed, to ensure that the Constitution reflects current corporate governance standards, and is in accordance with recent amendments to the Corporations Act and the ASX Listing Rules. The proposed amendments are summarised below.

Similar amendments to the Constitution were included in the 2013 Notice of AGM but were not put to the 2013 AGM for shareholder vote. Specific shareholder feedback that was received by the Company in 2013 has been taken into account when drafting proposed amendments for the 2014 AGM. In contrast to the amendments proposed in 2013, the Company does not propose any change to the:

- maximum number of directors from the current number of 13, or
- procedures for written resolutions of directors.

## SUMMARY

### A) BOARD SIZE

It is proposed to amend rule 24.1 of the Constitution to:

- set the minimum number of directors (not counting alternates) at not less than five, compared with a current minimum of seven, and
- remove the existing wording that the Board shall determine the number of directors within the overall range, which is currently inconsistent with recent amendments to the Corporations Act. The Corporations Act requires shareholder approval for any proposal by directors to reduce the number of directors below the maximum number set out in the Constitution.

No change is proposed to the maximum number of directors, which will remain at 13. The Company currently has eight directors.

The reasons for the proposed amendments are to ensure that:

- the Board can still operate effectively if a number of directors leave the Board at the same time. The proposed change is consistent with the constitutions of other publicly listed companies and the Board's current intention is that the number of directors during the normal course of business would sit above this minimum, and
- the Constitution is consistent with the recent amendments to the Corporations Act.

### B) FEE FOR REGISTERING PAPER-BASED TRANSFERS

It is proposed to amend rule 11.3(c) of the Constitution so that the Company may charge a reasonable administrative fee for the registration of a paper-based transfer of shares in the Company, but only if the fee is permitted by the ASX Listing Rules.

The proposed amendment aligns the Constitution with ASX Listing Rule 8.14.1, which allows publicly listed companies to charge a reasonable fee for registering paper-based transfers. The proposed amendment also aligns the Constitution with the constitutions of other publicly listed companies.

The reason for the proposed amendment is to give the Company the flexibility, as permitted by the ASX Listing Rules, to seek to recover reasonable administrative costs incurred by the Company when registering paper-based transfers. The majority of transfers of shares in the Company take place electronically on-market – these transfers will not incur the proposed fee. The ability to impose the proposed fee will apply only to off-market transfers of shares in the Company using paper-based transfer forms.

### C) CLARIFICATION AND CORRECTION OF PROXY DOCUMENTATION

It is proposed to amend rule 19 of the Constitution to enable the Company to:

- seek clarification from a shareholder about any instruction given by that shareholder on a proxy form and to amend the proxy form to reflect any clarification provided to the Company by the shareholder (rule 19.8(a))
- return an incorrectly executed proxy form or power of attorney to the shareholder and request that the shareholder duly execute the proxy form or power of attorney before the meeting (rule 19.8(b)), and
- give shareholders more time to return correctly executed proxy forms or powers of attorney to the Company before the general meeting is held (rules 19.3(b) and 19.8(c)).

The reason for the proposed amendment is to ensure that the intended proxy instructions of shareholders are able to be accurately implemented by the Company. In particular, under the proposed amendment, if a:

- shareholder has not provided clear instructions on the instrument appointing their proxy, or has incorrectly executed the relevant proxy form or power of attorney, the Company can seek to clarify and correct the instructions, proxy form or power of attorney, and
- correction to the proxy form or power of attorney is required, the period of time has been extended in which the corrected proxy form or power of attorney must be received by the Company before the meeting, to allow more time for the shareholder to make these corrections.

# Explanatory Memorandum (continued)

## D) ELECTION OF DIRECTORS

It is proposed to amend rule 24.6 of the Constitution to introduce a requirement that each director (other than the Managing Director) stand for re-election at least every three years. A requirement that at least one director seek re-election at each AGM is maintained.

The reason for the proposed amendment is to ensure consistency with ASX Listing Rule 14.4. The proposed amendment provides that a director's single term cannot exceed three years but does not impose any limit on a director serving multiple terms (that is, a director serving for an overall period of more than three years) provided that the director is re-elected by shareholders for each additional term.

## E) PAYMENT OF DIVIDENDS

It is proposed to amend rule 36.7 of the Constitution to allow the Company to pay dividends into a bank account of the Company where:

- the shareholder has not provided bank details
- the transfer of funds to a bank account nominated by the shareholder is rejected or refunded, or
- the amount is to be paid by cheque, and the shareholder does not have a registered address, or the Company believes that the shareholder is not known at the registered address or the address directed by the shareholder.

If the shareholder subsequently nominates a valid bank account, the Company will arrange payment of the relevant dividend amount into that account.

Further, it is proposed that the Company will have the discretion to invest unclaimed money to acquire further shares in the Company on behalf of the shareholder when no claim has been made within 11 months of the dividend being paid.

The reason for the proposed amendment is to assist in the administration of unclaimed dividend payments.

## F) INDEMNITY AND INSURANCE

It is proposed to amend rule 39 of the Constitution, which provides for the Company's indemnity of, and provision of insurance for, current and past directors, the Company Secretary and other officers (together, **Officers**) of the Company and any Suncorp Group Company.

The proposed amendments are technical and clarifying in nature, for example, they clarify:

- that the indemnity:
  - is enforceable without incurring any expense or making any payment
  - is a continuing obligation, enforceable by an Officer even though they may have ceased to be an Officer
  - applies to liabilities incurred both before and after the adoption of rule 39, and

- that the indemnity and insurance provisions of the Constitution do not affect a person's other rights in relation to a particular liability, do not limit the Company's ability to indemnify or provide or pay for insurance for non-Officers and do not limit the terms of any indemnity arrangements entered into prior to adoption of rule 39.

The reason for the proposed amendment is to reflect amendments to the Corporations Act and to align the indemnity and insurance provisions in the Constitution with the constitutions of other publicly listed companies.

A copy of the Company's existing Constitution and a version of the Constitution with the proposed amendments marked up are available on the Suncorp Group website at [suncorpgroup.com.au](http://suncorpgroup.com.au) or copies can be obtained (free of charge) from Link on 1300 882 012 (+61 2 8767 1219 from outside Australia). A copy of the proposed amended Constitution will also be available at the AGM.

## BOARD RECOMMENDATION

**The Board recommends that shareholders vote in favour of the proposed amendments to the Constitution as set out above.**



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