

Rules 4.7.3 and 4.10.3<sup>1</sup>

## Appendix 4G

### KEY TO DISCLOSURES

### CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

Name of entity

Suncorp Group Limited

ABN / ARBN

66 145 290 124

Financial year ended

30 June 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

This URL on our website: [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance)

The Corporate Governance Statement is accurate and up to date as at 4 August 2015 and has been approved by the board. The annexure includes a key to where our corporate governance disclosures can be located.

Date: 4 August 2015

Name of Director authorising lodgement:



Dr Ziggy Switkowski AO

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

### CORPORATE GOVERNANCE COUNCIL RECOMMENDATION

### WE HAVE FOLLOWED THE RECOMMENDATION IN FULL FOR THE WHOLE OF THE PERIOD ABOVE. WE HAVE DISCLOSED ...

#### PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

<p><b>1.1</b> A listed entity should disclose:</p> <p>a. the respective roles and responsibilities of its board and management; and</p> <p>b. those matters expressly reserved to the board and those delegated to management.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (sections 1.1 and 1.2)</p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (sections 1.1 and 1.2)</p>
<p><b>1.2</b> A listed entity should:</p> <p>a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (sections 1.3, 1.6, 1.9)</p> <p><input checked="" type="checkbox"/> in our Notice of AGM at <a href="http://suncorpgroup.com.au/investors/financial_results_and_presentations">suncorpgroup.com.au/investors/financial_results_and_presentations</a> (available from the end of August 2015)</p>
<p><b>1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (section 1.3)</p> <p><input checked="" type="checkbox"/> in section 2.9 of the Remuneration Report contained within the 2014/15 Directors' Report and Financial Statements at <a href="http://suncorpgroup.com.au/investors/financial_results_and_presentations">suncorpgroup.com.au/investors/financial_results_and_presentations</a></p>
<p><b>1.4</b> The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement (section 3.1)</p> <p><input checked="" type="checkbox"/> in our Suncorp Group <a href="#">Board Charter</a> (page 1)</p>

## CORPORATE GOVERNANCE COUNCIL RECOMMENDATION

## WE HAVE FOLLOWED THE RECOMMENDATION IN FULL FOR THE WHOLE OF THE PERIOD ABOVE. WE HAVE DISCLOSED ...

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.5 A listed entity should:

- a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- b. disclose that policy or a summary of it; and
- c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:
  1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

... the fact that we have a diversity policy that complies with paragraph (a):

in our Corporate Governance Statement (sections 7, 7.2)

... and a copy of our [Equal Employment Opportunity & Diversity Policy](#) or a summary of it:

at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance)

... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:

in our Corporate Governance Statement (section 7.2)

... and the information referred to in paragraphs (c)(1) or (2):

in our Corporate Governance Statement (section 7)

1.6 A listed entity should:

- a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

... the evaluation process referred to in paragraph (a):

in our Corporate Governance Statement (sections 1.3, 1.12)

... and the information referred to in paragraph (b):

in our Corporate Governance Statement (section 1.12)

1.7 A listed entity should:

- a. have and disclose a process for periodically evaluating the performance of its senior executives; and
- b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

... the evaluation process referred to in paragraph (a):

in our Corporate Governance Statement (section 3.3)

... and the information referred to in paragraph (b):

in our Corporate Governance Statement (section 3.3)

in section 2.5, the Remuneration Report, which is contained in the 2014/15 Directors' Report and Financial Statements at [suncorpgroup.com.au/investors/results](http://suncorpgroup.com.au/investors/results)

## CORPORATE GOVERNANCE COUNCIL RECOMMENDATION

## WE HAVE FOLLOWED THE RECOMMENDATION IN FULL FOR THE WHOLE OF THE PERIOD ABOVE. WE HAVE DISCLOSED ...

## PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

- 2.1 The board of a listed entity should:
- have a nomination committee which:
    - has at least three members, a majority of whom are independent directors; and
    - is chaired by an independent director, and disclose:
      - the charter of the committee;
      - the members of the committee; and
      - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
  - if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.
- 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership
- 2.3 A listed entity should disclose:
- the names of the directors considered by the board to be independent directors;
  - if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
  - the length of service of each director.

... the fact that we have a Nomination Committee that complies with paragraphs (1) and (2):

in our Corporate Governance Statement (sections 1.4, 2.1, 2.2)

... and a copy of the charter of the committee:

at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance)

... and the information referred to in paragraphs (4) and (5):

in our Corporate Governance Statement (section 2.2)

in section 2 of the Directors' Report, which is contained in the 2014/15 Directors' Report and Financial Statements at [suncorpgroup.com.au/investors/results](http://suncorpgroup.com.au/investors/results)

... our board skills matrix:

in our Corporate Governance Statement (section 1.6)

... the names of the directors considered by the board to be independent directors:

in our Corporate Governance Statement (section 1.6)

... and, where applicable, the information referred to in paragraph (b):

in our Corporate Governance Statement (section 1.4)

... and the length of service of each director:

in our Corporate Governance Statement (section 1.6)

## CORPORATE GOVERNANCE COUNCIL RECOMMENDATION

## WE HAVE FOLLOWED THE RECOMMENDATION IN FULL FOR THE WHOLE OF THE PERIOD ABOVE. WE HAVE DISCLOSED ...

## PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

2.4 A majority of the board of a listed entity should be independent directors.

... the fact that we follow this recommendation:

in our Corporate Governance Statement (section 1.4)

2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

... the fact that we follow this recommendation:

in our Corporate Governance Statement (section 1.4)

2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

... the fact that we follow this recommendation:

in our Corporate Governance Statement (sections 1.6, 1.7)

## PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

3.1 A listed entity should:

- a. have a code of conduct for its directors, senior executives and employees; and
- b. disclose that code or a summary of it.

... our code of conduct or a summary of it:

a summary of it is in our Corporate Governance Statement (section 6.2)

a copy of the Code of Conduct is at this location [suncorpgroup.com.au/about-us/governance](https://suncorpgroup.com.au/about-us/governance)

## CORPORATE GOVERNANCE COUNCIL RECOMMENDATION

## WE HAVE FOLLOWED THE RECOMMENDATION IN FULL FOR THE WHOLE OF THE PERIOD ABOVE. WE HAVE DISCLOSED ...

## PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 The board of a listed entity should:

a. have an audit committee which:

1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

2. is chaired by an independent director, who is not the chair of the board,

and disclose:

3. the charter of the committee;

4. the relevant qualifications and experience of the members of the committee; and

5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

... the fact that we have an Audit Committee that complies with paragraphs (1) and (2):

in our Corporate Governance Statement (sections 2.2, 9.1)

... and a copy of the charter of the committee:

at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance)

... and the information referred to in paragraphs (4) and (5):

in our Corporate Governance Statement (sections 1.6, 9.1)

and in section 2 of the Directors' Report, which is contained in the 2014/15 Directors' Report and Financial Statements at [suncorpgroup.com.au/investors/results](http://suncorpgroup.com.au/investors/results)

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

... the fact that we follow this recommendation:

in our Corporate Governance Statement (section 9.4)

4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

... the fact that we follow this recommendation:

in our Corporate Governance Statement (section 9.5)

## CORPORATE GOVERNANCE COUNCIL RECOMMENDATION

## WE HAVE FOLLOWED THE RECOMMENDATION IN FULL FOR THE WHOLE OF THE PERIOD ABOVE. WE HAVE DISCLOSED ...

## PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

- 5.1 A listed entity should:
- have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
  - disclose that policy or a summary of it.

... our continuous disclosure compliance policy or a summary of it:

- in our Corporate Governance Statement (section 8.1) we enclose a summary
- at [suncorpgroup.com.au/about-us/governance](https://suncorpgroup.com.au/about-us/governance) we provide the Disclosure Policy

## PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

- 6.1 A listed entity should provide information about itself and its governance to investors via its website.
- 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.
- 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.
- 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

... information about us and our governance on our website:

- at these locations:
- [suncorpgroup.com.au/about-us/who-we-are](https://suncorpgroup.com.au/about-us/who-we-are)
- [suncorpgroup.com.au/about-us/governance](https://suncorpgroup.com.au/about-us/governance)
- [suncorpgroup.com.au/about-us/our-history](https://suncorpgroup.com.au/about-us/our-history)

... the fact that we follow this recommendation:

- in our Corporate Governance Statement (sections 8.3, 8.4 and 8.5)

... our policies and processes for facilitating and encouraging participation at meetings of security holders:

- in our Corporate Governance Statement (section 8.5)

... the fact that we follow this recommendation:

- in our Corporate Governance Statement (sections 8.3 and 8.4)

## CORPORATE GOVERNANCE COUNCIL RECOMMENDATION

## WE HAVE FOLLOWED THE RECOMMENDATION IN FULL FOR THE WHOLE OF THE PERIOD ABOVE. WE HAVE DISCLOSED ...

## PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

7.1 The board of a listed entity should:

- a. have a committee or committees to oversee risk, each of which:
  1. has at least three members, a majority of whom are independent directors; and
  2. (2) is chaired by an independent director,
 and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

... the fact that we have a Risk Committee that complies with paragraphs (1) and (2):

- in our Corporate Governance Statement (sections 2.2, 5.4)
- ... and a copy of the charter of the committee:
- at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance)
- ... and the information referred to in paragraphs (4) and (5):
- in our Corporate Governance Statement (section 2.2 and 5.4)
  - and in section 2 of the Directors' Report, which is contained in the 2014/15 Directors' Report and Financial Statements at [suncorpgroup.com.au/investors/results](http://suncorpgroup.com.au/investors/results)

7.2 The board or a committee of the board should:

- a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b. disclose, in relation to each reporting period, whether such a review has taken place

... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:

- in our Corporate Governance Statement (section 5.2)
- ... and that such a review has taken place in the reporting period covered by this Appendix 4G:
- in our Corporate Governance Statement (section 5.4)

7.3 A listed entity should disclose:

- a. if it has an internal audit function, how the function is structured and what role it performs; or
- b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

... how our internal audit function is structured and what role it performs:

- in our Corporate Governance Statement (introduction; sections 5.2 and 9.2) and on the website at [suncorpgroup.com.au](http://suncorpgroup.com.au)

7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:

- at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports), specifically in the corporate responsibility disclosures contained in the 2014/15 Annual Review, section 5 of the Corporate Governance statement, the 2014/15 Directors' Report and Financial Statements (specifically Note 30) and the risk management disclosures at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance)



## CORPORATE GOVERNANCE COUNCIL RECOMMENDATION

## WE HAVE FOLLOWED THE RECOMMENDATION IN FULL FOR THE WHOLE OF THE PERIOD ABOVE. WE HAVE DISCLOSED ...

## PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

- 8.1 The board of a listed entity should:
- a. have a remuneration committee which:
    1. has at least three members, a majority of whom are independent directors; and
    2. is chaired by an independent director,
 and disclose:
    3. the charter of the committee;
    4. the members of the committee; and
    5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
  - b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
- 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.
- 8.3 A listed entity which has an equity-based remuneration scheme should:
- a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
  - b. disclose that policy or a summary of it.
- ... the fact that we have a Remuneration Committee that complies with paragraphs (1) and (2):
- in our Corporate Governance Statement (sections 2.2, 4.1)
- ... and a copy of the charter of the committee:
- at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance)
- ... and the information referred to in paragraphs (4) and (5):
- in our Corporate Governance Statement (sections 2.2, 4.1)
  - and in section 2 of the Directors' Report, which is contained in the 2014/15 Directors' Report and Financial Statements at [suncorpgroup.com.au/investors/results](http://suncorpgroup.com.au/investors/results)
- ... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:
- in our Corporate Governance Statement (sections 4.2, 4.3)
  - and in sections 2 and 3 of the Remuneration Report, which is contained in the 2014/15 Directors' Report and Financial Statements at [suncorpgroup.com.au/investors/results](http://suncorpgroup.com.au/investors/results)
- ... our Securities Trading Policy or a summary of it:
- in sections 2.2 and 2.7 of the Remuneration Report which is contained in the 2014/15 Directors' Report and Financial Statements at [suncorpgroup.com.au/investors/results](http://suncorpgroup.com.au/investors/results)
  - our Corporate Governance Statement (section 6.1)
  - our Securities Trading Policy can be found at this location: [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance)

SUNCORP GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT  
2014 / 15

One Company  
Many Brands



Leaner.  
Faster.  
Smarter.



## 2014/15 Corporate Governance Statement

Welcome to the Corporate Governance Statement (**Statement**) for Suncorp Group Limited (**Suncorp Group, Group or Company**) approved by the Suncorp Group Board of Directors (the **Board**). This Statement reports on Suncorp Group's corporate governance policies and practices and also highlights where related governance documents are located on the website at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance).

The representations made in this Statement are accurate as at 4 August 2015. The information in this Statement should not be taken as an offer of securities, or an invitation to apply for the purchase of securities, in the Company. Terms that are defined in this Statement appear in bold the first time they are used.

### 2014/15 key areas of focus and achievements

- › Significant advancements made in risk based capital management, as well as further progress with risk management systems including the Basel II Advanced program. Group-wide financial risk management has also been enhanced
- › Developed a revised Group Diversity and Inclusion Strategy, including the implementation of a number of important initiatives relating to gender, age, inclusion, Indigenous engagement, disability and workplace flexibility
- › Created a comprehensive Board Skills Matrix to assist with non-executive director education, development and recruitment
- › Key Board changes include Mr Michael Cameron's appointment as incoming Managing Director and Group CEO by October 2015 and Ms Christine McLoughlin's appointment as a non-executive director in February 2015

## INTRODUCTION

Suncorp Group Limited ranks in the top 20 companies in the S&P/ASX 100 Index. Its operations in Australia and New Zealand include a general insurance business; Suncorp Bank – a licensed Australian bank; and a specialist life insurer. It employs some 14,500 employees and services more than nine million customers.

Detailed information about the Company's business activities is at [suncorpgroup.com.au](http://suncorpgroup.com.au).

The Board believes high standards of corporate governance are essential for sustainable long-term performance and creating value for shareholders. The Board is committed to delivering a robust governance system and fosters a culture that values ethical behaviour and integrity.

Suncorp Group complies with the *Corporations Act 2001* (**Corporations Act**), the ASX Listing Rules, and the third edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASXCGC Principles and Recommendations**). As an APRA-regulated entity, the Company also complies with the governance requirements prescribed by APRA under Prudential Standard CPS 510 *Governance*.

## SUNCORP GROUP GOVERNANCE FRAMEWORK

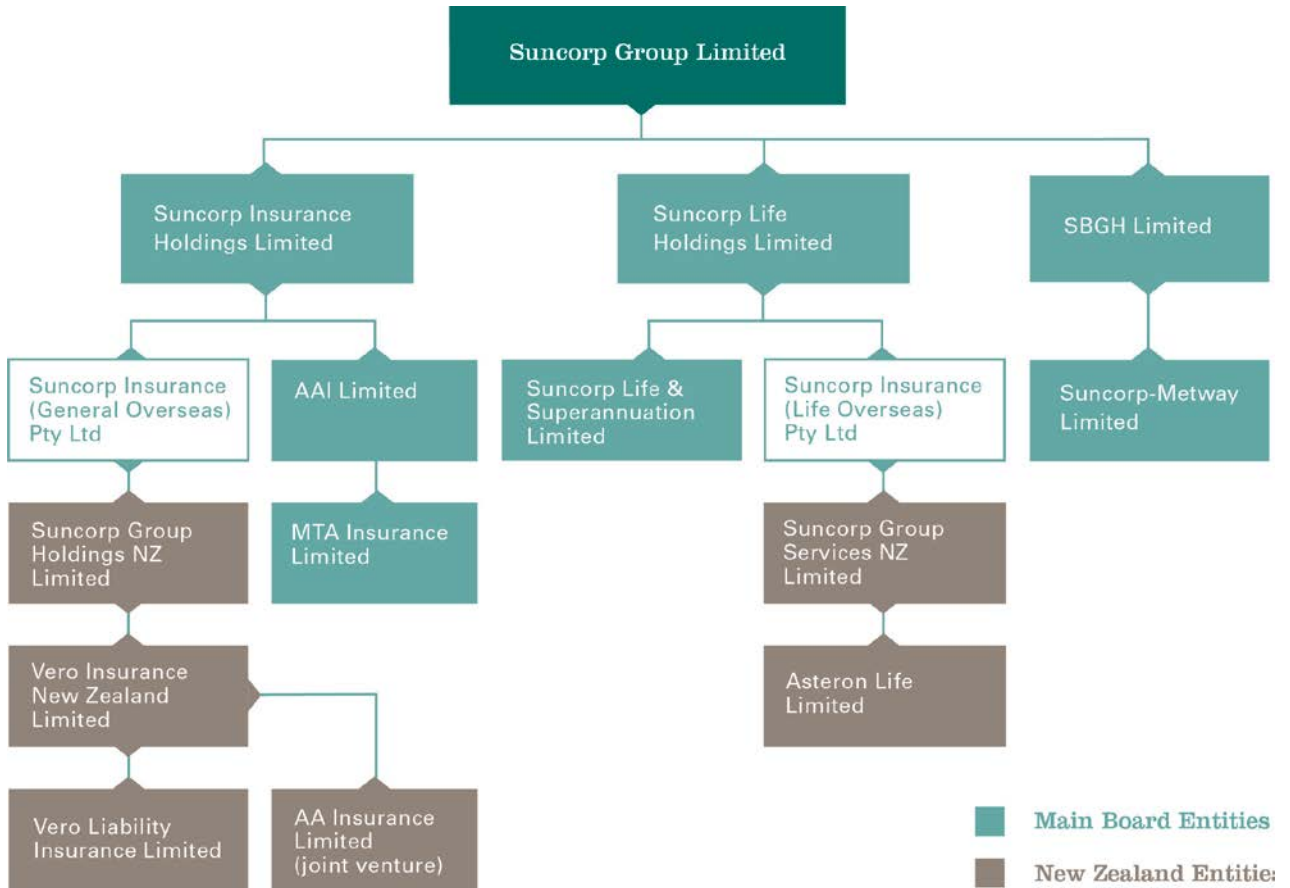
The Board is responsible for the governance framework which operates under Board-approved policies, charters and practices. The Board committees help the Board fulfil its governance role.

The Board and its committees regularly review the Company's governance framework and associated practices to ensure they keep pace with regulatory change. The Board and committee charters were reviewed during the year; such a review is done regularly to ensure consistency and accuracy.

The governance framework is illustrated in the following diagram.



The Company's corporate structure is illustrated below.





## 1. SUNCORP GROUP BOARD AND BOARD DELEGATIONS

### 1.1.

#### THE BOARD'S ROLE

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

In summary, the Board is ultimately responsible for the sound and prudent management of the Company. This includes:

- representing shareholders and policy holders, accounting for performance and delivering long-term value
- approving the strategic direction of the Company
- monitoring and guiding management
- appointing the Group CEO and determining Group CEO succession
- overseeing effective governance, and
- ensuring the Company's long-term financial soundness.

The Board directs management in the execution of business objectives, strategies and financial performance. Other than the responsibilities specifically reserved for the Board and its committees in their respective charters, responsibility for management of day-to-day business activities is delegated to the Suncorp Group Managing Director and Group Chief Executive Officer (**Group CEO**), Mr Patrick Snowball<sup>1</sup>, who is accountable to the Board. The Board and the Group CEO are supported by the Senior Leadership Team (**Senior Executives**) who report to the Group CEO.

The [Constitution](#), the [Board Charter](#) and Board committee charters are available at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance). The Board regularly reviews the Board Charter and the delegation of Board authority to the Group CEO.

### 1.2.

#### BOARD AND MANAGEMENT RESPONSIBILITIES

Specific functions and responsibilities are formally delegated to management by the Board. A summary of the Board's principal responsibilities and the functions delegated to management is summarised in the table below.

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

<sup>1</sup> On 14 April 2015, Suncorp Group announced that Mr Michael Cameron will succeed Mr Snowball as Group CEO by October 2015.

## BOARD OF DIRECTORS Summary of principal responsibilities

### APPROVE

- › Strategic direction, the Risk Appetite Statement and related objectives for Suncorp Group
- › annual budgets, dividend policy and dividend payments
- › major operating and capital expenditure and credit facilities in excess of the limits delegated to management
- › determine the Group CEO's level of authority in respect of operating and capital expenditure and credit facilities and authorise the Group CEO's further delegation of those authorities to management
- › appointment/removal of the Group CEO, Company Secretary and Senior Executives

- › remuneration of the Group CEO and Senior Executives, including measures of performance and targets
- › Group CEO and executive succession planning.

### REVIEW/APPROVE:

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

- › the Enterprise Risk Management Framework and risk management strategies.

### MONITOR:

- › Suncorp Group financial performance and Senior Executive performance in implementation and achievement of strategic and business objectives
- › processes whereby business risks are identified and approve systems and controls to manage those risks and monitor compliance.

## MANAGEMENT

### Summary of functions the Board has delegated to management

- › Develop corporate strategies and business plans in consultation with directors and implement the corporate strategies approved by the Board
- › Make recommendations to the Board on significant strategic and business initiatives
- › Develop an annual budget for the Board's consideration

- › and conduct Suncorp Group's business activities within the approved budget limits
- › Make recommendations to the Board or relevant Board committee on appointments to Senior Executive roles
- › Develop and maintain succession plans for senior management roles

- › Develop and maintain risk management systems and frameworks as approved by the Board or Risk Committee
- › Manage the business in accordance with regulatory and legislative requirements and within Suncorp Group's approved policy and procedures framework.

## 1.3.

### BOARD COMPOSITION, STRUCTURE AND LETTERS OF APPOINTMENT

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

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

The [Board Charter](#) sets out the quorum for meetings.

The composition of the Board is subject to review in a number of ways:

- The Company's Constitution provides that an election of directors must take place each year. In addition, it provides that no director (excluding the Group CEO), may retain office for more than three years or until the third Annual General Meeting (AGM) following the director's appointment, whichever is the longer.
- Directors' re-election is not automatic as it is subject to assessment by the Nomination Committee. In a statement accompanying the next AGM Notice, the Board confirms to shareholders whether it supports a retiring director's re-election.
- The Nomination Committee reviews the Board's composition periodically in line with the Board Renewal Policy, either when a vacancy arises, or as part of ongoing Board succession planning.
- The Board is committed to a continuing process of Board renewal and assessing its performance. The annual Board appraisal includes an assessment of future requirements in relation to Board composition and overall Board performance. The Board appraisal process is explained in section 1.12.

Suncorp Group has formal letters of appointment in place with all non-executive directors setting out the terms of their appointment.

## 1.4.

### BOARD AND BOARD CHAIRMAN INDEPENDENCE

The Board Charter stipulates a majority of the Board must be independent, non-executive directors. The Board regularly reviews the independence of each non-executive director and, in June 2015, completed an independence assessment in accordance with the ASXCGC Principles and Recommendations.

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

The Board considers all its non-executive directors to be independent, with the exception of Mr Michael Cameron<sup>1</sup> who has been appointed to succeed Mr Patrick Snowball as Group CEO by October 2015.

Mr William Bartlett has served as a non-executive director of the parent company of the Group for 12 years. The Board values having an appropriate mix of longer serving directors who know the history of Suncorp Group and considers that Mr Bartlett remains independent.

The Board Chairman, Dr Zygmunt Switkowski AO, is elected from the independent non-executive directors in accordance with the Board Charter. The Board Chairman plays a pivotal governance role, is the chair of the Nomination Committee and is an ex officio member of all Board Committees. Dr Switkowski will have served as a non-executive director of the parent company of the Group for 10 years in September 2015. The Board values the Chairman's deep understanding of the Group and considers that Dr Switkowski remains independent.

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

Further information about Mr Bartlett and Dr Switkowski is in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).

<sup>1</sup> Mr Michael Cameron was an independent non-executive director until 14 April 2015 when he was appointed to succeed Group CEO Mr Patrick Snowball, by October 2015.

## 1.5.

### DIRECTORS' CONFLICTS OF INTEREST

The Corporations Act contains requirements for dealing with conflicts of interest.

To ensure the appropriate management of any actual, potential or perceived conflict of interest, the Board has adopted the following procedures:

- directors have a continuing obligation to keep the Board advised of any interest that has arisen that could potentially conflict with those of the Suncorp Group
- where a director has an actual, potential or perceived conflict in a matter being considered by the Board, the director will:
  - declare that conflict of interest
  - not receive the relevant Board papers
  - not be present at the meeting when the matter is considered
  - not participate in any decision on the matter,unless the Board Chairman (or if the relevant director is the Board Chairman, either the Board Risk Committee Chairman or the Board Audit Committee Chairman) determines otherwise. However, in the case of a material personal interest, the level of involvement of the relevant director will be determined by the Board (excluding the relevant director).

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

## 1.6.

### DIRECTORS' SKILLS AND EXPERIENCE

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

#### Current Board profile

The Board members, including some who are also directors of other ASX-listed companies, have a broad and diverse range of experience and skills across a number of business areas.

The Board has recently identified the key skills, experience and qualities required for the effective management of the business, both now and into the future. These attributes are outlined in the following table:

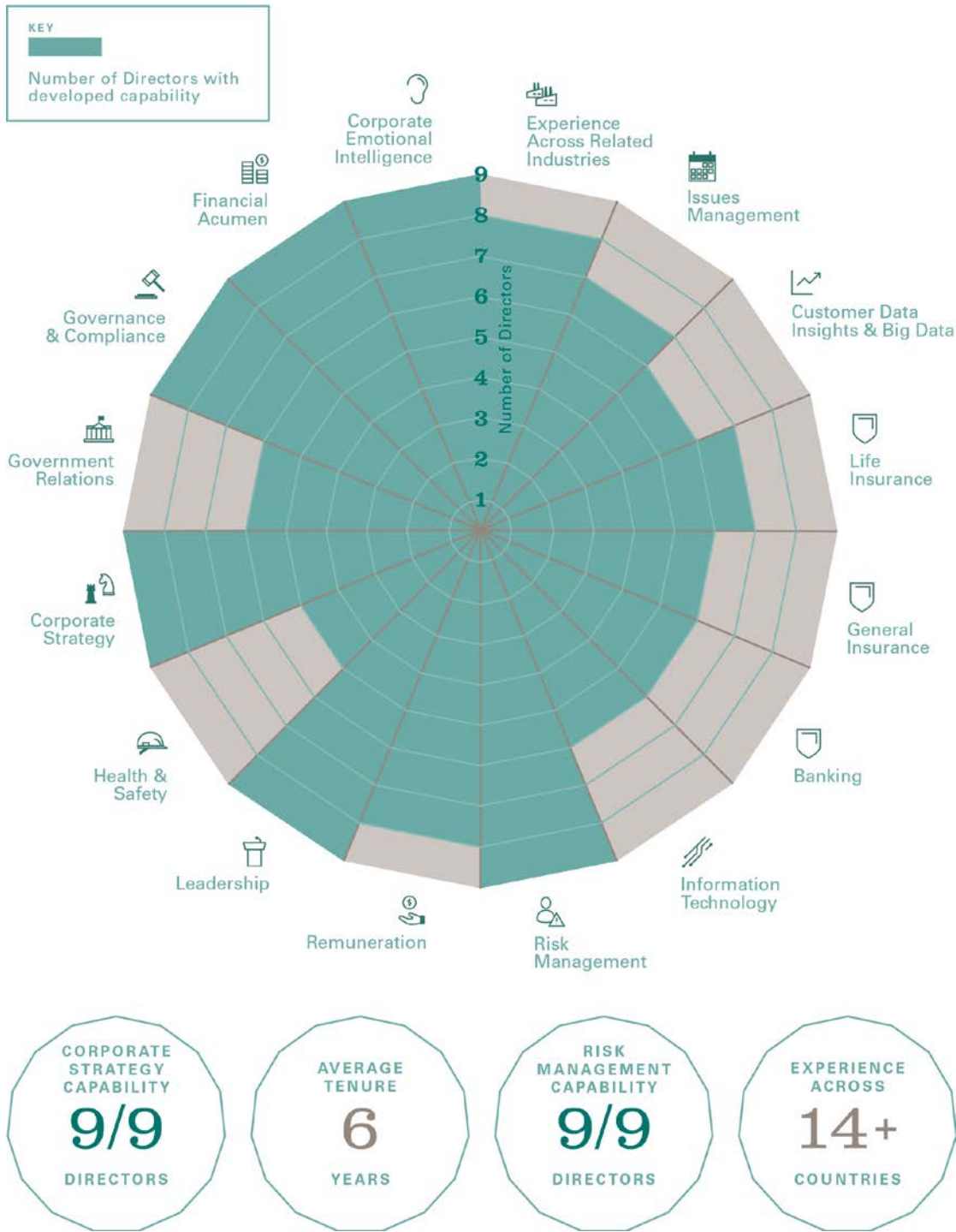




### Board Skills Matrix

These skills and experience have been incorporated into a robust Board Skills Matrix that will be used to provide targeted learning and development initiatives and when selecting and recruiting new directors to join the Board.

The diagram below demonstrates the number of current directors with a 'developed' level of capability. A 'developed' capability means that a director has an advanced level of proficiency that can be contributed to the Board, by drawing upon the director's previous experience.



**Other skills and experience**

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

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

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

## Current directors

The names of the current directors, together with details of their qualifications, term in office and independent status are set out in the table below.

More detailed biographies of directors may be found in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).

NAME OF DIRECTOR	TERM IN OFFICE	QUALIFICATIONS	STATUS
Dr Zygmunt Switkowski AO (Board Chairman)	9 years, 11 months	BSc (Hons), PhD, FAA, FAICD, FTSE	Independent
Mr William Bartlett	12 years, 1 month	FCA, CPA, FCMA, CA (SA)	Independent
Mr Michael Cameron	3 years, 3 months	FCPA, FCA, FAICD	Non-independent <sup>1</sup>
Ms Audette Exel AO	3 years, 1 month	BA, LLB (Hons)	Independent
Mr Ewoud Kulk	8 years, 5 months	BEcon, FAICD	Independent
Ms Christine McLoughlin	6 months	BA, LLB (Hons), FAICD	Independent
Dr Douglas McTaggart	3 years, 3 months	BEcon (Hons), MA, PhD, DUniv	Independent
Mr Geoffrey Ricketts CNZM	8 years, 5 months	LLB (Hons)	Independent
Mr Patrick Snowball	5 years, 11 months	MA, Hon. LL.D	Executive

## 1.7.

### DIRECTOR INDUCTION AND EDUCATION

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

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

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

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

<sup>1</sup> Mr Michael Cameron was an independent non-executive director until 14 April 2015 when he was appointed to succeed Group CEO Mr Patrick Snowball, by October 2015.

## 1.8.

### BOARD RENEWAL AND SUCCESSION PLANNING

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

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

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

Statements on the Board Renewal Policy and factors relevant in making its decisions are set out in the [Board Charter](#).

## 1.9.

### FIT AND PROPER POLICY

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

Directors are formally assessed against this policy annually and on appointment to confirm that they are of good standing, possess and have maintained the necessary expertise and skills required to fulfil their roles as directors of the Company and the other APRA-regulated main Board entities within Suncorp Group.

## 1.10.

### MEETINGS OF THE BOARD

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

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

The Board held 11 meetings in 2014/15 and two strategic planning sessions. Details of directors' attendance at those meetings are disclosed in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).

## 1.11.

### DIRECTORS' ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors have unrestricted access to internal records and to senior management, and receive regular financial and operational reports.

Each director has entered into a deed that provides for access to documents, in certain circumstances, following their retirement as a director.

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

## 1.12.

### BOARD APPRAISAL

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

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

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

Senior Executives may be asked to provide feedback on the Board's performance.

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

During 2014/15, a self-assessment was conducted of the Board and its committees, led by the Board Chairman. This process included a determination of the current skills and experience across the Board and the implementation of the Board Skills Matrix.

## 1.13.

### MINIMUM SHAREHOLDING REQUIREMENT

To align directors' and shareholders' interests, in October 2013 the Company introduced a minimum shareholding requirement for directors. Senior Executives are also subject to a minimum shareholding requirement.

More information on the minimum shareholding requirements is included in the Remuneration Report in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).

## 2. BOARD COMMITTEES

### 2.1.

#### FOUR BOARD COMMITTEES

The Board has established the following committees:

- Nomination Committee
- Remuneration Committee
- Risk Committee
- Audit Committee.

Each committee's charter sets out its role, responsibilities, composition and structure. All charters are available at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance). The Board appoints other sub-committees from time to time to deal with projects relating to the conduct of Suncorp Group's various activities. The Board committees play a crucial part in the governance framework. The Board regularly reviews and approves the committee charters, chairmanship and membership.

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



## 2.2.

## COMPOSITION AND RESPONSIBILITIES OF BOARD COMMITTEES



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

The number of committee meetings held during the year and details of directors' attendance at those meetings are disclosed in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).

### 3. SENIOR EXECUTIVES

The Board and the Group CEO are supported by the Senior Executives who report to the Group CEO. The Senior Executives<sup>1</sup> at the date of this Statement are:



#### 3.1.

#### COMPANY SECRETARY

Ms Anna Lenahan is Group General Counsel and Company Secretary with overall responsibility for the legal and company secretarial functions and is directly accountable to the Board, through the Board Chairman, for all governance matters that relate to the Board's proper functioning. Ms Lenahan has extensive legal experience, including within private practice, and was appointed Company Secretary in March 2011.

Mr Darren Solomon was appointed Company Secretary in August 2010, having been Company Secretary of Suncorp-Metway Limited since March 2010. Mr Solomon has more than 25 years' legal and company secretarial experience within banking and financial services.

<sup>1</sup> On 29 June 2015, Suncorp Group announced that Geoff Summerhayes would step down from the CEO Suncorp Life role on 30 September 2015 and that Gary Dransfield would take up the appointment of interim CEO Suncorp Life. It was also confirmed that Paul Smeaton would be appointed CEO Vero New Zealand from 14 September 2015.

### 3.2.

#### SENIOR EXECUTIVE INDUCTION AND EDUCATION PROCESSES

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

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

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

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

### 3.3.

#### EVALUATION OF SENIOR EXECUTIVES

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

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

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

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

The Senior Executive performance assessments for the financial year ended 30 June 2015 were conducted in accordance with the arrangements described above.

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

## 4. REMUNERATION SYSTEM – STRENGTHENING THE LINK BETWEEN PERFORMANCE AND REWARD

Suncorp Group is committed to a fair and responsible executive remuneration framework.

Executives are remunerated in a way that reflects their performance in relation to the delivery of corporate strategy and superior financial performance. With a significant portion of executives' remuneration 'at risk', this strengthens the alignment of executive reward with the interests of shareholders.



## 4.1.

### REMUNERATION COMMITTEE – COMPRISES INDEPENDENT BOARD MEMBERS

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policy and governance, including executive remuneration arrangements.

The Remuneration Committee, which met five times during 2014/15:

- consists of four independent non-executive directors including the Board Chairman, Dr Zygmunt Switkowski AO, as an ex officio member
- has Mr Ewoud Kulk and Ms Christine McLoughlin among its members, both of whom have an extensive understanding of risk management, which is an important consideration in remuneration governance
- is chaired by Mr William Bartlett, an independent non-executive director with extensive experience in remuneration practices.

The Remuneration Committee consults experts and investors on the appropriateness of Suncorp Group's remuneration arrangements. The Committee Chair and the Group Executive, Human Resources, also meet with a number of institutional shareholders during the financial year to discuss the remuneration framework, strategy and policy and to seek feedback on the Remuneration Report.

A summary of the key responsibilities of the Remuneration Committee is set out in section 2.2. The Remuneration Committee Charter is available at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance).

## 4.2.

### REMUNERATION REPORT

The Remuneration Policy and structures in place for executives and directors, including full details of directors' and executives' benefits and interests, are explained in the Remuneration Report. The Remuneration Report also clearly discloses:

- what drives remuneration for executives
- the processes for evaluating the performance of the Group CEO and Senior Executives and the results of those evaluations
- the variability of long-term incentives from year to year depending on vesting conditions related to the performance measure for long-term incentives, which is relative total shareholder return
- how incentives are deferred and subject to clawback provisions
- how the remuneration structure clearly distinguishes between non-executive director and executive remuneration.

The Remuneration Report forms part of the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports). The Remuneration Report is put before shareholders for adoption at each AGM.

## 4.3.

### EXECUTIVE AND NON-EXECUTIVE DIRECTORS' REMUNERATION

The Company's Constitution contains provisions about the remuneration of directors.

As remuneration for their services, the non-executive directors are paid an amount of remuneration determined by the Board, subject to a maximum annual aggregate amount determined by shareholders in a general meeting. This aggregate amount has been set at \$3,500,000. Directors (other than the Board Chairman) are also paid additional remuneration for their service on Board committees.

These fees are disclosed in the Remuneration Report in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).

The Remuneration Report also contains information on the contractual arrangements of the current Group CEO, executive director Mr Patrick Snowball, and those of his successor Mr Michael Cameron.

#### 4.4.

### RELATED PARTY TRANSACTIONS

Transactions which involve a Suncorp Group entity giving a financial benefit to a director or Senior Executive or their related party or related entity are disclosed in the Remuneration Report in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).

#### 4.5.

### DIRECTORS' AND SENIOR EXECUTIVES' EQUITY SHAREHOLDINGS

As part of the Company's long-term incentive plan, the Group CEO and Senior Executives may receive performance rights (to ordinary shares in the Company) that vest subject to total shareholder return performance hurdles being met.

All directors' and Senior Executives' shareholdings are disclosed in the Remuneration Report in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).

Non-executive directors do not participate in any long-term incentive plan.

## 5. RISK: ENABLING BUSINESS AT SUNCORP

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

The Board and management recognise that an effective system of risk management plays a critical role in the setting and achievement of Company objectives.

This recognition has led to the development of:

- a risk management framework where the business owns its own risk decisions
- an independent risk management function that advises and challenges the business in its risk taking, and
- a robust 'risk appetite' that clearly sets out the nature and degree of risk the Board is willing to accept in pursuit of Suncorp Group's business objectives.

#### 5.1.

### RISK MANAGEMENT HIGHLIGHTS IN 2014/15

From 1 July 2014, the Group Chief Risk Officer assumed ultimate responsibility for all risk functions in the Group. This change enhances the independence of the risk function, its challenge and oversight of business unit risk taking and ensures that an enterprise view of risk is adopted.

During 2014/15, initiatives implemented to enhance sustained performance and risk/return decisions include:



Further information is available in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports) and in the Risk Management section on the Group [website](#).

## 5.2.

### SUNCORP GROUP ENTERPRISE RISK MANAGEMENT FRAMEWORK (ERMF)

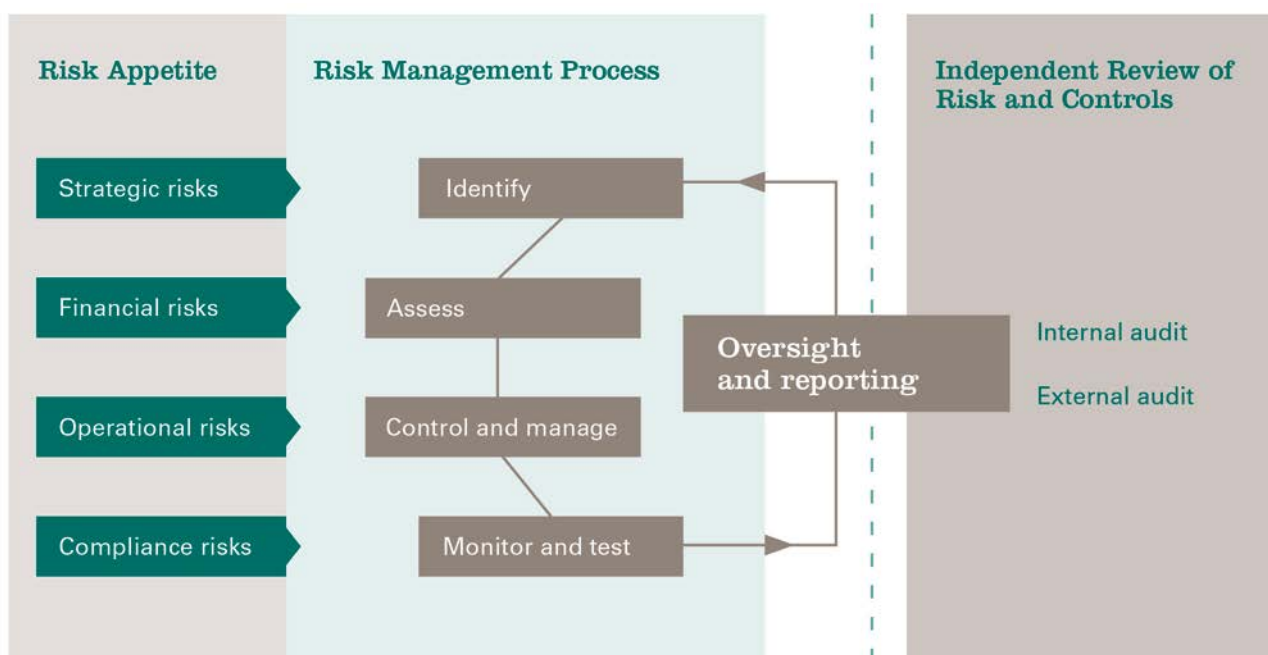
The risk function operates within an enterprise risk management framework (ERMF). The ERMF lays the foundation for all risk management and demonstrates Suncorp's commitment to effective risk management as a key element of business success. The ERMF will continue to evolve with the Group's strategy and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

As the foundation for risk management, the ERMF:

- brings to life the Board-approved Risk Management Policy
- links risk appetite to strategic business and capital plans
- supports a risk-aware culture
- sets out accountabilities and governance arrangements for the management of risk within the 'three lines of defence' risk management model
- enables business risk based decision-making.

The ERMF was reviewed in 2014/15, including by the external and internal audit teams to satisfy the Board that it continues to be sound. Internal Audit independently tests and verifies the efficacy of risk standards and compliance, validates the overall risk framework and provides assurance it is functioning as designed. Internal Audit provides written reports to both the Audit and the Risk Committees. (Refer also to section 9.2.)

At a management level, risk management committees form an important part of the risk accountabilities model, with a number of committees comprising executive representation from both Suncorp Group and business units. These risk management committees perform a valuable role in bringing together key subject matter experts to monitor and oversee elements of the ERMF.



Suncorp Group's organisational design shapes how risk is managed and is based on three principles:

1. Each line of business has 'end-to-end' accountability for all aspects of the business, including those risks managed by service providers.
2. Individuals are responsible for their actions and decisions.
3. Structures and processes are simplified, to make it easier to manage the business and related risks.

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



### 5.3.

#### RISK CULTURE

The Board recognises that an effective risk management framework requires a positive risk culture within the business with clear ownership and accountability for risk. As a leading provider of financial services in Australia and New Zealand, it is essential that employees understand their accountabilities and expected standards of conduct.

The Group's risk culture is enhanced and enforced through the Code of Conduct and the leadership framework, as well as remuneration policies which look to recognise and reward behaviours that reflect our risk culture and where required, have appropriate consequences for undesirable behaviour.

### 5.4.

#### RISK COMMITTEE – COMPRISES INDEPENDENT BOARD MEMBERS

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

The Risk Committee, which met five times during 2014/15:

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

The Risk Committee undertook a review of the ERMF during 2014/15 and takes primary responsibility for ensuring the Board-approved ERMF constitutes an appropriate and effective framework for risk management. The Committee reviews annually and endorses the ERMF for Board approval, and also ensures that the supporting policies, internal controls and processes are sound and working as intended. Significant changes to the ERMF, risk appetite, and risk management policies are also endorsed or approved by the Committee.

A summary of the key responsibilities of the Risk Committee is set out in section 2.2. The Risk Committee Charter is available at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance).

## 6. GOVERNANCE POLICIES OF GENERAL APPLICATION THROUGHOUT SUNCORP GROUP

### 6.1.

#### DEALINGS IN COMPANY SECURITIES

The Board has adopted a Securities Trading Policy that prohibits directors and all employees from trading in Suncorp securities at any time while in possession of price-sensitive information. In addition, directors and prescribed persons are prohibited from trading in Suncorp securities at certain times surrounding the release of the Company's half-year and annual financial results to the ASX and the date of the AGM.

Approval to trade in Suncorp securities is coordinated by the Company Secretariat team who are also responsible for reporting all transactions by directors and prescribed persons to the Board.

All executed trading in Suncorp securities by directors and prescribed persons is reported to the Suncorp Group Board in a timely manner. In accordance with the provisions of the Corporations Act and the ASX Listing Rules, the ASX is advised promptly of any director's transactions in Suncorp securities.

The Securities Trading Policy is made available to directors via the Company Secretariat team and employees through the intranet site. The Securities Trading Policy is available at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance). As part of this policy, directors must not enter into a transaction that is designed to limit the economic risk of a holding in unvested Suncorp securities (i.e. a hedging transaction).

### 6.2.

#### CODE OF CONDUCT

The Code of Conduct outlines the standards of behaviour expected of all directors, executives, management and employees. In addition to the Code of Conduct, the main business activities are also subject to a number of industry codes such as the General Insurance Code of Practice and the Banking Code of Conduct.

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

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

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

## 7. DIVERSITY, INCLUSION AND FLEXIBILITY

Suncorp is passionate about increasing the diversity of its workforce and building an inclusive culture. This focus helps attract the best talent and provides an environment for people to perform their best work and deliver great outcomes for our customers.

The approach to diversity and inclusion provides a source of competitive advantage. It brings new ideas and perspectives which increase the ability to better understand customers, innovate, remove barriers, effectively manage risk and consequently drive business growth – all part of making a more agile and resilient business.

Suncorp recognises the role that flexible working arrangements play in attracting and retaining a talented and diverse workforce. Suncorp offers an extensive range of flexible working provisions and continues to look for opportunities to help our people to better manage their lifestyle options.

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

## 7.1.

### LEADERSHIP, GOVERNANCE AND STRATEGY

Diversity, inclusion and flexibility at Suncorp have the highest level of commitment and support. The Group CEO chairs the Diversity Council which oversees diversity strategy and policy and monitors progress against agreed objectives. The Diversity Council meets quarterly and the Board also receives quarterly progress updates. The Senior Leadership Team reviews progress against key diversity measures on a monthly basis to agree any actions to be taken, specific to each business unit.

Within the last year, a number of business unit Diversity and Inclusion Councils have been established as forums to oversee business unit-specific diversity and inclusion programs of work and drive outcomes in this area. In addition, Suncorp has established a Diversity and Inclusion Working Group within Human Resources to share effective diversity and inclusion practices.

Building a more diverse, inclusive and flexible workforce is part of everyone's role. Leaders are expected to support greater diversity, inclusion and flexibility. Their performance in this respect is reviewed in their annual performance reviews.

In June 2015, the Senior Leadership Team endorsed the 2016 to 2018 Group Diversity and Inclusion Plan which aims to:

- build a more inclusive culture
- enable a more flexible, scalable workforce
- improve gender balance in leadership
- better support people at different life stages (e.g. on becoming parents, transition to retirement etc.).

## 7.2.

### KEY ACHIEVEMENTS IN 2014/15

Suncorp Group has continued to deliver against its Diversity and Inclusion Strategy. Key achievements in 2014/15 include:

#### Inclusion

- delivering further unconscious bias awareness training sessions to leaders. To date, approximately 500 employees have completed this training
- building leadership capability to deliver outcomes in a more diverse and dispersed environment.

#### Gender

- expanding recruitment channels to attract great female talent
- delivering numerous 'Women in Leadership' networking events
- continuing to deliver leadership development programs for women and men to improve gender balance within talent pipelines
- focusing on female talent/succession planning during senior leadership talent reviews
- conducting two gender pay equity reviews.

#### Age

- launching the 'Horizons' program to support mature-aged employees achieve a meaningful late career or plan for a successful retirement
- showcasing mature-aged employees who are successfully leveraging flexible working arrangements to achieve a better lifestyle.

#### Indigenous engagement

- launching an employee secondment program in partnership with Jawun which places employees in Indigenous communities for periods of up to six weeks to support local development needs
- supporting several Indigenous community organisations through the Brighter Futures Grants program.

## Disability






- expanding the Commercial Insurance Work Experience Program, an 18-month program in partnership with the Paralympic Workplace Program
- partnering with disability employment providers to source great talent
- delivering targeted Disability Confident Training to leaders and recruiters.

## Flexibility

- expanding flexible working options within the Suncorp 2015 Enterprise Agreement
- establishing further Work@Home hubs (there are now 565 employees working within this model)
- achieving 80% of employees working in a 'Smart Environment' – dynamic work environments that help people be successful through flexible work spaces and leading edge technology.

## Continued national recognition

Suncorp Group’s diversity, inclusion and flexibility efforts have again received national recognition this year:

AWARD/ CITATION	COMMENTS
	<p>One of 76 Australian organisations to achieve Employer of Choice for Gender Equality</p>
	<p>Finalist: ANZIIF Women’s Council Employer of the Year</p>
	<p>Finalist: Gender Equity Category</p>
	<p>Finalist: Workplace Flexibility Category</p>
	<p>Finalist: Best Workplace Flexibility Program</p>



## Our people and their perspectives

This year, for the fourth consecutive year, Suncorp provided its employees with an opportunity to share their perceptions on diversity, inclusion and flexibility via the annual Suncorp Employee Engagement (SEE) Survey. In 2015:

- 84% of respondents confirmed they work in a flexible way
- people who work flexibly are 11 points more engaged than those who do not
- 90% agreed Suncorp understands and appreciates differences amongst employees
- 84% feel supported to achieve a reasonable balance between work and life.

## Gender balance

In 2014/15 the Board set a measurable gender objective to increase the representation of women in senior leadership to 40% by June 2017. As at 30 June 2015, the proportion of women the Suncorp Group employed was:

GROUP	FY15 ACTUAL % OF WOMEN	FY17 TARGET
Directors	22%	33%
Senior Leaders <sup>1</sup>	37%	40%
All Leaders <sup>2</sup>	46%	-
<b>Total workforce</b>	<b>57%</b>	<b>-</b>

Suncorp has complied with its reporting obligations under the Workplace Gender Equality Act 2012. The most recent 'Gender Equality Indicators' can be viewed at [wgea.gov.au](http://wgea.gov.au).

## 8. MARKET DISCLOSURE AND COMMUNICATIONS

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

### 8.1.

#### CONTINUOUS DISCLOSURE

The Company has a Disclosure Policy which, together with associated procedures:

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

The Disclosure Policy was updated in February 2015 and summarises the processes that have been adopted to ensure Suncorp Group complies with its continuous disclosure obligations under the Corporations Act, the ASX Listing Rules and other regulatory requirements including APRA's Prudential Standard APS 330 *Public Disclosure*. The Disclosure Policy applies to all Suncorp Group directors, employees, contractors, advisers and consultants, and is available at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance).

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

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

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



## 8.2.

### **MEDIA RELATIONS POLICY**

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

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

## 8.3.

### **MAINTAINING RELATIONSHIPS WITH KEY STAKEHOLDERS**

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

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

## 8.4.

### **ONLINE AND ELECTRONIC COMMUNICATION WITH SECURITYHOLDERS IS ENCOURAGED**

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

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

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

## 8.5.

### **ANNUAL GENERAL MEETING (AGM)**

The Suncorp Group AGM will be held on Thursday 24 September 2015 at the Sofitel Brisbane Central, 249 Turbot Street, Brisbane. A Notice of AGM is sent to shareholders at least 28 days in advance – this material includes explanatory notes that clearly explain the nature of the AGM business and the resolutions to be put to shareholders.

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

## 9. CORPORATE REPORTING

### 9.1.

#### AUDIT COMMITTEE – COMPRISES INDEPENDENT BOARD MEMBERS

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

The Audit Committee, which met four times during 2014/15:

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

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

A summary of the key responsibilities of the Audit Committee is set out in section 2.2. The Audit Committee Charter is available at [suncorpgroup.com.au/about-us/governance](http://suncorpgroup.com.au/about-us/governance).

### 9.2.

#### INTERNAL AUDIT FUNCTION

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

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

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

The internal audit function is independent of the external auditor.

### 9.3.

#### INTEGRITY OF FINANCIAL AND CORPORATE REPORTING

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

The Audit Committee has reviewed the integrity of the Company's financial statements for the financial year ended 30 June 2015 and that the Company's financial reports for the 2014/15 financial year comply with accounting standards and present a true and fair view of the Company's financial condition and operational results.

## 9.4.

### WRITTEN DECLARATIONS

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

For the 2014/15 financial year the Group CEO, Group CFO and Group CRO have provided:

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

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

## 9.5.

### EXTERNAL AUDITOR – KPMG

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

KPMG provides a written report, to each Audit Committee meeting, on audit and non-audit services provided to Suncorp Group and the associated fees for those services. These fees are disclosed each year in the Directors' Report and Financial Statements. KPMG also confirms its independence as auditor has been maintained in relation to Suncorp Group, having regard to relevant policies, professional rules and statutory requirements.

KPMG is required to attend the Company's AGM each year. Shareholders are advised that KPMG will be available to address questions relevant to the audit and the preparation and content of the auditor's report.

KPMG's statements are included in the 2014/15 Directors' Report and Financial Statements, available at [suncorpgroup.com.au/investors/reports](http://suncorpgroup.com.au/investors/reports).