

**Suncorp received a number of questions from shareholders prior to and during the 2022 Suncorp Group Limited (Suncorp) Annual General Meeting (AGM).**

**Below is a summary of topics and responses. Please [click here](#) to view the full webcast replay of the meeting.**

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## Financial and other reports – General Questions and Comments

### Insurance margins, inflationary pressures and premium rate increases

Higher yields are expected to have a positive impact on our insurance margins into FY23. We are monitoring the impact of inflation on claims settlement costs, and while we are not immune to market inflationary trends, we have seen our cost control activities including our Best in Class Claims program limit inflationary impacts. We continue to price for inflation where appropriate.

While weather events such as those we have seen recently cause immense destruction to people's lives and properties, it highlights the significant importance of insurance. While premiums have increased over the last couple of years to accommodate rising natural hazard and reinsurance costs, customer retention levels remain strong, and improved during FY22.

### Event Control Centre

More than 1000 new claims managers, customer service specialists and assessors were recruited and onboarded in response to the East Coast Floods event. The Event Control Centre is a key enabler of Suncorp's disaster response strategy to monitor and respond to severe weather affected communities through near-real time data. The Control Centre combines geospatial mapping, satellite and aerial imagery with property data and uses artificial intelligence to detect damage following storms, hail, flood and bushfires.

### ESG issues and the impact on future shareholder returns

The Board and Management continually review ESG issues and risks to position Suncorp strongly for the future. The initiatives we are undertaking will ensure Suncorp strengthens its social licence and remains attractive to our stakeholders including financial markets, customers, our employees and the communities we operate in. There is strong and growing evidence that comprehensive and integrated management of ESG issues links to better financial performance.

### Suncorp Bank

#### Value of Suncorp Bank

The transaction will deliver significant shareholder value and is expected to yield net proceeds of around \$4.1 billion. Customers will have access to a wider range of products and services and ANZ will offer a broader range of banking career opportunities for our people. From a community perspective, and particularly for Queensland, ANZ has committed to maintaining and growing Suncorp Bank's strong Queensland presence. The sale will simplify Suncorp as an organisation and allow for greater focus on our insurance businesses in Australia and New Zealand, at a time when the value of insurance to our customers and the community has never been greater.

## Rationale for the Bank sale and becoming a pure-play insurer

The decision by the Board to sell the Bank to ANZ following our comprehensive strategic review was not an easy decision. We took into account a number of factors, including external macro trends and looking into the future about what banking and insurance sectors and industries will look like, recognising that there are significant headwinds for smaller banks. In the past, funding markets were more favourable and the ability of smaller banks to raise funds at the same price as a major bank allowed us to do a lot of things then that we can't do today. Over the past decade or more, regulation has also changed materially.

## Shareholder vote on the sale of Suncorp Bank

The Board reviewed the proposal from ANZ in line with our fiduciary duty to assess all offers that may be in shareholder's best interests. The relevant regulator, the ASX, confirmed that no vote was required under the Listing Rules.

## Impact of future earnings and dividends following sale of Suncorp Bank

The Board believes that with the sale of the Bank, we will have a more efficient and focused insurance group, with scale and strong core capabilities. Given expected completion for the transaction is in the second half of the calendar year 2023, it is premature to provide detailed estimates at this time. However, your Board will ensure that shareholders are updated and understand the changes to the Group, as completion approaches.

## Role of Group CEO following Suncorp Bank sale

The breadth of the role of the CEO should not be underestimated. The CEO is accountable for leading the organisation and is the primary advocate and influencer of important policy impacts on our business. There remains a number of approvals before the sale of the Bank can be completed. The targeted timeframe for completion is the second half of the calendar year 2023, and there is a transition process that will continue for two years after completion.

## Board composition following Suncorp Bank sale

As we work through the completion process of the Bank sale, there will be a number of different streams of work to evaluate. Post completion and post transition, this will include evaluating the right set of skills to have on the Board and the right number of directors.

## Geospatial Technology

Geospatial technology reduces the number of questions customers need to answer when purchasing home insurance. We can identify property attributes from aerial images of more than nine million Australian homes combined with artificial intelligence. These images will be updated every 4 to 6 months.

Before the technology was launched, thorough testing was completed to confirm the accuracy of the data produced by the AI. Ongoing quality assurance processes have also been established to validate assumptions, including manual data checks, data governance and ensuring outputs are reasonably consistent with existing data sets.

## Climate Change

Climate change and the impact of climate is at the front of the agenda for the Board, and we look at both the strategic risks and the opportunities. We published our second climate change action plan in 2021 that provides a framework around risks and opportunities and have committed to achieving our Scope 1 and Scope 2 greenhouse gas emission net zero target by 2030. We have been active on advocating for the performance of government at all levels, as well as business and communities, in steering to the issues of climate change.

In recent years we have had the prevalence of La Niña weather pattern, and our current modelling points to the likelihood of a third consecutive, which has been accounted for in our reinsurance and natural hazard allowance.

## Resilience

The events that we've had over the last 12 months have shone a light on the fact there is a joint accountability between governments at all levels, as well as insurers and businesses, around vulnerable regions. Resilience is multi-faceted the way we think about it; Financial resilience – in terms of our balance sheet, our capital levels, our reinsurance program, the allowances we apply, so we can face whatever weather or investment markets might throw at us; Operational resilience – making sure we are in a position, should we have another big weather event, to be able to operationally respond; Customer resilience – whether repairing and rebuilding homes that have been flooded multiple times is sustainable for our customer.

## Proxy adviser voting recommendations

All major proxy advisors, ACSI, Ownership Matters, Glass Lewis, ISS and ASA voted in favour for all resolutions.

## AMA and SMART car repair

The Board believes the events of the past few years have reinforced the decision to sell SMART. We continue to have Board representation on SMART and continue to support the business through our repair agreements we have in place with AMA. Our current contract runs through to 30 June 2023, and we will have constructive discussions around the renewal of the contract.

## Goodwill

Under the accounting standards, goodwill can be supported by a discounted cash flow model, which Suncorp uses. This is subject to detailed audit procedures and was outlined in our key audit matters in the annual report.

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## Resolution 1

### *Remuneration Report*

### Inflation pay increases and entry level remuneration

The Board is committed to paying fair and competitive remuneration. Earlier in the year, Suncorp made a substantial investment to uplift the remuneration of a material number of customer facing employees to maintain ongoing market competitiveness.

In addition to this, customer facing employees continue to be eligible for further pay uplifts as part of the regular Annual Review process. Fixed pay for a material number of customer facing employees increased by over 7% on average, well above the current inflation rate. Experienced employees who are performing in their role are paid above entry level roles. We continue to monitor our market competitiveness in our remuneration practices across all roles throughout the year.

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## Resolution 4

### *Re-election of directors*

### Non-executive director fees & minimum shareholding requirements

All Suncorp Directors and members of the leadership team hold shares in Suncorp. Based on their shareholdings as at 30 June 2022, all non-executive directors have either met, or are on track to meet, the minimum shareholding requirement within the required timeframe. Non-executive director fees are outlined on page 105 of the Annual Report.

## Voting outcomes

In accordance with ASX listing rules and the Corporations Act, Suncorp releases the voting outcomes for each resolution to the ASX following the meeting.

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## Resolution 5

*Renewal of proportional takeover provisions in the constitution*

### Meeting transcript

Suncorp's practice is to make a recording of the AGM available shortly after the conclusion of the meeting on the Suncorp Group website.