

**INSURANCE AUSTRALIA GROUP LIMITED
NOMINATION, REMUNERATION & SUSTAINABILITY COMMITTEE
CHARTER**

1. Purpose

The purpose of the Nomination, Remuneration & Sustainability Committee (“the Committee”) is to:

- a) Provide advice and support to the Board in fulfilling its responsibilities to shareholders to ensure that the Board is comprised of persons who have the necessary range of skills, expertise and experience to enable it to discharge its responsibilities effectively;
- b) Provide advice and support to the Board in the performance, composition and size of the Board;
- c) Oversee corporate governance, board performance and composition of IAG subsidiary and associated companies;
- d) Provide assurance to the Board relating to the effectiveness, integrity and compliance of IAG’s remuneration policies and practices;
- e) Monitor the appropriateness and relevance of the overall remuneration policy and approach to deliver the strategic goals of IAG; and
- f) Monitor how issues of corporate reputation, social responsibility, and IAG’s commitments around safety, the environment, and the community are appropriately considered in the context of IAG’s view of its corporate purpose and strategy and the importance of corporate reputation to the delivery of sustainable value for shareholders.

2. Structure

- a) The Committee was established by resolution of the Board of Insurance Australia Group Limited (“IAG”). References to “Board” mean the Board of IAG;
- b) The Committee shall comprise of up to five members, who shall be non-executive directors of IAG all of whom are independent, where independent has the meaning attributed to it in the ASX Corporate Governance Principles and Recommendations;

- c) The Committee may consider any matter that falls within the roles and responsibilities delegated to it by the Board, notwithstanding that the particular matter(s) may have been previously referred to, and considered by another Board Committee;
- d) The Board of IAG shall appoint the Committee and its Chair. If the Chair is not present within 15 minutes after the time appointed for holding a committee meeting, the Committee members may choose one of their members as Chair of the meeting;
- e) The Committee shall review this charter from time to time, as it deems appropriate, and refer any proposed amendments to the IAG Board for approval; and
- f) The Committee will annually review fulfilment of its responsibilities as set out in this Charter.

3. Responsibilities

The Committee's main responsibilities are divided into the following areas:

a) Nomination and board performance

- Review, develop policy and make recommendations to the Board in relation to Board tenure, size and composition;
- Review and make recommendations to the Board on the operation and performance of the Board, including providing assistance to the Chairman in the review of the performance of individual directors which is to occur at least annually;
- Coordinate the Board's review of the Chair's performance which is to occur at least annually;
- Undertake a formal review of the performance, composition and size of the Board every three years and bring a report on the assessment to the full Board;
- Review and make recommendations to the Board on the orientation and education of new directors;
- Review and develop plans for identifying, assessing and enhancing director competencies including the continuing education of directors;
- Develop and implement succession planning for the Company's non-executive directors;

- Assess the skills required to discharge competently the Board's duties having regard to the Company's performance, financial position and strategic direction, including the specific knowledge, skills and experience that the Committee determine as necessary for one or more of the directors to possess;
- Make recommendations to the Board on candidates for appointment and re-election of directors with particular attention given to the mix of skills, experience and expertise of existing directors and how the candidate's competencies will complement and balance these qualities; and
- Review at least annually;
 - The composition and performance of IAG subsidiary boards to ensure that these boards are appropriate for the particular circumstances of these companies and the regulatory environment in which they operate and that these boards comprise individuals that have a proper understanding of, and competencies to deal with, the issues relevant to these companies' businesses; and
 - Appointments made by IAG to associated company boards to ensure that the individuals appointed are appropriate for the particular circumstances of these companies and have a proper understanding of and competencies to deal with the issues relevant to these companies' businesses.

b) Remuneration and succession

- Approve remuneration policy including policies and governance practices relating to the following:
 - Remuneration of directors;
 - Executive remuneration;
 - Succession for executive positions;
 - Incentive schemes; and
 - Recruitment, retention and termination policies for executives;
- Oversee, review and make recommendations to the Board in relation to succession planning for the CEO, Group Executives and other senior executives;
- Make recommendations to the Board on an annual basis on the remuneration to be paid to the IAG non-executive directors and ensure this is reviewed periodically to reflect market practices and changes in the level of complexity and/or commitments required of IAG non-executive directors;

- Approve the remuneration of non-executive directors appointed by IAG to subsidiary and associated company boards and committees and to executive committees;
- Make recommendations to the Board on the remuneration to be paid to the CEO, including any incentive schemes, equity based remuneration and superannuation arrangements;
- Review and approve the remuneration of the direct reports of the CEO;
- Exercise all of the powers and discretion of the Board in relation to equity based remuneration plans for directors, executives and other officers and employees;
- Review reports on management succession and leadership development plans for executive and other key management positions;
- Review and monitor the company's recruitment, retention and termination policies and procedures for senior management;
- Review continuous improvement of human resource policies and practices against relevant national and international benchmarks for best practice; and
- Review effectiveness of safety, environment and community policies, goals and performance targets in regard to IAG's objective to be an employer of choice.

c) Sustainability (other than remuneration)

- Provide oversight on how IAG ensures it acts with a high standard of social, environmental and ethical responsibility in all its areas of operation;
- Review, monitor and make recommendations to the Board in relation to the effectiveness of, and compliance with, policies to enhance the corporate reputation and business performance of IAG;
- Consider and review the social, environmental and ethical impacts of the IAG's business practices and review the appropriateness of the standards set by management for social, environmental and ethical practices;
- Consider and endorse management initiatives to achieve IAG's corporate objective of competitive differentiation and market advantage based upon being an organisation aligned around social, environmental and ethical responsibilities;

- Monitor how effectively the views of IAG's key stakeholder groups (people, customers, community and shareholders) are considered; and
- Monitor compliance with IAG's published social, environmental and ethical responsibility policies and practices and the level of their integration into the business.

d) Fitness & Proper

- Review appeals of candidates who have been assessed as not fit and proper under IAG's Fit and Proper Persons policy.

4. Meetings

- The Committee shall meet as requested but not less than four times per calendar year;
- A quorum shall be a number equal to:
 - Where the number of Committee members is an even number, half the number, plus one; and
 - Where the number of Committee members is an odd number, half that number rounded up to the whole number.
- Any issues requiring resolution of the Committee shall be decided by a majority of votes and each committee member shall have one vote. In case of an equality of votes, the Chair shall have the second or casting vote;
- The Committee shall be responsible for the conduct of its proceedings and shall ensure that its meetings are minuted and reported to the Board of IAG at its next meeting;
- The Company Secretary, or such other person as the Board of IAG may nominate, will act as Secretary to the Committee;
- The Chair shall be required to call a meeting of the Committee if requested to do so by any Committee member or the Chief Executive Officer;

**APPENDIX A TO INSURANCE AUSTRALIA GROUP LIMITED
NOMINATION, REMUNERATION & SUSTAINABILITY COMMITTEE
CHARTER
STANDING ITEMS FOR COMMITTEE MEETINGS**

	Feb	May	Aug	Nov
Nomination and Board Performance				
Review Board tenure, succession, size and composition		X		
Review director and Board performance		X		
Recommend candidates to Board for appointment and re-election to the Board		X		
Review non-executive director remuneration			X	
Review subsidiary boards size and composition and appointments to subsidiary and associated companies' boards	X			
Remuneration and succession				
Review CEO remuneration			X	
Approve CEO's direct reports' remuneration			X	
Approve grants of equity based remuneration	X		X	
Review Group Remuneration policy		X		
Review the Remuneration Report		X		
Review succession plans for CEO, CFO and senior executives				X
People & sustainability				
Business unit presentations: Environment, People, Safety, Sustainability & Reputation	X	X	X	X
Review development of top tier talent and leadership capability				X
Consider the appropriateness and effectiveness of IAG's social, environmental and ethical policies and the performance in these areas				X
Committee Governance				
Charter review	X			
Committee to review fulfilment of Charter responsibilities	X			