



BOARD CHARTER

PURPOSE OF CHARTER

1. This Board Charter sets out the role, structure, composition and responsibilities of the Board of Insurance Australia Group Limited (**IAG**).
2. The composition, structure and conduct of the Board is also governed by IAG's Constitution, the Corporations Act, Prudential Standards made under the Insurance Act (**Prudential Standards**), the Australian Securities Exchange's Listing Rules and general law.

ROLE OF BOARD

3. The Board's principal role is to govern and oversee IAG and its subsidiaries (**Group**), by ensuring that there is a proper governance framework in place to promote and protect IAG's interests for the benefit of all its stakeholders.
4. The Board is expected to demonstrate leadership by acting in accordance with IAG's values, setting the "the tone from the top", challenging Management where appropriate and providing direction and guidance as required.
5. The Directors promote the best interests of IAG and collectively oversee and appraise the strategies, performance, culture and policies of IAG, having due regard to its purpose, its responsibilities to its customers and policyholders, the interests of its stakeholders and its role in the community.
6. In fulfilling its responsibilities, the Board may, and has, delegated certain matters. The matters delegated to the Board Committees are described in the Committee Charters, and those delegated to the Group Chief Executive Officer (**CEO**) are described below.

MATTERS RESERVED FOR THE BOARD

Without limiting its role, the Board is responsible for the overall oversight of IAG and will:

Strategy

7. Approve Group strategies and the Corporate Plan annually.
8. Approve significant corporate initiatives, including major investments, projects and divestments.
9. Oversee Management's implementation of the strategic direction of the Group, the Corporate Plan and corporate initiatives.

Customer

10. Approve the Group's customer strategy annually.
11. Review the customer equity framework, product and pricing principles and policies.
12. Monitor the Group's customer health including customer insights, experience, and complaints.

Financial, Risk, Audit, Actuarial & Reinsurance

13. Monitor the Group's financial position, performance and statutory reporting.
14. Approve the Group's budget annually.
15. Set policies for and approve dividends payable to shareholders.
16. Approve capital management transactions, including return of capital, allotment of new capital and capital raising transactions, to ensure that IAG's capital structure is optimal.
17. Approve the Group's investment objectives and strategy.
18. Approve the Group's half year and full year statutory reports.
19. Approve the appointment or removal of the External Auditor (including associated recommendations to shareholders for approval).
20. Set and review IAG's risk appetite and approve the Group Risk Appetite Statement, Group Risk Management Framework and Group Risk Management Strategy, and oversee the establishment by Management of a sound risk management culture.
21. Monitor all key risk and compliance matters by ensuring the implementation of an adequate and effective risk management and internal controls framework.
22. Receive a report from the Risk Committee annually on the adequacy and effectiveness of the Group's Risk Management Framework and the Group's status in operating with due regard to the risk appetite set by the Board.
23. Approve the annual declaration on risk management to the Australian Prudential Regulatory Authority (**APRA**).
24. Approve the reporting on the internal capital adequacy assessment process (**ICAAP**) and the CEO ICAAP declaration to APRA.
25. Approve IAG's annual Actuarial Valuation Report.
26. Approve reinsurance renewal strategies and the implementation of reinsurance renewal programmes.

CEO and Management

27. Select, appoint and determine the terms of appointment, and regularly evaluate the performance of and, if necessary, replace the CEO.
28. Approve the appointment and where appropriate, removal of the Group Chief Financial Officer (**CFO**) and the Company Secretary.
29. Ratify the selection, appointment and the terms of appointment of employees who report directly to the CEO (**Group Executives**).
30. Oversee CEO succession planning.
31. Approve the Group Executive talent and leadership strategy.

People, Remuneration and Performance

32. Approve the Remuneration Report included in the annual Directors' Report.

33. Approve the Group Remuneration Policy at least every three years, having regard to IAG's purpose, values, strategic objectives and risk appetite.
34. Approve, at least annually the remuneration arrangements and outcomes, including risk adjustments to outcomes, for the CEO, Group Executives and any other person determined by the People and Remuneration Committee whose activities may affect the financial soundness of the Group.
35. Approve the fees to be paid to IAG Non-Executive Directors at least annually.
36. Approve the Group Balanced Scorecard annually.
37. Approve the design and terms of all equity plans, including material changes to existing equity plans.
38. Approve the outcome of any performance hurdles in relation to any equity plan in which the Group Executives are participants.
39. Approve the Group Executive talent and leadership strategy.
40. Approve the Mandatory Shareholding Requirement Policy.

Corporate Governance

41. Define IAG's purpose and approve its values.
42. Oversee an appropriate corporate governance framework for the Group.
43. Approve the Corporate Governance Statement annually.
44. Approve Group policies or delegate responsibility to a Board Committee to approve certain Group policies.
45. Ensure that an appropriate framework exists for the reporting of relevant information to the board by Management.
46. Monitor the exercise of delegated authority by Management.
47. Oversee the standards for and periodically consider governance practices (including appropriate standards of ethical behaviour and social and environmental responsibility).

Safer Communities and Sustainability

48. Approve the IAG Social and Environmental Framework.
49. Receive six monthly reporting on Safer Communities and sustainability.
50. Consider and approve the external reporting on Safer Communities and sustainability strategies and initiatives (including climate change), within the Annual Review and the Annual Report.

Workplace Health and Safety

51. Provide oversight of the Group's workplace health & safety (**WHS**) framework and strategy and consider WHS reports and information from Management elevated to the Board from the People and Remuneration Committee.

Regulatory Engagement

52. Maintain an open dialogue with APRA and other regulators and be available to meet with APRA and other regulators on request.

Periodic review

53. The Board will review this Charter and the Charters of Board Committees at least every three years or as required.

BOARD DELEGATION TO THE CHIEF EXECUTIVE OFFICER

54. The Board has delegated responsibility for the overall management and profit performance of IAG, including all day-to-day operations and administration of IAG, to the CEO. The CEO is principally responsible for:
- developing, with the Board, implementing and monitoring the strategic and financial plans of IAG;
 - the efficient and effective operation of IAG;
 - fostering a culture that rewards performance, integrity, respect and a considered sense of urgency;
 - ensuring the ongoing development, implementation and monitoring of IAG's risk management and internal controls frameworks;
 - ensuring the Board is provided with relevant accurate and clear information in a timely manner to promote effective decision-making; and
 - ensuring all material matters affecting IAG are brought to the Board's attention.
55. The CEO manages IAG in accordance with the policies, budget, corporate plan, and strategies approved by the Board, and has the power to manage IAG, subject to the limits set out in the CEO Delegated Authority Limits.

BOARD SIZE AND COMPOSITION

56. The size of the Board is determined in accordance with IAG's Constitution and has regard to the minimum number of Directors required by the Prudential Standards.
57. The Board must comprise a majority of independent Non-Executive Directors, a majority of whom are ordinarily resident in Australia.
58. A majority of Directors present and eligible to vote at all Board meetings must be Non-Executive Directors.
59. The Chair of the Board is appointed by the Board and must be an independent Non-Executive Director.
60. The Board assesses Directors' independence in accordance with IAG's Standards for Assessing a Director as Independent.
61. Non-Executive Directors will be required to confirm their independence periodically (at least annually) while they remain in office.

BOARD APPOINTMENT, PERFORMANCE AND RENEWAL

62. The Board will review Director tenure annually.
63. The Board will select appropriate candidates for the Board and recommend to IAG's shareholders their election following recommendation by the Nomination Committee.

64. All Non-Executive Directors are required under IAG's Constitution to retire by rotation at least once every three years after each election by IAG shareholders.
65. The maximum tenure for a Non-Executive Director is ten years, although, taking into account the matters in clause 67 and any other matter the Board considers relevant, the Board has the discretion to invite a Non-Executive Director to stand for an additional term which may take their total tenure beyond 10 years.
66. Each Non-Executive Director receives a letter of appointment that sets out the terms of appointment and a statement of responsibilities.
67. The Board will implement succession planning for IAG's Non-Executive Directors.
68. The Board will annually review its performance, including the efficiency and effectiveness of the Board and each Director.
69. The Board will review its size and composition at least annually and at any time it specifically considers the appointment, re-appointment or removal of a Director, with a view to ensuring that, among other things, it remains open to new ideas and independent thinking, while retaining adequate expertise.
70. In undertaking any consideration in accordance with clause 69, the Board will consider any matter it considers appropriate, including:
 - the results of its annual review referred to in clause 68;
 - IAG's strategy;
 - the nature and size of the Group and the complexity of its business; and
 - the tenure of each Director and whether that tenure could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of IAG.
71. The Board will undertake an independent review of the performance, composition and size of the Board every two years.

CONFLICTS OF INTEREST

72. The Board will oversee declarations of interest by Directors and manage conflicts of interest as described in the Board management of Conflicts of Interest Policy.

CHAIR'S RESPONSIBILITIES

73. The Chair will:
 - provide appropriate leadership and guidance to the Board and IAG;
 - maintain an open dialogue with the CEO and Senior Management, serving as the primary link between the Board and Senior Management;
 - facilitate the effective function and operation of the Board;
 - approve the agendas for each Board meeting and shareholder meetings;
 - facilitate appropriate dialogue and communication between Board members, the CEO and Group Leadership Team; and
 - be available to meet with APRA and other regulators on request.

COMPANY SECRETARY

74. The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.
75. All Directors have unfettered access to the Company Secretary and vice versa.

MEETINGS

76. The Board will meet as often as required to undertake its role effectively.
77. A quorum for a Board meeting is three Directors.
78. Any issues requiring resolution arising at any meeting of the Board will be decided by a majority of votes of Directors present and entitled to vote. The Chair does not have a casting vote.
79. The Board may invite Management, external advisors and subject-matter experts to attend its meetings.
80. The External Auditor and Appointed Actuary have free and unfettered access to the Board, and at least annually, the Board will meet with the External Auditor and the Appointed Actuary without Management being present.

BOARD COMMITTEES

81. The Board may establish committees to assist it in exercising its authority. The standing Board Committees are:
 - Audit Committee;
 - Risk Committee;
 - People and Remuneration Committee; and
 - Nomination Committee.
82. The Board will determine the terms of reference, membership and composition of Board Committees.
83. Minutes of all Committee meetings are circulated to all Directors and the Committee Chairs will report on the business of Committee meetings at the next Board meeting.

ACCESS AND ADVICE

84. The Board will have free and unfettered access to Group Executives, Senior Management and any other persons (internal or external) required to fulfil its responsibilities.
85. The Board may engage and consult and/or seek independent advice from such consultants or experts as required by the Board to carry out the responsibilities and delegations outlined in this Charter.

APPENDIX A CHARTER OF CHIEF EXECUTIVE OFFICER DELEGATED AUTHORITY LIMITS

Board delegation of authority to CEO

The Board has delegated to the Group Chief Executive Officer (**CEO**) the overall management and profit performance of IAG, including all the day-to-day operations and administration of IAG.

The CEO manages IAG in accordance with the policies, budget, corporate plan and strategies approved by the Board, and has the power to manage IAG, subject to the delegated authority limits (**CEO Limits**) set out in this IAG Board Charter, which may be amended by the Board from time to time.

The CEO has authority to sub-delegate any such power and authority to Senior Management as he sees fit from time to time, subject to the CEO Limits below. The CEO retains responsibility for the exercise of any delegated authority that is given to Senior Management.

Accountability and monitoring

The CEO is accountable to the Board for the exercise of the delegated authority from the Board within the CEO Limits.

The Board and its committees will monitor the actions, decisions and conduct of the CEO and the performance of IAG to ensure that they comply with the CEO Limits.

The Board will agree with the CEO the information and reports to be provided to enable the Board and its committees to be informed of material developments and progress in relation to the areas below and to demonstrate that the actions, decisions and conduct of the CEO are within the CEO Limits:

- the development and implementation of the strategic, budget and other financial plans of IAG;
- the financial condition of IAG;
- events, transactions or matters that may have a material impact on IAG and its corporate reputation;
- the efficient and effective operation of IAG;
- the ongoing development, implementation and monitoring of IAG's risk management and internal controls frameworks;
- relationships and interaction with regulators;
- the fostering of IAG's culture in line with IAG's Purpose and Spirit; and
- development of, and succession planning for, the Group Executive team.

CEO delegated authority limits

- The CEO must not engage in or cause any activity or behaviour that would be contrary to policies approved by the Board, including IAG's corporate governance, and commonly accepted business and community standards.
- The CEO will not allow decisions to be made or activities undertaken without first assessing the safety and health of IAG's employees, their impact on customers, the environment and the communities within which IAG operates.
- The CEO will not allow decisions to be made in relation to operating and capital expenditure, capital management and risk accumulation without assessing their impact on IAG's customers, reputation, assets, financial condition and risk appetite.
- The CEO has authority below the financial limits and within other limits set out in IAG's Group Financial Delegations and Authorities Policy.
- The CEO will make decisions and approve activities to achieve IAG's corporate, budget, other financial plans and strategies in conformance with the Board approved risk appetite consistent with IAG's Risk Management and Reinsurance Management Strategies.