



# BOARD PEOPLE AND REMUNERATION COMMITTEE CHARTER

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## PURPOSE

1. The Insurance Australia Group Limited (**IAG**) Board People and Remuneration Committee (**Committee**) is appointed and authorised by the IAG Board (**Board**) and assists the Board by providing independent non-executive oversight on matters relating to:
  - a. the effectiveness of the IAG Group Remuneration Policy, including its compliance with laws, regulations and prudential standards;
  - b. the review and recommendation to the Board for approval of the Group Remuneration Report and other Group remuneration disclosures as required;
  - c. remuneration arrangements for IAG Non-Executive Directors (**NEDs**) and NEDs of certain other IAG subsidiaries as required;
  - d. the review and recommendation to the Board for approval of individual remuneration arrangements and outcomes for the Group Chief Executive Officer (**CEO**), and executive direct reports to the CEO (**Group Executives**), and other individuals and/or categories of individuals as defined in the Group Remuneration Policy;
  - e. the review and operation of the equity based plan for IAG and its subsidiaries (**Group**);
  - f. progress against the key culture metrics; and
  - g. diversity and inclusion frameworks.
2. The Committee also serves as the remuneration committee of Insurance Australia Limited and certain subsidiaries of IAG that the Board determines from time to time. References to 'Board' or 'Boards' in this Charter also apply to each of those subsidiary companies.

## RESPONSIBILITIES

3. The Committee is responsible for:

### Group Remuneration Policy

4. At least annually, reviewing and where appropriate making recommendations to the Board on the Group Remuneration Policy, including an assessment of the Policy's compliance with APRA's Prudential Standards and relevant legislation.
5. Reviewing and assessing the effectiveness of the Group Remuneration Policy at least once every three years and providing an assessment to the Board, including confirmation that the Group Remuneration Policy continues to deliver on its intent to:
  - a. encourage behaviours that support the Group Risk Management Framework, prudential risk taking and therefore IAG's short-term and long-term financial soundness;
  - b. demonstrate a clear alignment between performance, compliance and remuneration; and
  - c. align with the Group's purpose, values, strategic objectives and risk appetite.
6. Reviewing and where required under the Group Remuneration Policy and/or Prudential Standards, recommending to the Board for approval any other policies, governance practices, outcomes or decisions relating to:

- a. remuneration of NEDs;
- b. remuneration of the CEO and Group Executives;
- c. Group-wide equity and other incentive schemes of which the Group Executive members are participants;
- d. remuneration arrangements for other individuals / categories of individuals as defined in the Group Remuneration Policy; and
- e. localised incentive plans as per requirements defined in the Group Remuneration Policy.
- f. Review recommendation from the Board Risk Committee for the application of risk adjustments for senior executives.

### Remuneration Disclosures

7. Overseeing the preparation of any disclosures required by legislation, the ASX Listing Rules or requested by the Board, including relevant remuneration sections of the Annual Report and other shareholder documents. The Committee will review, recommend and provide relevant assurances through the Board Audit Committee to the Board for approval of the Remuneration Report to be included in the Group's Annual Report.

### Non-Executive Director Remuneration

8. Within the maximum amount approved by shareholders, reviewing and making annual recommendations to the Board on remuneration arrangements for NEDs.
9. Approving the remuneration of NEDs appointed to subsidiary and associated company boards, committees and executive committees that do not have their own people and remuneration committee or equivalent.

### Chief Executive Officer Remuneration

10. Reviewing and recommending to the Board at least annually, approval of the remuneration arrangements for the CEO, including key contract terms, fixed remuneration levels, short-term and long-term incentives, ex-gratia payments, retention and sign-on and any other forms of remuneration.
11. In conjunction with the Chairman of the Board, evaluating and make recommendations to the Board on the CEO's performance including contribution to Group Balanced Scorecard outcomes.

### Group Executive Remuneration

12. Reviewing and recommending to the Board at least annually, approval of the remuneration arrangements for the Group Executives, including fixed remuneration levels, short-term and long-term incentives, termination payments, retention and sign-on and any other forms of remuneration.
13. Reviewing the recommendations from the CEO on the Group Executives' performance and contribution to achieving Group Balanced Scorecard outcomes and recommending the outcomes to the Board for approval.

### Employee Remuneration

14. Overseeing and noting annually the outcomes of the Group remuneration review.
15. Reviewing and recommending to the Board for approval the Group short term incentive funding allocation.
16. Overseeing and approving at least annually the performance pay outcomes for other individuals/ categories of individuals as required by the Group Remuneration Policy.

## Equity Plans

17. Reviewing and recommending to the Board for approval the design and terms of all equity-based plans, including material changes to existing equity plans.
18. Approving amendments, including any operational and compliance-related changes, to existing employee equity plans which are not otherwise recommended to the Board for approval.
19. Determining and recommending to the Board for approval the outcome of any performance hurdles in relation to any equity plan in which the CEO or the Group Executives are participants.
20. Recommending to the Board any adjustments to performance-based remuneration as required by the Group Remuneration Policy.

## Other Responsibilities

21. Recommending to the Board changes in remuneration policy, including remuneration frameworks, superannuation, and other benefits likely to have a significant impact on the Group.
22. Reviewing and recommending to the Board for approval the Mandatory Shareholding Requirement Policy and considering, where relevant, compliance with it.
23. Overseeing the implementation of specified Group People & Culture frameworks and strategies and their progress against objectives. This includes oversight of culture, talent and leadership strategies.
24. Reviewing and recommending to the Board for approval the Group Executive talent and leadership strategy.
25. Overseeing the development and succession plans for Group Executives to maintain a pool of capable senior Management.
26. Overseeing the Group's approach to workplace diversity and inclusion, including:
  - a. reviewing and recommending to the Board for approval the measurable objectives for achieving gender and inclusion diversity at a Board and senior executive level;
  - b. approving measurable diversity and inclusion objectives for the workforce; and
  - c. at least annually, reviewing the progress against the diversity and inclusion strategy, targets and plan, and whether there is any gender or other inappropriate bias in remuneration arrangements and outcomes.
27. Considering appeals, where relevant, of candidates who have been assessed as not fit and proper under the Group Fit and Proper Policy.
28. Overseeing the effectiveness of the remuneration governance frameworks implemented by the remuneration committees of subsidiary companies of IAG through:
  - a. Oversight of the relevant remuneration committees' minutes;
  - b. The Chair of the Committee, meeting with the Chairs of remuneration committees of material licensed subsidiary companies at least annually; and
  - c. Provision of a written report from the remuneration committees of material licensed subsidiary companies
29. Reviewing and assessing annually the Committee's fulfilment of its responsibilities under this Charter and reporting such findings to the Board.
30. Reviewing the Committee Charter at least every two years and recommending changes to the Board for approval.

31. Being available to meet with APRA and other regulators upon request.
32. If appropriate, considering any remuneration matter, notwithstanding that the particular matter may have been previously referred to, and considered by, another Board Committee.
33. The PARC Chair will be required to engage proxy advisors and major shareholders if requested to provide independent engagement on IAG remuneration issues.

## REPORTING

34. The Chair of the Committee will consult with the Chair of the Board Audit Committee and Chair of the Board Risk Committee at least annually, in relation to the risks covered by the Board Risk Committee that may be relevant to the determination of remuneration outcomes.
35. The Chair of the Committee will report to the Board following each meeting of the Committee as appropriate on matters reviewed, recommended or approved by the Committee.
36. The Committee will immediately escalate any actual or suspected material concerns to the Chair of the Board or to the Chair of the appropriate Board Committee.
37. The Company Secretary will prepare and circulate minutes of Committee meetings to all Directors.

## COMPOSITION

38. The Committee will be appointed by the Board and will comprise at least three members, all of whom must be independent NEDs.
39. The Committee members are to have sufficient skill, experience and technical expertise and a sufficient understanding of the Group's business and remuneration framework required to fulfil the Committee's responsibilities under this Charter effectively.
40. The Board will appoint the Chair of the Committee who must be an independent NED. The Chairman of the Committee must not be the Chairman of the Board.
41. Should the Chairman of the Committee be absent from any meeting of the Committee, the members of the Committee present at that meeting shall appoint one of their number to be Chairman of that meeting.
42. A member of the Board Risk Committee will be a member of the Committee.

## MEETINGS

43. The Committee will meet at least four times annually and as often as required to undertake its role effectively.
44. A quorum for meetings will be two Committee members, including the Chairman.
45. Any issues requiring resolution of the Committee shall be decided by a majority of votes. The Chair shall not have a casting vote unless the Committee has an even number of members.
46. The CEO will be invited to attend Committee meetings but will have no voting rights and must not be present during discussions on their own remuneration.
47. The Committee may invite Management, external advisors and subject matter experts to attend its meetings.
48. All Directors will have access to Committee papers and may attend Committee meetings.
49. The Chair of the Committee will be required to call a meeting of the Committee if requested by any Committee member or the CEO.

50. The Company Secretary or their designated representative will act as Secretary to the Committee.

#### ACCESS AND ADVICE

51. The Committee will have free and unfettered access to Group Executives and Senior Management, including the Group Executive, People, Performance & Reputation and the EGM, Performance & Governance, risk and financial control personnel and any other persons (internal or external) required by the Committee to fulfil its responsibilities.
52. The Boards of subsidiaries of IAG covered by the Committee will have free and unfettered access to the Committee.
53. The Committee may engage and consult and/or seek advice from such consultants or experts as required by the Committee to carry out the responsibilities and delegations outlined in this Charter. The Committee may determine the terms of such engagement(s) to ensure that any advice received is independent.

#### DOCUMENT CHANGE HISTORY

Version Number	Conducted by	Approved by	Date	Description of changes
1	PP&R and CSO	Board	25 November 2021	Biennial Review – amendments to comply with regulatory and governance requirements.