



# PEOPLE AND REMUNERATION COMMITTEE CHARTER

---

## PURPOSE OF COMMITTEE

1. The purpose of the Insurance Australia Group Limited (**IAG**) People and Remuneration Committee (**Committee**) is to assist the board of IAG (**Board**) in fulfilling its responsibilities by ensuring that remuneration practices are designed to:
  - a. help drive business objectives and motivate employees to perform at the highest level; and
  - b. encourage behaviours that support the Risk Management Framework, prudential risk taking and IAG's short-term and long-term financial soundness.
2. The Committee was established by resolution of the Board and is delegated with the necessary powers to enable it to perform its functions.
3. The Committee is responsible for overseeing the people and remuneration functions for the Group, including those entities within the Group which are regulated by the Australian Prudential Regulation Authority (**APRA**), however excluding Insurance Manufacturers of Australia Pty Ltd and those entities which have established their own Board Remuneration Committee.
4. The purpose of the Committee is to:
  - a. review and make recommendations to the Board in relation to the development and implementation of Group People & Culture strategies;
  - b. provide assurance to the Board of the effectiveness, integrity and compliance with IAG's remuneration policies and practices across the Group;
  - c. review and make recommendations to the Board in relation to the Group Remuneration Policy and ensure that the Group Remuneration Policy complies with regulatory requirements on remuneration, including those specified in the *Corporations Act 2001* (Cth) and the APRA prudential standards;
  - d. review and make recommendations to the Board in relation to the remuneration levels of each of the Chief Executive Officer (**CEO**), Non-Executive Directors, Group Executives, any persons whose responsibilities and activities have, in the opinion of the Committee, the ability to impact the financial soundness of IAG, along with any person specified by APRA or other person determined by the Board;
  - e. to review and make recommendations to the Board in relation to the short-term and long-term incentive plans for IAG's Group Executives;
  - f. to review and make recommendations to the Board in relation to approving all equity based plans; and
  - g. review and make recommendations to the Board in relation to the appropriateness and relevance of the Group Reward Strategy and the approach to delivering the strategic goals of IAG.

5. The responsibilities of the Committee will be fulfilled through the carrying out of the matters specified in the Responsibilities section of this Charter.
6. The Committee will have free and unfettered access to Group Executives and senior management and any other persons (internal or external) required by the Committee to fulfil its role. The Group Executive, People, Performance & Reputation, Group General Manager, People and Culture and Head of Performance & Reward will have free and unfettered access to the Committee.

## COMPOSITION

7. The Board will appoint the Committee and its Chair. The Chair of the Board may chair the Committee.
8. The Committee shall comprise a minimum of four members, all of whom shall be independent Non-Executive Directors of IAG, where "independent" has the meaning attributed to it in Appendix A of the Board Charter. The Committee shall comprise sufficient skills, knowledge and expertise to fulfil the responsibilities set out in this Charter.
9. Should the Chair 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 Chair of that meeting.

## MEETINGS

10. The Committee shall meet as often as required to undertake its role effectively, but not less than four times per calendar year.
11. A quorum will be a number equal to:
  - a. where the number of Committee members is an even number, half the number, plus one; and
  - b. where the number of Committee members is an odd number, half that number rounded up to the whole number.
12. Any issues requiring resolution of the Committee shall be decided by a majority of votes. The Chair shall not have a casting vote.
13. Other independent Directors of the Board are entitled to attend Committee meetings and shall receive copies of the papers upon request.
14. The CEO will be invited to attend Committee meetings but will have no voting rights and must not be present during discussions on his or her own remuneration.
15. The Company Secretary, or such other person as the Board may nominate, will act as Secretary to the Committee.
16. The Chair will be required to call a meeting of the Committee if requested to do so by any Committee member or the CEO.

## REPORTING

17. The Committee will be responsible for the conduct of its proceedings and shall ensure that its meetings are minuted and reported to the Board.
18. The Committee will oversee the preparation of any reports required by law or the Australian Securities Exchange listing rules or requested by the Board, including relevant remuneration sections of the Annual Report and other shareholder documents. The Committee will review and recommend to the Board for approval the Remuneration Report to be included in the annual Directors' Report.

## RESPONSIBILITIES

### Group Remuneration Policy

19. Review the Group Remuneration Policy at least every three years and make recommendations to the Board as to its compliance with the Prudential Standards and relevant legislation.
20. Periodically assess the effectiveness of the Policy and provide an assessment to the Board, including the Committee's satisfaction that the Policy:
  - a. encourages behaviours that support the Risk Management Framework, prudential risk taking and therefore IAG's short-term and long-term financial soundness;
  - b. demonstrates a clear alignment between performance and remuneration; and
  - c. ensures remuneration supports the objectives of IAG and is aligned with delivering returns for shareholders.
21. Review and make recommendations to the Board in relation to the policies and governance practices relating to the following:
  - a. remuneration of Directors;
  - b. remuneration of the CEO and employees who directly report to the CEO;
  - c. remuneration arrangements of risk and financial control personnel;
  - d. remuneration arrangements of other persons where, in the opinion of the Committee, such persons' remuneration arrangements are likely to have a substantial influence on those persons' activities and such activities may affect the financial soundness of the company (specified persons); and
  - e. incentive schemes for Group Executives.

### Non-Executive Directors

22. 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 practice and changes in the level of complexity and/or commitments required of Non-Executive Directors.
23. Approve the remuneration of Non-Executive Directors appointed to subsidiary and associated company boards and committees and to executive committees.

### CEO

24. Make recommendations to the Board at least annually on the remuneration to be paid to the CEO including:
  - a. fixed remuneration levels;
  - b. short and long term incentives;
  - c. any termination payments to be made;
  - d. retention and sign-on and equity buy-out awards; and
  - e. any other forms of remuneration.

25. In conjunction with the Chairman of the Board:

- a. evaluate and make recommendations to the Board on the performance of the CEO based on the Group's Balance Scorecard; and
- b. determine the outcome of any performance hurdles in relation to any equity plan in which the CEO may participate.

### **Executives**

26. Make recommendations to the Board at least annually on the remuneration to be paid to the Executives who directly report to the CEO including:

- a. fixed remuneration levels;
- b. short and long term incentives;
- c. any termination payments to be made;
- d. retention and sign-on and equity buy-out awards; and
- e. any other forms of remuneration.

27. Review and recommend to the Board the talent and leadership strategy for Group Executives

28. Review the development and succession plans for Group Executives to maintain a pool of capable senior management.

### **All staff**

29. Review and approve at least annually the remuneration arrangements for:

- a. risk and financial control personnel; and
- b. all 'other responsible persons'<sup>1</sup>.

30. Review all remuneration arrangements that operate in exception to the Group Remuneration Policy.

31. Review and note annually the outcomes of the Group remuneration review.

### **Equity Based Plans**

32. Exercise all of the powers and discretion of the Board in relation to equity based remuneration plans for Directors, Group Executives and other officers and employees.

33. Approve policies in relation to the minimum shareholding guidelines for the purposes of any one or more Equity Plans.

### **Other responsibilities**

34. Review at least every three years the Group Reward Strategy to align with and deliver on IAG's strategic goals.

35. Review the Group People & Culture Strategy and its implementation and progress against objectives.

---

<sup>1</sup> Other responsible persons include each responsible person as defined in Prudential Standard CPS 520 *Fit and Proper*, excluding appointed actuaries, reviewing actuaries, responsible auditors, Non-Executive Directors and any other responsible person for whom the Committee makes annual recommendations to the Board on the remuneration to be paid to that person.

36. Assess the Group's approach to workplace diversity and inclusion by:
  - a. reviewing the effectiveness of diversity and inclusion policies having regard to relevant benchmarks; and
  - b. establishing measurable objectives for achieving diversity and inclusion and, at least annually, reviewing and reporting on the progress against those objectives.
37. Assess the effectiveness of IAG's workplace, health & safety framework and strategy and evaluate workplace health & safety performance and management's actions to mitigate risks and incidents.
38. Review appeals of candidates who have been assessed as not fit and proper under IAG's Group Fit and Proper Policy.
39. The Committee shall review this Charter every three years, and refer any proposed amendments to the Board for approval.
40. The Committee will annually review fulfilment of its responsibilities as set out in this Charter.
41. The Committee may engage and consult and/or seek advice from such experts as necessary 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.
42. The Committee members will be available to meet with APRA as required.
43. 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.