



RISK COMMITTEE CHARTER

PURPOSE

1. The purpose of the Insurance Australia Group Limited (**IAG**) Risk Committee (**Committee**) is to assist the IAG Board (**Board**) to discharge its risk management and compliance responsibilities including:
 - a. oversight of the material risks of IAG and its subsidiaries (**Group**);
 - b. oversight of risk management and control systems for adequacy and effectiveness;
 - c. oversight of the Group's compliance with the Group Risk Management Strategy (**Group RMS**), Group Reinsurance Risk Management Strategy (**Group REMS**) and other governance and risk related Group policies identified in the Group RMS;
 - d. effective operation of compliance systems having regard to the requirements of applicable laws, regulations, industry codes, listing authorities' rules and organisational policies, and frameworks;
 - e. oversight of the implementation and operation of the Group's risk management and governance frameworks; and
 - f. safeguarding the independence of the Group Chief Risk Officer (**CRO**) and Chief Actuary and the risk management and compliance functions.
2. The Committee also serves as the risk 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. Without limiting its role, the Committee will:

Risk Appetite

4. Review and recommend to the Board for approval the Group Risk Appetite Statement (**RAS**).
5. Approve the risk appetite metrics that support the RAS.
6. Advise the Board on the Group's overall current and future risk appetite and risk management strategy.
7. Establish and oversee the Group-wide view of the Group's current and future risk position relative to its risk appetite and capital strength.

Risk Management

8. Oversee the effectiveness of the risk management function in fulfilling its responsibility for the development and maintenance of the Group Risk Management Framework (**Group RMF**).
9. Review and recommend to the Board for approval the Group RMS and Group REMS.
10. Review and recommend to the Board for approval the following Group policies:

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- a. Group Anti-Money Laundering & Counter Terrorism Financing Policy;
 - b. Group Business Continuity Management Policy;
 - c. Group Financial Delegations & Authorities Policy;
 - d. Group Fit & Proper Policy; and
 - e. Group Outsourcing and Service Provision Policy.
11. Approve Group or other policies for managing risk.
 12. Oversee Management's implementation of the Group RMS.
 13. Review and recommend to the Board for approval the contents of the annual risk management declaration to be made to APRA.
 14. Receive reports on the Group RMF as set out in the Group RMS and Group REMS to assess its adequacy and effectiveness to identify, assess, manage and monitor all material risks of the Group, including contemporary and emerging risks.
 15. Report to the Board annually on the adequacy and effectiveness of the Group RMF and the Group's status in operating with due regard to the risk appetite set by the Board.

Overall Risk Governance and Risk Culture

16. Oversee Management's monitoring and management of material risks consistent with the strategic objectives, risk appetite and policies approved by the Board and the Committee.
17. Ensure a sound risk culture is established and maintained throughout the Group and receive regular reporting to demonstrate that the Group is operating within the risk appetite set by the Board.
18. Oversee that risk culture is considered in the Group's broader culture initiatives.

Capital Management – Internal Capital Adequacy Assessment Process (ICAAP)

19. Consider the adequacy and effectiveness of the independent ICAAP review report at least every three years.
20. Oversee the outcomes of the Group's stress testing.
21. Review the controls for the ICAAP and recommend to the Board any significant changes to the ICAAP.
22. Approve the ICAAP Annual Report.
23. Review and recommend to the Board for approval the CEO ICAAP declaration.
24. Oversee capital levels to ensure alignment with the Group RAS.

Compliance Management

25. Ensure that the Compliance Framework is supported by appropriate monitoring systems and compliance reporting.
26. Oversee the Group's compliance with standards, applicable laws, regulations, regulatory requirements, listing authorities' listing rules, and internal policies.
27. Oversee the management and the effectiveness of regulator relationships and the compliance processes in place to anticipate and effectively manage the impact of regulatory change on the Group's operations.

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28. Oversee the adequacy and appropriateness of the Group's financial and human resources devoted to the implementation, operation and maintenance of an effective compliance framework.
 29. Oversee the policies and procedures for employees to confidentially submit information about concerns relating to accounting, internal control, compliance, audit and any other matters.
 30. Escalate compliance risk issues to the Board as relevant to provide assurance that material compliance risk issues are being considered on a timely basis and addressed in a consistent manner.

Risk Reporting from Management

31. Receive and review risk management reports prepared by Management, including the CRO and Chief Actuary, which includes coverage of new and emerging sources of risk and the risk controls and mitigation measures implemented.
32. Challenge Management's proposals and decisions on all aspects of risk management arising from the Group's activities.
33. Receive and review reports from Management on material breaches of the Code of Ethics & Conduct, material incidents reported under the Group Whistleblower Policy and material breaches reported under the Group Fraud and Corruption Control Framework and any related policies.

Other Responsibilities

34. Oversee the effectiveness of the Business Continuity Management Framework and its compliance with regulatory requirements.
35. Oversee the scope, cover and cost of the Group corporate insurance program.
36. Provide endorsement to the CEO for:
 - a. the appointment or removal of the CRO; and
 - b. any restructure to the reporting lines of the CRO, or to the scope of responsibilities of this position.
37. Review the performance and set the objectives of the CRO and ensure the CRO has unfettered access to the Board and the Committee.
38. Oversee the effectiveness of the CRO, Chief Actuary and the risk management and compliance functions and the adequacy of their organisational structures.
39. Review the effectiveness of the key risk management and governance frameworks implemented by any risk committees of subsidiary companies of IAG and the Group Leadership Team Risk Committee through:
 - a. oversight of the risk committees' minutes;
 - b. the Chair of the Committee, meeting with the Chairs of risk committees of material licensed subsidiary companies at least annually; and
 - c. provision of a written report from the risk committees of material licensed subsidiary companies.
40. The Chair of the Committee will meet with the Chairs of the Audit Committee and People and Remuneration Committee at least annually to consider the types of risk covered by each of these committees.
41. Review and assess annually the Committee's fulfilment of its responsibilities under this Charter and report such findings to the Board.

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42. Review this Charter at least every two years or as required and recommend amendments to the Board for approval.
 43. Be available to meet with APRA and other regulators upon request.
 44. If appropriate, consider any risk matter, notwithstanding that the particular matter may have been previously referred to, and considered by, another Board Committee.

REPORTING

45. The Chair of the Committee will report on the business of Committee meetings to the Board and make recommendations, as appropriate.
46. The Committee will immediately escalate any actual or suspected material risk that is outside the Group's risk appetite or any other material concern to the Chair of the Board or to the Chair of the appropriate Board Committee.
47. Minutes of Committee meetings will be circulated to all Directors.

COMPOSITION

48. The Committee will comprise at least four members, all of whom must be independent Non-Executive Directors.
49. The Committee members are to have sufficient skill, experience, technical expertise and understanding of the Group's business and risk requirements required to fulfil the Committee's responsibilities under this Charter effectively.
50. The Board will appoint the members of the Committee and its Chair.
51. The Chair of the Committee must be an independent Non-Executive Director. The Chair of the Board must not be the Chair of the Committee.
52. At least one member of the Board Risk Committee will be a member of the Board Audit Committee to assist with the flow of relevant information between the two Committees.
53. At least one member of the Committee will be a member of the People and Remuneration Risk Committee.

MEETINGS

54. The Committee will meet as least four times annually and as often as required to undertake its role effectively.
55. A quorum will be a number equal to:
 - a. where the number of Committee members is an even number, half that number, plus one; or
 - b. where the number of Committee members is an odd number, half that number rounded up to the next whole number.
56. Any issues requiring resolution arising at any meeting of the Committee will be decided by a majority of votes. The Chair does not have a casting vote unless the Committee has an even number of members and a decision cannot be made by a majority of votes.
57. The CRO has a standing invitation to attend Committee meetings.
58. The Committee may invite Management, external advisors and subject-matter experts to attend its meetings.
59. All Directors will have access to Committee papers and may attend Committee meetings.

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60. The Chair of the Committee will be required to call a meeting of the Committee if requested by any Committee member, the Group Chief Executive Officer (**CEO**) or CRO.
 61. The Company Secretary or their designated representative will act as Secretary to the Committee.
 62. The Committee will hold at least two meetings annually with any of the CRO, the Chief Actuary, Executive General Manager (**EGM**), Group Internal Audit or EGM, Enterprise & Financial Risk or all together, without other Management being present.

ACCESS AND ADVICE

63. The Committee will have free and unfettered access to Management, the Global External Peer Review (**EPR**) Actuary, the External Auditor, risk and financial control personnel and any other persons (internal or external) required by the Committee to fulfil its responsibilities.
64. The Boards of subsidiaries of IAG covered by the Committee will have free and unfettered access to the Committee.
65. The Committee may engage and consult and/or seek independent advice from such consultants or experts as required by the Committee to carry out the responsibilities and delegations outlined in this Charter.