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## STANDARDS FOR ASSESSING A DIRECTOR AS INDEPENDENT

All Non-Executive Directors of Insurance Australia Group Limited will be assessed against these Standards to determine their independent status annually; and more promptly if a Director considers their independence status to have changed.

The Board considers that an independent Director is a Non-Executive Director who is free from any interest, position or relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his/her independent judgement.

An 'independent' Director is a Non-Executive Director who:

- a. is not or does not represent a substantial shareholder of IAG, or within the last three years has not been an officer or employee of, or professional adviser to a substantial shareholder of IAG;
- b. within the last three years has not been:
  - i. employed in an executive capacity by the IAG Group<sup>1</sup>, or been a Director of IAG after ceasing to hold any such employment;
  - ii. a principal of, a material professional adviser or material consultant to the IAG Group, or an employee materially associated with the service provided; or
  - iii. a material supplier or customer of IAG Group, or an officer of, or otherwise directly or indirectly associated with a material supplier or customer of IAG Group;
- c. does not have a material contractual relationship with IAG Group other than as a Director of IAG;
- d. does not have close personal ties with any person who falls within any of the categories described in paragraphs a. to c.;
- e. does not receive any performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of IAG Group;
- f. has not served on the IAG Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's independence from Management and substantial shareholders of IAG and the ability to act in the best interests of IAG as a whole rather than in the interests of an individual shareholder or other party (as determined by the IAG Board in the case of each Director); or
- g. is otherwise free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's independent judgement and the ability to act in the best interest of IAG as a whole rather than in the interests of an individual shareholder or other party.

The Board will apply the following materiality thresholds in respect of:

- a material professional adviser/consultant or a material supplier – where goods/services purchased by the IAG Group accounts for 5% or more of the annual consolidated gross expenses of IAG Group; and
- a material customer – where goods/services supplied by the IAG Group accounts for 5% or more of the annual consolidated gross revenue of the IAG Group.

Close personal ties include family, friendship or other social or business connections.

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<sup>1</sup> IAG Group means Insurance Group Limited, its subsidiaries and associated companies.

