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# PEOPLE AND REMUNERATION COMMITTEE CHARTER

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## PURPOSE

1. The purpose of the Insurance Australia Group Limited (**IAG**) People and Remuneration Committee (**Committee**) is to assist the IAG Board (**Board**) to discharge its responsibilities on matters relating to:
  - a. the Group Remuneration Policy for IAG and its subsidiaries (**Group**);
  - b. Group remuneration disclosures;
  - c. the remuneration levels for IAG Non-Executive Directors and Non-Executive Directors of certain other IAG Subsidiaries where required;
  - d. the individual remuneration arrangements and outcomes of the Group Chief Executive Officer (**CEO**), employees who report directly to the CEO (**Group Executives**), Senior Risk and Financial Control employees and Material Risk Takers as defined in the Group Remuneration Policy, Responsible Persons of the Group and other persons whose activities may affect the financial soundness of the Group;
  - e. the Group's equity plans; and
  - f. Group People & Culture strategies and frameworks, including the workplace health & safety framework and workplace diversity and inclusion strategies.
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

Without limiting its role, the Committee will:

### Group Remuneration Policy

3. Review the Group Remuneration Policy (**Policy**) at least every three years and recommend to the Board the Policy for approval.
4. Assess the Policy's effectiveness and its compliance with APRA Prudential Standards and relevant legislation and provide an assessment to the Board, including the Committee's satisfaction that the Policy:
  - a. encourages behaviours that support the Group 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;
  - c. aligns with the Group's purpose, values, strategic objectives and risk appetite; and

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- d. ensures remuneration supports the objectives of the Group and is aligned with delivering returns for shareholders.
5. Review and where required under the Policy and/or Prudential Standards recommend to the Board for approval of any other policies and governance practices relating to:
    - a. remuneration of Directors;
    - b. remuneration of the CEO and Group Executives;
    - c. incentive schemes for Group Executives;
    - d. remuneration arrangements of Senior Risk and Financial Control personnel; and
    - e. any person specified by APRA or other persons where, in the opinion of the Committee, such persons' activities may affect the financial soundness of the Group where the Board has not delegated to the Committee to make determinations directly.

### Remuneration Disclosures

6. Oversee the preparation of any disclosures required by legislation, 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 included in the annual Directors' Report.

### Non-Executive Director Remuneration

7. Review and recommend to the Board at least annually, approval of the fees (inclusive of superannuation) to be paid to IAG Non-Executive Directors and ensure this is revised periodically to reflect market practice and changes in the level of complexity and/or commitments required of Non-Executive Directors.
8. Approve the remuneration of Non-Executive Directors 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

9. Review and recommend to the Board at least annually, approval of the remuneration arrangements for the CEO, including fixed remuneration levels, short-term and long-term incentives, termination payments, retention and sign-on and any other forms of remuneration.
10. In conjunction with the Chairman of the Board:
  - a. evaluate and make recommendations to the Board on the CEO's contribution to achieving Group Balanced Scorecard outcomes; and
  - b. determine the outcome of any performance hurdles in relation to any equity plan in which the CEO is a participant.

### Group Executive Remuneration

11. Review and recommend 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.
12. Review the performance assessments conducted by the CEO on the Group Executives' individual contributions to achieving Group Balanced Scorecard outcomes and recommend the outcomes to the Board for approval.

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13. Determine and recommend to the Board for approval the outcome of any performance hurdles in relation to any equity plan in which the Group Executives are participants.
  14. Review and recommend to the Board for approval the Group Executive talent and leadership strategy.
  15. Oversee the development and succession plans for Group Executives to maintain a pool of capable Senior Management.

### **Employee Remuneration**

16. Oversee and approve at least annually the remuneration arrangements and outcomes for those roles specified in the Group Remuneration Policy and, in accordance with the Prudential Standards, any other persons whose activities, individually or as a class, are deemed by the Committee to affect the financial soundness of the Group.
17. Oversee and note annually the outcomes of the Group remuneration review.

### **Equity Plans**

18. Review and recommend to the Board for approval the design and terms of all equity plans, including material changes to existing equity plans.
19. Exercise all the powers and discretion of the Board in relation to equity plans for Directors, Group Executives and employees.

### **Other Responsibilities**

20. Review and recommend to the Board for approval the Mandatory Shareholding Requirement Policy considering, where relevant, compliance with it.
21. Oversee the implementation of specified Group People & Culture frameworks and strategies and their progress against objectives.
22. Assess the Group's approach to workplace diversity and inclusion by:
  - a. considering 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, considering and reporting on the progress against those objectives.
23. Assess the effectiveness of the Group's workplace health & safety framework and strategy and evaluate workplace health & safety performance and Management's actions to mitigate risks and incidents.
24. Consider appeals, where relevant, of candidates who have been assessed as not fit and proper under the Group Fit and Proper Policy.
25. Oversee the effectiveness of the remuneration governance frameworks implemented by the remuneration committees of subsidiary companies of IAG through:
  - a. oversight of the people and 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.

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26. The Chair of the Committee meeting will meet with the Chairs of the Audit Committee and Risk Committee at least annually to consider the types of risk covered by each of these committees relevant to the determination of remuneration outcomes for the CEO and Group Executives.
  27. Review and assess annually the Committee's fulfilment of its responsibilities under this Charter and report such findings to the Board.
  28. Review this Charter every two years or as required and recommend amendments to the Board for approval.
  29. Be available to meet with APRA and other regulators upon request.
  30. If appropriate, consider any remuneration matter, notwithstanding that the particular matter may have been previously referred to, and considered by, another Board Committee.

### COMPOSITION

31. The Committee will comprise at least four members, all of whom must be independent Non-Executive Directors.
32. 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.
33. The Board will appoint the members of the Committee and its Chair.
34. The Chair of the Committee must be an independent Non-Executive Director.
35. At least one member of the Committee will be a member of the Risk Committee.

### REPORTING

36. The Chair of the Committee will report on the business of Committee meetings to the Board and make recommendations, as appropriate.
37. 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.
38. Minutes of Committee meetings will be circulated to all Directors.

### MEETINGS

39. The Committee will meet at least four times annually and as often as required to undertake its role effectively.
40. A quorum will be a number equal to:
  - a. where the number of Committee members is an even number, half the number, plus one; or
  - b. where the number of Committee members is an odd number, half that number rounded up to the whole number.
41. 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.
42. 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.
43. The Committee may invite Management, external advisors and subject-matter experts to attend its meetings.

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44. All Directors will have access to Committee papers and may attend Committee meetings.
  45. The Chair of the Committee will be required to call a meeting of the Committee if requested by any Committee member or the CEO.
  46. The Company Secretary or their designated representative will act as Secretary to the Committee.

#### **ACCESS AND ADVICE**

47. 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.
48. The Boards of subsidiaries of IAG covered by the Committee will have free and unfettered access to the Committee.
49. 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.