

# BOARD PEOPLE AND REMUNERATION COMMITTEE CHARTER

---

## 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 to discharge its responsibilities by making recommendations to the Board and providing independent non-executive oversight on matters relating to the:
  - a. remuneration framework of IAG and its subsidiaries (**Group**) as articulated in the Group Remuneration Policy (**Remuneration Framework**), including the design, operation, monitoring and effectiveness of the Remuneration Framework and its compliance with laws, regulations and any applicable prudential requirements (**Prudential Standards**);
  - b. Remuneration Report included in the Group's Annual Report and other Group remuneration disclosures as required;
  - c. remuneration arrangements for IAG Non-Executive Directors (**NEDs**) and NEDs of IAG's material subsidiaries;
  - d. remuneration arrangements and variable remuneration outcomes for the Group Chief Executive Officer (**CEO**), executive direct reports to the CEO (**Group Executives**), and persons in other specified roles as defined in the Group Remuneration Policy (**Specified Roles**<sup>1</sup>);
  - e. design of, and outcomes under, Group equity and incentive plans;
  - f. implementation of Group People and Culture frameworks and strategies, including the way in which remuneration supports appropriate risk management and culture.
2. The Boards of Group entities, including Insurance Australia Limited and IAG Subsidiaries that are regulated by Australian Prudential Regulation Authority (**APRA**) or other regulators<sup>2</sup> (each a **Regulated Subsidiary**), may delegate their remuneration committee function to the Committee. The relevant responsibilities set out in this Charter will apply to those delegated matters subject to applicable requirements of each Regulated Subsidiary. The Committee will report back to the Boards of Regulated Subsidiaries on such matters from time to time.

## RESPONSIBILITIES

To assist in meeting its objective, the Committee is responsible for:

### Group Remuneration Framework & Policy

3. Reviewing at least annually the Remuneration Framework (which includes the Group Remuneration Policy), including an assessment of the Remuneration Framework's compliance with law, regulations and Prudential Standards.
4. Reviewing and assessing the findings of an independent triennial review of the effectiveness of the Remuneration Framework and making recommendations to the Board in relation to any findings of the review, in line with the requirements of the Group Remuneration Policy.
5. Reviewing and recommending to the Board the Group Remuneration Policy for approval.

---

<sup>1</sup> Specified Roles refers to roles classified in accordance with CPS 511 as senior managers, executive directors, material risk-takers (including highly paid material risk takers) and risk and financial control personnel.

<sup>2</sup> Regulators include the Reserve Bank of New Zealand.

## Remuneration Disclosures

6. Reviewing and recommending to the Board for approval the Remuneration Report to be included in the annual Directors' Report, including providing relevant assurances through the Board Audit Committee.
7. Overseeing the preparation of any other remuneration related disclosures required by law, Prudential Standards, the ASX Listing Rules or as requested by the Board.

## NED Remuneration Arrangements

8. Within the maximum amount approved by shareholders, reviewing and making annual recommendations to the Board on NED remuneration arrangements.
9. Approving the remuneration arrangements of NEDs appointed to the Boards of IAG's material subsidiaries and associated entity Boards and Board Committees.

## CEO Performance and Remuneration

10. In conjunction with the Board Chair, evaluating and making recommendations to the Board on the CEO's performance.
11. Reviewing and recommending to the Board for approval upon appointment and at least annually the remuneration arrangements and variable remuneration outcomes for the CEO, including key contract terms and any adjustment to variable remuneration, and any other forms of remuneration as required by the Prudential Standards and having regard to the Group Remuneration Policy.

## Group Executive Performance and Remuneration

12. Reviewing and recommending to the Board for approval, individually, upon appointment and at least annually the remuneration arrangements and variable remuneration outcomes for each Group Executive, including key contract terms and any adjustments to variable remuneration, and any other forms of remuneration as required by the Prudential Standards and having regard to the Group Remuneration Policy.
13. Reviewing the recommendations from the CEO on each Group Executive's performance and recommending the outcomes to the Board.

## Specified Roles Performance and Remuneration

14. Reviewing and recommending to the Board for approval at least annually on a cohort basis the remuneration arrangements and variable remuneration outcomes for other Specified Roles, in addition to the CEO and Group Executives, including any adjustments to variable remuneration, and any other forms of remuneration as required by the Prudential Standards and having regard to the Group Remuneration Policy.

## Other Employee Performance and Remuneration

15. Overseeing and noting the outcomes of the annual Group performance and remuneration review.
16. Reviewing and recommending to the Board for approval the annual Group short term incentive funding allocation.

## Equity and Incentive Plans

17. Reviewing and recommending to the Board for approval the design and terms of all new Group equity and incentive plans, including material changes to existing plans.
18. Overseeing and noting any non-material changes made to existing Group equity and incentive plans.

19. Approving Localised Incentive Plans where plan eligibility includes Specified Roles, potential incentive payments exceed A\$5M or payments are made using equity instruments not already approved by the Committee.
20. Overseeing and noting any Localised Incentive Plan matters that are approved by Management.
21. Reviewing and recommending to the Board for approval the outcome of any financial and non-financial performance hurdles in relation to any Group equity and incentive plan in which the CEO, the Group Executives, or any other Specified Roles, are participants.
22. Reviewing and recommending to the Board for approval the exercise of discretion to retain or lapse or make any other adjustment, to variable remuneration outside of default treatment upon cessation of employment for the CEO and Group Executives, and approving the exercise of discretion to retain or lapse or make any other adjustment to variable remuneration made under Group equity and incentive plans outside of default treatment upon cessation of employment for other employees.

### Other Responsibilities

23. Reviewing and recommending to the Board for approval the Mandatory Shareholding Requirement Policy, and monitoring Policy compliance.
24. Overseeing the implementation of specified Group People and Culture frameworks and strategies (including progress on culture, talent and leadership metrics).
25. Reviewing and recommending to the Board for approval the Group Executive talent and leadership strategy.
26. Overseeing Group Executive succession planning.
27. Overseeing the Group's approach to workplace diversity and inclusion, including:
  - a. reviewing and recommending to the Board for approval the IAG DEI Strategy, Group DEI Policy and DEI measurable objectives for achieving gender and inclusion diversity at a Board and senior executive level;
  - b. approving DEI measurable objectives for the workforce;
  - c. at least annually, reviewing the progress against the IAG DEI Strategy, targets and plan, and whether there is any gender or other inappropriate bias in remuneration arrangements and outcomes; and
  - d. monitoring and assessing on an annual basis the effectiveness of the Group DEI Policy and practices in achieving the stated objectives in the IAG DEI Strategy.
28. Approving or refusing appeals of relevant candidates who have been assessed as not fit and proper under the Group Fit and Proper Policy.
29. Overseeing the effectiveness of the people, performance and remuneration governance frameworks implemented by IAG's Regulated Subsidiaries through:
  - a. oversight of the relevant Board and remuneration committees' minutes;
  - b. the Committee Chair meeting with the Chairs of Board / remuneration committees at least annually; and
  - c. provision of a written report from the Board / remuneration committees.
30. Reviewing and assessing annually the Committee's fulfilment of its responsibilities under this Charter and reporting such findings to the Board.
31. Reviewing the Committee Charter at least every three years and recommending changes to the Board

for approval.

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

## CONSULTATION AND REPORTING

35. The Committee will seek feedback from and consult with the Chair of the Board Risk Committee and Chief Risk Officer (as appropriate) at least annually, as well as the Chair of the Board Audit Committee (as required), in relation to the Committee's responsibilities under this Charter, including with respect to aligning variable remuneration outcomes with risk outcomes. For Specified Roles, the Committee, in forming any recommendations regarding remuneration, will also consider the application of adjustments to variable remuneration (including based on recommendations from the Board Risk Committee).
36. The Committee Chair will report to the Board following each meeting of the Committee as appropriate on matters reviewed, recommended or approved by the Committee.
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. The Company Secretary will prepare and circulate minutes of Committee meetings to all Directors.

## COMPOSITION

39. The Committee will be appointed by the Board and will comprise at least three members, all of whom must be independent NEDs.
40. 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.
41. The Board will appoint the Chair of the Committee who must be an independent NED. The Chair of the Committee must not be the Chair of the Board.
42. 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.
43. The Committee may, at its discretion, delegate some or all of its duties and responsibilities to the Chair of the Committee or the Chair of the Board and may delegate any of its duties and responsibilities to a sub-committee of the Committee.
44. A member of the Board Risk Committee will be a member of the Committee.

## MEETINGS

45. The Committee will meet at least four times annually and as often as required to undertake its role effectively.
46. A quorum for meetings will be two Committee members, including the Chair.
47. Any issues requiring resolution, arising at any meeting of the Committee, shall be decided by a majority of votes. The Chair does not have a casting vote.
48. 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 or other matters where the CEO has a conflict of interest.

49. The Committee may invite senior management, independent external advisors and subject matter experts to attend its meetings.
50. All Directors will have access to Committee papers and may attend Committee meetings.
51. The Chair of the Committee will be required to call a meeting of the Committee if requested by any Committee member or the CEO. The Company Secretary or their designated representative will act as Secretary to the Committee.

## ACCESS AND ADVICE

52. The Committee will have free and unfettered access to:
  - a. Group Executives and senior management, including the Group Executive, People, Performance & Reputation and the Executive General Manager, Performance & Governance;
  - b. risk and financial control personnel; and
  - c. any other persons (internal or external) required by the Committee to fulfil its responsibilities.
53. The Boards of Regulated Subsidiaries of IAG covered by the Committee will have free and unfettered access to the Committee.
54. The Committee may engage and consult and/or seek advice from such independent 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.          |
| 2              | CSO          | Board       | 1 July 2023      | Changes associated with the implementation of APRA Prudential Standard CPS 511 Remuneration. |