

**INSURANCE AUSTRALIA GROUP LIMITED  
NOMINATION, REMUNERATION & SUSTAINABILITY COMMITTEE  
CHARTER**

**1. Purpose**

The purpose of the Nomination, Remuneration & Sustainability Committee (“the Committee”) is to:

- a) Provide advice and support to the Board in fulfilling its responsibilities to shareholders to ensure that the Board is comprised of persons who have the necessary range of skills, expertise and experience to enable it to discharge its responsibilities effectively;
- b) Provide advice and support to the Board in relation to the performance, composition and size of the Board;
- c) Oversee Board composition of designated IAG subsidiary and associated companies;
- d) Provide assurance to the Board relating to the effectiveness, integrity and compliance with IAG’s remuneration policies and practices;
- e) Assess whether the IAG Group Remuneration Policy is effective and complies with regulatory requirements on remuneration including those specified in the Corporations Act and APRA’s prudential standards;
- f) Monitor the appropriateness and relevance of the Group Remuneration Policy and approach to deliver the strategic goals of IAG; and
- g) Monitor the development, implementation and reporting of IAG’s business sustainability strategy.

**2. Structure**

- a) The Committee was established by resolution of the Board of Insurance Australia Group Limited (“**IAG**”). The Committee is also empowered as the remuneration committee of other subsidiaries of IAG which are authorised general insurers regulated by APRA, apart from Insurance Manufacturers of Australia Pty Limited, which has a separate board remuneration committee. References to ‘Company’, ‘Board’ or ‘Boards’ in this charter apply equally to each of those companies;
- b) The Committee shall comprise up to five members, all of whom shall be independent non-executive directors of IAG, where “independent” has the meaning attributed to it in the ASX Corporate Governance Principles and Recommendations. The Committee shall comprise

people with the appropriate skills, knowledge and expertise to fulfil the responsibilities set out in this charter;

- c) 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;
- d) The Board of IAG shall appoint the Committee and its Chair;
- e) The Committee will have free and unfettered access to persons whose primary role is risk management, compliance, internal audit, financial control or actuarial control as defined in the Group Remuneration Policy ('**risk and financial control personnel**'). The Boards of subsidiaries regulated by APRA will have unfettered access to the Committee;
- f) Committee members will be available to meet with APRA as required;
- g) 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;
- h) The Committee shall review this charter from time to time, as it deems appropriate, and refer any proposed amendments to the IAG Board for approval; and
- i) The Committee will annually review fulfilment of its responsibilities as set out in this Charter.

### **3. Responsibilities**

The Committee's main responsibilities are divided into the following areas:

#### ***a) Nomination and board performance***

- Review, develop policy and make recommendations to the Board in relation to director tenure, Board size and composition;
- Review and make recommendations to the Board on the operation and performance of the Board, including providing assistance to the Chairman in the review of the performance of individual directors which is to occur at least annually;
- Coordinate the Board's review of the Chair's performance which is to occur at least annually;

- Undertake a formal review of the performance, composition and size of the Board every three years and bring a report on the assessment to the Board;
- Review and make recommendations to the Board on the orientation and education of new directors;
- Review and develop plans for identifying, assessing and enhancing director competencies including the continuing education of directors;
- Develop and implement succession planning for the Company's non-executive directors;
- Assess the skills required to discharge competently the Board's duties having regard to the Company's performance, financial position and strategic direction, including the specific knowledge, skills and experience that the Committee determine as necessary for one or more of the directors to possess;
- Make recommendations to the Board on candidates for appointment and re-election of directors with particular attention given to the mix of skills, experience and expertise of existing directors and how the candidate's competencies will complement and balance these qualities;
- Review at least annually the composition of designated<sup>1</sup> IAG subsidiary and associated company boards

#### ***b) Remuneration***

- Review at least every three years and make recommendations to the Board on the Group Remuneration Policy including policies and governance practices relating to the following:
  - Remuneration of directors;
  - Remuneration of the CEO and executives who directly report to the CEO;
  - Remuneration arrangements of risk and financial control personnel;
  - 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 ("**Other Persons**");
  - Succession for executive positions;
  - Incentive schemes; and
  - Recruitment, retention and termination policies for executives;
- Monitor the effectiveness of the Group Remuneration Policy to ensure that it remains appropriate for its intended purpose and that outcomes

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<sup>1</sup> As defined in the "Subsidiary board appointments" policy.

are consistent with regulatory requirements on remuneration including those specified in APRA's prudential standards;

- Make recommendations to the Board at least annually on the remuneration to be paid to:
  - the CEO and executives who directly report to the CEO; and
  - Other Persons;
- Review and approve at least annually the remuneration arrangements for:
  - risk and financial control personnel;
  - Other Persons; and
  - all 'other responsible persons'<sup>2</sup>;
- 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 IAG non-executive directors;
- Approve the remuneration of IAG non-executive directors appointed to subsidiary and associated company boards and committees and to executive committees;
- Exercise all of the powers and discretion of the Board in relation to equity based remuneration plans for directors, executives and other officers and employees;
- Oversee the preparation of any reports required by law or ASX 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.

### ***c) Succession***

- Oversee, review and make recommendations to the Board in relation to succession planning for the CEO, executives who report directly to the CEO and other select senior executives;
- Review progress of management succession, talent and leadership development programmes for executive and other select senior executive positions;

### ***d) Business Sustainability***

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<sup>2</sup> Other responsible persons include each responsible person as defined in Prudential Standard GPS520, 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.

- Review and recommend to the Board approval of IAG's business sustainability strategy;
- Monitor the implementation of the business sustainability strategy within each of IAG's divisions;
- Monitor how effectively the views of IAG's key stakeholder groups (people, customers, community and shareholders) are considered;
- Monitor the performance of business sustainability aspects under the customer, workforce, community, and environmental levers. The economic lever will be monitored by the Board; and
- Review external reporting on business sustainability strategies and initiatives, specifically the annual IAG business sustainability report.

***e) Fitness & Proper***

- Review appeals of candidates who have been assessed as not fit and proper under IAG's Fit and Proper Persons policy.

**4. Meetings**

- The Committee shall meet as requested but not less than four times per calendar year;
- A quorum shall be a number equal to:
  - Where the number of Committee members is an even number, half the number, plus one; and
  - Where the number of Committee members is an odd number, half that number rounded up to the whole number.
- Any issues requiring resolution of the Committee shall be decided by a majority of votes and each committee member shall have one vote. In case of an equality of votes, the Chair shall have the second or casting vote;
- The Committee shall be responsible for the conduct of its proceedings and shall ensure that its meetings are minuted and reported to the Board of IAG at its next meeting;
- The Company Secretary, or such other person as the Board of IAG may nominate, will act as Secretary to the Committee; and
- The Chair shall be required to call a meeting of the Committee if requested to do so by any Committee member or the Chief Executive Officer.

**APPENDIX A**  
**INSURANCE AUSTRALIA GROUP LIMITED NOMINATION,**  
**REMUNERATION & SUSTAINABILITY COMMITTEE CHARTER**  
**STANDING ITEMS FOR COMMITTEE MEETINGS**

	Feb	May	Aug	Nov
<b>Nomination and Board Performance</b>				
Review Director tenure, Board succession, size and composition and director selection		X		X
Review director and Board performance		X		
Recommend candidates to Board for appointment and re-election to the Board		X		
Review non-executive director remuneration			X	
Review composition of designated subsidiary and associated companies' boards	X			
<b>Remuneration</b>				
Review and recommend CEO remuneration			X	
Review and recommend the remuneration of CEO's executive direct reports and other persons as designated under Prudential Standard GPS510,			X	
Review and recommend the remuneration arrangements of risk and financial control and other persons designated under GPS510			X	
Approve or recommend grants of equity based remuneration	X		X	
Review Group Remuneration policy		X		
Review the Remuneration Report		X	X	
Mandatory shareholdings update				X
Review and recommend rights adjustments		X		
<b>Succession</b>				
Review succession plans for CEO, executives that report to the CEO and other select senior executives				X
Review development of top tier talent and leadership capability				X
<b>Business sustainability</b>				
Review of business sustainability strategy		X		
Review business unit progress regarding their implementation of the business sustainability framework with a focus on the workforce, community and environmental levers.	X	X	X	X
Review and monitor the quarterly business sustainability performance data	X	X	X	X
Review and approval of the annual business sustainability report			X	
Review of Diversity Strategy		X		
<b>Committee Governance</b>				
Charter review	X			
Committee to review fulfilment of Charter responsibilities	X			