

Group People & Remuneration Committee Terms of Reference

Insignia Financial Ltd
ABN 49 100 103 722

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1. Overview

1.1. Application

Insignia Financial Ltd (the Company) has adopted these Terms of Reference (ToR) for its People & Remuneration Committee (the Committee).

The Group comprises the Company and its subsidiaries (the Group). The responsibilities apply in relation to the Company and other Group companies, unless otherwise stated in this ToR. A reference to the Board is to the Board of the Company unless otherwise stated.

Note: The Group includes the following.

Advice companies

- Bridges Financial Services Pty Ltd – ABN 60 003 474 977; and
- Shadforth Financial Group Limited – ABN 27 127 508 472.

Responsible Entities (REs)

- IOOF Investment Services Ltd ABN 80 007 350 405 (IISL);
- OnePath Funds Management Limited ABN 21 003 002 800 (OPFM);
- MLC Investments Limited ABN 30 002 641 661 (MLCI); and
- Navigator Australia Limited ABN 45 006 302 987 (NAL).

Registrable Superannuation Entity Licensees (RSE licensees)

- IOOF Investment Management Limited ABN 53 006 695 021;
- OnePath Custodians Pty Limited ABN 12 008 508 496;
- Oasis Fund Management Limited ABN 38 106 045 050 (Oasis); and
- NULIS Nominees (Australia) Limited ABN 80 008 515 633,

(each a Registrable Superannuation Entity Licensee (RSE licensee)).

Additional key operating entities

- MLC Asset Management Services Limited ABN 38 055 638 474;
- MLC Asset Management Pty Limited ABN 44 106 427 472;
- Managed Portfolio Services Limited ABN 77 009 549 697; and
- Antares Capital Partners Limited ABN 85 066 081 114.

Each RSE licensee is the holder of a Registrable Superannuation Entity Licence which authorises it to act as a trustee of superannuation funds (Funds).

In the case of an RSE licensee, a reference to a beneficiary is to a person who has a beneficial interest in the Fund and includes a member of the Fund (section 10 of the Superannuation Industry (Supervision) Act 1993).

Each RE is the holder of an Australian Financial Services Licence (AFSL) which authorises it to act as a

responsible entity of managed investment schemes (Schemes). In the case of IISL and NAL, the Company is also authorised to operate an Investor Directed Portfolio Service (IDPS). In the case of IISL, the Company is also a custodian.

Each Additional key operating entity is the holder of an Australian Financial Services Licence (AFSL) which authorises it to provide financial services (a Licensee). A reference to an investor is to the following: (a) in the case of a managed investment scheme, an investor; (b) in the case of an IDPS, an investor; (c) in the case of custodial services, beneficiaries; and (d) in the case of a Licensee, a person who receives financial services or advice from the Licensee or an authorised representative of the Licensee.

The Board of each company identified above has adopted this Group People & Remuneration Committee as its remuneration committee, in the case of the RSE licensees, for the purposes of APRA regulatory requirements.

A reference to an employee includes an employee of the relevant company and of any Group service provider to the company.

Note: CPS511 requires each RSE licensee to have a Board remuneration committee that complies with the prudential standard and allows the use of a group committee as the Board remuneration committee for the RSE licensee.

1.2. Introduction

- a. The Committee has responsibility for remuneration matters relating to employees and directors as set out in this Terms of Reference. Some responsibilities are specific to particular categories of personnel as identified below.

Accountable person: means an Accountable person of an accountable entity and an Accountable person of an SRE unless otherwise stated.

Note: As at the date of these ToR, each Accountable person role, other than a non-executive director, is an APRA-specified role.

Accountable person of an accountable entity: has the meaning given in section 10(1), (2) and (3) of the Financial Accountability Regime Act 2023 (**FAR Act**).

Note: As at the date of these ToR, this includes the following three categories of accountable person.

- (1) A person in a position which gives actual or effective senior executive responsibility for management or control of the accountable entity or for management or control of a significant or substantial part or aspect of the operations of the accountable entity: FAR Act section 10(1).
- (2) A person in a position which gives a responsibility prescribed by Minister rules: FAR Act section 10(2): Financial Accountability (Minister Rules) 2024 (**Minister Rules**), rule 8.
- (3) A person in a position that is prescribed by Minister rules: FAR Act: section 10(3). This includes members of the board of directors of the RSE licensee Board: Minister Rules, rule 6.

Accountable person of an SRE: has the meaning given in section 10(6) of FAR Act.

Note: As at the date of these ToR, this includes a person in a position in a significant related entity which gives actual or effective senior executive responsibility for management or control of the accountable entity

or for management or control of a significant or substantial part or aspect of the operations of the accountable entity or the accountable entity's relevant group: FAR Act section 10(6).

APRA-specified role: A reference to an APRA-specified role is a reference to each of the following roles.

Note: CPS511.20(v) sets out the definition of "specified role".

(1) Senior manager, as defined in CPS511.20.

Note: CPS511.20(t) sets out the definition of senior manager by reference to relevant prudential standards and legislation (Prudential standard SPS520 Fit and Proper). As at the date of these ToR, the following definitions apply in the case of an RSE licensee (CPS520.16): a person (other than a director of the RSE licensee) who:

- (a) makes, or participates in making, decisions that affect the whole, or a substantial part, of the RSE licensee's business operations;
- (b) has the capacity to affect significantly the RSE licensee's business operations or its financial standing¹;
- (c) may materially affect the whole, or a substantial part, of the RSE licensee's business operations or its financial standing through their responsibility for:
 - (i) enforcing policies and implementing strategies approved by the Board;
 - (ii) the development and implementation of systems used to identify, assess, manage or monitor risks in relation to the RSE licensee's business operations; or
 - (iii) monitoring the appropriateness, adequacy and effectiveness of risk management frameworks; or
- (d) is otherwise an executive officer of the RSE licensee ie a person, by whatever name called and whether or not a director of the body, who is concerned, or takes part, in the management of the RSE licensee.

(2) Executive director as defined in CPS511.20

Note: CPS511.20(e) sets out the definition of executive director. As at the date of these ToR, an executive director is a director who is not a non-executive director. A non-executive director is defined in CPS511.20(m) by reference to the relevant prudential standards and means a director who is not a member of the entity's management or an executive of the entity. However, a non-executive director may include Board members or senior managers of the entity's parent company or parent company subsidiaries (SPS510.29, footnote 13).

(3) Material risk-taker as defined in CPS511.20

Note: CPS511.20(k) sets out the definition of material risk taker. As at the date of these ToR, the following definition applies in the case of an RSE licensee: a person whose activities have a material potential impact on the entity's risk profile, performance and long-term financial soundness or a material potential impact on the RSE licensee performing its duties and exercising its powers in the best financial interests of beneficiaries.

¹ [SPS520.17 fn 11] Paragraphs 17 (a) and (b) are intended to be interpreted consistently with the definition of 'senior manager' (in relation to a corporation) in section 9 of the Corporations Act.

(4) Highly paid material risk-taker as defined in CPS511.20

Note: CPS511.20(g) sets out the definition of highly-paid material risk taker. As at the date of these ToR, a material risk-taker whose total fixed remuneration (which includes salary, superannuation, allowances and benefits) plus actual variable remuneration is equal to or greater than 1 million AUD in a financial year of the entity.

(5) Risk and financial control personnel as defined in CPS511.20

Note: CPS511.20(s) sets out the definition of risk and financial control personnel. As at the date of these ToR, risk and control personnel are persons whose primary role is in risk management, compliance, internal audit, financial control or actuarial control.

Executives: A reference to an Executive is to the Chief Executive Officer and executives who are direct reports of the Chief Executive Officer and any additional Key Management Personnel (excluding non-executive directors).

Note: Key Management Personnel are defined in section 9 of the Corporations Act. Direct reports of a CEO generally include all Key Management Personnel (excluding non-executive directors).

b. The Group Committee Procedural Rules apply to this Committee.

Note: These Rules deal with matters such as Committee membership and meeting requirements.

c. The primary objectives of the Committee are set out below.

Remuneration

d. Assist the Board and the RSE licensee Boards, in discharging their responsibilities in relation to the remuneration framework, policies and practices. In doing so, the Committee is to:

- Oversee the design, operation and monitoring of the remuneration framework.

Note: CPS511.25(b).

- Demonstrate a clear relationship between the employee's performance and remuneration.
- Measure performance and appropriately align variable remuneration, in the case of Executives, with the interests of shareholders except where the interests of a Fund, Scheme, IDPS, beneficiaries or investors need to be considered (and the interests are different).

Note: See clause 3.3a.iv.

- Support the ability to adjust variable remuneration (including to zero) of Executives and APRA-specified roles in consideration of behaviours or governance, risk and compliance matters.

Note: CPS511. FAR Act section 25.

- Oversight of effective succession planning for Executives.

- Meet appropriate standards of governance, risk and compliance and comply with relevant legal and regulatory requirements (including APRA prudential standards).

People and culture

- e. Assist the Board in discharging its responsibilities in relation to people and culture matters within the Group, and in doing so the Committee is to:
 - Encourage the achievement of a top down strategy in relation to organisational engagement and culture.
 - Reinforce and incentivise appropriate behaviours for delivery of the required cultural outcomes.
 - Support an appropriate risk culture and IFL's Code of Conduct.

2. Remuneration and employment frameworks

2.1. Structure of remuneration

The Committee is to have regard to each of the following:

- Maintaining a clear distinction between the structure of remuneration of non-executive directors across the Group and employees, including Executives.
- Structuring a proportion of the Executive remuneration in a manner designed to link rewards to corporate and individual performances.
- The Group's governance framework, behaviours, and outcomes, and promotion of a positive risk culture.
- The Group remuneration framework for employees, which must:
 - align with relevant business plans, strategic objectives and risk management frameworks,
 - promote effective management of both financial and non-financial risks, sustainable performance and long-term soundness of the RSE licensee,
 - support the prevention and mitigation of conduct risk, and
 - *for an RSE licensee*, promote performing its duties and exercising its powers in the best financial interests of beneficiaries.

Note: CPS511.21. The Group remuneration framework covers Executives, Accountable persons and APRA-specified roles.

- The following elements of the Group remuneration framework:
 - Group remuneration policy under which variable remuneration must be deferred in specified circumstances.

Note: CPS 511.41-43. FAR Act, section 25.

- Group remuneration policy and consequence management framework under which variable remuneration outcomes may be adjusted, potentially down to zero, for adverse risk and conduct outcomes.

Note: CPS 511. FAR Act, section 25.

2.2. Non-executive director remuneration framework

Review and recommendation to the Board and the RSE licensee Boards, of the remuneration framework for non-executive directors.

Note: Non-executive directors of the Board are Key Management Personnel as defined in section 9 of the Corporations Act for the purpose of remuneration reporting under section 300A of the Corporations Act.

2.3. Management remuneration framework

- a. Review and recommendation to the Board and each RSE licensee Board of the elements of the Group remuneration framework.

Note: CPS511.21 and CPS511.23.

- b. Oversight of the following reviews, and taking appropriate and timely action to make sure that the findings are adequately considered and addressed, and that the Board and RSE licensee Boards are kept informed.

- The annual compliance review of the Group remuneration framework against the requirements of APRA Prudential standard CPS511.

Note: CPS511.54 and CPS511.56.

- The at least triennial, comprehensive review of the effectiveness of the Group remuneration framework by operationally independent appropriately experienced and competent persons.

Note: CPS511.55-57.

Note: The Group Risk and Compliance Committee and each RSE licensee Risk and Compliance Committee has oversight of the risk management framework. The annual and triennial review and outcomes are also noted by the relevant Risk and Compliance Committees.

2.4. Employment framework and succession planning

- a. Review and recommendation to the Board of:
 - (i) the recruitment, retention and termination frameworks and practices for *Executives* and any changes to those frameworks and practices; and
 - (ii) Executive and Accountable person succession planning, including an annual assessment that the plan includes making sure that Executives have the appropriate skills and experience to carry the business into the future and that the plan deals with managing unplanned departures.

- b.** Review and recommendation to the Board and each RSE licensee Board of:
 - (i) the recruitment, retention, and termination frameworks and practices for the *Chief Member Officer*, employees of the Member Office and any employee engaged to act solely for the RSE licensees; and
 - (ii) succession planning for the Chief Member Officer.
- c.** Review and recommendation to the Board and the Chair of the IISL Board who will consult with the Chair of each RE Board of:
 - (i) the recruitment, retention, and termination frameworks and practices for the *Head of the Office of the Responsible Entity*, employees of the Office of the Responsible Entity and any employee engaged to act solely for a Responsible Entity of managed investment schemes; and
 - (ii) succession planning for the Head of the Office of the Responsible Entity.

3. Remuneration, performance and employment terms

3.1. Disclosure – Remuneration report

- a.** Review and recommendation to the Group Audit Committee of the IFL remuneration report.
Note: Section 300A Corporations Act.
- b.** Review and recommendation to each RSE licensee Audit Committee of the RSE licensee's remuneration report.
Note: Section 300C Corporations Act.

3.2. Group non-executive director remuneration

Review and recommendation to the Board of the remuneration of all non-executive directors in the Group.

3.3. Management remuneration, performance and employment terms

a. Group

- i.** Review and recommendation to the Board of the appointment terms for Executives and any changes to terms of employment. This includes fixed and variable remuneration, superannuation, and any termination benefits.

Note: In the case of an Executive who is also an Accountable person of an SRE, the recommendations about remuneration to the Board take into account the deferred remuneration obligations of the SRE (a subsidiary of IFL) in section 25 of the FAR Act. Note clause 3biv. below.

- ii.** Review and recommendation to the Board of the annual performance assessment processes for the Executives.
- iii.** Annual review and recommendation to the Board on the outcome of performance assessments, performance goals and the individual remuneration of Executives.

- iv. For variable remuneration, review and recommendation to the Board of each of the following.
- The introduction, modification, or removal of any performance measures that impact the Group's variable remuneration plans;
 - The methodology for assessing, determining, and adjusting variable remuneration plans to encourage performance over the longer term, which must be aligned with the Group risk management framework and, *in the case of Executives*, aligned with the interests of shareholders, except:
 - *in the case of RSE licensee roles*, where the best financial interest of beneficiaries of the relevant Fund need to be considered by the RSE licensee to the extent the decision impacts the Fund and its beneficiaries, and
 - *in the case of RE and IDPS roles*, where the best interests of investors need to be considered by the Company (in its capacity as a RE or Service Operator, as applicable) to the extent that the decision impacts the investors, Scheme or IDPS.
 - *In the case of Additional key operating entity roles*, where the interests of investors need to be considered by the entity to the extent that the decision impacts the investors.

Note: Consideration of the interests of beneficiaries and investors is not required above where the decision solely impacts on the entity in its personal corporate capacity and does not impact the Fund, beneficiaries, investors, the Scheme or IDPS (as the case may be).

In the case of a person in both an Executive role and a role with a subsidiary set out above, where the interests of the beneficiaries of the Fund or investors need to be considered in the manner above, the interests of beneficiaries or investors (as the case may be) must prevail over the interests of shareholders (if different).

- v. Review and recommendation to the Board of reports from management on the Group's gender pay equity position and a plan of action to rectify any gaps identified.

b. RSE licensees

- i. Review and recommendation to the Board and each RSE licensee Board of the appointment terms for the Chief Member Officer and any changes to terms of employment. This includes remuneration, superannuation, and any termination benefits.
- ii. Recommendation to each RSE licensee Board of the categories of APRA-specified roles.
- iii. Review and recommendation to the Board and each RSE licensee Board of the annual performance assessment processes for APRA-specified roles.
- iv. Annual review and recommendation to each RSE licensee Board on (1) the remuneration arrangements; and (2) the outcome of performance assessments, performance goals and

the **individual** remuneration, including variable remuneration outcomes, for each of the following APRA-specified roles.

- Senior managers.

Note: At the date of these ToR, this covers all Accountable persons other than non-executive directors.

- Executive directors.
- Accountable persons.

Note: This covers Accountable persons of an accountable entity and Accountable persons of an SRE. As at the date of these ToR, all Accountable persons (other than non-executive directors) are also Senior managers.

Each RSE licensee, as an accountable entity, is required to take reasonable steps to ensure that an SRE complies with the deferred remuneration obligations in the FAR Act. Note clause 3.3ai above requiring the Committee to take into account these obligations in making a recommendation to the Board.

- v. Annual review and recommendation to each RSE licensee Board on (1) the remuneration arrangements; and (2) variable remuneration outcomes, in each case on a **cohort** basis, for each of the following categories of APRA-specified roles (excluding anyone for whom an individual recommendation is made).
 - Highly-paid material risk-takers.
 - Other material risk-takers.
 - Risk and financial control personnel.

c. REs

- i. Review and recommendation to the Chair of the IISL Board (who will consult with the Chair of each other RE Board) of the appointment terms for the Head of the Office of Responsible Entity and any changes to terms of employment. This includes remuneration, superannuation, and any termination benefits.
- ii. Annual review and recommendation to the Chair of the IISL Board (who will consult with the Chair of each other RE Board) of the individual remuneration for the Head of the Office of Responsible Entity.

4. People and culture

Review of reports from management about the measures to achieve the following and progress.

- a. Alignment of Group organisational goals, strategies and people-related practices.
- b. Appropriate behaviours of employees and alignment to organisational goals.
- c. Monitoring the evolution and sustainability of the Group business and its culture, as well as employee sentiments driving engagement.

- d.** Assessment of Group leadership capabilities and behaviours driving performance.
- e.** Assessment of the effectiveness of the Group's diversity and inclusion policies.
- f.** Review of management proposals for recommendation to the Board of measurable diversity objectives and metrics and review of reports on progress.

5. Policies

- a.** Review and recommendation to the Board, the RSE licensee Boards and the RE Boards of any new remuneration policies or changes to existing policies. However, this does not apply if the policy or changes have been approved at a joint Boards' policy discussion for recommendation to the Boards. This includes regular reviews of the Remuneration Policy, including an assessment of its effectiveness and, for RSE licensees, compliance with the requirements of APRA prudential requirements.

Note: CPS511.24.

- b.** Review and recommendation to the Board of the Diversity & Inclusion Policy and any changes to it. However, this does not apply if the policy or changes have been approved at a joint Boards' policy discussion for recommendation to the Boards.

6. Review and approval

This document must be reviewed annually by the Document Owner. The Board must review this document within at least 3 years from the date it was last reviewed. Any material changes must be approved by the Board. Non-material amendments may be approved by the Document Owner.