



The letters 'IOOF' are rendered in a large, white, outlined font across the middle of the page. They are superimposed on a scenic photograph of a coastline. The photo shows a blue ocean with white waves breaking on a sandy beach. In the foreground, there are green coastal plants. The sky is blue with light, wispy clouds. The overall scene is bright and clear, suggesting a sunny day.

Group People & Remuneration Committee Terms of Reference

October 2021

Table of Contents

1.	Overview	3
1.1.	Application	3
1.2.	Introduction	3
2.	Remuneration and employment frameworks	5
2.1.	Structure of remuneration	5
2.2.	Non-executive director remuneration framework	5
2.3.	Management remuneration framework	5
2.4.	Employment framework and succession planning	5
3.	Remuneration, performance and employment terms	6
3.1.	Disclosure – Remuneration report	6
3.2.	Group non-executive director remuneration	6
3.3.	Management remuneration, performance and employment terms	6
4.	People and culture	7
5.	Policies	8
6.	Review and approval	8
7.	Document information	9

1. Overview

1.1. Application

IOOF Holdings Limited (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 Australian financial services licensees, responsible entities (REs) and APRA-regulated (AREs) subsidiaries.

The REs comprise:

- IOOF Investment Services Ltd ABN 80 007 350 405 (IISL);
- OnePath Funds Management Limited ABN 21 003 002 800;
- MLC Investments Limited ABN 30 002 641 661;
- Navigator Australia Limited ABN 45 006 302 987; and
- Antares Capital Partners Limited ABN 85 066 081 114.

The AREs comprise:

- 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;
- NULIS Nominees (Australia) Limited ABN 80 008 515 633, (each a Registrable Superannuation Entity Licensee (RSE); and
- IOOF Ltd ABN 21 087 649 62) (a Friendly Society).

Each RSE is the holder of a Registrable Superannuation Entity Licence which authorises it to act as a trustee of superannuation funds (Funds). IOOF Ltd is a friendly society under the Life Insurance Act which authorises it to operate benefit funds (Funds).

In the case of an RSE, 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). In the case of IOOF Ltd, a reference to beneficiaries is a reference to policy holders.

Each of the ARE Boards has adopted this Group People & Remuneration Committee as its remuneration committee for the purposes of APRA regulatory requirements. A reference to an employee includes an employee of the ARE and of any Group service provider to the ARE.

Note: SPS510.38 requires each RSE to have a Board remuneration committee that complies with the prudential standard. CPS510.65 requires a friendly society to have a Board remuneration committee that complies with the prudential standard.

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.
 - i. **Senior Executives:** A reference to a Senior Executive is to the Chief Executive Officer and executives who are direct reports of the Chief Executive Officer.

Note: Senior Executives include Key Management Personnel (KMP) as defined in section 9 of the Corporations Act (other than non-executive directors – see clause 2.2) for the purpose of remuneration reporting under section 300A of the Corporations Act.

- ii. **Responsible Persons:** A reference to a Responsible Person is to a person who is a responsible person within the meaning given:
 - *For RSEs, in APRA Prudential Standard SPS510: Governance.*

Note: This standard defines responsible person by reference to APRA Prudential Standard SPS 520 Fit & Proper, but excludes auditors and actuaries. It includes directors of RSEs, secretaries of RSEs, senior managers of RSEs and other executive officers of RSEs.

- *For the Friendly Society*, in APRA Prudential Standard CPS510: Governance.

Note: This standard defines responsible person by reference to APRA Prudential Standard CPS 520 Fit & Proper, but excludes auditors and actuaries and non-executive directors.

- iii. **APRA-specified Managers:** A reference to an APRA-specified Manager is a reference to each of the following persons.

Note: SPS 510.30 and CPS 510.57 each set out the category of persons who are to be covered by a remuneration policy, as set out below. In this document these categories are collectively described as APRA-specified Managers.

- Responsible Persons.
- Risk and financial control or actuarial control personnel ie persons whose primary role is risk management, compliance, internal audit, financial control or actuarial control.
- Any other person for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, (a) *in the case of an RSE*, may affect the interests of beneficiaries, the financial position of the RSE, or any connected entity of an RSE; and (b) *in the case of the Friendly Society*, may affect the financial soundness of the institution.

Note: Connected entity has the meaning given in the Superannuation Industry (Supervision) Act 1993 and includes a related body corporate.

- 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

- i. Assist the Board, the ARE Boards and the RE Boards in discharging their responsibilities in relation to the remuneration policies and practices for all directors and employees. In doing so, the Committee is to:

- Demonstrate a clear relationship between the employee's performance and remuneration.
- Measure the performance of Senior Executives in the context of the interests of shareholders, in the case of an RSE, in the best financial interest of beneficiaries and, in the case of IOOF Limited, in the best interests of beneficiaries.
- Appropriately align variable remuneration with the interests of shareholders, in the case of an RSE, in the best financial interest of beneficiaries and , in the case of IOOF Limited, in the best interests of beneficiaries of the Funds.
- Support the ability to adjust variable remuneration (including to zero) of Senior Executives and APRA-specified Managers in consideration of behaviours or governance, risk and compliance matters.
- Oversight of effective succession planning for Senior Executives.
- Meet appropriate standards of governance, risk and compliance and comply with relevant legal and regulatory requirements (including APRA Prudential Standards).

People and culture

- ii. 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 IOOF'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 Senior Executives.
- Structuring a proportion of the Senior 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.

2.2. Non-executive director remuneration framework

Review and recommendation to the Board, the ARE Boards and the RE 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

Review and recommendation to the Board of the remuneration framework for all employees, including Senior Executives and APRA-specified Managers.

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 *Senior Executives* and any changes to those frameworks and practices; and
 - ii. Senior Executive succession planning, including an annual assessment that the plan includes making sure that Senior 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 ARE 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 AREs; and
 - ii. succession planning for the Chief Member Officer.
- c. Review and recommendation to the Board and 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.
- ii. succession planning for the Head of the Office of the Responsible Entity.

3. Remuneration, performance and employment terms

3.1. Disclosure – Remuneration report

Review and recommendation to the Group Audit Committee of the remuneration report.

Note: Section 300A(1) Corporations Act.

3.2. Group non-executive director remuneration

- a. Review and recommendation to the Board of the remuneration of all non-executive directors in the Group.
- b. In the case of the RSEs, review and recommendations to the RSE Boards of the remuneration of RSE non-executive directors.

Note: SPS510.42(b) requires the remuneration committee to make a recommendation about non-executive director remuneration to the RSE Board.

3.3. Management remuneration, performance and employment terms

a. Group

- i. Review and recommendation to the Board of the appointment terms for Senior Executives and any changes to terms of employment. This includes fixed and variable remuneration, superannuation, and any termination benefits.
- ii. Review and recommendation to the Board of the annual performance assessment processes for the Senior Executives.
- iii. Annual review and recommendation to the Board on the outcome of performance assessments, performance goals and the individual remuneration of Senior 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, aligned with the interests of shareholders and the best financial interests of beneficiaries of the Funds and the Group's risk management framework.
- 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. RSEs

- i. Review and recommendation to the Board and each RSE 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. Review and recommendation to the Board and each RSE Board of the annual performance assessment processes for APRA-specified Managers.
 - iii. Annual review and recommendation to each RSE Board on the outcome of performance assessments, performance goals and the individual remuneration, for each of the following.
 - Responsible Persons (excluding NEDs) of the RSEs.
Note: NEDs are excluded - remuneration of NEDs is covered in section 3.2 above.
 - Other persons whose activities may in the Committee's opinion affect the financial soundness of business operations of the RSE.
 - Any other person specified by APRA.
 - iv. Annual review and recommendation to each RSE Board of the categories of remuneration for APRA-specified Managers of the RSEs (excluding Responsible Persons and any other person for whom an individual recommendation is made).
- c. IOOF Ltd (IL)**
- i. Review and recommendation to the Board and the IL 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. Review and recommendation to the Board and the IL Board of the annual performance assessment processes for APRA-specified Managers.
 - iii. Annual review and recommendation to the IL Board on the outcome of performance assessments, performance goals and the individual remuneration for each of the following.
 - Senior Executives.
 - Persons whose activities may in the Committee's opinion affect the financial soundness of IL.
 - Any other person specified by APRA.
 - iv. Annual review and recommendation to the IL Board of the categories of remuneration for APRA-specified Managers of IL (excluding any person for whom an individual recommendation is made).
- d. REs**
- i. Review and recommendation to the IISL 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 IISL 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

Review and recommendation to the Board, the ARE Boards and the RE Boards of any new remuneration policies or changes to existing policies. This includes regular reviews of the Remuneration Policy, including an assessment of its effectiveness and, for AREs, compliance with the requirements of APRA prudential requirements.

6. Review and approval

This document must be reviewed annually by the Policy 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 Policy Owner.

7. Document information

Title	Group People & Remuneration Committee Terms of Reference
Owner	Company Secretary
Approved by	IOOF Holdings Ltd Board
Hierarchy level	Level 1 – Board Approved Policy
Effective date	31 May 2021
Last reviewed	H2 2021, amended H2 2021
Next review	H1 2024
Atlas ID	1000067