



Group People & Remuneration Committee Terms of Reference

November 2023

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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

- Millennium3 Financial Services Pty Ltd – ABN 61094 529 987,
- RI Advice Group Pty Limited – ABN 23 001 774 125;
- Bridges Financial Services Pty Ltd – ABN 60 003 474 977;
- Consultum Financial Advisers Pty Ltd – ABN 65 006 373 995;
- Lonsdale Financial Group Limited – ABN 76 006 637 225;
- Shadforth Financial Group Limited – ABN 27 127 508 472; and
- Godfrey Pembroke Group Pty Ltd – ABN 38 078 629 973.

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

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- 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, MLCI and NAL, the Company is authorised to operate an Investor Directed Portfolio Services (IDPS).

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, a member; (b) in the case of an IDPS or IDPS-like scheme, an investor; (c) in the case of custodial services, beneficiaries; and (d) in the case of a Licensee, a person who receives financial services 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.

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 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).

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

Note: CPS511.18(u) sets out the definition of “specified role”.

(5) **Senior manager**, as defined in CPS511.18 and, *in the case of Oasis*, it also includes the persons referenced in SPS510.42(b).

Note: CPS511.18(s) sets out the definition of senior manager by reference to relevant prudential standards and legislation. As at the date of these ToR, the following definitions apply in the case of an RSE licensee: 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 CPS511.18

Note: CPS511.18(d) 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 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 (SPS510.39, footnote 14).

(3) Material risk-taker as defined in CPS511.18

Note: CPS511.18(j) 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.

(4) Highly paid material risk-taker as defined in CPS511.18

Note: CPS511.18(f) 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 CPS511.18 and, *in the case of Oasis*, it also includes the persons referenced in SPS510.42(c).

Note: CPS511.18(r) 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

¹ [SPS520.16 fn12] Paragraphs 16 (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.

management, compliance, internal audit, financial control or actuarial control.

- 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 for all directors and employees. In doing so, the Committee is to:

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

Note: CPS511.23b.

- Demonstrate a clear relationship between the employee's performance and remuneration.
- Measure performance and appropriately align variable remuneration, in the case of Senior 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 Senior Executives and APRA-specified roles 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

- 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 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.
- 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,
 - 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: CPS511.19. The Group remuneration framework covers Senior Executives and APRA-specified roles.

- The Group's consequence management framework, which forms part of the Group remuneration framework, under which variable remuneration outcomes may be adjusted, potentially down to zero, for adverse risk and conduct outcomes.

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: CPS511.19 and CPS511.21.

- 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, and

Note: CPS511.52 and CPS511.54.

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

Note: CPS511.53-55.

Note: The Group Risk and Compliance Committee and each RSE licensee Risk and Compliance Committee has oversight of the risk management framework, which includes the remuneration framework and regulatory compliance. 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 *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 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 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. *In the case of Oasis*, review and recommendations to the Oasis Board of the remuneration of Oasis non-executive directors.

Note: SPS510.42(b) requires the remuneration committee to make a recommendation about non-executive director remuneration to the Oasis 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, which must align with the Group risk management framework and, *in the case of Senior 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 RE (in its capacity as a responsible entity 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 a Senior 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.

Under the licence conditions for each RSE licensee, the RSE licensee Board must exercise independent decision-making in relation to each the following:

- Appointments and terminations to the Member Office
 - Setting remuneration for staff of the Member Office within the terms of SPS510
 - Setting key performance indicators for the Member Office and reviewing performance against these.
- 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.
 - Executive directors.

Note: *In the case of Oasis*, the roles covered include each Oasis company secretary and Oasis non-executive directors..

- 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 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 and the RSE licensee 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 RSE licensees, compliance with the requirements of APRA prudential requirements.

Note: CPS511.22.

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

7.1 File Details

Title	Group People & Remuneration Committee Terms of Reference
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Owner	Company Secretary
Approved by	Insignia Financial Ltd Board
Hierarchy level	Level 1 – Board Approved Policy
Effective date	31 May 2021
Last reviewed	2H 2021, amended 2H 2021, H2 2022, 1H 2023, 2H 2023
Next review	2H 2024
Atlas ID	1000067

7.2 Revision History

Version	Date released	Author(s)	Description
1.5	November 2023	Deborah Hambleton	Annual review. Update references to companies within the scope of the Committee.
1.4	May 2023	Deborah Hambleton	Amendments to implement Prudential Standard CPS511
1.3	July 2022	Deborah Hambleton	Minor amendments for consistency across documents
1.1	October 2021	Deborah Hambleton	