Chubb's Remuneration Framework Disclosure[1]

Chubb Insurance Australia Limited (**Chubb**) has a robust remuneration governance framework that aligns with its business strategy and compliance with *Prudential Standard CPS 511 Remuneration.* Chubb's remuneration framework forms part of Chubb's risk management framework and is overseen by the Board. This ensures that the remuneration arrangements are appropriately designed and managed and that the agreed frameworks and policies are applied and monitored across the Company.

To assist the Board with its obligations, the Board has established the Nomination and Remuneration Committee (the **NRC**) , as the main governing body for key people and remuneration items across the Company. The NRC meets quarterly and is responsible for reviewing the Remuneration Policy regularly, but not less than annually, before it is also ultimately approved by the Board.

Remuneration Framework, Policy and structure

As part of Chubb's remuneration framework, its Remuneration Policy ensures that Chubb remains competitive with respect to its remuneration arrangements so as to attract and retain the right talent and to be consistent with its culture, business plan, strategic objectives and risk management framework. It also promotes effective management of both financial and non-financial risks, sustainable performance and the entity's long-term soundness and supports the prevention and mitigation of conduct risk.

The Remuneration Policy requires Chubb to be guided by a number of remuneration objectives, including, for example, attracting and retaining high quality talent and ensuring the fair compensation of all employees. In order to achieve these objectives, Chubb's design and assessment of performance-based remuneration takes into account a number of factors.

The remuneration structure for employees of Chubb is comprised of a fixed component, including salary[2], statutory superannuation components and packaged benefits; and two variable performance-based components (an Annual Incentive Plan (AIP), which includes a cash reward to recognise a permanent employee's achievement of financial and non-financial objectives, and a Long-Term Incentive Plan (LTIP)[3], whereby, for example, Chubb permits the granting of equity awards as a reward for relevant contributions, with a prohibition on hedging[4]). The distribution of bonus and equity pools to business units takes into account 'bottom line' underwriting result as well as 'top line' premium income and other non-financial measures. In taking into account all these factors, it works to align remuneration outcomes with Chubb's business plan, strategic objectives and risk management framework.

The Remuneration Policy also covers the nature and terms of variable remuneration for Chubb's key executives, in specified roles, such as its Country President, Chief Financial Officer, Chief Risk Officer, Chief Actuary, Heads of P&C, Distribution and Operations. Chubb's executives also receive fixed and variable forms of remuneration, as outlined above, balancing long-term and short-term rewards based on performance and encouraging business decision making which is aligned with the business plan, strategic objectives and long-term interests and financial soundness of Chubb. Separate arrangements exist for Chubb's non-executive directors.

Chubb's Remuneration Policy ultimately provides that the Board is responsible for approving variable remuneration outcomes for senior managers and executive directors, and on a cohort basis for highly paid material risk-takers, other material risk-takers and Risk and Financial Control Personnel. It also enables the Board to apply 'clawback' and 'malus' in respect of employees who have been responsible for a

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[1] As required by *Prudential Standard CPS 511 Remuneration*

[2] Chubb also refers to general insurance industry salary and benefits survey results as well as additional sector-specific data when determining an employee's remuneration.

[3] Includes, the payment of variable remuneration vesting over a period of time and may be subject to adjustment, which helps to promote Chubb's sustainable performance and long-term soundness, and to dissuade employees from taking risks that could have a negative effect upon Chubb and/or its customers.

[4] Pursuant to the prohibition on hedging contained in the *Corporations Act 2001* (Cth), CPS 510 and CPS 511.

material breach, risk management failure or misconduct, or who have been terminated for cause (including dishonesty or serious and wilful misconduct), aiding in the prevention and mitigation of conduct risk.

Working with third parties
When Chubb enters into a contract with a third-party service provider, it must ensure that the contractual terms of the engagement and associated processes adequately address the risk that the service provider's compensation arrangements may create a material conflict with the terms of Chubb’s Remuneration Policy. As such, an appropriate approval regime is in place to ensure such terms are in place.