

Mitsui Sumitomo Insurance Company Limited, Australian Branch
CPS 511 Remuneration Disclosure
Financial Year Ending 31 March 2026

1. Introduction

This Remuneration Disclosure is prepared in accordance with the Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 511 *Remuneration* (CPS 511). As a non-Significant Financial Institution (non-SFI) defined under APRA Prudential Standard CPS 001 *Defined Terms*, Mitsui Sumitomo Insurance Company Limited (MSI) through its Australian Branch (MSIA) aims to ensure that its remuneration arrangements promote prudent risk management and align remuneration outcomes with performance and risk outcomes.

2. Remuneration Governance

With delegated authority from the Board of MSI, the Senior Officer Outside Australia (SOOA) oversees MSIA's Remuneration Policy and remuneration practices to ensure alignment with regulatory requirements and the following key objectives:

- a) Align with MSIA's business plan, strategic objectives and risk management framework;
- b) Promote effective management of financial and non-financial risks, sustainable performance and long-term soundness of MSIA;
- c) Support a high-performance culture which appropriately remunerates employees based on performance and conduct;
- d) Reinforce individual accountability in the pursuit of performance and conduct; and
- e) Attract and retain skilled employees.

The SOOA and the Executive Committee of MSIA approve the Remuneration Policy and any material subsequent changes to the Remuneration Policy.

The SOOA authorises the General Manager to review the Remuneration Policy and remuneration practices on an annual basis and regularly assess whether MSIA's remuneration practices support its achievement of the key objectives described above.

The General Manager's review of the Remuneration Policy and remuneration practices generally involves:

- a) Making an assessment of the Remuneration Policy's appropriateness, application, effectiveness and compliance with local regulatory requirements, such as CPS 511 and the Financial Accountability Regime;
- b) Reviewing the existing remuneration arrangements of the Branch's employees; and
- c) Identifying any undesirable remuneration outcomes that flow from the existing remuneration arrangements, and any material deviations from the objectives of the Remuneration Policy.

The SOOA and the General Manager may seek advice and counsel from internal stakeholders (such as Risk Management department) and external parties (including independent experts) as they consider appropriate for the purposes of discharging their duties in the governance of remuneration. In taking advice on remuneration governance, the SOOA and the General Manager must satisfy themselves that the advice is objective and is not influenced by any conflict of interest.

The SOOA authorises the General Manager to make decisions on remuneration arrangements relating to the Branch's employees, including:

- a) Responsible Person roles, as defined under APRA Prudential Standard CPS 520 *Fit and Proper*;
- b) Accountable Person roles, as defined under the Financial Accountability Regime Act 2023 and relevant rules;
- c) Specified roles under CPS 511, including Risk and Financial Control Personnel employees, whose primary role includes risk management, compliance, internal audit, financial control and actuarial control);
- d) Employees whose decision-making responsibilities could potentially affect the financial soundness of MSIA; and
- e) Employees who receive variable remuneration that is considered significant (i.e. exceeding 30 percent of their fixed remuneration).

The General Manager will report to the SOOA and the Executive Committee any material adjustments to the Remuneration Policy, procedures and remuneration practices that are considered necessary and any material findings arising from the annual review. It is noted that there were no material changes to MSIA's policy, procedures and remuneration practices in the financial year ending 31 March 2026.

3. Remuneration Design

MSIA ensure that its employees are appropriately compensated at a level corresponding to the quality, roles and responsibilities and that such remuneration arrangements are compliant with applicable Australian laws and regulations while supporting MSIA's business objectives.

The pay structure considers all types of risks and long-term benefits to MSIA and its stakeholders.

Fixed Remuneration:

The pay structure of MSIA's employees is predominantly annual fixed remuneration which is determined based on market data sourced from external consultants and benchmarked against industry peer groups to facilitate recruitment and retention of appropriate skills, talent and experience. This process is undertaken for new employees as part of the recruitment process and for existing employees annually and whenever an employee is promoted or transferred, or his/her role changes.

Variable Remuneration:

Eligible employees at MSIA are entitled to a short-term discretionary incentive which forms part of MSIA's performance management system and staff rewards and recognition programs. The short-term incentive is dependent on a number of factors which may include MSIA's performance and financial soundness, the achievement of an individual against his/her performance objectives and the conduct of that employee. Payment of this variable remuneration is not guaranteed.

The design of variable remuneration considers the following:

- a) MSIA ensures that the variable portion of an employee's remuneration will not be significant and therefore will not trigger excessive or inappropriate risk-taking;
- b) Performance indicators for determining variable remuneration shall not trigger excessive or inappropriate risk taking or those that consider the period over which risk will be

- materialized; and
- c) The financial position and capacity to pay of MSIA shall be considered at the time when the amount of variable pay is decided.

Where variable remuneration is paid, the pay design and Remuneration Policy incorporate adjustment mechanisms to comply with the requirements of CPS 511 and the Financial Accountability Regime that reflect the outcomes of business activities, risks related to business activities and the time necessary for the outcomes of those business activities to be reliably measured.

MSIA retains absolute sole discretion on how this variable remuneration is awarded from time to time or adjusted downwards to respond to significant unexpected or unintended consequences.

Deferral:

Where applicable, variable remuneration may be deferred in accordance with MSIA's Remuneration Policy as in force from time to time and applicable Australian laws and regulations.

The General Manager is responsible for determining the deferral period, vesting conditions and proportion of variable remuneration to be deferred that is most appropriate for the business and represents a balance between recognising risks and rewarding employees.

Downward Adjustment (Consequence Management):

Variable remuneration is subject to downward adjustments where required in accordance with MSIA's Remuneration Policy and performance management process. Any downward adjustment will correspond to overall MSIA and individual performance and will be proportionate to the severity of the performance, conduct or risk outcomes.

MSIA may exercise its discretion to downward adjust variable remuneration where it considers that:

- a) an adjustment is appropriate to protect MSIA's financial soundness;
- b) MSIA's financial and/or reputational standing has been or may be adversely affected;
- c) there has been material misconduct leading to adverse outcomes;
- d) there has been a significant failure of financial and/or non-financial risk management;
- e) there has been a material misconduct or breach of accountability, fitness and propriety, or compliance obligations;
- f) there has been a significant error or misstatement of the variable remuneration criteria;
- g) it is necessary to comply with regulatory requirements.

These examples will not limit the circumstances in which MSI may choose to make a downward adjustment.

4. Application of CPS 511 Requirements

MSIA applies CPS 511 requirements and maintains a remuneration framework proportionate to its operation and risk profile as a non-SFI operating in Australia. Roles that are subject to CPS 511 requirements have remuneration assessed with a strong emphasis on risk outcomes. MSIA ensures remuneration outcomes do not encourage excessive risk-taking or undermine sound risk management. MSIA continues to maintain transparency in its Remuneration Policy, governance and remuneration design and practices consistent with APRA's expectations.

5. Conclusion

MSIA is committed to maintaining a remuneration framework that supports its strategic business objectives, promotes effective risk management, and complies with CPS 511 and the Financial Accountability Regime. MSIA will review its remuneration practices on an ongoing basis for further improvement in line with regulatory requirements and industry best practices.