



MetLife Insurance Limited

CPS 511 Remuneration Disclosure

As at 31 December 2025

1. Introduction

MetLife Insurance Limited (MIL) is a life insurance company regulated by the Australian Prudential Regulation Authority (APRA). *Prudential Standard CPS 511 Remuneration* (CPS 511) contains remuneration disclosure requirements that are designed to provide transparency on remuneration practices across APRA-regulated entities, by requiring entities to publicly disclose information on their remuneration frameworks, design, governance and outcomes.

MIL is a non-significant financial institution (non-SFI) for the purposes of CPS 511. This document has been prepared by MIL in accordance with the remuneration disclosure requirements under CPS 511. The information reported in this disclosure is for the period 1 January 2025 to 31 December 2025.

2. Governance

Board

The Board, which meets at least on a quarterly basis, is ultimately responsible for MIL's remuneration framework and its effective application. The Board ensures that remuneration practices are supported by broader frameworks and policies that influence behaviour, beyond financial rewards. This includes clear accountabilities and expectations for risk management, effective consequence management and a strong tone from the top on risk culture. The Board has discretion to adjust variable components of remuneration downwards, to zero if appropriate.

Board Remuneration Committee

The Board has established a Board Remuneration Committee (RemCo) with a written charter that sets out its roles, responsibilities and terms of operation. The RemCo, which meets twice a year, oversees the design and implementation of the remuneration framework and is responsible for making recommendations to the Board annually on remuneration arrangements and variable remuneration outcomes.

In February each year, the RemCo reviews the list of persons in specified roles and recommends to the Board for approval performance ratings and remuneration outcomes presented by the Head of People and Culture. Adjustments are made if necessary.

The RemCo has free and unfettered access to the Board Risk Committee (BRC), Board Audit Committee (BAC), Chief Risk and Compliance Officer (CRCO), Head of Internal Audit, and other relevant parties (both internal and external). The RemCo consults the BRC and CRCO in the course of its duties to enable risk outcomes to be appropriately reflected in remuneration outcomes for persons in specified roles.

CRCO Annual Performance Assessment of the Australian Leadership Team (ALT)

MIL has in place a process and criteria by which the CRCO assesses ALT performance against risk management and regulatory objectives (which make up 20% of the overall performance scorecard for the ALT). The process is clearly documented and incorporates a broad suite of measures that align key Risk Management Framework (RMF) practices to evidence demonstration of a strong and effective risk management environment at MIL. The outcomes of the CRCO assessment, in conjunction with the semi-annual ALT attestation, provides the Board with

appropriate information and measures on which to make the annual Risk Management Declaration (RMD) under *Prudential Standard CPS 220 Risk Management* (CPS 220).

3. Design and Structure

MIL maintains a remuneration framework that meets CPS 511 requirements. The remuneration framework:

- Aligns with MIL's business plan, strategic objectives and RMF;
- Promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness; and
- Supports the prevention and mitigation of conduct risk.

Key components of the remuneration framework include the following:

- **Board Oversight** - The Board and RemCo sets the tone and approves the Remuneration Policy. For more information, please refer to Section 2 (Governance);
- **Remuneration Policy** - MIL has a Remuneration Policy in place that sets out the structure and terms of remuneration arrangements. In addition, MIL has in place a Performance-Based Compensation Recoupment Policy. For more information, please refer to Section 4 (Remuneration Policy);
- **Performance Management** - Performance and risk outcomes are assessed and validated;
- **Consequence Management** - Consequences are applied for adverse performance and risk outcomes, including misconduct. For more information, please refer to the 'Consequence Management' part of Section 4 (Remuneration Policy); and
- **Disclosure** - Disclosure of remuneration design and outcomes to provide transparency.

MIL has a 'Pay for Performance Philosophy', with the objectives of providing market-aligned remuneration to attract, motivate, engage, and retain talent. Remuneration is a core element of MIL's commitment to employee care, connecting its people to comprehensive and inclusive benefits, services, and experiences.

MIL's remuneration framework ensures employees are remunerated through salary and other financial rewards, aligning with industry benchmarks, individual skills, experience, and contributions. This supports MIL's soundness and adherence to its RMF and Risk Management Strategy (RMS).

MIL's Pay for Performance Philosophy links remuneration directly to performance which includes risk management. Leaders set clear objectives at the start of the performance cycle, measure performance against these objectives, and differentiate remuneration focusing on rewarding top performers and addressing poor performance.

4. Remuneration Policy

Application

The Remuneration Policy, which forms part of MIL's RMF, ensures that rewards are competitive and support a culture of compensating for strong performance while managing risks effectively. The Remuneration Policy applies to remuneration arrangements for the following:

- Persons employed by MIL;
- Persons retained directly by MIL under contract;
- Third-party service providers employed by, or who are contractors of, a body corporate (including a service company) that is a related body corporate or connected entity of MIL;
- Persons in specified roles;
- Any other person MIL determines holds significant influence or a control role; and
- Any other persons as determined by law, by APRA, or any other local regulatory bodies.

For the purposes of the above list, a person need not be an employee of MIL and may include a third-party body corporate that provides services to MIL. In the case of a third-party body corporate, the Remuneration Policy is intended to apply to the contractual arrangements that MIL has made with the third party and does not apply to that party's remuneration arrangements with its own employees.

Specified Roles

The types of positions included in specified roles for MIL include:

- Senior managers and executive directors - Examples include ALT members, accountable persons as defined by the FAR Act 2023, and responsible persons as defined by *Prudential Standard CPS 520 Fit and Proper* (CPS 520);
- Material risk takers - A person whose activities have a material potential impact on MIL's risk profile, performance, and long-term soundness; and
- Risk and financial control personnel - Employees working in a risk, compliance, financial control, auditing, or actuarial role.

Remuneration Components

The three components of remuneration as set out in the Remuneration Policy are outlined below.

1. **Fixed Annual Remuneration** - The main component of remuneration for employees at MIL is Fixed Annual Remuneration, which includes salary and superannuation guarantee contributions. MIL offers market-competitive salaries that recognise employees' contributions, with adjustments based on market conditions reviewed annually. Risk and financial control associates' remuneration, including potential bonuses, is structured to maintain their independence and align with MIL's Risk Appetite Statement (RAS), overseen by the CRCO. In exceptional cases, remuneration may be reviewed outside the formal annual period due to significant market changes for specific roles.
2. **Annual Variable Incentive Plan (AVIP)** - AVIP aims to align with MIL's strategic goals and motivate employees by rewarding their achievement of the business plan. AVIP depends on MIL's performance and the employee's contributions. Business unit performance, alongside enterprise and individual performance, is considered for AVIP awards, promoting a team-based approach that aligns with MIL's strategy and culture. Retail Sales employees are not eligible for AVIP. Instead, they are rewarded annually based on performance under the Retail Incentive Plan. AVIP awards are also subject to the deferral requirements of CPS 511 and the Financial Accountability Regime (FAR) as applicable to the relevant employees.
3. **Long Term Incentive (LTI)** - Employees classified as Assistant Vice President and above (Global Grade 14+) as of 31 December and actively employed on the grant date are generally

eligible for LTI consideration each year, which may include Restricted Units (RUs) and Performance Units (PUs) depending on their grade level (with prohibition on hedging). These LTI awards focus on long-term contributions, retention, critical roles, and key skills. LTI brochures outlining plan eligibility, unit types, and rules are available annually. RUs and PUs become payable after their respective Restriction or Performance Periods, considering any changes in the employee's status. LTI awards are also subject to the deferral requirements of CPS 511 and FAR where applicable.

Consequence Management

MIL maintains a consequence management approach where certain matters may lead to consequences based on their impact on the company, customers, and employees. These consequences may include training, performance management, and remuneration adjustments, which could involve downward adjustments to variable remuneration (to zero if appropriate) or the recoupment of variable remuneration under the Performance-Based Compensation Recoupment Policy.

Situations which may require variable components of remuneration to be adjusted downwards include, but are not limited to, the following (trigger situations):

- Misconduct leading to significant adverse outcomes;
- A significant failure of financial or non-financial risk management;
- A significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- A significant error or a significant misstatement of criteria on which the variable remuneration determination was based;
- Significant adverse outcomes for customers, beneficiaries or counterparties;
- MIL experiencing significant financial losses and those business units responsible;
- MIL not meeting prudential capital requirements or internal capital targets;
- MIL relying on significant capital injections from its parent company;
- Material risk management breaches within the company;
- Staff behaviours that are inconsistent with the MetLife Values, including evidence of misconduct or conduct risk leading to significant adverse outcomes;
- Staff behaviours that are inconsistent with MIL's Claims Philosophy;
- Unexpected financial losses to MIL;
- Reputational damage to MIL; and
- Non-compliance with regulatory requirements.

Following the completion of an investigation, MIL will adjust a person's variable remuneration in proportion to the severity of the risk. The Risk Management Competency Framework will guide MIL in assessing the severity of a person's conduct in a trigger situation and applying an appropriate outcome.

All persons covered by the Remuneration Policy have risk-related objectives. Any person, including those in specified roles, who fails to meet their risk-related objectives will have their performance rating adjusted downwards according to the definitions of each performance rating and the Risk Management Competency Framework. This adjustment will directly impact the individual's performance-related remuneration.

Risk-related objectives for specified roles are set annually and reviewed formally every six months. These objectives align with MIL's RAS, which considers both financial and non-financial risks. The

CRCO reviews these objectives to ensure their appropriateness. In the RAS, specified roles are accountable for either specific risks related to their role or general risks applicable to several roles. The CRCO monitors these risks against the appetite throughout the year, with any serious or ongoing breaches of appetite being considered in the performance evaluations of the relevant individuals.