

# Malus and Clawback Policy



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Approved by the Board: 2023

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## 1. Policy Purpose

Current “best practice” in corporate governance encourages listed entities to include in executive employment agreements a provision allowing for the Board to reduce or recoup certain elements of an executive’s remuneration in exceptional circumstances if there has been a material misstatement or omission of the company’s or group’s financial statements or an employee covered by this policy breaches their material obligations to IDP.

The board of Directors of IDP (the Board) have adopted this Malus and Clawback Policy (Policy) with a view to further aligning the interests of IDP’s Global Leadership Team (GLT) with the long-term interests of IDP shareholders and to ensure that excessive risk taking is not rewarded.

To align shareholder interests and remuneration outcomes “at risk” remuneration may be subject to malus and/or clawback in exceptional circumstances. “Malus” allows the Board to reduce “at risk” remuneration prior to vesting. “Clawback” refers to the cancellation of unvested incentives, subject to applicable law, where some or all the performance based remuneration should not be received.

This Policy sets out the circumstances where the Board, following the advice of the Remuneration Committee, may apply its discretion to adjust the value of an unvested Award downwards or cancel unvested “at risk” remuneration to ensure remuneration outcomes are fair, appropriate and reflect business performance.

The Policy framework provides a transparent mechanism for clawback or adjustment in the event of a significant material restatement of the Company’s financial results which impacts any performance based compensation or conduct exposing IDP to potential reputational damage or legal action or that is otherwise a breach of the Code of Business Conduct.

## 2. Scope

The Policy applies to IDP employees denoted as a member of the IDP GLT.

The Policy applies to unvested Short Term Incentive (STI) and Long Term Incentive (LTI) Awards.

## 3. Policy Details

The Policy is designed to be preventative rather than a purely remedial or punitive measure given it removes the incentive for executives to consider deliberately misstating company earnings or costs to inflate variable pay.

### Malus and Clawback Triggers

In keeping with current best practice in corporate governance, the Board may take action on recommendation of the Remuneration Committee to adjust downwards (malus) or recover (clawback) unvested “at risk” remuneration where there is reasonable evidence that a GLT member has:

- a) materially contributed to, or been materially responsible for, the need for the restatement of financial results;
- b) acted fraudulently or dishonestly or in a manner that adversely affects the Company's reputation or which is characterised as gross misconduct;
- c) directed an employee, contractor or advisor to act fraudulently, dishonestly or to undertake other misconduct;
- d) breached their material obligations to IDP through error, omission or negligence (which could include conduct exposing IDP to potential reputational damage or legal action or that is otherwise a breach of the Code of Business Conduct);
- e) received a STI or LTI Award because of fraud, dishonesty or a breach of obligation committed by another person; and/ or
- f) received a STI or LTI Award because of an error in the calculation of a performance measure.

This Policy does not apply in the case of a restatement of financial results caused by a change in applicable accounting standards or interpretations.

#### **Board Actions**

The Board, on advice from the Remuneration Committee, may where satisfied that an Award is not appropriate or warranted due to circumstances falling within the "Malus and Clawback Triggers" described above and where the Award has not vested, decide to cancel or adjust any unvested STI or LTI Awards.

Once an Award has vested no further clawback applies. There is no clawback on a paid cash award.

In making this determination the Board will consider whether the application of the provision may result in unintended consequences, prejudice the interests of the Company in any related proceeding or investigation, or any pending legal proceeding related to applicable fraud or intentional illegal conduct.

#### **Due Process Rights**

Before the Remuneration Committee makes a recommendation to the Board to implement malus or clawback provisions under this Policy the Remuneration Committee is to;

- a) ensure natural justice principles are applied and exercise its duty to act fairly;
- b) review the situation to understand the impact of the misstatement;
- c) assess the proximity of the GLT member and their level of responsibility regarding the trigger;
- d) provide the relevant GLT member with written notice of the review and matters for response and the right to respond in writing within 14 days;
- e) consider the written response, clarify matters directly with the GLT member as required (in writing or verbally in a Committee meeting); and

- f) provide the relevant GLT member with written notice of the intended actions and the right to respond in writing within 14 days to raise any additional salient matters.

### **Roles and Responsibilities**

The Remuneration Committee will make recommendations to the Board in relation to the operation of this Policy and the Board will apply this Policy and exercise its discretion in the exceptional circumstances covered by this Policy.

The Chief Executive Officer or Company Secretary are required to notify the Chair of the Remuneration Committee and the Chair of the Board respectively of any circumstances that could constitute a "trigger" under this Policy as soon as practical.

### **Policy Introduction and Review**

This Policy applies to any Award to an executive KMP on or after 1 July 2017 and will be deemed to be made and accepted by that KMP, subject to the terms of this Policy.

Furthermore, any Award made on or after 1 July 2022 to a GLT member not previously denoted as KMP will be deemed to be made and accepted by that GLT member, subject to the terms of this Policy.

## **4. Disclosure**

The Board will make appropriate disclosure of this Policy to security holders in IDP's Annual Report. This will include outlining specific objectives regarding the clawback of executive remuneration. The Policy will also be placed on IDP's website for public display.

Any application of the Policy will also be disclosed to security holders in IDP's Annual Report.

## **5. General matters**

This Policy does not impose legally binding obligations on IDP. This Policy may be varied or withdrawn at any time in IDP's sole discretion.

The triggers and discretions outlined in this Policy are in addition to any other rights that IDP may have under law or the terms of any relevant Awards. The Board reserves the right to take any other action available to it in the circumstances and to include different or additional triggers and discretions in Award documentation that is provided to any GLT member.

## **6. Monitoring, Evaluation and Review**

The Policy is to be reviewed annually from the date the Policy was released or last reviewed.

## **7. Definitions and Abbreviations**

<b>Term</b>	<b>Meaning</b>
Award	STI or LTI award
Malus	Adjustment of Awards prior to vesting

Clawback	Cancellation of Awards that have not vested
Material misstatement or omission	As defined in the Australian Accounting Standards

## 7. Associated Documents

Key Management Personnel Remuneration Policy.

## 8. References

**Policy Owner:** Head of People Experience

Action	Date	Responsibility
Approved	7 August 2017	Remuneration Committee
Approved	21 August 2017	Board
Reviewed	13 May 2019	Remuneration Committee
Approved	18 June 2019	Board
Reviewed	5 August 2019	Remuneration Committee
Approved	21 August 2019	Board
Reviewed	11 May 2021	Remuneration Committee
Approved	23 June 2021	Board
Reviewed	11 May 2022	Remuneration Committee
Approved	22 June 2022	Board
Reviewed	21 June 2023	Remuneration Committee
Approved	22 August 2023	Board