

## **Allied World Assurance Company, Ltd (Australia Branch)**

### **CPS 511 Remuneration Framework Disclosure Statement with respect to fiscal year ended December 31, 2024**

#### Governance of Remuneration Framework

The Australia branch (the “Branch”) of Allied World Assurance Company, Ltd (the “Company”) is part of the group of companies for which Allied World Assurance Company Holdings, Ltd (“AWH”) is the principal holding company (the “Allied World Group”). The Board of Directors of AWH (the “AWH Board”) is responsible for the overall remuneration framework of the Allied World Group.

In accordance with the Australian Prudential Regulation Authority (“APRA”) Prudential Standard CPS 511 (Remuneration) (“CPS 511”), the Board of Directors of the Company (the “Company Board”) has delegated to the Branch’s Senior Officer Outside Australia (the “SOOA”) the ultimate responsibility for the Branch’s remuneration framework. The SOOA is responsible for:

- the approval of the Branch’s Remuneration Policy (the “Policy”);
- the approval of variable remuneration outcomes, including cash bonuses and long-term incentive awards (individually for senior managers, other than the SOOA for whom variable remuneration approval is reserved by the Company Board; and on a cohort basis for all material risk-takers, risk and financial control personnel and all other employees); and
- periodically reviewing and evaluating the effectiveness of the Policy and its compliance with APRA Prudential Standard CPS 510 (Governance).

#### Design and Structure of Remuneration Framework

The objectives for the Branch’s remuneration framework are to (i) ensure that the Branch’s remuneration policies, practices and procedures align with the Branch’s business plan, strategic objectives and risk management framework; (ii) promote effective management of both financial and non-financial risks, sustainable performance and the Branch’s long-term soundness; and (iii) support the prevention and mitigation of conduct risk.

The Branch’s remuneration principles take into account the nature, scale and complexity of the risks inherent in the Branch’s business and are designed to (i) appropriately balance remuneration components to provide incentives in relation to financial and non-financial performance, with base salary making up a sufficiently high proportion to avoid dependence on variable remuneration and manage conduct risk; and (ii) defer components of variable remuneration to reflect the time horizon of risks managed by the relevant person and to encourage long-term planning, decision making and sustainable performance.

## Information on the Policy

The Policy confirms the policies, practices and procedures applicable to the remuneration of the employees of the Branch, including employees in the specified roles as defined in paragraph 20(v) of CPS 511 (being the SOOA, the Country Head, the heads of each line of business and employees in risk management, compliance, internal audit, financial control or actuarial control functions).

The components of the Branch's remuneration framework are as follows:

- Base salary, being the fixed component of each employee's annual cash compensation and representing a sufficiently high proportion of overall compensation to manage conduct risk.
- Annual discretionary cash bonus based on Branch and individual performance. The more senior level employees have bonuses that are more heavily weighted toward corporate results as their positions are of broader leverage and scope and they are in the position to most directly influence Branch performance.
- Discretionary long-term equity based incentive awards, being discretionary awards of Fairfax restricted stock that cliff vest 100% in year five. Such awards incentivize employees to remain with the Branch over time and help align employee performance with shareholder value.

Annual performance criteria include financial and non-financial performance. Individual performance and conduct are taken into account in the annual remuneration recommendation process and in adjusting variable remuneration. Failure to meet performance goals and instances of misconduct will have an adverse and proportionate effect on remuneration outcomes and the remuneration for the applicable performance year.

The Branch will take reasonable steps to appropriately adjust an employee's variable remuneration downwards (in proportion to the severity of the risk and conduct outcome). Taking into account its proportionality to the severity of the applicable event or circumstance, a downward adjustment may take the form of (i) an adjustment before a current-year grant is made, (ii) malus to an already granted but unvested award, or (iii) clawback of some or all of the remuneration that has been paid or vested. The Company Board and/or the SOOA (as applicable) have overriding discretion in determining whether a downward adjustment to an employee's variable remuneration is warranted and what method of adjustment is appropriate under the circumstances.