



Australian Government

Fair Work  
OMBUDSMAN

## ENFORCEABLE UNDERTAKING

This undertaking is **given** by Insurance Australia Group Services Pty Limited and Insurance Manufacturers of Australia Pty Limited and **accepted** by the Fair Work Ombudsman pursuant to section 715(2) of the *Fair Work Act 2009* (Cth) in relation to the contraventions described in clause 25 of this undertaking.

## ENFORCEABLE UNDERTAKING

### PARTIES

1. This enforceable undertaking (**Undertaking**) is given to the Fair Work Ombudsman (**FWO**) pursuant to section 715 of the *Fair Work Act 2009* (Cth) (**FW Act**) by:
  - (a) Insurance Australia Group Services Pty Limited (ACN: 008 435 201) (**IAGS**), Level 9, Tower 2, 201 Sussex Street, Sydney NSW 2000; and
  - (b) Insurance Manufacturers of Australia Pty Limited (ACN: 004 208 084) (**IMA**), Level 9, Tower 2, 201 Sussex Street, Sydney NSW 2000  
(collectively, the **IAG Entities**).

### COMMENCEMENT

2. This Undertaking comes into effect when:
  - (a) the Undertaking is executed by each of the IAG Entities; and
  - (b) the FWO accepts the Undertaking so executed (**Commencement Date**).

### BACKGROUND

3. The IAG Entities are subsidiaries of Insurance Australia Group Limited (ACN: 090 739 923) (**IAG**), the disclosing entity on behalf of the IAG Entities.
4. IAG is an Australian public company, with a gross written premium of approximately \$14.7 billion as at 30 June 2023. IAG is the largest general insurance company in Australia and New Zealand, selling insurance through several brands in Australia, including NRMA Insurance, RACV, SGIO, SGIC, CGU Insurance, Swann Insurance and WFI.
5. The IAG Entities are the primary employing entities of IAG, employing approximately 96% of all IAG employees engaged in its Australian operations.
6. As at 22 September 2023, the IAG Entities employed 8,580 employees, 8,256 of whom the *IAG Enterprise Agreement 2020* covers and applies to.
7. On 27 February 2020, the FWO sent a letter to the 100 largest companies by market capitalisation listed on the Australian Securities Exchange (**ASX**), including IAG (**ASX 100**

**Letter**). This letter referred to the significant number of instances of non-compliance with workplace laws by some of Australia's largest companies, and called for companies to adopt regular and rigorous reviews of their workplace relations systems and practices.

8. In February 2020, IAG commenced a review of its payroll processes for employees of the IAG Entities.
9. On 27 March 2020, IAG responded to the FWO's ASX 100 Letter, noting that it was 'committing significant resources to ensuring ongoing compliance with workplace laws.'
10. On 17 December 2020, IAG notified the FWO that following a preliminary review, the company had identified potential errors implementing aspects of:
  - (a) the FW Act, *Insurance Australia Group Ltd Enterprise Agreement 2012 (2012 EA)*, *IAG Enterprise Agreement 2016 (2016 EA)* and then later, the *IAG Enterprise Agreement 2020 (2020 EA)* (collectively, the **FW & EA Entitlements**); as well as
  - (b) the *Superannuation Guarantee (Administration) Act 1992 (SG Entitlements)*; and
  - (c) State and territory long service leave legislation, including where required to be paid as a term of the 2012 EA, 2016 EA and 2020 EA (**LSL Entitlements**),which impacted payments owed to employees of the IAG Entities.
11. With the support of Deloitte Australia, IAG has performed a historical review (**Review**) of the FW & EA Entitlements, SG Entitlements and LSL Entitlements to which the employees of the IAG Entities were entitled during the period from 30 December 2013 to 16 January 2022 (**FW Act Obligations Review Period**).
12. Issues were identified with the IAG Entities' payroll systems and processes, which had resulted in underpayments of employee entitlements. The IAG Entities did not have a time and attendance system in place. The IAG Entities' employees were instead paid according to their work schedules, which were not always updated to reflect actual working patterns. The IAG Entities operated a claims-based system, which relied on employees submitting claims for entitlements such as overtime, allowances and loadings, rather than such entitlements being automatically identified and calculated as part of the IAG Entities' payroll systems.

13. The IAG Entities also failed to ensure that their employees received payments and employment related benefits that were overall no less beneficial than those that they would have been entitled to receive under the *Banking, Finance and Insurance Award 2020* (and prior to 4 February 2020, the *Banking, Finance and Insurance Award 2010*) (**BFI Award**) as required by the 2012 EA, 2016 EA and 2020 EA during the period from 27 January 2014 to 15 January 2023 (**BFI Award Reconciliation Review Period**).
14. The IAG Entities conducted a further review of former employees' entitlement to annual leave payable on termination of employment for the period 30 December 2013 to 14 November 2022 (**Annual Leave on Termination Review Period**).
15. 6,094 current employees and 14,117 former employees (collectively, the **Review Remediated Employees**, identified in column A of Schedule 1), were identified by the Review as having been underpaid one or more of the FW & EA Entitlements.
16. In respect of the Review Remediated Employees who were underpaid one or more of the FW & EA Entitlements during the FW Act Obligations Review Period, the BFI Award Reconciliation Review Period and/or the Annual Leave on Termination Review Period, the IAG Entities have:
  - (a) rectified the underpayments identified as owing to each of the Review Remediated Employees, totalling \$21,526,266 (the **Review Remediated Employees Underpayments**); and
  - (b) in relation to the remediation payments referred to at clause 16(a) above, rectified any associated superannuation contributions as required by law to each of the Review Remediated Employees; and
  - (c) paid interest to each of the Review Remediated Employees. Broadly, interest was applied based on the average annual Federal Court of Australia pre-judgment interest rate for the FW Act Obligations Review Period, being the Reserve Bank of Australia's cash rate target plus 4%, which equated to a rate of 5.54% applied to each FW & EA Entitlement and calculated from year-to-year on a non-compounding basis.
17. From April 2022, IAG also instituted a process of Continuous Compliance Monitoring (**CCM**) to identify and remedy any underpayments of the FW & EA Entitlements and

SG Entitlements that occurred after the FW Act Obligations Review Period. Since that date, IAG has made remediation payments to the number of employees specified below in each of the corresponding periods:

- (a) 17 January 2022 to 19 June 2022: 3,592 employees;
- (b) 20 June 2022 to 31 July 2022: 971 employees;
- (c) 1 August 2022 to 28 August 2022: 565 employees;
- (d) 29 August 2022 to 25 September 2022: 547 employees;
- (e) 26 September 2022 to 23 October 2022: 698 employees;
- (f) 24 October 2022 to 12 February 2023: 688 employees;
- (g) 13 February 2023 to 7 May 2023: 473 employees;
- (h) 8 May 2023 to 2 July 2023: 373 employees;
- (i) 3 July 2023 to 27 August 2023: 420 employees; and
- (j) 28 August 2023 to 22 October 2023: 175 employees.

(collectively, the **CCM Remediated Employees**).

18. In respect of the CCM Remediated Employees, the IAG Entities have:

- (a) rectified the underpayments identified by the CCM as owing to each of the CCM Remediated Employees, totalling \$1,592,548; and
- (b) in relation to the CCM payments referred to at clause 18(a) immediately above, rectified any associated superannuation contributions as required by law to each of the CCM Remediated Employees, totalling \$179,738.31; and
- (c) paid interest of \$16,447 in respect of the amount referred to at 18(a) above at a rate of 5.54%.

19. In respect of the LSL Entitlements, the IAG Entities have made payments totalling approximately \$16.2 million (inclusive of additional payments made in respect of State

and Territory based long service leave legislation) to 3,993 current and 1,512 former employees relevant to the period 30 December 2013 to 14 November 2022.

20. IAG has been unable to locate and pay 1,100 of the Review Remediated Employees. IAG has provided the FWO with confirmation of its repeated attempts to contact and make payments to these former employees.
21. On 22 February 2024, IAG paid \$163,529.93 to the Commonwealth of Australia for the purposes of the FWO's unclaimed monies process, pursuant to section 559 of the FW Act.
22. Prior to the execution of this Undertaking, IAG has:
  - (a) apologised to, and regularly communicated with, all Review Remediated Employees, including through the IAG intranet and a dedicated employee hotline;
  - (b) introduced new processes to monitor and ensure compliance, including implementing fortnightly reporting to identify any potential non-compliance, regular communication with People Leaders on trends and issues in their business areas and teams and the introduction of a continuous compliance tool to automate ongoing compliance monitoring and reporting. A People Leader is defined as any employee who has other employees reporting to them;
  - (c) implemented changes to policies to clarify and fully explain key entitlements to employees and People Leaders through the publication of updated information, undertaking a review of all policies to ensure consistency across all documents and implementing a 'People Leader Portal' that gives clear and concise 'one-stop' information for People Leaders;
  - (d) implemented mandatory training modules for all People Leaders to develop and support their understanding of key employee processes and to help address compliance issues (**Mandatory Training**); and
  - (e) implemented changes to its business systems to prevent future non-compliance, including system-based warnings and controls.
23. IAG has also implemented processes to meet ongoing obligations to ensure that employees to whom the 2020 EA applies receive payment and employment related benefits which are overall no less than the payments that they would have been entitled

to receive if they had been paid in accordance with the BFI Award, in accordance with clause 4.5.2 of the 2020 EA (**BFI Award Reconciliation**).

24. IAG will introduce a new, more comprehensive time and attendance system (**New System**), to further prevent breaches in the future, with the system anticipated to be operational by September 2024 (**Full Implementation of the New System**). The New System will be designed to address the payroll and process errors identified through the Review not already resolved, by introducing accurate recording of and accounting for time worked, automated identification of entitlements, such as overtime and allowances, and related process improvements for relevant cohorts of employees that the IAG Entities must keep time and attendance records for, pursuant to section 535 of the FW Act and the *Fair Work Regulations 2009* (Cth).

## **ADMISSIONS**

25. The FWO has reasonable belief, and each of the IAG Entities admit, that during the FW Act Obligations Review Period, the BFI Award Reconciliation Review Period and the Annual Leave on Termination Review Period the IAG Entities contravened section 44 of the FW Act (which provides that an employer must not contravene a provision of the National Employment Standards (**NES**)) and section 50 of the FW Act (which provides that an employer must not contravene a term of an enterprise agreement) by failing to pay:
- (a) the Review Remediated Employees identified in Schedule 1;
  - (b) in accordance with:
    - (i) the relevant FW Act provisions specified in column A of Schedule 2; and
    - (ii) where applicable, the relevant clauses specified in column C of Schedule 2 of the 2012 EA, 2016 EA and 2020 EA specified in column B of Schedule 2;
  - (c) during the periods specified in column E of Schedule 2.
26. Those contraventions referred to in clause 25 above and Schedule 2 related to the following FW & EA Entitlements:
- (a) cashing out of annual leave;
  - (b) annual leave loading;

- (c) annual leave on termination;
- (d) failing to ensure that the employees received payments and employment related benefits that were overall no less beneficial than those they would have been entitled to receive under the BFI Award;
- (e) payment of minimum rates of base salary;
- (f) payment of increases to minimum rates of base salary;
- (g) higher duties;
- (h) meal allowances;
- (i) annual leave;
- (j) personal leave;
- (k) paid parental leave;
- (l) minimum casual engagement;
- (m) overtime penalty rates;
- (n) minimum payment for overtime;
- (o) absences on public holidays;
- (p) public holiday rates;
- (q) redundancy pay;
- (r) shift loadings;
- (s) shift hours off;
- (t) shift call back;
- (u) tropical allowances; and
- (v) weekend penalty rates.

27. These contraventions of the NES and terms of the 2012 EA, 2016 EA and 2020 EA led to the Review Remediated Employees Underpayments to both current and former employees of the IAG Entities, totalling \$21,526,266.

28. The contraventions identified in 25 above, and Schedule 2 to this Undertaking, do not include:

- (a) any contraventions which relate to, or arise as a consequence of, the IAG Entities failing to comply with the FW Act, *Fair Work Regulations 2009* (Cth) and/or any relevant fair work instruments that cover and apply to the IAG Entities (including the 2020 EA, or any replacement instruments, and any applicable modern awards)



**(FW Act Obligations)** in relation to any employee who is not a Review Remediated Employee listed in Schedule 1 to this Undertaking;

- (b) any contraventions which relate to, or arise as a consequence of, the IAG Entities failing to comply with their FW Act Obligations in relation to any employee, other than in respect of the specific contraventions detailed in Schedule 2 in relation to the Review Remediated Employees. For the avoidance of doubt, this Undertaking is not given in respect of any employee (whether a Review Remediated Employee or not) who was underpaid as a result of the IAG Entities failing to comply with their FW Act Obligations, other than in respect of the specific contraventions detailed in Schedule 2, and the FWO's acceptance of this Undertaking is not based on any reasonable belief about the existence of any contravention because of any such underpayments;
- (c) any contraventions which have not been fully remediated by the IAG Entities as at the Commencement Date in respect of any employee. For the avoidance of doubt, this Undertaking does not include any contraventions affecting any employee (including a Review Remediated Employee listed in Schedule 1 to this Undertaking) that have not been remediated in full by the IAG Entities as at the Commencement Date. Therefore, any contravention (including those listed in Schedule 2) can still be the subject of an application and orders under Division 2 of Part 4-1 of the FW Act, until the relevant Review Remediated Employee has been fully remediated in respect of that contravention; or
- (d) any contraventions which have not yet occurred at the date that this Undertaking is offered by the IAG Entities (whether or not those contraventions are identified in the Audit described in clause 52 below). For the avoidance of doubt, this Undertaking is not given in respect of any contravention which has not occurred on the date which it is offered by the IAG Entities and the FWO's acceptance of this Undertaking is not based on any reasonable belief about the existence of any such contravention.

## **UNDERTAKINGS**

29. The IAG Entities will take the actions set out in clauses 30 to 68 below.

## **CONTRITION PAYMENT**

30. Within 28 days of the Commencement Date, the IAG Entities will make a contrition payment of \$650,000 to the Consolidated Revenue Fund.

31. The IAG Entities will provide evidence to the FWO of the contrition payment within 14 days of making payment to the Consolidated Revenue Fund.

## **CONTINUOUS COMPLIANCE MONITORING AND BFI AWARD RECONCILIATIONS**

32. Until the Full Implementation of the New System, the IAG Entities will:

- (a) continue to conduct the CCM at least quarterly, with any underpayments of FW & EA Entitlements identified through such monitoring to be paid to impacted employees within one month of the end of period in respect of which the CCM is being conducted;
- (b) every 6 months from the Commencement Date, report to the FWO to confirm the outcomes of the quarterly CCM conducted and finalised during that period, including any issues identified and remediation payments made to current or former employees as a result; and
- (c) at the FWO's sole discretion, following receipt of the report in 32(b), provide the FWO with sufficient information or records as are necessary for the FWO to assess the CCM.

33. For a period of two years from the Commencement Date, the IAG Entities will every 6 months report to the FWO:

- (a) on the outcomes of all finalised BFI Award Reconciliation as required by clause 4.5.2 of the 2020 EA, and any future enterprise agreement that covers and applies to the IAG Entities that contains an equivalent term to clause 4.5.2 of the 2020 EA, including any remediation payments made to current or former employees as a result; and
- (b) all complaints made through IAG's People & Culture team – by or on behalf of employees of IAGS or IMA alleging underpayment of entitlements under the NES,

any applicable modern awards and the 2020 EA referred to in clause 25 and Schedule 2 (including any substantive equivalent entitlement in any future replacement instrument) and how IAG addressed and resolved the complaints.

## **CORPORATE GOVERNANCE**

34. The IAG Entities will review and, where necessary, amend their internal processes for reporting to IAG's Board of Directors (**Board**) to ensure that the Board is appropriately notified in relation to the IAG Entities' compliance with their FW Act Obligations and any potential breaches of their FW Act Obligations as follows:
- (a) implementing a program of 6 monthly reporting to the Board in relation to:
    - (i) the CCM until the Full Implementation of the New System; and
    - (ii) the BFI Award Reconciliation, for the period of operation of the 2020 EA and any future enterprise agreement that covers and applies to the IAG Entities that contains an equivalent term to clause 4.5.2 of the 2020 EA;
  - (b) ensure that all reports presented to the Board for the purposes of clause 34(a) above are tabled and approved by the Board and that where issues are identified, those issues are rectified in a timely manner, with the action taken to address those issues being subsequently reported to the Board;
  - (c) reporting on the implementation and accuracy of the New System, described above at clause 24;
  - (d) reporting on the implementation of the Mandatory Training, described below at clauses 49 to 51;
  - (e) ensuring that the report prepared as a result of the Audit described in clauses 52 to 58 below is tabled before the Board; and
  - (f) by no later than 6 months after the Commencement Date, ensuring the Board provides documentation to the FWO which demonstrates that the Board is regularly updated, on at least a 6 monthly basis, on the IAG Entities' compliance with their FW Act Obligations and this Undertaking.

## NOTICES

### Media Release

35. On or after the Commencement Date, the FWO will publish a media release on its website in respect of this Undertaking.

### IAG Intranet Notice

36. Within 14 days, but not prior to the FWO publishing a media release on its website in respect of this Undertaking as referred to at clause 35 above, the IAG Entities will cause to be displayed a notice in the form of Attachment A to this Undertaking (**Notice**) on the internal intranet site accessible to employees of the IAG Entities.
37. The IAG Entities must ensure the Notice:
  - (a) is displayed in at least size 10 font; and
  - (b) remains on the intranet site, accessible through a hyperlink on the front page of the intranet site, for a period of 28 continuous days.
38. Within seven days of first placing the Notice on their intranet site, the IAG Entities will provide evidence to the FWO of its placement.
39. At the end of the 28 day period referred to in clause 37(b) above, the IAG Entities will provide written confirmation to the FWO that the Notice has been continuously displayed on the intranet site.

### Website Notice

40. Within 14 days of, but not prior to, the FWO publishing a media release on its website in respect of this Undertaking, the IAG Entities will also place the Notice on its websites, accessible through a hyperlink, from the following home pages:
  - (a) [www.iag.com.au](http://www.iag.com.au);
  - (b) [www.nrma.com.au](http://www.nrma.com.au);
  - (c) [www.sgio.com.au](http://www.sgio.com.au);
  - (d) [www.sgic.com.au](http://www.sgic.com.au);
  - (e) [www.cgu.com.au](http://www.cgu.com.au);
  - (f) [www.swanninsurance.com.au](http://www.swanninsurance.com.au); and
  - (g) [www.wfi.com.au](http://www.wfi.com.au)(collectively, the **Websites**).

41. The IAG Entities must ensure the Notice:
  - (a) is displayed in at least size 10 font; and
  - (b) remains on the home pages of the Websites, accessible through a hyperlink on the front page of the website, for a period of 28 continuous days.
42. Within seven days of first placing the Notice on the Websites, the IAG Entities will provide evidence to the FWO of its placement.
43. At the end of the 28 day period referred to in clause 41(b) above, the IAG Entities will provide written confirmation to the FWO that the Notice has been continuously displayed on the Websites.

#### **Notification to impacted employees**

44. Within 14 days, but not prior to the FWO publishing a media release on its website in respect of this Undertaking, the IAG Entities will:
  - (a) write to all former Review Remediated Employees by mail to their last known postal address (or for those in respect of whom IAG does not have a postal address, by email to their last known email address) notifying them of the commencement of the Undertaking, in the terms set out in the Notice; and
  - (b) within 30 days of writing to all former Review Remediated Employees, provide evidence to the FWO of the communications, including by providing all templates used and copies of examples.

#### **WORKPLACE RELATIONS SYSTEMS AND PROCESSES**

45. Within 14 days of the Commencement Date, the IAG Entities will notify the FWO of the scheduled date for the Full Implementation of the New System.
46. Within 30 days of the Full Implementation of the New System, the IAG Entities will provide the FWO with a detailed explanation of the systems and processes in place, or to be implemented, in order to ensure that the IAG Entities are complying with their FW Act Obligations.
47. If, from 14 days of the Commencement Date, the IAG Entities become aware of a potential delay to the Full Implementation of the New System, the IAG Entities will

notify the FWO of the reason for the delay and the proposed revised date for the Full Implementation of the New System.

48. Where a time specified for undertaking an obligation under this Undertaking is contingent on, or follows from, the time specified for the Full Implementation of the New System, and the date for the Full Implementation of the New System has been revised in accordance with clause 47 above, the date for the completion of that obligation will be correspondingly extended by the same period.

### **Mandatory Training**

49. For a period of two years from the Commencement Date, the IAG Entities must provide the Mandatory Training to all new starters responsible for managing employees and undertaking human resources, recruitment and payroll functions.
50. For a period of two years from the Commencement Date, the IAG Entities must continue to provide regular annual Mandatory Training to all persons responsible for managing employees and undertaking human resources, recruitment and payroll functions.
51. For a period of two years from the Commencement Date, the IAG Entities will provide evidence to the FWO every 12 months of the completion of the Mandatory Training, outlined in clauses 49 and 50 above which occurs over that period, including the position of all attendees, the date on which the training was completed and a document that provides an outline of the content of the Mandatory Training.

### **Independent Payroll Audit**

#### Audit

52. By no later than nine months after the Full Implementation of the New System, the IAG Entities must, at their own cost, engage an appropriately qualified, experienced, external and independent accounting professional or payroll specialist (**Independent Auditor**) to conduct an audit of the time and attendance system and applicable payroll systems in order to assess the IAG Entities' compliance with their FW Act Obligations (**Audit**).
53. The IAG Entities will notify the FWO of their proposed Independent Auditor by no later than six months after the Full Implementation of the New System. The FWO may in its

sole discretion approve the Independent Auditor in writing or otherwise require the IAG Entities to propose other Independent Auditors until the FWO has approved in writing an Independent Auditor. The Independent Auditor must be approved by the FWO in writing prior to being engaged by the IAG Entities.

54. The IAG Entities must ensure that the Audit conducted by the Independent Auditor includes:
- (a) a review of the New System to ensure that the payroll system is translating all hours of work into all relevant payable entitlements and leave entitlements correctly in accordance with FW Act Obligations for relevant cohorts of employees;
  - (b) an assessment of whether the FW & EA Entitlements of at least 5% of employees whom the 2020 EA, and any future enterprise agreement(s) that replaces the 2020 EA, covers and applies to **(Sampled Employees)** have been correctly calculated by the IAG Entities in compliance with their FW Act Obligations for two full pay cycles following the Full Implementation of the New System. The Sampled Employees will include a range of classifications and employment types (full time, part time and casual employees, where applicable) from different working locations (where applicable);
  - (c) the production of a written report on the Audit, setting out the Independent Auditor's findings, and the facts and circumstances surrounding them, to the FWO **(Audit Report)**;
  - (d) the Audit Report must contain the following declarations from the Independent Auditor:
    - (i) the Independent Auditor has no actual, potential or perceived conflict of interest in providing the Audit Report to the FWO;
    - (ii) notwithstanding that the Independent Auditor is retained by the IAG Entities, the Independent Auditor undertakes that it has acted independently, impartially, objectively and without influence from IAG or the IAG Entities in preparing the Audit Report;
    - (iii) the Audit Report is provided in accordance with applicable professional standards (which will be listed in the report); and

- (iv) the Audit Report is provided to the FWO for its benefit and the FWO can rely on the Audit Report.
55. By no later than 10 months after the Full Implementation of the New System, the IAG Entities will provide for the FWO's approval the details of the methodology to be used by the Independent Auditor to conduct the Audit.
56. The IAG Entities will use their best endeavours to ensure that the Independent Auditor commences the Audit by no later than 12 months after the Full Implementation of the New System.
57. The IAG Entities will use their best endeavours to ensure the Independent Auditor provides the draft written report regarding the Audit to the FWO by no later than fifteen months after the Full Implementation of the New System, setting out the matters detailed at clauses 54(a), 54(b) and 54(d) above. The IAG Entities will ensure the Independent Auditor does not provide the draft written report, or a copy of the same, to the IAG Entities without the FWO's approval.
58. The IAG Entities will use their best endeavours to ensure the Independent Auditor finalises the Audit and provides the Audit Report directly to the FWO within one month of FWO providing any comments on the draft report described at clause 57 above to the Independent Auditor. The IAG Entities will ensure the Independent Auditor does not provide the Audit Report, or a copy of the same, to the IAG Entities without the FWO's approval.

### **Outcomes of Audits**

59. If the Audit identifies underpayments to any current or former employees of the IAG Entities, the IAG Entities will conduct a reconciliation of the amounts paid to those employees for the period of the Audit and rectify any underpayments that are identified.
60. The IAG Entities will provide to the FWO evidence that they have completed such rectification within 60 days of being informed by the FWO of the requirement to undertake the reconciliation.



61. If any employees identified in the Audit as having underpayments owing to them cannot be located within 90 days of the conclusion of the Audit, the IAG Entities will pay those amounts to the Commonwealth of Australia (through the FWO) in accordance with section 559 of the FW Act. The IAG Entities will complete the required documents supplied by the FWO for this purpose.
62. If the Audit identifies an underpayment of minimum entitlements to one or more employees, and the FWO reasonably believes that employees not included in the audit are also likely to have been underpaid then, where requested by the FWO, the IAG Entities will engage an accounting professional or an employment law specialist approved by the FWO to conduct a further audit of all their employees who the FWO considers may have been underpaid the relevant minimum entitlement(s) (**Additional Audit(s)**). Any Additional Audit(s) must be paid for by the IAG Entities.
63. If requested by the FWO, the IAG Entities must provide the FWO with all records and documents used to conduct the Audit, including any working documents, within 21 days of such a request.

### **Reporting**

64. The IAG Entities will notify the FWO of any changes of circumstances that impacts on the IAG Entities' ability to comply with the undertakings contained in this Undertaking, as soon as reasonably practicable after they become aware of such circumstances. Such circumstances include but are not limited to:
  - (a) a sale or potential sale (once a binding sale agreement has been entered into) of the business, or part of the business;
  - (b) ceasing or an expectation of ceasing to trade; or
  - (c) the business going into administration or liquidation.

### **No Inconsistent Statements**

65. The IAG Entities must not, and must use their best endeavours to ensure that their directors and officers, employees or agents and those of any associated entities defined in the *Corporations Act 2001* (Cth) do not, make any statement or otherwise imply,

either orally or in writing, anything that is inconsistent with admissions or acknowledgements contained in this Undertaking.

### **Extensions on times for completion**

66. Each of the IAG Entities may request from the FWO an extension of time specified for completion of an obligation under this Undertaking. The FWO will not unreasonably withhold agreement on a request for an extension of time.
67. Where a time specified for undertaking an obligation under this Undertaking is contingent on or follows from the time specified for the completion of another obligation under this Undertaking, and that time for completion has been extended by the FWO, the time specified for completion of the later obligation is correspondingly extended by the same period.
68. Clauses 66 and 67 do not apply to extensions of time which result from any delay in the Full Implementation of the New System. Matters relating to delays to the Full Implementation of the New System are dealt with exclusively by clauses 47 and 48 above.

### **ACKNOWLEDGEMENTS**


69. The IAG Entities acknowledge that:
  - (a) the FWO may:
    - (i) make this Undertaking (including any of the Attachments) available for public inspection, including by posting it on the FWO internet site at [www.fairwork.gov.au](http://www.fairwork.gov.au);
    - (ii) release a copy of this Undertaking (including any of the Attachments) pursuant to any relevant request under the *Freedom of Information Act 1982* (Cth);
    - (iii) issue a media release in relation to this Undertaking;
    - (iv) from time to time, publicly refer to the Undertaking (including any of the Attachments) and its terms; and
    - (v) rely upon the admissions made by the IAG Entities set out in clause 25 above in respect of decisions taken regarding enforcement action in the event that either or both of the IAG Entities are found to have failed to comply with their FW Act Obligations in the future, including but not


limited to any failure by the IAG Entities to comply with their obligations under this Undertaking;

- (b) this Undertaking does not act as a bar against any proceedings lodged under Division 2 of Part 4-1 of the FW Act in so far as they relate to a contravention that is not covered by the Undertaking as a result of clause 28 above;
- (c) consistent with the Note to section 715(4) of the FW Act, this Undertaking in no way derogates from the rights and remedies available to any other person arising from the conduct set out herein;
- (d) consistent with section 715(3) of the FW Act, the IAG Entities may withdraw from or vary this Undertaking at any time, but only with the consent of the FWO; and
- (e) if the IAG Entities contravene any of the terms of this Undertaking:
  - (i) the FWO may apply to any of the Courts set out in section 715(6) of the FW Act, for orders under section 715(7) of the FW Act; and
  - (ii) this Undertaking may be provided to the Court as evidence of the admissions made by the IAG Entities in clause 25 above, and also in respect of the question of costs.

**Executed as an undertaking**

**SIGNED** for and on behalf of **INSURANCE AUSTRALIA GROUP SERVICES PTY LIMITED ACN 008 435 201** by its duly authorised attorneys under Power of Attorney Book No. 4746 Registered No. 217 registered on 5 July 2018 who state that they have no notice of revocation of the said Power of Attorney:

DocuSigned by:  
  
F473B064D56042F  
Signature of Attorney

DocuSigned by:  
  
055412BAD8A34CD  
Signature of Attorney

Liz Grey  
Name of Attorney in full

Andrew Collings  
Name of Attorney in full

Executive Manager - Legal, Employment  
Title


General Counsel - Corporate & Commercial  
Title

27-Mar-24 | 5:41 PM AEDT  
Date

27-Mar-24 | 5:43 PM AEDT  
Date

**SIGNED** for and on behalf of **INSURANCE MANUFACTURERS OF AUSTRALIA PTY LIMITED ACN 004 208 084** by its duly authorised attorneys under Power of Attorney Book No. 4746 Registered No. 463 registered on 10 July 2018 who state that they have no notice of revocation of the said Power of Attorney:

DocuSigned by:  
  
55F681EB11624B9  
Signature of Attorney

DocuSigned by:  
  
6747CAD2B803400  
Signature of Attorney

Andrew Jones  
Name of Attorney in full

Julie Batch  
Name of Attorney in full

CFO DI & CFO IMA  
Title

CEO, NRMA Insurance  
Title

27-Mar-24 | 7:31 PM AEDT  
Date

27-Mar-24 | 8:39 PM AEDT  
Date

ACCEPTED by the FAIR WORK OMBUDSMAN pursuant to section 715(2) of the *Fair Work Act 2009* on:



Michelle Carey

Deputy Fair Work Ombudsman, Large Corporates and Industrial Compliance

4 April 2024

Date

Delegate for the FAIR WORK  
OMBUDSMAN

in the presence of:



(Signature of witness)

Phoebe Nicholas

(Name of Witness)

**SCHEDULE 1 – AFFECTED EMPLOYEES AND UNDERPAYMENTS**

**SCHEDULE 2 – DETAILS OF CONTRAVENTIONS**

## Attachment A – Form of Notice

IAG's two main employing entities, Insurance Australia Group Services Pty Limited and Insurance Manufactures of Australia Pty Limited (collectively, the **IAG Entities**), have now entered into an Enforceable Undertaking with the Fair Work Ombudsman (**FWO**) to ensure their ongoing compliance with Commonwealth workplace laws.

IAG identified that the IAG Entities had contravened the *Fair Work Act 2009* (**FW Act**) and the following enterprise agreements:

- the *Insurance Australia Group Enterprise Agreement 2012*;
- the *IAG Enterprise Agreement 2016*; and
- the *IAG Enterprise Agreement 2020*.

As a result of the Enforceable Undertaking, the IAG Entities commit to undertake a number of activities to ensure their ongoing compliance, such as conducting an independent audit.

You can access a copy of the Enforceable Undertaking on the FWO's website:

[www.fairwork.gov.au](http://www.fairwork.gov.au)

IAG expresses its sincerest regrets and apologises for these contraventions of Commonwealth workplace laws and the underpayment of current and former employee entitlements.

We understand that you may have questions and concerns relating to this matter. If you worked for IAG during the period 30 December 2013 to 16 January 2022 and have queries or questions relating to this matter, please contact IAG using the following channels:

- a) Telephone: (02) 9082 4455
- b) Postal Address: People Connect, Level 8, Tower 2, 201 Sussex Street, Sydney NSW 2000
- c) Email address: [peopleconnect@iag.com.au](mailto:peopleconnect@iag.com.au).

Alternatively, anyone can contact the FWO via [www.fairwork.gov.au](http://www.fairwork.gov.au) or on 13 13 94 in relation to possible unclaimed monies.