



2021 AGM transcript

Elizabeth Bryan: Good morning, ladies and gentlemen and welcome to the 2021 Annual General Meeting of Insurance Australia Group Limited. My name is Elizabeth Bryan and I'm the Chairman of your company. I'm looking forward to engaging with you during the course of today's AGM. The Group General Counsel has informed me that a quorum is present, so I declare our 2021 AGM open.

In February 2019, IAG was very proud to release its third reconciliation action plan. In keeping with the commitments we made in our reconciliation action plan, we are delighted to welcome Aunty Donna Ingram to join us again this year to officially welcome us to her land, Gadigal Country.

Aunty Donna was born and raised in Sydney on Gadigal land and her Aboriginal family connections are the Wiradjuri people of central west New South Wales. Aunty Donna is a cultural representative for the local Aboriginal community in Sydney. She has worked in Aboriginal affairs, government and community organisations in Sydney for the past 35 years, mostly in education.

In keeping with our COVID-19 safety plan, which limits the number of people we can have onsite with us today, we arranged for Aunty Donna to pre-record her welcome and we will show this now.

Welcome to Country

Aunty Donna Ingram: Good morning, IAG. It's my great pleasure to be with you again with permission from my elders to offer you welcome to Country for the IAG AGM 2021. We cannot come together once again for this event, but I'd like to thank IAG for including this Welcome to Country as part of this important meeting.

We are filming today on the land of the Bidjigal and this meeting is being presented from the land of the Gadigal, who are one of 29 clans of the Eora nation, which is bordered by the Hawkesbury, the Georges and the Nepean Rivers.

I am an Aboriginal woman who proudly identifies with the Wiradjuri Nation through my family connections from central west New South Wales. I've had the privilege to live, work and raise my four children on this land for most of my life. My family has grown and I'm now proud grandmother to Aaliyah, Elijah, Kelyla, Lakoda and Jake Junior. My wish for my grandchildren is to grow up happy and healthy in a safe and inclusive society with equal opportunities.

I acknowledge the Gadigal, their spirits and ancestors who will always remain with the land Mother Earth and I thank them for their ongoing custodianship. I pay my respects to our elders, both past and present and we must never forget the sacrifices made by our leaders to create a better future for Aboriginal people. I do this as a reminder and as a tribute to elders and those who have gone before us to fight for land rights, justice and equity for our community.

I extend my respects to Aboriginal and Torres Strait Islander people from all clans and nations across the country.

I also acknowledge our non-Aboriginal sisters and brothers who walk beside us to contribute to a safer society. At this point, I would normally say I now offer you a warm and sincere welcome to the land of the Gadigal of the Eora Nation and wish you a safe stay on the land and safe travel from the land. I have the same wish for you all, from whichever Country you may be viewing from.

On behalf of my community and the Gadigal, I wish you all a productive time at this year's AGM to highlight the achievements and challenges over the past year that contribute to your purpose of making the world a safer place. To build resilience and preparedness as you continue your work to create a safer, stronger and more confident tomorrow for your partners, shareholders and customers. In closing, we remember that this is, was and always will be Aboriginal land. Thanks everyone and have a great day.

Introductory comments

Elizabeth Bryan: Thank you, Aunty Donna. I would now like to introduce the IAG Board of Directors to you and outline how they and the other attendees are participating in today's meeting.

Joining me here at our Sydney Head Office is Nick Hawkins, our Managing Director and Chief Executive Officer along with our Sydney-based Directors who are standing for election or who will be addressing the meeting. They are, Tom Pockett, the Chairman of our Audit Committee; David Armstrong; and George Sartorel. Michelle Tredenick, who is standing for re-election at this meeting is joining us online also. Both David and George will be standing for election at this meeting. You will hear from Michelle, David and George later on.

We also have with us, Peter Horton, our Group General Counsel and Company Secretary. I can confirm we are all following appropriate safety protocols and are fully vaccinated. So that we maintain responsible physical distancing, your other Directors are joining us online. They are, George Savvides, Chairman of our People and Remuneration Committee; Jon Nicholson, Chairman of our Risk Committee; Helen Nugent; Sheila McGregor; and Simon Allen, Chairman of our New Zealand company; and Duncan Boyle.

Today, we say farewell to Duncan, who will retire as a Director of IAG after close to five years on the Board. Duncan has made a valued contribution to IAG and the Board over many years including as Chair of the Board Risk Committee. I will thank Duncan in my Chairman's address later on in the meeting.

Also attending online is the company's lead audit partner from KPMG, Mr Andrew Yates, who is attending his final IAG annual meeting in that capacity. I thank Mr Yates as outgoing lead external audit partner and welcome the income lead external audit partner from KPMG, Brendan Twining, who also joins us online today.

We also have online, representatives of our share registry provider and members of IAG's Executive Team. I will now pass to Jane Bowd, our Group Company Secretary, to talk through the procedural matters for this meeting. They're lengthy but important. They will cover how to use our AGM online platform, how to ask a question in writing or via the phone and the voting procedures.

Technology and procedural matters

Jane Bowd: Thank you, Chairman. I will now outline the technology and procedural matters for the meeting. Our AGM online guide for this meeting has been lodged with the ASX and is also available on our company website. If you experience any difficulty participating via the online Lumi platform or the phonenumber, please call the helpline phone number shown at the left of the screen for those who are online, and the release we lodged with the ASX earlier this morning.

If you are participating via the AGM online Lumi platform, you will see a split screen which shows an information panel on the left and a video stream and the presentation slides on the right. You can increase the size of the video and slide panel by clicking the square icon on the top right. To exit out of this larger display to again show both visual areas, press the X button beside that. In case you have any difficulty viewing the presentation slides during the AGM, I confirm we lodged these on the ASX platform earlier this morning.

Asking questions

On the online Lumi platform, there are two icons. Message allows you to ask a written question online and vote allows you to vote online. An additional home icon takes you back to the home landing page which shows meeting information.

If you did not submit your questions prior to the AGM and would like to do so during the meeting, there are two ways to do this. First, you may type written questions into the online Lumi platform. All you need to do is click on the messaging speech bubble icon at the top of the platform. A pop-up question screen will open. At the top of that screen, there is a section where you type your question. Please identify at the start which numbered item of business in the notice of meeting your question relates to, write your question and once you're finished, hit the arrow symbol to send.

You may also ask questions via the phone during the meeting. The phone number is displayed on the information panel on the left side of the screen if you are participating via the online platform and on the slide on screen now. It is also on the releasing lodged with the ASX earlier this morning.

Once you are on the phone call, to register to ask a question, please push the star symbol and the number one on your keypad. Practically, it is much easier to type your question into the online Lumi platform rather than call in via the phone so we do encourage you to type your questions if you can.

You may start submitting written questions or joining the phone queue for questions at any time from now. You do not need to wait until we get to that item of business. In fact, we do encourage you to start now, particularly if you're submitting written questions. If you're experiencing any difficulties, please call the AGM helpline number.

Although you can start submitting your questions now, we will not address them until we reach the relevant item of business in the meeting. In terms of question sequence, we will address questions in the following order throughout the meeting.

For each item of business, our Chairman will first address the questions that were submitted in advance of the meeting unless she or Nick have addressed these questions in their speeches. We will then move to the written questions submitted in the online Lumi platform during the meeting. Our Chairman will read these on each shareholder's behalf. Finally, we will then address any questions via the phonenumber for that item of business.

I confirm that both our Chairman and CEO have endeavoured to respond to the more frequently asked shareholder questions received prior to the meeting in the addresses they will deliver shortly.

In terms of the questions we receive during the meeting, we may choose to moderate or amalgamate some questions together, particularly if we receive multiple questions on one topic. Finally, due to time constraints, we may run out of time to answer all your questions. If this happens, we will contact you separately in due course or provide a response on our website.

I would also like to briefly summarise the voting procedures which will apply to this meeting. Shareholders had the option to submit a direct vote or appoint a proxy prior to today's AGM.

If you are eligible to vote, including if you wish to change your vote you cast before the meeting, you may vote through the online meeting platform after our Chairman has declared the poll open. This will occur shortly.

All you need to do is click on the voting icon at the top of the platform. This icon is shown on the presentation screen now. When you click on this icon, a pop-up voting screen will open and set out the list of resolutions and the option for you to vote for, against or abstain on each resolution.

To cast your vote, simply select one of the options. There is no need to hit a submit or enter button as the vote is automatically recorded. You may vote at any time during the meeting once the poll has been opened. You can also change your vote at any point up until the time the poll is declared closed. This will occur just prior the end of the meeting and our Chairman will give you a warning before the poll is closed.

I confirm that, where undirected proxies have been given in favour of the Chairman, our Chairman will vote in favour of all resolutions to the extent permitted.

During the meeting after we discuss each resolution, we will display in the presentation slides the number of direct and proxy votes received on each resolution prior to the meeting. Votes cast during the meeting will be counted by personnel from our share registry provider, Computershare after the meeting closes.

The results of the poll will be released as soon as available today on the ASX and will also be displayed on our company's website on the annual meetings page. Again, if you experience any difficulties in the online Lumi platform, the helpline number is displayed in the home page of the platform.

Finally, in line with current market best practice, a full transcript along with the webcast of this meeting will be available on IAG's website on the annual meetings page shortly after the conclusion of the meeting. I will now hand back to our Chairman. Thank you.

Elizabeth Bryan: Thank you, Jane. I now declare voting open on all items of business. The voting icon should now appear on your screens if you are a shareholder who registered to participate in the AGM via the online Lumi platform. We'll invite you to start submitting your votes from this point on. I will give you a warning before the poll closes at the end of the meeting.

Chairman's address

Ladies and gentlemen, before we move to the business of this year's meeting, would like to take a few minutes to reflect on some events that have shaped the year for IAG.

Both this year and last year have been challenging for IAG, producing results that have been disappointing for our shareholders and for all the stakeholders I am speaking to today.

In my written report to you, contained in the FY21 annual review, I was candid about what had gone wrong for IAG and how Management and the Board had responded. I sought to give you comfort that we are on top of the problems, understand their origins and take accountability for fixing the underlying organisational issues.

To further allay your concerns, I outlined the changes that are being made to the Board, to the Management Team and to the structure of the company and I pointed out the good financial results we'd had this year in our underlying insurance business. I don't propose to reiterate all of that in my address to you today, although no doubt certain parts will come up in discussion.

FY21 results and dividend

The slide beside me summarises the key results for the year. IAG made a net loss after tax of \$427 million in FY21. The result was materially affected by pre-tax provisions. Firstly, for potential business interruption claims associated with the COVID-19 pandemic. Second, for customer refunds arising from past pricing issues. Third, for the settlement of the Swann Insurance Class Action and finally, for payroll compliance. These provisions reduced this year's pre-tax profit by approximately \$1.5 billion.

However, we must not lose sight of the fact that behind these provisions, there is a successful business that made an insurance profit this year of a little over a billion dollars, an insurance margin of 13.5% and cash earnings of \$747 million.

Shareholders have incurred lower returns as a result of both the lower dividend last year and the fall in our share price. The Board deeply regrets these impacts on our shareholders and on behalf of the Board, I repeat the apologies I offered in my annual letter.

I believe that this justifiable shareholder displeasure will be expressed as a vote against our remuneration report later in this meeting. In particular, many shareholders have been very critical of the fact that the Board supported bonuses being paid to our employees this year. As well, shareholders are concerned that our accounting treatment will support long-term incentive rewards into the future.

The Board respects the shareholder's views that have led to votes against our remuneration report and will work diligently to ensure shareholders do not feel they need to take the same action next year. The Board will also be mindful of the impact on the long-term incentive rewards and continue to take shareholder returns into account when it applies judgement.

It would be remiss of me, however, not to explain to you why the Board thought it was the right thing to reward our employees this year and to say to you that we continue to believe that it is in the best interest of the company that we took this step.

I don't expect to change the outcome of the vote on the remuneration report when we come to that item of business, but I do want to leave you all with some understanding of what we were trying to achieve on behalf of the shareholders and an appreciation of the many factors that need to be taken into account in setting up a large business for success.

Board objectives and judgement applied

In summary, the Board had three objectives:

- To return to a reliable dividend stream.
- To hold to account the executives who were directly responsible to the operational risk failures, that damaged the 2020 and 2021 financial results, particularly business interruption, the Swann class action, and pricing errors.
- And to ensure a stable leadership team and to recognise our employees' commitment and contribution over the last two years by returning to a more typical STI outcome.

We came to a judgement about how to achieve all these objectives:

- We restored the final dividend to achieve a full year payout ratio of 66%.

- We severely penalised those executives who were accountable for the operational failures leading to provisions.
- And we made the decision to pay the employee bonus at 60% of our maximum STI pool.

Factors behind the Board's decisions

There are three factors that weighed on the Board's decision making when it came to employees. They were accountability, fairness, and motivation. I'd like to quickly take you through these considerations.

First, accountability. Our starting point in remuneration discussions was to severely penalise executives who we held accountable for the serious risk failures in the company.

We held to the principle that senior executives should be held responsible for failures on their watch and made significant downward adjustments to their remuneration. Including to remuneration which was deferred from prior years.

These adjustments total \$6.9 million to date, including \$3.5 million relating to decisions made by the Board in August 2020. To give you an example of the power of these measures, one individual's forfeiture was equal to more than twice their annual base salary. And importantly, no member of the senior leadership team with direct accountability for operational risk matters is still employed at IAG.

The second factor was fairness. The provisions we took this year arose from issues within IAG's systems which date back many years. Many of them did not come to light until at least 2019.

The timing is critical in assessing how much blame should be laid at the feet of today's management team, many of whom are relatively new to the organisation and have been instrumental in bringing the issues to light and in remediating them.

We have a new leadership team that has carriage of the remediation of all the matters that led to our losses. As I said earlier, the majority of these matters relate to problems that go back many years before many of them joined the company. We wanted to reward the new management team for the difficult work it had done in remediation and to reassure them that the errors of the past would not continue to affect their futures with IAG.

And our third consideration was motivation. To understand the judgement that we applied to the FY21 remuneration outcomes, it's important to consider FY20 as well.

We did not pay employee bonuses in FY20. Nor did we pay a final dividend to our shareholders. FY20 was a year of high natural perils, investment income losses from COVID related financial market volatility, and high expenditure to support the risk remediation program.

Our decision not to pay bonuses in FY20 had a negative impact on employee morale. In practical terms, it meant that our employees who had worked with extraordinary commitment, and in some cases great courage through the worst bushfires Australia has experienced received no additional financial recognition.

These same employees had also moved quickly to working in a COVID environment while continuing to deliver the on the ground services to customers who rely on us.

In any other year, the Board might well have sought to recognise this level of contribution and commitment to our customers and communities through bonuses at a higher level than the financial outcomes dictated.

IAG shares its bonus pool throughout its employees. Nearly 11,000 people are eligible for our short-term incentive payments which below the group leadership team, averaged about \$9000 this year.

FY21's difficult choices

As you can see, the FY21 results set up difficult choices for the Board. We had to balance how much our decisions should look backwards, and how much forwards.

We held those responsible to account and – underpinned by our profitable insurance business – we restored dividends and paid a reduced short-term bonus to recognise the commitment of our employees over two difficult years.

We had worked throughout the year to quantify our risk issues, report them to regulators, and take appropriate provisions through our accounts. We had supported major changes within the organisation.

With the appointment of a new CEO, the company's strategy has been renewed, the company's operating structure reformed, and the leadership of our three main operating divisions changed.

In weighing all of this up, the Board came to the view that it was in the best interest of the company to set it up for the future. In short, we drew a line in the sand and moved to a focus on improving future performance, having dealt with historical failures.

Our view, which we hold strongly, is that the choices we made in FY21 were the right decisions for the company and for shareholders. In restoring dividends and paying a short-term incentive bonus, the Board signalled both externally and internally that IAG had addressed the issues it faced and was now focused on the future.

However, whether people are Board members or shareholders, all of those invested in a company have to make judgements about different factors that extend beyond the company's operations.

As with all judgements, it's possible to strike many different balances. I hope my comments make it clear that the Board has been very active in pursuing its duties to get this company back on track to being a profitable and reliable payer of dividends to its shareholders. The Board has backed its management and employees to do this.

I will close my comments on remuneration by reminding shareholders that the Board has initiated an independent review of IAG's remuneration framework, and this will include STI and LTI measures and targets. The review was described in the remuneration report. It is intended to ensure the framework continues to support AIG's business strategy, while also complying with emerging regulatory requirements, such as CPS511 and FAR.

Board renewal

Let me now turn to the Board. The business will be well supported in its endeavours by a renewed Board.

As we have advised you, I will retire at the end of this meeting, along with my colleague, Duncan Boyle. I thank Duncan for his contribution to AIG over this time of very significant change in the organisation. Duncan has had a long executive career in the insurance industry and has been unstinting in his support of the Board, and me personally, in navigating through many issues. As Chairman of the risk committee, Duncan played a big role in strengthening risk governance in IAG. Thank you very much indeed, Duncan.

We've been fortunate to be able to add to the Board three new directors who bring deep insurance and public company governance experience to their roles, and whose skills supplement those of the existing Directors.

The new members of the Board are David Armstrong and George Sartorel, who we welcomed to the Board on 1 September 2021, and Scott Pickering, who will commence on 1 November 2021. David and George are standing for election at this meeting and you will have the opportunity to hear from each of them shortly.

Farewell

When I cease to be Chairman at the conclusion of this meeting, I will be pleased to handover the Chairmanship of this very special company to my long-term colleague on the Board, Tom Pockett.

Tom has expertly led the audit committee through the past years of change and remediation, and I know he is well positioned to lead IAG into a successful future, supported by a strong Board, and our CEO and his skilled leadership team.

Through its various businesses, IAG has been helping to protect and support its customers and their communities for over 160 years, making it a vital part of both Australia's and New Zealand's financial and social infrastructure.

I am honoured to have been part of that endeavour. I'm confident the company is well placed to continue to play a strong role in the service of all its stakeholders.

As a loyal customer and as a shareholder, I look forward to keeping a close eye on its future success. Ladies and gentlemen, thank you for your attention and I now invite Nick to address the meeting. Nick.

Managing Director and CEO's address

Nick Hawkins: Thank you, Elizabeth, and good morning, ladies and gentlemen. When I spoke to you last year, my appointment as Chief Executive had only recently been announced and I spoke of how privileged I felt to be given the opportunity to lead IAG and take our company into a new era.

I committed to build a simpler, stronger, and a more resilient company that will provide products and services to our customers in ways that suit them, that will meet the changing needs of our people, that will support the communities that we are part of, and of course importantly, that will deliver appropriate returns to our shareholders.

I'm also determined to address the organisational issues that have caused us problems in the past to ensure we are set up for success in the future. Today, I'd like to map out our plan and show you the progress that we've been making.

Delivering a stronger, more resilient IAG

My first step was to reset our strategy. The long-term economic success of our insurance business will be underpinned by a combination of four things:

- Firstly, achieving customer growth in our Australian and our New Zealand businesses.
- Secondly, building out better businesses by continuing to focus on underwriting expertise, active portfolio management and pricing excellence.
- Thirdly, setting a company up so we can offer digital products and benefit from lower forms of digital delivery of our services, together with an overall simplification of our technology platform.
- Then finally, continuing to invest in effective risk management right across the group.

I am pleased that I can already point to some early successes that we've been making in these areas.

In relation to **growing with our customers**, during the year we increased customer numbers in our Australian and New Zealand direct insurance businesses, and we are expanding our premium NRMA insurance brand. I'm delighted to announce that NRMA insurance is now on the ground helping customers in Western Australia and South Australia.

Our effort to **build better businesses** is evident in the work we are doing in our Intermediated business here in Australia, upgrading our risk management and underwriting disciplines, and strengthening our relationships with broker partners to improve overall profitability.

With **creating value through digital**, we have scaled up artificial intelligence and automation in motor claims to deliver better outcomes for our customers. We're also making significant progress in simplifying the technology that supports all of our businesses.

Finally, **actively managing risk** is an ongoing priority with an internal program already strengthening risk controls right across the company.

To help us achieve our strategy we redesigned our operating model to create three insurance businesses: Direct Insurance Australia, Intermediating Insurance Australia and our New Zealand business. Each of these businesses is aligned to the insurance needs of specific customers and the way these customers want to engage with us.

After some years of underperformance, I expect the Intermediated Insurance business in Australia to be a positive contributor to our long-term financial performance. We have set specific goals to simplify the business structure, upgrade its risk and underwriting disciplines, and foster better relationships with our broker partners. This will significantly improve our financial performance.

New leadership team

Finally, we have a new leadership team in place, this includes three high quality external appointments that are made. Michelle McPherson joined us as Chief Financial officer, Jarrod Hill joins us as Group Executive Intermediated Insurance here in Australia, and Tim Plant joins us as Chief Insurance and Strategy Officer.

Tim's role is a new one for IAG. In it, he will use his deep insurance experience to improve underwriting discipline right across the whole company. Michelle, Jarrod and Tim bring significant insurance expertise to complement our existing leadership team and are helping to deliver a stronger and a more resilient IAG.

FY21 results overview

Our results are starting to reflect the benefits of the changes that we've made. The FY21 results we announced in August included a strong underlying performance that reflected the strength of our core insurance business and our market-leading brands. The key numbers are set out in the slide before you now.

Of course, as you're aware, despite the strong underlying insurance performance, the company delivered a net loss. This loss was due to failure of our control and management systems. I am determined that these controls and systems will continue to receive investment and focus to ensure this does not occur again. Let me give you some examples of the progress that we've made.

We've already made many changes to our technical systems and our risk maturity to prevent a recurrence. We're in the process of consolidating the multiple systems that exist in our claims and our policy portfolios. This year, we moved onto a single claims platform, and we are continuing to consolidate and simplify multiple policies and admin systems.

When we complete this work, we will be able to provide consistent products and services to customers wherever they are from wherever our people are. There have been major improvements in our risk infrastructure. We have made significant process in implementing a \$100 million program of work to improve our fundamental risk practices. After 18 months, this program is nearly complete and has strengthened risk controls right across IAG.

COVID-19 support for our customers, communities, and people

I'd like to move now to how we're responding to some of the challenges, starting with COVID-19.

Our customers, our people and our communities continue to be affected by COVID-19 this year.

One of the most important ways we could help them was to make sure our insurance products remained accessible for customers who are experiencing any form of financial stress. We introduced special premium reductions and deferrals to help these customers. More than 68,000 policy holders have taken up these measures. I'm pleased to report that these are now part of the way we respond to any customer suffering financial hardship.

We also continue to focus on the safety and wellbeing of our people while responding to the changing impact of COVID-19 on our workplaces. We know that vaccinations are the key to opening up our country and we are encouraging our people to get vaccinated. To support this, we are providing all our employees with leave they can use to get themselves or their families vaccinated.

The IAG Way

Creating a stronger and more resilient business starts with our people and our culture. This year we introduced The IAG Way to give us a clearer focus on who we are, what we stand for, how we behave and what we should expect from each other to continue to achieve the best outcomes for our customers, our communities and our people.

Diversity

I am particularly pleased with the progress IAG made this year to include women in our senior management ranks. Women now lead two of our three operating divisions. In addition, we now have 43% of women in our senior management roles, well on our way to our target of 50% by 2023.

I'm also pleased with our progress in our commitment to Indigenous engagement, both here and in New Zealand.

Let me talk briefly about what we're doing in the critically important area of climate change. Environmental, social and governance responsibilities are important to IAG and for many years we've been a leader in the climate debate in seeking roles we can play to reduce climate risk for both our customers and the communities in which we operate in.

When it comes to the issues of climate change, we have processes to manage our own emissions and performance. These are well set out in our climate action plan. The perils that arise from climate change – bushfires, floods, hail and wind – are a large part of the risks that we insure, and we have data and specialists in this area. We are using this data and expertise in two key areas.

Contributing to the science

First, we're contributing to the scientific discussion about current and future climate. The latest report from the intergovernmental panel on climate change confirms that under all scenarios we're facing a warmer climate. We are working with leading scientific organisations to increase understanding of the impact this will have on extreme weather events and which communities will be the most vulnerable.

That leads to the second area where we are applying our expertise, helping communities prepare for and adapt to the increasing severity and frequency of extreme weather events. We have a research program with the US-based National Center for Atmospheric Research to better understand the frequency and intensity of cyclones and how that will change in the future. Together, we've released two editions of the Severe Weather in a Changing Climate report, the most recent of those in September 2020.

The second edition incorporated extensive feedback and contribution from local scientists. This report brings all the latest research together in one place. These reports have cemented our position as a leader in understanding current and, importantly, future severe weather impacts. This led to IAG scientists appearing at the Royal Commission into National Natural Disaster Arrangements. Here they presented alongside the CSIRO and the Bureau of Meteorology and Geoscience Australia.

Helping communities to prepare and adapt

When it comes to helping communities prepare for and adapt to the increasing severity and frequency of extreme weather events, we focus on the four key areas that contribute to the challenges of insurance affordability and coverage. These have the greatest potential to cause physical and financial hardship for communities. They are tropical cyclones, floods, bushfires and coastal erosion.

We're using our knowledge to prepare materials that help educate individuals and communities about the risks they face and how they should go about addressing these. Achieving meaningful change to respond to these issues requires changes to land use planning and building codes and any action taken needs to address existing buildings and improve the resilience of new buildings so that insurance remains affordable for the vast majority.

Our contributions in action

I'd now like to provide a high-level overview of three projects that we're contributing to, starting with **cyclones**.

We have sponsored the Cyclone Testing Station since the early 2000s, providing funding and access to claim data, particularly with strata and with home. The station's work led to changes in building codes and the development of important cyclone resilience programs such as the Queensland Household Resilience Program, the Strata Title Inspection Scheme, the upcoming Strata resilience pilot and the very recently launched Severe Tropical Cyclone Seroja Recovery Grant in Western Australia.

With **bushfires**, we are working with the Bushfire Building Council of Australia, NAB and BlueScope Steel to create a rating system for bushfire risk for individual properties. The Bushfire Resilience Star Rating System will be an app where people can enter information about their property and receive a current rating for its resilience to bushfires. They will also receive a list of practical actions to improve the rating and resilience of their property.

Additional funding for the project has been provided by the National Recovery and Resilience Agency, which supports national projects targeted at reducing the risk and impact of natural disasters on Australian communities. A pilot program will shortly test the system with real properties and a prototype is expected to be completed by March 2022 with the app likely to be available for free right across Australia by March 2023.

The third area I'd like to mention is **flood**. We continue working with federal, state and local governments to build business cases for flood mitigation projects. We commissioned a Flood Mitigation Priorities report that was provided to the National Recovery and Resilience Agency in August 2021.

The agency is using the report to help it prioritise allocating some of the \$600 million of government disaster risk mitigation funding that has been made available. The report outlines business cases for high-priority community scale and property level flood mitigation measures which would significantly reduce flood risk and insurance affordability measures in flood-prone communities.

We're also helping local governments to understand the consequence of their flood planning decisions on the affordability of flood insurance through targeted workshops in higher-risk areas. And we are supporting flood-prone communities through our ongoing partnership with New South Wales SES.

FY22 guidance affirmation

Let me now return to our financial performance by providing a brief update on the first quarter of this new financial year and our progress against the guidance that we provided in August. The first quarter of the year has started well, and I affirm guidance for FY22 that we provided at results in August. We have recorded mid-single gross written premium growth in the quarter. GWP guidance remains low single-digit growth for the full year, and it does factor in portfolio management in Intermediated Insurance Australia business. We still expect this to constrain volume growth for the balance of this year.

IAG is also on track to meet reported insurance margin guidance of 13.5% to 15.5%. We have observed lower motor vehicle claims frequency, driven by the lockdowns in Australia and New Zealand. This has been partly offset by inflationary pressures on claims costs and conservative reserving assumptions in our motor and home portfolios and recognises the increased uncertainty in claims inflation as lockdown ends.

Natural perils costs were elevated in the quarter, mainly due to storm activity in New Zealand and the earthquakes in Victoria. However, our natural perils allowance of \$765 million for FY22 remains unchanged.

Close

In closing, I repeat my commitment that under my leadership IAG will be a simpler organisation for our people to work in and a simpler organisation for our customers to engage with. We will focus on our core insurance businesses and deliver growth from our markets here in Australia and New Zealand where we have sustainable, competitive advantages. This allows us to serve our purpose of making the world a safer place for 30 million Australia and New Zealanders and delivering to you, our shareholders, the results you deserve for supporting us.

Underpinning this will be a world-class insurance capability and a culture that supports the organisation we want to be. We're already seeing good momentum in the business and increasing areas where we can use our expertise to contribute to critical ESG issues, particularly those around climate.

Thank you for your time today. I'll now return you to Elizabeth.

Business of the meeting

Elizabeth Bryan: Thank you, Nick. We'll now turn to the formal items of business for this meeting. There are five items of business before the company's AGM this morning and these are set out in the Notice of Meeting. Four resolutions to be voted on are all supported by your Board.

Item 1: Receipt of the financial statements

The first item of business is to consider and receive the Financial Report and the reports of the Directors and of the external auditor for the year ended 30 June 2021. There is no vote on this item.

A copy of these statements and reports was published in the 2021 Annual Report and sent to those shareholders who requested copies. Shareholders have also had the opportunity to review the statements and reports on the company's website.

The purpose of this item is to provide an opportunity for shareholders to ask questions and make comments about the company's performance, operations and management. All questions to the auditor should, in the first instance, be addressed to me as Chairman and if appropriate, I will ask Andrew Yates or our management team to address the meeting. For those who may want to say something on remuneration, please bear in mind that we have a separate item of business on the remuneration report.

I now invite comments or questions on the financial statements and reports. Shareholders who have not already done so should enter their questions on the online Lumi platform as shown on the screen now. If you are following the meeting using the conference call, please press star/one to register to ask a question.

I will firstly deal with the questions received in advance of the meeting, then written questions that have been submitted online during the meeting, after which I will move to questions on the phone.

Questions submitted in advance

We've received a number of shareholder questions in advance of the meeting, and they fall into three categories which I will address individually. The first set of questions relates to dividend franking. Two shareholders expressed disappointment that dividends are now unfranked. I thank you for these comments.

At 30 June 2021, IAG had a nil franking balance. In addition to capital management activity in recent years, the depletion of IAG's franking balance reflects the absence of taxable earnings in Australia in FY20 and 2021. This was influenced by severe net natural peril claims costs and adverse reserving, including the business interruption provisions in FY21. This will impact IAG's capacity to frank eligible distributions over the medium term.

The second category of questions relates to IAG's share price information - my apologies, share price performance. A few shareholders asked questions about poor share price performance over the last two to three years and what the company is doing to improve its share price and its operating performance. Again, I thank you for submitting these questions.

In my address, I acknowledged the impact of poor share price performance on shareholders. I will concentrate on the question of improved operating performance because I believe this will ultimately be reflected in the share price. I can reassure you that the enormous underlying strengths of IAG remain. We are a well-capitalised and skilled general insurer with leading share in all our major markets, strong links to major re-insurance providers and some of the most recognised and trusted brands in Australia and New Zealand and strong, purpose-led culture that ensure we are ready to respond when our customers need us most.

As I noted in my address, last year the Board appointed Nick Hawkins as our new Managing Director and CEO. Nick has moved quickly to reset the company's strategy, redesign the operating structure and appoint a new Leadership Team. His presentation today provides an excellent overview of his plan and the achievements he's already made. The Board is confident that Nick will deliver on his plan to achieve improved outcomes for our customers and shareholders.

The third and final category of questions received in advance of the meeting relates to voting forms. Two shareholders asked us why they did not receive printed voting forms this year and two noted that this created a considerable challenge for those who have eyesight issues.

Again, thank you for your questions and I'm sorry to hear that you experienced difficulty with the voting forms. There was a change to the law that came into effect on 14 August 2021, that seeks to help companies who are operating under rapidly changing pandemic conditions.

One of the changes is to allow for meeting-related materials to be provided to shareholders electronically. The result of this is that all shareholders were sent a hardcopy notice of access that gave details of where to access the notice of meeting and voting form. We also did email the notice of meeting electronically to shareholders who had given an email address. Printed forms and copies of all annual reports and meeting materials were sent to any shareholder who requested these via our share registry.

This now concludes all the questions received in advance of the meeting for this resolution and I shall now move to the online questions.

Online questions

Peter Pen, shareholder: Worsening extreme weather is creating vast and growing areas where insurance costs are increasing and becoming unaffordable for many households. Insurance companies like IAG could play a critical role in educating the public and lobbying government on the need to urgently act on the climate crisis and the consequences and costs of delaying the phase out of fossil fuels, the main source of carbon emission fuelling this extreme weather.

Does IAG recognise its responsibility and self-interest to take on that role? Is it willing to, for example, provide information on fossil fuels, climate and extreme weather to customers via insurance certificates, quotes and product disclosure statements?

Elizabeth Bryan: Thank you, Mr Pen. That's a very thoughtful question about an issue that is of concern to all of us these days. Nick has spoken at some length in his address on our activities and climate change. I think, as you know, we have been actively involved in all matters associated with climate change for many, many years now and I'll ask Nick to address the last part of your question about our role and the request for information. Nick?

Nick Hawkins: Thanks, Elizabeth and good morning, Mr Pen. We've had a proud history of the role that IAG has played here and how we've invested in our capability to understand the changing nature and the risks that that presents to communities. So we're very active and we will continue to be in our role in sharing what we know with governments, local communities, customers. You can be confident that we're going to play an increasing role in communicating and talking around what we know and contributing to this very, very, very important debate so thank you for the question.

Darren Walker, shareholder: I raised a question about recruitment at last year's AGM. The Chair advised my question would be followed up and I would be contacted in relation to the matter. This has not happened to date. What confidence can or should we have in the ability of the company to do even the basic things right when actions from the AGM are not adequately followed up or completed?

Elizabeth Bryan: Mr Walker, I'm very sorry and quite surprised to hear that. I think you're right that if we commit to do something and we didn't do it, then that is unacceptable and so I personally – and I will ask Tom as my successor to the Chair role – to look into that and we will contact you.

Darren Walker, shareholder: This Board has been in charge of overseeing the errors for which the Chair is continuously apologising. Why is it not now time for you all to consider your positions?

Elizabeth Bryan: Okay, Mr Walker, well I'm glad I'm continuously apologising. I think that's the right thing to do. I don't think that at this stage to have the Board resign and be replaced by another Board would be in the interests of the shareholders or the Management or the company or our customers.

I went to some trouble in my address to you, to outline the very active role that the IAG Board has been involved in over the last couple of years in remediating issues in this company, which go back almost a decade and it's these past issues that have caused the issues that we've brought to account this year and last year to have arisen. So again, I think the Board has had a very positive effect rather than a negative effect.

Denise Masterson, shareholder: All good and well to say Executives have been penalised when most of them are still there.

Your claims performance is poor. Maybe IAG needs to look at bringing people back into the business that were performing well and remove current Executives and Managers?

Elizabeth Bryan: Again, Ms Masterson, thank you for your comments and for your views. I beg to differ on your suggestions but acknowledge your thoughts on this matter.

Jeanette Green & Ross Green, shareholders: Does IAG and its employees always act with honesty and integrity?

Elizabeth Bryan: My answer to that is that it's a part of the culture of this company to very, very highly value honesty and integrity and we organise our systems and our management team and the way we run the company to do the best that we can to ensure this. You never can get 100% answer on anything, but I would hope that in all cases, that's what you receive from IAG.

Henry Kaye, shareholder: I would like to suggest that customers be asked whether they want to receive documents via post or email.

Elizabeth Bryan: So again, thank you for that, Mr Kaye and I will refer that to our administrators, who are in contact with customers.

Gillian King, shareholder: I'm sure I'm not alone in being pleased to see IAG publish its responsible investment policy. In light of that, (a) where is the annual disclosure of IAG's stock exchange listed equity investments published? I cannot find them on the website. (b) What is the current carbon exposure of IAG's investments? (c) What investments in business whose operations are substantially focused on causing damage to the climate has IAG sold? And (d) in light of the latest IPC report about the need for urgent climate action to restore a stable and habitable climate, will IAG bring forward its date for achieving net zero investment portfolio emissions?

Elizabeth Bryan: Ms King, that's a complicated set of questions. Let me just take one minute to think how I might respond to them. Let me turn to our General Counsel on your first question about the annual disclosure of IAG's stock exchange listed equity investments and where it's published. Is that something we have an answer to, or should we follow up with Ms King on that one?

Peter Horton: Follow up.

Elizabeth Bryan: We're going to follow up on that. The current carbon exposure of IAG's investments, again, Ms King, is low. It's something that we always keep in mind and if you leave your number with our people, we'll get back to you on the precise detail of that and similarly with question (c) and (d), they're detailed questions. They're good questions and if you could please leave contact with us, we'll come back to you on the details.

Vincenzo Darro, shareholder: With Tesla changing the car industry for the better and now making changes to the way that you insure your car, what are you going to do to change the way you do business? Does the Board foresee job losses in the future? Road service et cetera? And has IAG's Board been talking to government about the need to have all electric vehicles, to have V2G or V2L as a standard?

Elizabeth Bryan: So let me deal with those questions that I can answer on the spot, Mr Darro and if you also could leave your number with the people you've been talking to, we'll get back to you on the details.

Fiona Djapouras, shareholder: Are you aware that there could be a court proceeding against your subsidiary companies relating to the Melissa Caddick Maliver fraud?

What steps can IAG take to support a fair and equitable outcome regarding a potential class action against your subsidiary company? Has a budget for payment been allocated?

Elizabeth Bryan: I've just been advised by my general counsel sitting next to me that we have received the correspondence that you refer to and now that court proceedings have been commenced, it would be inappropriate for me to comment any further on that.

Geoffrey Paisley, shareholder: I object to paying GST on the fire services tax levy. Tax on tax. This is unconscionable and should be disclosed by the company on the renewal forms as a failure of government. At present, this is hidden from our customers and is just plain wrong. Do we need another Royal Commission?

Elizabeth Bryan: Mr Paisley, I sincerely hope we don't need another Royal Commission. That is really a government matter. It is disclosed on our renewal forms, the fire services levy, and that's I think really a matter for the government, not a matter for IAG.

Tamsyn Glen, shareholder: If not already in process, would IAG consider renaming the chairman to chairperson or preferably to chair.

Elizabeth Bryan: Miss Glen, so you and I have a little secret there. It is often called chairperson and it is often called chair. My feeling as a woman who became – or who got one of those jobs, the title was chairman and chairman has some prestige in it. So I've always encouraged people to call me chairman.

I know it's slightly not right, but I was proud of being a chairman and I don't think I felt quite the same about being a chair. But thank you for your question, it's a good one.

Gillian King, shareholder: I congratulate IAG's leadership on the consequences of damage to our climate. Does IAG have plans to update the severe weather in a changing climate report in light of the latest IPCC report and possibly regularly in light of the increasing change in climate? If so, when?

Elizabeth Bryan: I think the right answer to that is to refer you back to a statement that Nick has just made which is that we think one of the most important things we can do in this debate is make sure that the information and the knowledge that we have from our business about changes in the climate is made publicly available.

And we do that regularly and we will continue to do that and to provide all important decision making bodies access to the information and climate data that we have.

Phone questions

I have no further written questions at this time. Our next step is to proceed to the phone questions. If you could, as you're giving me the questions, make them as clear as possible. It's coming through a lot of various communication devices so a little hard to hear sometimes.

Christine Cook, shareholder: Good morning and thank you, Chairperson. Sorry, I like the non-gender base.

So congratulations to IAG for much of their action on climate. However, in its climate-related disclosure, IAG state it is committed to ceasing underwriting entities predominantly in the business of extracting fossil fuels and power generation using fossil fuels by 2023.

However, in the details, this statement has some significant gaps. First of all, when referring to power generation, it defines fossil fuels only as coal and not gas, which is also a fossil fuel and also burned for power generation.

Secondly, it has a 30% threshold for exclusion and no gross figure which means if the company is big and diversified enough, it could be burning and/or extracting huge amounts of fossil fuel and still getting insurance from IAG.

Third, the policy doesn't apply to companies engaged in fossil fuel transportation, such as those operating pipelines in port. Does IAG intend to close these loopholes in its underwriting policy, and if so, when?

Elizabeth Bryan: Thank you, Christine, for making those points. I think they are good ones and they're strong ones. What we will do is make sure that they're looked at in detail by our climate people. I'm sure you're right about coal and gas, I don't know quite how we missed that one.

The other ones, we'll have a detailed look at and investigate them. Thanks for the suggestions.

Peter Pen, shareholder: Firstly, I have enjoyed having you leading the AGMs over the years I've attended. So thanks again. My question relates to IAG bond investments.

IAG has set carbon footprint targets for its listed equities investment portfolio but not for its bond investments. With the increasing reluctance of banks to loan to thermal coal miners, companies like Adani Group and Whitehaven Coal are tapping into the bond market for debt.

My questions relate to this. Does IAG screen the bonds it invests in? Would it invest in a coal miner bond? Lastly, what proportion of the 88% of investment allocation that's in cash and fixed interest as of 30 June 2021 is in bonds?

Elizabeth Bryan: Okay. Again, they're good questions. Peter, I don't know those detailed answers myself. I'm looking at Nick and let's see if he can give you a bit more information on that.

Nick Hawkins: Thanks, Peter. Most of our investment portfolio within our sort of bonds are invested within either the four Australian large banks so they're corporate type or they're hybrid type securities, as well as mortgage backed securities.

So direct corporate exposures, the one you're referring to, would be very, very small within IAG. But I will take your comment away around targets and our disclosure around this topic to look to see if we can enhance that going forward so we can really be clearer around what that exposure is. Thank you very much for your question.

Operator: Chairman, there are no further questions on the telephone at this time.

Elizabeth Bryan: Okay. Thank you all for your comments and your interests and your questions in relation to the financial statements and the reports. I confirm that the Financial Report and the Report of the Directors and of the external auditor for the year ended 30 June 2021 are now received.

Before we move onto the items of business that are subject to a shareholder vote, let me remind you that we'll be conducting a poll for each question.

Once the polls have closed and the votes compiled, a report on the final results will be announced to the ASX and will be made available on IAG's website.

I have received a report of the results of the direct and proxy voting instructions received for each item of business and I have accepted the recommended results.

The direct votes and proxy votes that we have already received will be displayed on the screen as we deal with each resolution.

Resolution 1: Remuneration report

Elizabeth Bryan: The first resolution at this year's AGM is to consider the company's Remuneration Report for the financial year ended 30 June 2021.

The Remuneration Report is set out on pages 35 to 58 of the company's 2021 Annual Report and provides disclosures relating to director and executive remuneration.

I have already spoken in detail in my earlier address about the Board's approach to the 2021 remuneration outcomes and the alignment that the Board believes it has achieved between performance, shareholder returns, and the recognition of our people.

Questions

I now invite questions on the Remuneration Report. Shareholders who have not already done so should enter their questions on the online Lumi platform as shown on the screen now.

If you're following the meeting using the conference call, please press star one to register to ask a question. I will firstly deal with questions submitted in advance of the meeting, then written questions that have been submitted online during the meeting, after which I'll move to questions on the phone.

Questions in advance

We received a few questions in advance relating to executive pay levels and the Board's decision to award bonuses in a year when the company's results were significantly affected by provisions for operational risk issues. Thank you for your questions and comments. I believe I have comprehensively addressed the reasons behind the Board's decision in my address earlier in the meeting.

Online questions

I will now move to the questions received online.

Ian Graves, Australian Shareholders' Association: The ASA has recommended to our members that they vote against the resolution for two reasons.

First reason: the STI outcome overstates the net earnings as the cash earnings metric excludes \$1.4 billion of extra provisions. Our preferred method is statutory NPAT, which aligns outcomes with shareholder outcomes. Could you assure the meeting that IAG will revert to the previous methodology of statutory NPAT for future calculations?

Second: the ASA is opposed to cash sign-on payments without performance criteria whilst acknowledging it is reimbursed newly hired executives for the loss of foregone benefits from previous employment. We prefer payment in equity with deferral and performance criteria. Therefore, we will lodge all our undirected proxies against this resolution.

Elizabeth Bryan: Ian let me start with a couple of comments and then I'll ask Nick to elaborate on some of the accounting matters that you've outlined. First of all, I think it's very important that everyone understands that the metric that we use to pay staff bonuses is exactly the same metric that we use to pay dividends to our shareholders. I think that's a very important principle. That's how our remuneration and our dividend payment decisions are structured. So that I think deals with the first question.

Again, the cash sign-on payments: we only pay cash sign-ons when we have an executive who is leaving behind a defined earned benefit. Yes, we have had an example of that. But that's the only circumstance in which we pay them. Again, it's a matter that is, I think, quite a widely accepted practice amongst public companies. Let me check with Nick. Do we need to add anything to that Nick? Or have I got enough of it right?

Nick Hawkins: Thanks Elizabeth. I think the only comment I would make, Ian, just in addition is the intention is that the cash earnings and reported earnings are similar. The only adjustment at the beginning of the year that we would anticipate there is some sort of amortisation of intangibles. So that is the intention. Obviously in the last financial year there were certain adjustments that were made which is the topic of your question, which then becomes a judgement for the Board as part of that process which Elizabeth has talked through in her opening address. But that is the intention of how this would work going forward.

Elizabeth Bryan: Thank you Ian, for your comments.

Darren Walker, shareholder: What evaluation of employee engagement has been undertaken, and what are the relative scores from FY20 to FY21? Is Human Synergistic scoring still used? Assessing a downturn in staff engagement only to the absence of STI payments in 2020 is counter to every form of intrinsic versus extrinsic reward motivators we were educated in when James Strong was chair.

Elizabeth Bryan: Okay. Mr Walker, again I ask you to leave a contact detail for us? The detail of employee engagement scores unfortunately is not something I can bring to mind. But I understand my CEO can. So let me hand that question to Nick.

Nick Hawkins: Thanks, Chair. Thank you, Mr Walker. It's obviously been challenging the last year and a half and we've spent a lot of time communicating and ensuring the wellbeing of our people. Pleasingly, engagement – we do measure engagement the way you described – has increased over the last 12 months by four or five points. So pleasingly, the people of IAG are more engaged in our company today than they were 12 months ago. That's really the efforts of many, many people across our organisation that have caused that outcome. We're pretty pleased with the efforts that have occurred in what has been a pretty challenging environment for all of our people over the last 15 or 18 months. Thank you very much for the question.

Elizabeth Bryan: Nick, thank you for the answer. I am advised that there are no further written or phone questions for this resolution. So that concludes the discussion of Resolution 1. The direct votes and proxies received for this resolution are now shown on the presentation slide on your screen. I would like to remind shareholders who have not yet cast their votes on the resolution to do so now. Voting on this and all other items is open. We will now move to the next item of business.

Re-election and election of Directors

The next item of business is the re-election and election of Board-endorsed Directors, Michelle Tredenick, David Armstrong and George Sartorel. A separate resolution will be put for each Director.

For the company to meet the requirements of the ASX listing rules and the company's constitution, two Directors are offering themselves for election and one Director is retiring in this meeting by rotation and is offering herself for re-election.

Questions in advance

Before we move to each resolution, I would like to address a couple of shareholder questions received in advance of the meeting.

A shareholder asked why the ethnic diversity of the Board did not reflect the Australian population. Thank you for that question. In response, I note that decisions about Directors who are asked to join our Board are not based on ethnicity. Rather, we consider the skills they bring and the extent to which these skills complement those of other Directors. In the case of the three appointments that we announced recently, our goal was to significantly strengthen the level of insurance experience on the Board.

Secondly, we were also asked why George and David's appointments were described as being subject to completion of satisfactory background checks and why these appointments were made before the completion of the background checks. I thank you for asking about this detail. It is standard practice. Standard practice has arisen often because of the time it takes to do the background checks. That is why we say that the appointments are subject to satisfactory background checks.

That addresses all the questions received in advance of the meeting in respect of these resolutions.

Resolution 2: Re-election of Michelle Tredenick

Elizabeth Bryan: The next resolution is in respect of Michelle Tredenick. Michelle is retiring from the Board under the company's constitution and being eligible offers herself for re-election. The Board, other than Michelle due to her conflict of interest, recommends that you vote in favour of Michelle's re-election to the Board. Before turning to questions, I invite Michelle to say a few words in relation to her re-election.

Michelle Tredenick: Thank you, Chairman. Thank you to all our shareholders for giving me the opportunity to seek your support for my re-election to your Board.

I joined the IAG Board in 2018 and this is the first time that I am standing for re-election. I am a member of the Board risk committee and the people and remuneration committee. I have been a full time non-executive director for over 10 years and today have the privilege of sitting on a number of boards. I am a director of First Sentier Investors and Urbis, both private companies, and also Cricket Australia. Up until last year I was also a director of the Bank of Queensland and chaired their information technology committee.

Outside of my corporate directorships I am a member of the University of Queensland senate and a member of the board of the Ethics Centre. In my executive life, I held a number of senior executive roles including at National Australia Bank where I was responsible for their Australian technology and digital teams.

Prior to that I spent time at MLC running their corporate superannuation business and their technology group. Before that, quite a while ago, I started my career at Suncorp in general insurance as a graduate from university.

My expertise lies in financial services, strategy and technology. I have worked with banking, insurance and other financial services companies for over 30 years. I have been and continue to be closely involved with many of the key issues facing the insurance sector today including digital disruption, increased regulatory scrutiny, corporate and social responsibility and the continued rise in customer and community expectation of insurers.

I have been a loyal customer of the company for many years. I believe that my strategy and technology expertise will continue to be of value to your Board. I confirm I have the time needed to support IAG and to represent shareholders' interests into the future. I ask you for your support and I thank you again for giving me this opportunity.

Elizabeth Bryan: Thank you Michelle. I now invite questions on Resolution 2, the re-election of Michelle Tredenick.

Questions

Shareholders who have not already done so should enter their questions on the online Lumi platform as shown on the screen. If you are following the meeting using conference call, please press star one to register to ask a question. I as usual will first deal with the written questions and then the phone questions.

I am advised that there are no written or no phone questions on this resolution.

So that concludes the discussion of Resolution 2. The direct votes and proxies received for this resolution are now shown on the presentation slide on your screen. After I close the polls at the end of the meeting votes cast today will be added to these votes and proxies, and the final result will be lodged with the ASX this afternoon. Based on this result, the resolution has been carried. So congratulations Michelle.

Resolution 3: Election of David Armstrong

Elizabeth Bryan: We are now moving to Resolution 3, the election of David Armstrong who was appointed to the Board on 1 September 2021. Subject to his successful election at today's AGM David will become the new chairman of the Audit Committee at the conclusion of this meeting. David is a highly respected company director and brings deep knowledge of audit and risk control. The Board, other than David due to his conflict of interest, recommends that you vote in favour of David's election to the Board. Before turning to questions I invite David to say a few words in relation to his election.

David Armstrong: Thank you, Chairman. Good morning, ladies and gentlemen. In offering myself for election to the Board I thought it might be useful to do two things, briefly touch on my experience – executive experience – prior to commencing a range of non-executive roles and secondly what I believe I can best contribute to IAG.

My executive career was with PricewaterhouseCoopers where I spent 24 years as an audit partner focused on financial services organisations. In that time, I worked for extended periods in London, New York and throughout Asia.

During the last 18 years with PwC I was the lead auditor for one of Australia's largest retail banks and our largest Australian investment bank. One of the core contributions I feel I can bring to the IAG Board is my experience at having been an auditor of large financial services organisations and the knowledge and understanding of their regulatory and reporting environment.

My other listed company directorship is National Australia Bank where I chair its audit committee. In my NAB role, I've been able to contribute to and influence a range of financial reporting and presentation matters and their related judgments. I've also sat on various due diligence committees that support the NAB board's capital liquidity and strategic decisions.

My other directorships are with not-for-profit entities. I confirm I have the time needed to devote to the important role of representing the interests of IAG's shareholders and I do believe I have the necessary skills and experience to contribute effectively as a Director of IAG and on that basis, I seek your support. Thank you.

Elizabeth Bryan: Thank you, David. I now invite questions on Resolution 3, the election of David Armstrong. So again, shareholders who have not already done so should enter their questions on the online Lumi platform as shown on the screen. If you're following the meeting on conference call, please press star one to register to ask a question.

Written questions

Australian Shareholders' Association: Although we support his candidature, we have concerns about the workload of his not-for-profit organisations. Can Mr Armstrong advise the meeting of the number of hours per month of these commitments and confirm that they do not interfere with his commitments to IAG?

Elizabeth Bryan: I will ask David to respond to that, but I will point out that he's already given us assurance that he has the time to fully carry out all his duties to the IAG Board and to our shareholders. David, perhaps you might like to just clarify for the Australian Shareholders' Association.

David Armstrong: Thank you for the question. Each board I'm involved with has a relatively consistent routine of time commitment, both on a monthly and on an annual basis. And while time commitments outside that routine do occur, they tend to be relatively short-term in nature. The key consideration for both IAG and myself was to ensure that the time commitment to IAG didn't conflict with any of my existing commitments. In making that assessment, we looked forward over the 2021 and 2022 meeting schedule.

Pleasingly, IAG's monthly routine does not conflict with any of my existing commitments and I'm very confident I have the time available to commit to the important role of representing the interests of shareholders as a Non-executive Director.

Gillian King, shareholder: I see that David Armstrong is also a director of National Australia Bank, which has continued to provide loans to the coal, gas and oil industry that is responsible for the bulk of damage to our climate, with resultant impacts on IAG. What is he doing to reduce and stop NAB's loans to the fossil fuel industry?

Elizabeth Bryan: I understand where you're coming from, Ms King. I think that it's probably not appropriate at an IAG annual meeting to comment on any other company's policies and operations or the work of their directors.

Gillian King, shareholder: My last question is to ascertain that IAG's due diligence on David Armstrong has ensured that he is not involved in a governance role that is in conflict with IAG's business.

Elizabeth Bryan: I can give you that assurance; we do very thorough checks on our Directors and I can confirm that David – we have not found that David has any conflict and he has advised us that he doesn't have a conflict.

So there are no further written or phone questions, so that concludes the discussion of Resolution 3.

The direct votes and proxies received for this resolution are now shown on the presentation slide on your screen. After I close the polls at the end of this meeting, votes cast today will be added to these votes and proxies and the final result will be lodged with the ASX later this afternoon.

Based on this result, the resolution has been carried. Congratulations, David.

Resolution 4: Election of George Sartorel

Elizabeth Bryan: Right, we're now moving on to Resolution 4 and that's the proposed election of George Sartorel, who was appointed to the Board on 1 September 2021. George has a long and distinguished career with Allianz Group and brings with him experience in creating and leading large, innovative insurance companies with digital business models.

The Board, other than George due to his conflict of interest, recommends that you vote in favour of George's election to the Board. Before turning to questions, I invite George to say a few words in relation to his election. George.

George Sartorel: Thank you, Chairman and good morning, ladies and gentlemen. I'm really very pleased to submit myself to the shareholders for election to the Board of IAG as an Independent, Non-executive Director.

To share a little bit about myself, I've spent more than 40 years working in the insurance industry, spanning diverse markets from Australia to Europe and in Turkey and most recently, I was the regional CEO of Allianz for Asia Pacific, for the Alliance Group, responsible for 16 insurance operations across Asia.

During my career, I've led large insurance operations through great change, transformation and growth, with a particular focus on digitalisation of the business model, on data science for technical excellence and on building high performance teams for long-term sustainability.

As a member of Allianz's international executive committee, I had a global lens across changes affecting the general insurance industry. I was involved in setting a global strategy and led a number of innovative programs to address key business challenges. I believe that my experience and expertise will be helpful to the journey that IAG is taking during this period of great change and opportunity.

My main focus on the Board will be the strategic roadmap and implementation of the digital business model and the platform that will deliver operational, technical and team excellence. In anticipation of your support, I thank you for your consideration.

Questions

Elizabeth Bryan: Thank you, George. I'm advised that there are no written or phone questions for Resolution 4. So that really concludes the discussion of Resolution 4. The direct votes and proxies received in respect of this resolution are now shown on the presentation slide on your screen.

Based on this result, the resolution has been carried. Congratulations, George.

Resolution 5: Allocation of deferred award rights to the CEO and Managing Director

Elizabeth Bryan: The next item of business relates to the allocation of deferred award rights to the CEO and Managing Director, Nick Hawkins, under the long-term incentive plan. There is a detailed explanation of the deferred award rights and executive performance rights in the Notice of Meeting and in the clarification of the Notice of Meeting released on 1 October 2021. The purpose of these awards is to align Mr Hawkins' remuneration with shareholders' interests.

The deferred award rights are granted as part of the annual short-term incentive plan. They're rights over shares which vest to Mr Hawkins over a two-year period. The executive performance rights are granted as a long-term incentive. These share rights may vest between three and four years after they are granted and then only if performance hurdles, which are closely aligned with value creation for shareholders, are achieved. If the performance hurdles are not achieved, these rights will lapse.

The Board recommends that you vote in favour of this resolution, and I now invite discussion on the resolution.

Questions

I am advised here that there are no written or phone questions on Resolution 5. So that concludes the discussion on Resolution 5 and the direct votes and proxies received in respect of this resolution are now shown on the presentation slide on your screen.

After I close the polls at the end of this meeting, votes cast today will be added to these votes and proxies and the final result will be lodged with the ASX later this afternoon. Based on this result, the resolution has been carried.

Introduction to Tom Pockett, IAG Chairman-elect

Before I declare the polls closed, I would like to reiterate that it's been a very great honour for me to serve as your Chairman for the last six years. I will miss IAG. With that said, it gives me great pleasure to hand over the chairmanship of this very special company to my long-term colleague on the Board, Tom Pockett. I now invite Tom, our Chairman-elect, to address the meeting.

Tom Pockett: Thank you, Elizabeth and good morning, shareholders. As you know, Elizabeth will be retiring as our Board Chairman at the conclusion of today's AGM. I would like to take this opportunity to offer on behalf of shareholders and the Board a vote of thanks to Elizabeth for her chairmanship and to acknowledge her dedicated service to IAG.

Elizabeth joined the IAG Board as a Director in 2014 and became the IAG Board Chairman in 2016. In her time as Chairman, Elizabeth has contributed greatly to IAG and has stewarded this organisation through a period of quite considerable change and pressure.

Elizabeth has ensured that IAG has responded thoughtfully and with customers at the heart of our learnings from the Royal Commission hearings in 2018, that we have supported our customers and communities through times of perils, including the devastating Australian bushfires of 2019 and 2020 and New Zealand's extreme earthquakes in late 2016. And in more recent times, ensuring we do all that we can to support our customers and build a more resilience IAG during the ongoing COVID-19 pandemic.

In particular, I would also like to acknowledge Elizabeth's significant focus and drive to improve IAG's risk management capability in response to the Royal Commission and the recent pricing and BI operational issues.

In terms of some other strategic milestones Elizabeth has overseen as Chairman, they include our refocusing on domestic growth opportunities, investment in technology and policy simplification, significant Board renewal over the past three years and the appointment of our Managing Director and CEO, Nick Hawkins and his refreshed senior leadership team.

In relation to all these matters, it is clear that one of Elizabeth's greatest attributes as Chairman has been her leadership, judgment and determination to do what is required in the best interests of our company and our customers. Elizabeth, on behalf of our shareholders and your Board and management, thank you. You leave IAG well positioned for a stronger future.

In terms of myself, I am really looking forward to starting as your Chairman at the conclusion of this AGM. I have enjoyed being on the IAG Board for the past six years, notwithstanding the challenges that we have experienced as an organisation. I am proud of how we have leaned into these. The reason I find my IAG role so rewarding is the sincere commitment to purpose I see across all levels of our organisation and the function we play in looking after our customers and making our world a safer place in Australia and New Zealand.

I thank my fellow Directors in appointment me as Chairman and I look forward to working with Nick and his new management team as they deliver on our newly set strategy, which we are confident will build a stronger, more resilient IAG. Just before I hand back to Elizabeth, I would like to thank every single employee at IAG for their significant efforts in supporting our customers, which has been particularly challenging during the COVID-19 pandemic. Elizabeth, thank you and back to you.

Elizabeth Bryan: Tom, thank you and thank you very much indeed for your very kind and generous words.

Closing of polls

So that now completes all the items of business for the 2021 AGM and as such, I now declare the polls closed. As I said earlier, the final result of the polls will be provided to the ASX today and will be placed on the company's website. A full transcript, along with a webcast of the meeting will also be available on the company's website. Thank you all very much for joining us online today for IAG's 2021 AGM and thank you all for your ongoing support this year.

About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia and New Zealand. The Group's businesses underwrite over \$12 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). IAG also has an interest in a general insurance joint venture in Malaysia. For further information, please visit www.iag.com.au.

Media

Amanda Wallace
Mobile. +61 (0)422 379 964
Email.
amanda.wallace@iag.com.au

Investor Relations

James Coghill
Mobile. +61 (0)412 426 272
Email. james.coghill@iag.com.au

Insurance Australia Group Limited

ABN 60 090 739 923
Level 13, Tower Two, 201 Sussex Street
Sydney NSW 2000 Australia
Telephone. +61 (0)2 9292 9222
www.iag.com.au