

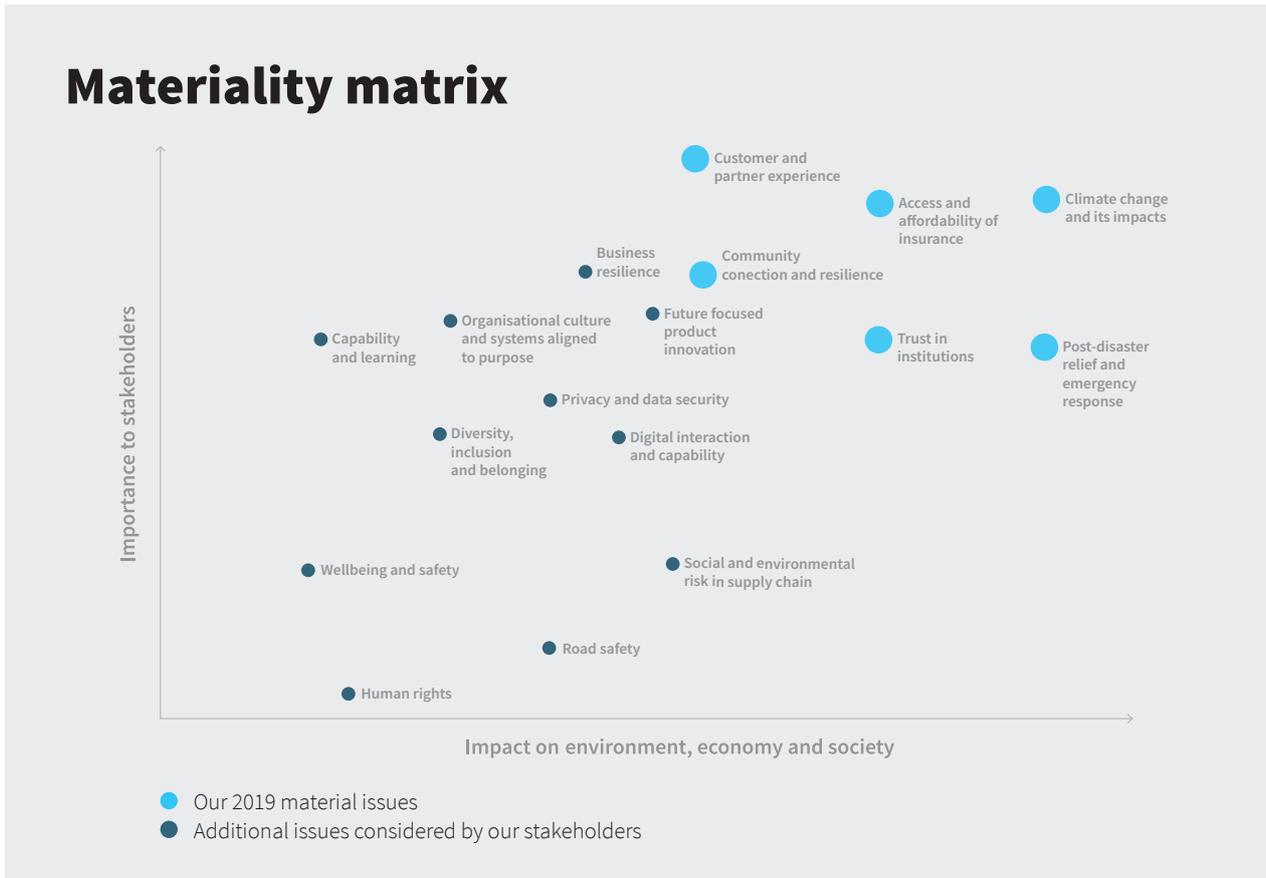
Our material issues

Material issues affect IAG's ability to deliver on our purpose to make your world a safer place. We prioritise the most important issues by engaging with key internal and external stakeholders through an annual materiality process.

Customers, employees, partners, shareholders and the communities in which we operate were engaged in this year's

process. We then prioritised these issues based on their impact on the environment, economy and society and their potential to affect our business performance.

Understanding these material issues helps us to concentrate our efforts on the areas where we can achieve the best positive impact while delivering on our purpose.



The material issues we identified in 2019

Trust in institutions



While research from Edelman through the Trust Barometer shows an increase in trust across government, business, non-government organisations and media over recent years, trust in institutions continues to be the subject of much media coverage and public commentary. Trust is also a particularly relevant issue for financial institutions after the Hayne Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Royal Commission). We believe trust is the foundation of our business and maintaining and building it is essential to our long-term commercial viability.

Customer and partner experience



Business success relies on the delivery of meaningful and valuable customer and partner experiences through the interactions we have every day, from face-to-face to technology solutions. For our business, this experience needs to be replicated across our network of operational partners, community partners, distributors and suppliers. Increasing customer and partner advocacy supports our purpose and organisational strategy. We are focused on putting the customer at the centre of decision making and believe this requires understanding of the diverse needs and behaviours of the customer segments we serve. Getting this right is critical to our long-term success.

Post disaster relief and emergency response



More than nine million Australians have been affected by a natural disaster or extreme weather event over the last 30 years. Through research, the Australian Business Roundtable for Disaster Resilience & Safer Communities has found that the total costs of natural disasters in Australia are forecast to more than double in real terms to \$39 billion per year by 2050. IAG's success is determined by how well we support our customers to get back on their feet when disaster strikes. We have a responsibility to support the people and businesses we protect when they need us the most and have the skills and experience to offer our customers rapid support to help them recover. We also promote disaster resilience and mitigation to help our customers and their communities be as prepared as possible for the risks they may face.

Access and affordability of insurance



Many people do not have adequate insurance cover due to affordability issues, a lack of understanding around the level of protection they require, or a lack of suitable insurance products. We know that inadequate insurance reduces the ability of individuals, communities and our economy to recover from adverse events. As a major insurer, we have a responsibility to ensure insurance remains accessible and affordable. With increased risk, this is not easy. We recognise the need for us to ensure products are in place to meet customers' and community needs. We need to continue to focus on how insurance can be affordable for all, acknowledging our commitment to financial inclusion. We also need to assist customers and communities to understand the level of protection they require. If we focus on our purpose of making your world a safer place we will not only improve the resilience of our current customers and communities but also open new market opportunities for IAG.

Community connection and resilience



Communities are rapidly evolving and face new and increasingly complex challenges. Both individuals and communities need to be equipped with the knowledge and skills to survive, adapt and grow when facing stresses and shocks – whatever these may be. We know communities are more resilient when they are well prepared and connected. Communities which are resilient recover more quickly, and adapt and thrive after shocks and stresses. They also rebuild and own assets more quickly, which provides insurance opportunities. Improving shared understanding of the risks people face is critical to improving safety on our roads, in our homes and in businesses.

Climate change and its impacts



We recognise climate change as one of the biggest threats to our society and way of life today. This risk is heightened through urbanisation and further coastal development. The risk of extreme and destructive weather events will increase if we don't succeed in reducing our global greenhouse gas emissions. This is particularly relevant to our business. We are there when extreme weather events occur and pay out claims to help our customers and communities recover. As a result, climate risk presents clear challenges for the sustainability of our business – but it also creates significant opportunities. We are well-positioned to use our industry expertise to help customers, partners and communities understand and manage the changing risk environment, build resilience and navigate the transition to a low carbon economy.

United Nations Sustainable Development Goals

Our material issues inform our strategy, including our safer communities approach. We also consider the United Nations Sustainable Development Goals (SDGs) when we develop our strategy and risk management approach, and to ensure we consider the wider social, environmental and economic context.

IAG supports the SDG's commitment to advance economic, social and environmental prosperity. In doing so, we recognise that the social and environmental challenges faced by communities, countries and regions also affect business and influence commercial success.

While our work to create safer communities and transfer risk through insurance can support many of the SDGs, we prioritise the ones where we can make the biggest difference.



Decent work and economic growth (SDG 8)

We recognise the importance of a safer world, and the value of insurance as a service that helps communities thrive and recover from adversity. The need for wide access to insurance is explicitly called out in Target 8.10.



Industry, innovation and infrastructure (SDG 9)

We support investment in resilient infrastructure, innovation and technology progress to find lasting solutions to economic and environmental challenges.



Sustainable cities and communities (SDG 11)

We leverage our expertise and partnerships to deliver resilient and sustainable communities and infrastructure.



Climate action (SDG 13)

We play an important role in helping communities and customers prepare for the impacts of climate change and in the transfer of risk that extreme weather events will require.

Our research, data and expertise on claims assessment and management, combined with our safer communities initiatives, have reinforced the importance of community connection to help prepare for, respond to and recover from major life events. The increase in these events as a result of social and environmental change reinforces the importance of businesses delivering successful programs against the SDGs.

For more information about our activities to address the material issues and the SDGs, look for the material issues icons and SDG logos throughout this annual review.