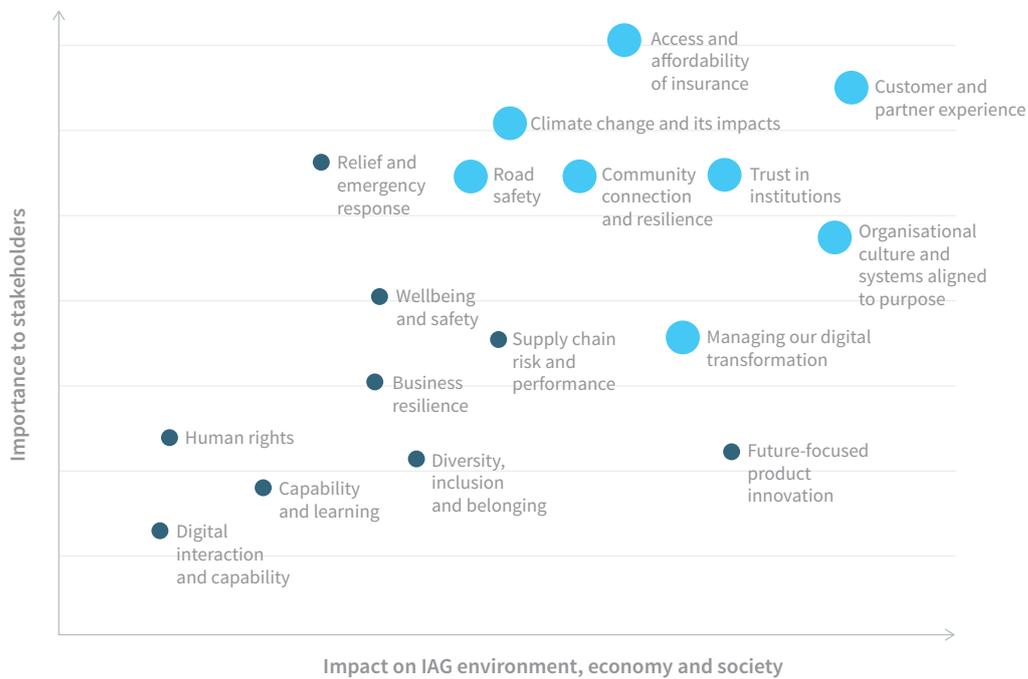


# Our material issues

Each year, we identify the material issues that reflect the impact we have on the community, environment and economy and that affect our ability to deliver on our purpose and achieve our strategy. We ask a wide range of stakeholders to help us identify issues that are important to our customers, employees, partners, shareholders and the communities in which we operate. We then prioritise these

issues based on their potential to affect our business performance, the areas where we have impact, and their importance to our stakeholders. This year, more than ever, we saw trust become a broad theme that affected and influenced many of the issues. This informed our priorities and helped us determine our material issues for 2018.

## Materiality matrix



● Our 2018 material issues



## 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.

## Trust in institutions

As evidenced by research from Edelman through the Trust Barometer, we have seen a trend towards the erosion of trust across government, business, non-government organisations and media. The drivers for this are complex but scandals, data breaches and increased access to information have all contributed. The erosion of trust is also a particularly relevant issue for financial institutions as the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry conducts its inquiry. We believe trust is the foundation of our business and maintaining and building it is essential to our long-term commercial viability.

## Organisational culture and systems aligned to purpose

Having a capable, engaged and productive workforce is important for any large organisation to achieve its strategic objectives. We believe this becomes easier when a business is purpose-led, delivering on its promises and providing people with meaningful work. At IAG, our purpose is to make your world a safer place. This is more than words – it guides our strategy, our culture and our operational execution. This is particularly relevant for us and our people as we prepare for a changing world affected by artificial intelligence, digital transformation, cyber risks and climate change. Our purpose, supported by our culture and systems, will help us navigate this world; investing in our people through learning and development will enable our business to thrive.

## Access and affordability

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.

## Managing our digital transformation

Digital transformation is one of the defining trends of the last decade. Digitisation affects almost every facet of our business, creating both opportunities and challenges to the way we operate. In this disrupted world, we must continue to evolve our business model to stay relevant. Innovation and product development become critical to ensuring business sustainability and we must also acknowledge the challenges of a digital world, such as privacy and data security, which our stakeholders care deeply about.

## 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, 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.

## Road safety

In contrast to the downward trend of the last 30 years, fatal traffic accidents have been increasing in Australia and New Zealand in recent years. Current thinking is this could be related to the introduction of mobile phones and other technology leading to distracted driving. This is an issue picked up by the United Nations with Sustainable Development Goal 3.6 focused on halving the number of global deaths and injuries from road traffic accidents by 2020. As one of the largest motor insurers in the region, this issue is particularly relevant to our business – during the 2018 financial year we paid over \$3 billion in road insurance claims. This is especially pertinent for our major NRMA Insurance brand which holds road safety as a fundamental priority.

**For more information about how we are addressing these issues, look for the matching icons throughout this review.**