



## 2024 AGM transcript

**Tom Pockett:** Good morning and welcome to the 2024 Annual General Meeting of Insurance Australia Group Limited. I am Tom Pockett, the Chair of IAG. The Company Secretary has informed me that we have a quorum, so I formally open our 2024 AGM.

The Notice of Meeting was published on the ASX and sent to shareholders. It sets out the items of business we will be considering at today's meeting, and I will take this notice as read. In keeping with the commitments that we made in our Stretch Reconciliation Plan, we are delighted to welcome Aunty Norma to officially welcome us to her land, the Gadigal country.

### Welcome to country

**Aunty Norma Ingram:** Good morning, everyone, and it is a lovely morning because we have had some pretty bad weather in recent times, so today is quite a beautiful day. Thank you for having me here today. I have the great pleasure and responsibility to welcome you to Aboriginal country.

Welcome to Country is an ancient, ancient protocol that's been practised by Aboriginal people for over 65,000 years. So I'm Norma Ingram. In Aboriginal cultural protocols, Aboriginal elders and all elders are held in high regard and are respectfully acknowledged as aunt or uncle, so please feel free to call me Aunty Norma, which most people do.

When we do Welcome to Country as an Aboriginal elder, I really have the rights and the authority to do that. I've just said hello to you, greetings to you, in the local Aboriginal language which is that of the Gadigal people. So the Gadigal, whose lands, traditional lands we are on today, is one of 29 small clan groups of what we refer to and respectfully acknowledged as the Eora country.

And so the Eora country is bounded by the Hawkesbury River to the north, the Nepean River, and the Georges River. So you can just imagine, what a beautiful, beautiful country, I mean it's beautiful now, but if you can imagine before all of these buildings and cements and everything was on it, they're just a pristine, a beautiful, beautiful country. And so the Eora people, the Gadigal people, like our other, over 200 different Aboriginal nations or language groups that we have, have been looking after, caring for this country since we -- in Western system it says 65,000 years, that's a long, long time.

And so we've been continuing practising, so we must have been doing something right to still be here, to still be able to welcome folks to the country. And as we say, Aboriginal country, always was, always will be Aboriginal country, this is what we refer to, this is what we believe in. So what I did with my Clapsticks, is what we do when we are walking on land, on this great, beautiful, ancient land, we just make noises to let Mother Earth know that we are here, we are approaching, and we mean her no harm.

We want to continue to look after land, want to continue to practise our culture. When we get to borders, so my people are from Wiradjuri, which is Midwest New South Wales, on the Lachlan River, the Galle River, so if we're approaching another country, we'll present a message stick. This one doesn't have anything on it, but what would happen is we have the message stick, we'd pass it across to the country, the Aboriginal country that we want to go into, and we will be either accepted by their elders or the traditional custodians.

And they will say, yes, please come in, but come in with respect. In my language, its Yindyamarra, come in with respect, and make sure that you do the right thing. And we all do that. If you invite somebody into your home, you would expect them to be respectful and to look after your home as much as you do. So that's all we ask, and this is what Aboriginal Welcome to Country is all about.

It's acknowledging that 65,000 years of culture, of Aboriginal culture, that it is still practised in this country today. It's respecting the people, and certainly it's respecting the land. We all need to take care of the land, and it should not be just up to Aboriginal people to do that. We're all Australians, and we need to look after country. We do that, we acknowledge culture, we acknowledge the land by way of our art, our songs, our dances, the ochres that we put on our body to do our performances, our dances, and the way we dance, it's all that story, telling the story.

I'm from an ancient people who tell stories that's been passed on generation after generation after generation. Before 1788, we didn't have a pen and paper. So we had to do our dances, we had to tell our stories in many, many different ways that people could actually physically see what we do and who we are. The colours of the ochres on our body will tell you the degree, the level of our elders and our children.

And I want to acknowledge elders. Elders are really, really important in our culture, in our communities, as I know from other countries and other cultures. Elders are very important, they hold the story, and they tell those stories. So we want to acknowledge the elders that have passed before us, our spiritual ancestors who look after us, and I wish that for you and your family when you walk these beautiful ancient lands that you will be protected.

I acknowledge our spiritual ancestors. I acknowledge our elders who have passed on. I acknowledge our elders who are here today. And really acknowledging the next generation because we do need our future leaders. We do need our future elders. And so really, for me as an Aboriginal elder, I have a responsibility to pass their stories on to others. I have this responsibility to pass their stories on to the next generation so they will continue to tell those stories.

So we'll all continue to look after the land. We'll all continue to have that respect. There's the three Rs in Aboriginal culture: respect, responsibility, and reciprocity. They are my three Rs and I continue to practise on a daily basis, or I try to continue to practise those, but basically it's about respect, which I know. Enjoy your day. I know you'll make some fabulous decisions that will be good, not just for your shareholders and your board, but for Australian people. You are a very important organisation, and I wish you all well. So, enjoy your day. Welcome to country.

Welcome to Gadigal country, and have a great day, everybody. Thank you.

### Introductory comments

**Tom Pockett:** Thank you, Aunty Norma. As usual, a wonderful Welcome to Country and a wonderful explanation that went with it.

I would now like to introduce the IAG Board of Directors to you.

On the stage with me on my far left are George Sartorel, Simon Allen and Wendy Thorpe, and Andrew Collings, the Company Secretary. And on my right, starting closest to me, is Nick Hawkins, our Managing Director and Chief Executive Officer, Helen Nugent, David Armstrong, George Savvides, Michelle Tredenick and Scott Pickering. Also in attendance, Mr Brendan Twining, who is the Lead Audit Partner from KPMG, and representatives of IAG's Leadership Team.

And at the lectern on my far left is Kylie Smith, EGM of Corporate Affairs and Sustainability, who will read the questions submitted online during the meeting by shareholders.

I now declare the poll open on all resolutions. Before we begin, Andrew Collings, our Company Secretary, will briefly give you directions on a few procedural matters. Andrew.

### Technology and procedural matters

**Andrew Collings:** Thank you, Tom. To ensure an orderly meeting today, I will highlight a few safety and housekeeping matters for those in the room. In case of an emergency, please follow the instructions of the fire wardens.

If you do need to evacuate, we will be able to evacuate through the fire escapes at the back of the room or on either side of the stage. Please now switch your mobile phones to silent mode if you have not already done so. During the meeting, recording and photography are not permitted.

### Voting

A webcast of the meeting will be available on IAG's website following the meeting. When you arrived at the meeting today, you would have registered with Computershare. Those who are eligible to vote and ask questions will have been given a white card.

Voting on all items will be conducted by a poll. The chair has received the results of the direct voting and proxy voting instructions for each item of business. These results will be displayed on the screen as we deal with each resolution.

Once the meeting is closed, final AGM results will be announced by the ASX and made available on IAG's website. For those shareholders who have joined online, we have published an online meeting guide as part of the Notice of Meeting. This will help you navigate the online platform and is available on the voting webpage.

If at any stage you have difficulties with the online platform, including voting or asking questions, please contact Computershare on their number shown on the online platform. The chair has opened the meeting, so all shareholders in the room and online can cast their votes on the resolutions included in the Notice of Meeting at any time during the meeting up until the polls are closed. For those in the room, vote on your mobile device by scanning your QR code on the back of the attendance card.

If you have any issues voting during the meeting, please just raise your hand and a Computershare representative will assist you. For those online, vote by selecting the vote icon at the top of your screen and simply select for, against or abstain. Shareholders who have joined by phone will need to log into the online platform to vote at today's meeting.

## Asking questions

Now, in terms of questions, at today's meeting, we will only be responding to questions that relate to the items of business. If you're attending in person and have a question that relates to an insurance policy or claim, please speak with a member of our IAG team at the desks in the foyer. All shareholders present in the room, online or by phone, will have the opportunity to ask questions in respect of the items of business for the meeting.

Questions will be addressed in the following sequence throughout the whole meeting. Firstly, questions received in advance that have not been responded to in the chair and CEO addresses at today's meeting, followed by questions from the floor, then online questions and finally questions over the phone.

Where we have received similar or overlapping questions online on the same topic, the broadest question will be put forward for response. If shareholders in the room would like to ask a question, there are four microphones, three at the bottom of the aisles and one roving microphone is at the rear of the room.

Please make your way to the designated seating areas behind each microphone and show your shareholder attendance card to the computer share representative. For those shareholders who have limited mobility, please raise your hand and the microphone will be brought to you. We will only take questions that relate to the items of business being considered at today's meeting during the discussion for that item.

For those attending online, you will need to select the Q&A icon and follow those instructions. For shareholders joining us over the phone, if you would like to ask a question, please join the queue by pressing star 1 on your phone when the relevant item of business is being discussed. When you join the question queue, you will be placed on mute, but you will still be able to hear the meeting.

When it is your turn to ask your question, you will be announced by the operator. Once your question has been responded to, you will leave the queue and return back to the meeting. If you need to leave the question queue, for example, if another shareholder asks your question while you have been queuing, please press star 2.

To rejoin the queue at any time, follow the process again by pressing star 1. With that, I now hand back to the Chair.

## Chairman's address

**Tom Pockett:** Thank you, Andrew. IAG's purpose is to make your world a safer place. Over the last 12 months, our businesses have paid around \$10.7 billion in claims, and accepted 98% of claims received in Australia and New Zealand. This outcome reflects our commitment to helping our customers recover from unexpected loss.

In the three years prior to this current year, Australia and the rest of the world experienced peril events well beyond expectations. These events led to an unusual combination of factors, which included higher prices for the reinsurance we buy and shortages of labour to process claims.

In addition there was significant inflation in the cost of materials and labour to repair customers' homes, cars and other assets. These factors led to higher premiums which, combined with higher interest rates, resulted in difficult years for your company, and our customers. We are very conscious of the impact of higher premiums on our most vulnerable customers in this environment, and our businesses provided a number of customer support measures.

We have specialised customer care teams who can help find solutions during times of financial hardship and provide additional support when needed. In addition, we have frontline teams trained to identify and support customers who are experiencing vulnerability.

## **FY24 results**

Further, we also reward customers with reduced premiums when they have taken positive action to reduce their risk from natural hazards. As part of the broader insurance industry, IAG plays an important role in the economy in providing our services to customers. To do this, it is critical that we maintain financial strength to attract investor and re-insurance capital used to fund our business.

In this challenging year, the Group's net profit after tax for the full year increased by almost 8% from FY23 to 889 million. The strong result was driven by:

- an increase in pre-tax insurance profit to 1.4 billion, following an 11% increase in net earned premiums to 9.2 billion,
- an improvement in the underlying insurance margin,
- an absence of a release of the provision for business interruption claims, compared with a \$560 million pre-tax release in FY23, and
- higher investment income on shareholders' funds.

## **Returns to shareholders**

The company's strong capital position enabled the Board to declare a final dividend of 17 cents per share, franked to 50%. This took the full year dividend to 27 cents per share, an 80% increase on the full-year dividend for FY23. This equated to a pay-out ratio of approximately 72% of reported net profit after tax, towards the upper end of IAG's dividend policy. The combination of share price growth and dividends resulted in shareholder returns of almost 30% for the full year.

In addition to paying dividends, we have also returned 550 million of capital to shareholders via on-market share buybacks during the past two years. At our full-year results reported in August, we announced a further on-market share buyback of 350 million.

Importantly, the strength of our capital position also ensures that we will be there for our customers when they need us most.

## **Customer focus**

### *Managing customers' claims*

Managing our customer claims remained a priority. As mentioned, significant weather events in both Australia and New Zealand in recent years have led to a considerable and appropriate focus on the claims processes and outcomes associated with these large events. In Australia, this included a Federal Government Inquiry on the 2022 floods.

This event was the most catastrophic natural disaster in the world that year. Nick will talk more about the report on this enquiry and the steps we have taken since the 2022 floods to improve our claims processes and services and to further advance the care we provide to vulnerable customers. Central to this care is the skilled and compassionate service our people deliver.

Their efforts ensure that most customer claims continue to be resolved without any issue in a timely manner.

### *Improving customers' experience*

The company is also investing in improving the customer experience by moving to a single technology platform. We have accelerated claim settlements by up to two weeks.

We are applying digital and artificial intelligence solutions to assist in finalising claims. Pricing benefits are also available to NRMA insurance customers with properties at risk of bushfire if they gain three stars or above through a Bushfire Resilience Rating.

## **Sustainability**

### *Climate and disaster resilience*

In regard to sustainability, we have a company-wide approach and this year we continue to focus on building climate and disaster resilience and supporting the transition.

FY24 progress included refreshing our approach to using climate scenario analysis to test our strategy and entering into contracts to procure renewable energy across our sites. We also achieved our target of supporting one million Australians and New Zealanders to take action to reduce risk from natural hazards by FY25.

### **Diversity targets**

We maintained our focus on our two diversity targets to have women occupy 50% of senior management roles by FY24 and to have Indigenous employees make up 3% of our Australian workforce by FY25.

Our results against these targets were 44% and 1.14% respectively with plans in place to advance our outcomes towards these targets.

### **Modern slavery**

In December 23, we published our fourth Modern Slavery Statement, continuing our efforts to respect human rights and mitigate all forms of modern slavery in our operations, investments and supply chain. We updated IAG's Group Procurement Standard to include Modern Slavery considerations.

We continued our engagement with suppliers and we provided our Modern Slavery Toolkit to small and medium enterprises. We also continue to grow awareness of modern slavery risks among key stakeholder groups across the organisation.

### **Board diversity**

In terms of your Board, Wendy Thorpe joined the Board in July 2023 and was elected at last year's AGM.

Wendy's appointment brings to eight the number of our Directors who have Board or Senior Executive experience in the insurance industry. We have the insurance experience we need to continue to oversee and guide the company's strategy operations.

Director Jon Nicholson retired in October and on behalf of the Board and shareholders, I thank Jon for the significant contribution he made to the group over nine years.

Jon's resignation moves female leadership representation on the Board to 30%. The Board is focused on continuing its progress to achieving a 40; 40; 20; Board gender diversity target.

We are also pleased to have appointed Michelle Tredenick as Chair of the Risk Committee and Wendy Thorpe as Chair of the People and Remuneration Committee, effective 1 September 2024.

## Conclusion

I would like to acknowledge the hard work and commitment of all of IAG's people, from my fellow Directors to those who have played critical roles for our customers when disasters strike. As an organisation, we remain committed to keeping our customers safe, delivering on our strategy and maintaining a strong balance sheet.

Our CEO, Nick Hawkins, and his Group Leadership Team, continue to deliver against IAG's strategic priorities. Their focus will ensure that we deliver favourable outcomes for our customers and for you, our shareholders, as we fulfil your company's purpose to make your world a safer place.

I now ask our Managing Director and Chief Executive Officer, Nick Hawkins, to provide further detail about the company's progress and achievements this year. Nick?

## CEO's address

**Nick Hawkins:** Thanks, Tom, and good morning, ladies and gentlemen. To begin, I also acknowledge the traditional owners of the lands to which we meet, the Gadigal people of the Eora Nation, and I pay my respects to Elders past, present and emerging. It's great to be here with you today, and to have the opportunity to talk about the improvements we've made, how the business is performing, and importantly, really share my pride in what we've achieved here at IAG.

## Delivering on our purpose

We continue to be guided by our purpose – to make your world a safer place – and by our strategy of creating a stronger and more resilient IAG. We believe that we have an important role to play across Australia and New Zealand:

- helping our customers when they need us most,
- building customer and community resilience, and
- making Australia and New Zealand safer and, importantly stronger.

These activities are important for the long-term success of our company, but actually they're important for the long-term success of our countries.

## Helping our customers

Let's start with our customers. The current economic environment has led to a real focus on the increased cost of goods and services. And that includes insurance, where premium increases reflect the higher costs we have been paying for suppliers, parts, trades, and reinsurance, and Tom touched on that.

In this context, we've taken a range of actions to help our customers:

- we've waived premium excesses,

- we've extended temporary accommodation arrangements and we've introduced flexible payment options – some of them fee-free for our retail customers,
- we've enhanced training for our frontline teams, and we are using AI tools to better identify and help our vulnerable customers,
- we've hired more people and reshaped our end-to-end claims experience to resolve claims faster,
- more directly, we paid nearly \$11 billion in claims over the financial year, making it around \$47 billion in claims paid over the past 5 years.

We also do what we can to manage our own costs, which of course helps our customers as well.

A good example of that is the multi-year reinsurance perils cover we announced in June, which helps stabilise the impact of increased reinsurance costs in the event of further extreme weather.

Encouragingly, when we look ahead for our customers, we see the potential to limit future premium increases driven by reinsurance and natural perils costs.

In Australia, our industry has been the subject of a government inquiry into the way we and other insurers responded to customers affected by the catastrophic 2022.

The inquiry was an important opportunity for us to listen, learn and build on the changes we have already made since those floods, to ensure we provide the support our customers expect.

The recommendations from that inquiry were handed down late last week. We are now reviewing these, and will work with the industry, Government and regulators to further ensure better customer and community outcomes.

### **Building community resilience**

We continue to focus on building customer and community resilience. As you know, we do expect more frequent and severe extreme weather in Australia and New Zealand as a result of climate change. That's why we continue to educate communities about their local risks and how to better prepare for that extreme weather that's coming.

We launched NRMA Insurance Help Nation education program with the Australian Red Cross which will deliver more than 2,000 community workshops over the next three years. With our ROLLiN' brand, we are incentivising safety on our roads by offering potential discounts on monthly premiums based on customers' driving habits.

In New Zealand, our AMI Insurance team holds Driver Reviver events during long weekends and holidays to help reduce driver fatigue. The team also organises Tradie breakfasts which include tool engraving and some other safety actions.

More broadly, we are making Australia and New Zealand safer and stronger. We are raising public awareness of climate change impacts through initiatives like our Wild Weather Tracker. And in both our countries, we partner with communities, industry and government because climate change remains our shared focus.

We have an important role to play in this space, and I'm proud of the contribution that our company makes.



## **Building strength and resilience**

Going forward, we are positioning ourselves for growth.

I'll start with our valued brands:

- In Australia, NRMA Insurance was named as the most trusted insurance brand in Australia for the third year in a row. We're building on this leadership with the launch of A Help Company. You will have seen this advertising during the Olympics, and you will see more of it in summer with our cricket sponsorship.
- Our customer experience measures of plus 50 in New Zealand and 46.8 in Australia reflect the strength of the businesses that we have.

We have invested in new technology and people, with a focus on customer improvements, particularly in claims. This will help us deliver a better experience when our customers need us most.

In terms of new technology, we now have a single, consistent policy, pricing and claims engine, that sits right across our retail business. Internally, we call this the Enterprise Platform. It is built for scale; and importantly, it's built for growth. We already have 2.3 million customers on this platform, and 300,000 more are renewing on to it each month as we move all of our 5 million retail customers here.

We saw the benefits in action last year when we set up our ANZ bank partnership arrangement and we migrated 126,000 policies straight on to this platform.

We've also had a real focus on underwriting capability. It remains a core strength and has been a huge focus for us over the past couple of years.

This was evident in our FY24 results our Intermediated Insurance business achieved in Australia. We've also implemented a new, more sophisticated pricing engine in our retail business which integrates the expertise of our in-house climate scientists.

Our financial strength and strong capital position help ensure that we can fulfil our role as a financial shock absorber of Australia and New Zealand.

## **Delivering for our shareholders**

Our efforts for our customers and our community to deliver strong brands, they deliver strong opportunities importantly for our people and of course for all of you, strong financial results. And these will continue to be a defining feature of how we run IAG.

We know it's important that we continue to deliver strong returns for our shareholders, because you provide us with the capital that delivers a stronger Australia and New Zealand.

We have set targets to achieve appropriate through the cycle returns of:

- around 15% insurance margin, and
- a 14% to 15% return on equity.

Looking back over the last four years, our returns have not reached this level, as our performance has been impacted by significant perils and other internal and external issues.

Pleasingly, our FY24 outcomes are much closer to those medium-term targets. It has enabled us to increase our dividend, as Tom mentioned, by 80% on last year.

We have returned \$550 million in capital to shareholders via on-market buybacks over the past two years. And shareholders have benefitted from our strong share price performance as well.

### **Focus on our people**

Moving to our people, I'm really proud of the 14,000 people who work at IAG and the way they look after our customers when those customers need us most.

We want people at IAG to represent the communities of Australia and New Zealand. So we welcome all forms of diversity and make sure that we provide a safe and an inclusive workplace. Our people are committed to our purpose, our customers and the importance of us having a strong risk culture.

We have a real focus on recruiting the right people in the first place, and retaining them and providing them with development opportunities that help them to grow their skills during their career with us. And importantly, so they can thrive as people.

### **Taking action for the environment**

Let me make a few comments on climate, where we play a big role in supporting people and communities affected by changes in the environment in Australia and New Zealand. In fact, understanding pricing and reducing risk, of course, are at the heart of our business model.

We have a 100-year plus history of understanding climate. And we share that knowledge with local, state and federal Governments to influence where we build, and how we build in the future to reduce our risk.

This year, we updated our climate action plan, a key priority in our broader sustainability agenda. And even though we're a relatively small emitter, of course, we need to have our own house in order. So we're taking actions to improve our energy and our waste efficiency.

For example, in September, we announced that we are we're migrating our entire tool of trade fleet, which is around 900 vehicles, to electric or hybrid cars.

And we've done some important work with our electricity suppliers to move our renewable energy at our sites in Australia and New Zealand.

### **A stronger, more resilient IAG**

Going forward, I increasingly see our business in three parts:

- I see us as a retail business,
- I see us as an intermediated business, and
- the way we fund them through our capital platform.

Our retail businesses in Australia and New Zealand include some of the most recognized and trusted brands in their markets. And our quality products, scale, technology and pricing capability mean we can better support our partners and customers with insurance offerings.

Our intermediated businesses also benefit from quality and trusted brands, but really do have distinct products, distribution and technology requirements. And of course, this requires a different capabilities and a specific focus.

And critically, we will continue to deliver an efficient capital platform to support our businesses, optimizing structure to reduce volatility.

This strategy has allowed us to return capital over the past two years, and we're continuing this in 2024.

In the near term, we provided guidance for FY25 for achieving an insurance margin of 13.5% to 15.5% and gross written premium growth of mid- to high single digit. This also includes an assumption of natural perils being around 18% more than our allowances from last year. We have had a relatively low natural perils in the first quarter, but of course, we know that this can change.

Given all of that, we are on track to deliver against the guidance that we issued in August of this year.

### **Our strategy**

Let's close with our strategy, which has served us well over the past four years. By staying focused on our strategic priorities, we've created a stronger and a more resilient IAG, and we're better positioned today for growth. I'm confident in our ability to deliver strong shareholder returns based on our through-the-cycle ROE targets of 14% to 15%.

I'll now hand back to Tom for the main business of the meeting.

### **Business of the meeting**

**Tom Pockett:** Thanks, Nick. We will now turn to the formal items of business for this meeting. There are four resolutions before the AGM this morning. These are set out in the Notice of Meeting. All resolutions are supported by your Board. The first item of business is to receive and consider the financial report and Directors' report and Auditor's for the Company for the financial year ended 30, June 2024. There is no vote on this item. These statements and reports are published in the 2024 Annual Report which was lodged with the ASX on 21 August 2024.

The purpose of this item is to provide an opportunity for shareholders to ask questions and make comments about these reports as well as the general business of the company. Shareholders will also have the opportunity to ask questions of our auditor, KPMG, relating to the conduct of the audit and the auditor's report. All questions to the auditor should be addressed to me as Chair. And if appropriate, I will ask our Lead Partner, Brendan Twining to address the meeting. If your question relates to another item of business at today's meeting, please ask your question when we come to that item.

### **Item 1: Receipt of financial statements and reports**

I now invite comments or questions on the financial statements and reports and the management of IAG. Questions will be addressed in the following sequence throughout the whole meeting. Firstly, questions received in advance followed by questions from the floor then online and finally, questions over the phone. Where we have received similar or overlapping questions online on the same topic, the broadest question will be put forward for our response.

We have already received 18 questions in advance of today, and I thank those shareholders who submitted them. We have already responded to some questions. And if there are any that not been addressed, we will respond to them during the discussion of that relevant item of business.

### Questions in advance

I will start with the questions received in advance about the company's operations and results, which Kylie will read out, Kylie?

**Kylie Smith:** Thank you, Chair. We received two questions in advance of the financial statements. Chair, the first question is from **Anthony Jaconis**, who asks about offering discounts to customers who pay their insurance earlier or on time and to shareholders on their policies.

**Tom Pockett:** Thanks for the question, Anthony. And I will invite Nick to address that question.

**Nick Hawkins:** Thanks, Tom. Hi, everybody. And thank you for your question, Anthony. We – particularly in our retail businesses – offer discounts to customers for both their experience with the company, as well as a number of policies they have, as well as the amount of time that they've been a customer with one of our retail businesses.

We also offer sort of increasingly many different payment mechanisms in our retail businesses to actually pay your premiums. I think what we really want to do obviously is encourage our shareholders to be customers. And so those customers then can enjoy the benefits and the discounts in the way I've just described. I don't think we're looking at sort of broadening out to some general shareholder discount concept, but really it's encouraging shareholders to be customers and then part of that process within our retail businesses, they'll get the benefit of discounts that are available

**Tom Pockett:** Thanks, Nick. Kylie?

**Kylie Smith:** Chair, the next question is from **Raymond Saad**, who asked why NRMA Insurance premiums have increased beyond the CPI?

**Tom Pockett:** Yes. Thank you, Raymond. I think Nick has well explained the increase in his speech. When he spoke about the current economic environment, which we've had to deal with, which has had a real impact on the cost of goods and services.

As Nick noted, the increased costs also affected insurance premium. Given the higher costs we've been paying to suppliers for parts and trades as well as the increased cost of reinsurance across the industry.

Before I move to the final question received and ahead of the meeting. If any shareholders in the room have a question, please make your way to the microphones now or raise your hand for the roving microphone. Kylie, last question.

**Kylie Smith:** Chair, the last question submitted in advance was from **Sher Canny**, who also questioned the cost of insurance.

**Tom Pockett:** Thank you, Sher. I think I've already responded to that question in answering the previous one. So, I thank shareholders for questions. That ends the questions in advance.

## Questions from the floor

I'll now move to questions in the room. Questions in the room? Is that you Natasha out there? Okay.

**Kylie Smith:** Chair, may I introduce **Ms Natasha Lee**.

**Tom Pockett:** Thank you.

**Natasha Lee:** Thank you, Tom, Chairman. And firstly, I'd like to thank the Board and staff for their performance. It was pleasing that there wasn't a major sort of environmental catastrophe this year, which helped things along.

**Tom Pockett:** It did.

**Natasha Lee:** Just wanted to elaborate a little bit on the Reinsurance Strategic Partnership or arrangements you have. Whilst I understand that things have settled down a little bit in terms of reinsurance, that's over the five years, are there price resets or reviews built into that? And was an item sort of a change in the present value of cash flows relating to reinsurance – I think somewhat related to reinsurance. Is that sort of a normal course of events or is that related to the Strategic Partnership?

**Tom Pockett:** Strategic Partnership. We've got a range of reinsurance arrangements. So is this the last one we've just done this year?

**Natasha Lee:** Yes, well, you talked about two strategic arrangements. And kind of like on Note 2.23, there's a whole lot of financials and some of that relates to reinsurance. So sort of unpicking.

**Tom Pockett:** I'll get Nick to summarise the two significant reinsurance arrangements to be put in this year. That's a long tale.

**Nick Hawkins:** And thanks for the question. At a high level.... Remember, reinsurance is effectively insurance for insurance companies. So we've got the benefit of all insurance. We buy insurance to protect ourselves, just like customers buy insurance to protect themselves. That's called reinsurance.

Because of our business concentration in Australia and New Zealand, and the fact that we all live in capital cities, predominantly in Australia and New Zealand, we're quite concentrated in places. We then have to buy reinsurance for those very large, unexpected events that can impact a lot of our customers all at the same time. That's why we buy a lot of reinsurance.

And so even though we're a top 30 or 40 insurance company in the world, size-wise in buying reinsurance, we're more like a top five company in the world because of that feature. Therefore, we have to think very carefully about relationships and long-term arrangements with that reinsurance capital that supports our company that allows us to deliver what we do for our customers.

We have a few, three or four very large companies in the world. We have big strategic relationships with them: Berkshire Hathaway, Swiss, Munich and Hanover predominantly, where we have a number of very long-dated arrangements.

I think one of your questions was around pricing? Often we try to do reinsurance prices every year. We try to put in more longer-dated pricing as well.

So we don't have price resets on everything every year and we have a number of those arrangements in place. The particular transaction we announced in June was a five-year fixed price arrangement with a couple of providers.

This is a very important part of the economic and business model, ensuring that we have that large capacity of reinsurance available to us and that we try to manage some of the significant price changes that we've seen over the last couple of years. Reinsurance has been a major driver of the cost of property insurance in Australia over the last couple of years as reinsurers have significantly lifted their prices.

**Natasha Lee:** Thanks. Yes, I do understand reinsurance, although many in the room won't, and you did answer the issue, because I wasn't sure whether the five-year arrangement was head price reviews, a bit like rental markets where you might have a long-term contract that their price reviews.

**Tom Pockett:** We tend to the reinsurance when it comes up.

**Natasha Lee:** Yes, a couple of the products, it's great that you've got your ROLLiN' safety app for driver to improve driver safety. I suppose immediate things which come to mind about that is the potential for people possibly to game it, so how do you know that the person is actually driving at that time?

And then there's the flipside, if there's an accident what are the availability or the risks of that data, travel data and realising that a lot of vehicles you can access the various metrics. So the police know how fast you were going and when you braked and all that. What is the flipside of that in terms of the authorities getting hold of that information to investigate an accident?

**Tom Pockett:** Well, the data would be private with the customer and IAG. I've no doubt there's all sorts of processes in place to control for privacy. Could the law require that data to be provided under some kind of legal requirement? Yes, that probably could [happen] like any other data if it was required for a core process or something. But the primary thing is privacy and it's got all the privacy rules that we've got protecting it. Yes.

**Natasha Lee:** Yes. [I] just wanted a bit of clarification on that. And your Cylo, protection for small businesses against cybercrime, what sort of features of that cover given that most cybercrime is made – where it becomes available because of generally human error. So what are you actually protecting the businesses from?

**Nick Hawkins:** So the concept of insurance is all about where someone has suffered a loss. And so under the concept of cyber, which is the product that's developing, it's really being able to demonstrate that one's had a loss that may be some sort of business interruption, as in you can't open the doors of your business because some technology, problem or various other challenges or other additional costs that one incurs. And you have to engage with consultants and others to fix something up because there's been a crime committed.

But the concept of insurance is unexpected loss. That needs to have occurred – so the concept of cyber insurance will be make good on something where loss has occurred. And I think most of our policies are kept. They vary. At the moment, is an emerging part of the insurance market around the world.

At the moment, your company, we only do a very small amount for very small limits because we're trying to learn exactly what is the definition of a loss.

We don't have a 100, 200 year track record like we do on other types of events. But I think this type of product is going to be needed because that's the type of risks that businesses have going forward, and we're just doing it quite softly in relation to what we're offering as a company.

**Natasha Lee:** Okay, thank you. Just a very quick final question for this round. It's great that you guys are increasing the number of EVs and hybrid vehicles in your fleet, although you didn't actually disclose what percentage of vehicles and sort of what is the long-term trajectory; are you aiming to have near 100% by 2030 or something like that?

**Tom Pockett:** Yes, we do. I think we're going to convert the whole fleet to electric vehicles. It would be close to 2030 or 2025.

**Nick Hawkins:** Just to be clear, this is our fleet, so our 900 cars, not our millions and millions of customer vehicles.

**Natasha Lee:** Yes, I understand that.

**Nick Hawkins:** I think we're moving everything onto hybrid and electric in the next few years.

**Natasha Lee:** Okay, that's great. It wasn't sort of clear in the report about the numbers and the timeframes.

**Tom Pockett:** Okay. I'll have a look at that, make sure it's clearer.

**Natasha Lee:** Thank you very much.

**Tom Pockett:** Thanks, Natasha. Thank you.

**Kylie Smith:** Chair, may I introduce **Mr Joe Nagy**.

**Joe Nagy:** Thank you. My question concerns IAG's operations. In 2008, IAG said it wouldn't be affected by the storm damage. They were wrong. It was. Now, currently, according to ASIC, IAG has dotted customers by not giving them the discounts they had promised. IAG's word and its actions are in question. Its word doesn't seem to count for much anymore based on this.

This is about character. Character. Nick would know, being an ex-Citicorp guy, that there are three Cs to extending money, and character is the most important one. This is why I'm voting against the election of the three Directors and the re-election of the three Directors, and the point is, again, character doesn't seem to count too much for the Board. What has happened to those who were involved in this fiasco? Thank you.

**Tom Pockett:** Thank you for your question. The pricing discount issue that you were talking about happened quite a few years ago. If I just give you some background on that, we were reviewing all our policies to ensure that they met the principles upon which we wanted to write insurance policies.

In that process, to ensure that they were correct and of value and met all the things we wanted these policies to make in that process, we identified there were mispricing from statements to pricing. When that was found out, it was immediately notified up through the ranks and up to the board. We immediately put in a process of identifying all those policies that had been mispriced.

We advised ASIC of the issue and we went about a process of refunding all those mispriced policies to customers in a very orderly and timely fashion. I think conduct does matter.

This was undoubtedly just an issue that happened. We found it, we corrected it, we reported it to the authorities. We have strengthened our controls around that matter and we're confident that those matters won't arise again.

In terms of the people that were responsible back quite a few years ago, the people that missed that issue and caused that problem, they were identified and they had appropriate actions taken against them as part of our remuneration processes. It was a pretty well thought through process. I think the key thing is we found it, we quickly got onto it, and we fixed it.

**Joe Nagy:** That's good to hear. I hope that this goes true for the future, that things like this, the board will catch them and will stop them before they see the light of day. Other than that, I want to compliment IAG on its performance. Thank you very much.

**Tom Pockett:** I don't think we have any other questions from the floor.

**Kylie Smith:** Chair, I would like to introduce **Ms Susan Finigan**.

**Susan Finigan:** Hello, Chairman. This might be a very basic question. Within the concept of funding and what you're talking about with changing over to EV vehicles and hybrid vehicles, but corporate entities these days are passing on to consumers in one form or another. They're offset to waste in the sense that nobody wants to give you anything as a hard copy.

Admittedly, we have our hard copies of books today, but statements, things like that now, everybody wants us to do it all by email. Therefore, if the consumer wants a hard copy, it's up to us then to bear the cost of it. I realise it's minuscule per person, but it's extensive over all the customers.

If we want to print out a hard copy, we have to pay for that paper regardless. With taking that across to your vehicles, EV and hybrid vehicles, under the current system, I would presume that if your drivers have a vehicle, they would have a fuel card or some sort of system whereby the company takes the cost of that, the driver goes into the station, fills up, doesn't have to pay the bill out of his own pocket.

How are you going to offset that from your staff point of view if they're then going with EV vehicles, which they would obviously have to be charging in their homes, and therefore that cost would then refer on to them? I know it seems an obscure question, but do you understand?

**Tom Pockett:** The Annual Report question, I'd have to defer to someone who knows about us mailing out Annual Reports anymore. I can sort that out for you. The vehicles that we're talking about are our fleet vehicles, and they're used by a lot of our field staff to go to people's places to assess issues that have happened or through perils events. So we wouldn't be passing on the cost of running that vehicle to those people. It's a work car and so the IAG pays for those costs.

**Susan Finigan:** I just wondered how does that occur in the sense that if a person takes a vehicle to their home, I'm presuming that they then have to charge it at least?

**Tom Pockett:** There'd be mechanisms to either compensate or deal with it.

**Susan Finigan:** Okay.

**Tom Pockett:** Thank you, Susan. Okay. I don't think there's any more. Kylie, if there's any questions online?



## Questions online or from the phone

**Kylie Smith:** Yes, there are, Chair. The first question is from **Mr Stephen Mayne**. It's a two-part question. He says the mutually-owned RACQ has reportedly hired Bank of America to try and sell its Queensland operations. What is our market share in Queensland and would we be more likely to receive ACCC approval to buy this business than Suncorp? Also, have we had any recent talks with RACV to buy the 30% stake in IMA?

**Tom Pockett:** Okay. So on the last one, no, we haven't had any discussions. We're extremely happy with the relationship we have with RACV in Victoria. In terms of RACQ, which for those that aren't sure, it's the NRMA of Queensland, we don't comment on speculation around whether we're interested in particular companies or assets. We don't do that. The market share for us in Queensland for motor/home is less than 10%. I think the last part was on the ACCC. I can't guess what the ACCC would do. It's in their control. Thanks, Kylie?

**Kylie Smith:** There is another question, from **Mr Henryk Kay**. I wish to draw your attention that there is another company listed on the London Stock Exchange using IAG. It's International Airlines Group.

**Nick Hawkins:** Thank you for that feedback. International Airlines Group owns BA and some of the Spanish carriers. So I often get their customer complaints as well.

**Kylie Smith:** The next question, Chair, is from **Mr Jonathan Skelton**. He says, given the significant bonuses awarded to management despite zero customer growth and reliance on price increases, which were largely acceptable due to limited competition, can you please clarify the following?

Can you provide detailed insights into the specific strategies and initiatives that will drive profit growth in FY25 beyond just increasing premiums? With customers already facing significant premium hikes, how does IAG plan to manage customer retention and affordability? Are there any measures in place to mitigate the impact of further increases on customers?

**Tom Pockett:** Okay. That's a big question. Firstly, let me talk about the strategy of IAG. I think we've chatted about the price increases and why they've gone through. The strategy of IAG is relatively simple. Our whole focus is about running a very simple, very efficient insurance company.

So that includes ensuring that we have a very big focus on customers, maintaining our retention rates of customers, which is extremely high, and ensuring that the operations, the efficiency and the costs of operating IAG are kept to an appropriate level. On that, I might just ask Nick if he wants to add anything on the strategic component.

**Nick Hawkins:** Yes. We're very focused in Australia and New Zealand. We know that in our retail business particularly, we've had significant pricing that's had to flow through to consumers. We actually were growing, particularly here in Australia. We had some retail customer growth over the last couple of years. Last financial year, that was relatively flat. There's a range of reasons behind that. Part of it is pricing.

We're also transitioning to a new platform. So you should expect your company to see customer growth over the next couple of years. That's definitely an important part of our strategy. There are various things we're doing to help drive that. In fact, we've built a technology platform that's very scalable.

What we want to do is be able to utilise that by growing the size of our business around Australia and New Zealand and really leveraging the investment that we've made there with that technology platform. That's going to be a feature of what we're going to do be talking about over the next couple of years.

**Tom Pockett:** Thanks, Nick. And in regards to remuneration, yes, we have financial metrics to incentivise and reward the leadership team. However, there are a range of what I would call non-financial metrics, which look at customer and claims performance, employee satisfaction, etcetera. So it's not just the numbers, it's how we get to the numbers, which is also important. Thanks, Kylie. Next question.

**Kylie Smith:** Thank you, Chair. The next online question is from **Ms Gillian King**. She says, I congratulate IAG on its efforts for one of Australia's largest corporate fleet transitions. The new climate action plan says IAG will transition to 100% low emissions vehicles, although I note that it's not aiming for 100% zero emissions vehicles, yet it excludes salary sacrifice vehicles and major events response vehicles because no suitable alternatives are currently available on the market. Why are salary sacrifice vehicles excluded from IAG's emissions reduction plan?

I note that Transurban has an electric incident response vehicle and that the ACG government is transitioning its non-passenger fleet to electric, including utes, vans and various trucks and has a plug-in hybrid firetruck. Would you please give examples of major events response vehicles so that we understand what you're talking about? And in light of IAG's leadership in climate action, would you also please explain why the climate action plan takes a limiting position of no suitable alternatives currently available on the market when it comes to some vehicle classes?

**Nick Hawkins:** Okay, thank you for that question. There's a lot in that. Directionally, we'd like to do all of that. And I think this is just a matter of timing. You know, the unfortunate thing that happens often in large events is there's no power and we therefore we have our people, our vehicles, some of our trucks in places that have no power; places like Northern Rivers had no power for a week or so. And so we've just been a bit cautious about that point.

That's why we've positioned it the way we have. On the salary sacrifice vehicles, it's actually a good comment. And probably over time, we'll change that. And as part of that offering at IAG, we'll probably reflect more some of that commentary around electric and hybrid vehicles. So directionally, we're definitely on this path.

We're just a bit careful originally that we don't end up having a policy that is not workable in some instances, remembering what we do is often have our people and vehicles and some trucks in harm's way in these locations that aren't great, that have suffered hardship and are often without power. And so why we've got to where we've got to.

But directionally, we're very much in agreement with the tone of that question.

**Tom Pockett:** Thanks, Nick. Next question.

**Kylie Smith:** Thank you. It's another question from **Ms Gillian King**. Why is IAG managing its air travel instead of reducing it in order to reduce damage to the climate? This is particularly important because most carbon dioxide and water emissions from aircraft are injected directly into higher levels of the atmosphere, unlike other emissions that have to float up from ground level.

**Tom Pockett:** Thanks, Gillian. We do have a focus on air travel in terms of our climate action plan and we have targets to reduce it. It's increased in the reporting, mainly because in COVID all that stopped and we got a bump obviously after COVID when that resumed.

But it's in our Climate Action Plan. Air travel is still critical for our business. All our major funders, re-insurers are overseas and maintaining those relationships are critical, but we do have a plan in place to ensure the essential travel is what we do. Thanks, Kylie?

**Kylie Smith:** I have another question from **Ms Gillian King**. The IAG FY24 ESG data summary is very informative, providing much more granular information about IAG's operations and its emissions, including emissions reductions. Thank you. It also helps put the new climate change target baseline year into perspective. I note though that COVID-19 lockdowns only affected just over a quarter of FY20. So some rough comparisons between FY20 and FY24 are possible. Some of the data is puzzling. Would you please explain the increase, in both absolute and per FTE terms, the fossil gas use, general waste and taxi travel in FY24 compared to FY20? This is of concern for IAG's finances, efficiency and efforts to care for our climate and the environment.

**Tom Pockett:** I can't explain each of those in detail. The key thing here is these items are in our Climate Action Plan. They are in our focus and we will manage them as efficiently as we can and our whole objective here is to reduce our emissions over a period. So, I think that covers the next question.

**Kylie Smith:** A further question from **Ms Gillian King**. I am proud of IAG's efforts to collaborate on and advocate for climate action. The new Climate Action Plan illustrates IAG's collaboration and advocacy work.

One thing in the collaboration and advocacy part of the plan puzzles me. The interim target to support 1 million Aussies and Kiwis to take action to reduce their natural hazards risk is measured by counting when an individual takes a step to understand their disaster risks or emissions, understands options to reduce them or action to reduce them. How do you know when someone has taken such a step? As a customer, I'm not aware of any measurement of my efforts.

**Nick Hawkins:** We have a process of people telling us and they communicate with us when they've taken those steps. So maybe we need to come back to you on how you can engage with that because yes, we have a process for how we know when people have actually taken those steps.

**Kylie Smith:** So we verify the steps taken to ensure that we can say that?

**Nick Hawkins:** It's predominantly through the retail apps.

**Tom Pockett:** Yes.

**Kylie Smith:** Thank you, Chair. A further question from **Ms Gillian King**. Thank you for publishing IAG's Climate Action Plan and detailed ESG data summary. Transparency is very important for building confidence in IAG's efforts reducing IAG's greenhouse gas emissions from its direct operations. Why is IAG not pursuing eliminating all its scope one and two greenhouse gas emissions?

And the Climate Action Plan says residual emissions will be offset. However, offsetting can be seen as a weak cop out. Could you please give some examples by what you mean by residual emissions and what is IAG doing to ensure that any offsets achieve actual emissions reductions and maintain public confidence in IAG's work to reduce damage to the climate?

**Tom Pockett:** Thanks, Gillian. I think your theme of the questions is pretty much the same. We have a plan and we're progressing against it. I don't like offsets and we will be attempting not to use those offsets at all. And in terms of if we execute on our climate action plan, we won't need to.

So, I think it's in the plan. Thanks, Kylie. I think if we have other questions relating to that topic, I think we've done them.

**Kylie Smith:** I have one more question online from **Mr Jonathan Skelton**. Regarding the new platform that Nick has mentioned several times, could you provide detail on when this project began and its expected completion date? Additionally, have there been any significant issues with the platform that shareholders should be aware of?

**Nick Hawkins:** Yes, we've been running probably almost a 10-year program of transitioning all of our claims. Because remember, the history of IAG is we are multiple companies that have come together over the last 20 years. So, we've therefore had multiple systems and processes behind it.

We've run quite a big program, primarily in the retail business, where we've standardised the claims and now the policy admin and pricing system that supports the brands that you know. So that's probably been a 10-year plan. We started with claims and that took us three or four years.

And then we've been working through at the front of it, the policy and admin side, over the last two or three years. I mentioned, we're migrating 300,000 customers. By June '25, we'll be 75%, 80% of the way through that.

And then we've just got one brand that needs to come on after that. It's been very successful. I think in relation to is there any sort of shareholder issue out of that? I mean, no. It's quite a challenge in financial services to migrate 5 million customers on to a new technology platform. We've done this Trans-Tasman as well, but we're actually very proud of what we've done and it really sets us up well for the future; as I said it's really scalable. It helps with some of those growth ambitions that I've mentioned before.

**Kylie Smith:** Chair, there are no further online questions for this item, nor are there any questions on the phone.

**Tom Pockett:** So there's none on the phone. Okay, thank you very much. Thank you everyone for your comments and questions in relation to the financial statements and reports.

## **Item 2: Re-election of Directors**

The next three items of business deal with the re-election of David Armstrong, George Sartorel, Michelle Tredenick. Separate resolutions will be put for each director's re-election at the conclusion of discussion of each resolution. We will show preliminary voting results.

I will now ask David, George and Michelle to address the meeting before taking comments and questions from shareholders

**David Armstrong:** Thank you Chair and good morning ladies and gentlemen. My name is David Armstrong and I joined the IAG board in September 2021. In offering myself for re-election to the board, I thought it might be useful to briefly touch on my executive career prior to becoming a non-executive director and then discuss where I believe I can best contribute to IAG.

I spent 24 years as an audit partner focused on financial services organisations, including a considerable number of years as lead auditor to one of Australia's largest retail banks and also to an ASX listed global investment bank. The core contributions I feel I can continue to bring to the IAG board in addition to my audit and assurance experience is my knowledge and understanding of financial services regulation, the changing reporting environment in which we find ourselves and the experience of managing through legacy challenges.

Shortly after I joined the IAG Board, I was appointed as Chair of the Board Audit Committee and during my time on the Board, I've chaired various due-diligence committees that support IAG's capital management initiatives. Another contribution I feel I can bring to the IAG Board is my listed company experience. Up until December 2023, I was a Director of National Australia Bank where I chaired its Audit Committee and I was also a member of the Risk Committee of the bank.

In my NAB role, I was able to contribute to and influence a range of financial reporting and presentation matters and their related judgments as we work through a number of legacy challenges. I was a member of the various due-diligence committees that supported NAB's capital, liquidity and strategic decisions. I confirm I have the time needed to devote to the important role of representing the interests of IAG's shareholders. I believe that I can make a valuable contribution as a Director of IAG and I seek your support. Thank you.

**George Sartorel:** Good morning. My name is George Sartorel and I have had the privilege over the last three years to serve on the Board of IAG and today I'm asking for your approval to continue to contribute to the development of this company.

My career spans more than 40 years in the insurance sector in Australia, New Zealand and international markets and I've had many CEO roles running large and successful insurance companies in the various countries for the Allianz Group, most recently and most notably Italy and Turkey.

Before retiring in mid-2019, I was the Regional CEO for Asia Pacific where I ran a portfolio of 16 life and general insurance companies throughout the region and during that time in Asia, I was asked to join the advisory panel for the Monetary Authority of Singapore where I served for more than five years as the insurance sector expert on the panel.

As a member of the International Executive Committee of the Allianz Group, responsible for global strategy, I led many large global transformations and digital initiatives in the development of the global brand and business model. So I believe my experience and knowhow can help contribute to the further development of IAG and I know I can confirm that I can commit the time and capacity as I serve only one other large listed board, that's the Group Board of Prudential Life Company UK; with this short introduction I hope you'll look favourably on my re-election to the Board of IAG.

**Michelle Tredenick:** Thank you, my name is Michelle Tredenick and thank you to all of 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 I have chaired the Board Risk Committee for the last 12 months. I've been a full-time Non-Executive Director for over 10 years and today I have the privilege of sitting on a number of company Boards both in the private and listed sectors.

In my executive career I held Senior Executive roles at a number of companies including the National Australia Bank where I was responsible for their digital and technology teams. Prior to that I spent time at MLC running their Corporate Superannuation business and also their New Zealand businesses and also then prior to that at Suncorp Insurance running their strategy teams and their technology teams. My expertise lies in financial services, strategy and technology within financial services businesses where I've spent over 30 years of my life.

I have been, and continue to be, closely involved with many of the major challenges facing the insurance sector and IAG today including climate change, digital disruption and cyber risk, affordability, regulatory scrutiny and most importantly the continued rise in customer and community expectations of insurers. I confirm I have the time needed to devote to the important task of representing the interests of you, our shareholders.

I believe I can continue to make a valuable contribution to the Board's discussions and I ask you for your support and I thank you for giving me this opportunity.

### Resolution 2a: Re-election of David Armstrong

**Tom Pockett:** Thanks Michelle, David and George. Now that you've heard from each of the Directors on their re-election, we will move to questions relating to each resolution. If you have a question relating to Directors' re-elections, please make your way to a microphone and put up your hand.

Resolution 2a is the re-election of David Armstrong. The Board, with David abstaining, recommends that you vote in favour of his re-election to the Board. There were no questions received ahead of today's meeting so I'll now move to questions to the floor. Thank you.

### Questions from the floor

**Kylie Smith:** Chair I would like to reintroduce **Ms Natasha Lee**.

**Natasha Lee:** Thank you Mr Chair. You probably know what I'm going to say but as I've raised it previously but I've heard that you have mentioned that you are moving or aiming for 40% female representation on the Board which is good but as previously mentioned at meetings I do ask that the Board be mindful and work harder to ensure that there's greater forms of other diversity as the Board should be more representative of the community in general.

**Tom Pockett:** Yes, I think it's a good point Natasha. We are aware of that. You're probably going to hear my same answer from the other AGM. But we would like to increase diversity on all levels. It depends on the available pool of really good, qualified Directors for the Board. But we have that on our radar.

**Kylie Smith:** Chair I would like to introduce **Mr John Lin**, representing the Australian Shareholders' Association.

**Tom Pockett:** Hi John.

**John Lin:** Good morning, Chairman. My name is John Lin from the Australian Shareholders' Association. Today I'm representing 6.3 million worth of shares. We'll be voting all of our undirected proxies for the motions and I have two questions for you. First question with regards to the Board's comment regarding succession planning for the Board and policy regarding the Non-Executive Directors' shareholding requirements. Thank you.

**Tom Pockett:** Sorry. Two questions. So succession for the Board.

**John Lin:** First question was the succession planning for the Board. Second question was the policy regarding the Non-Executive Directors' shareholding requirements.

**Tom Pockett:** Right, okay. The policy is that Directors hold the equivalent of their annual fees. It's in the Annual Report there and I'm pretty sure that all our Directors are at that level, from memory. On Board succession, now we've got an active Board succession plan in process. We always have one.

Over the next three to four years, we will have a series of Directors rotating off as just the normal cycle, and we've got plans in progress to look at the available Directors that could come and join our Board. So, a well-established process.

**John Lin:** Thanks, Tom.

**Tom Pockett:** Thanks, John. Any other questions? I can't see. At the back, yes. It's a bit hard to see sometimes with the light.

**Kylie Smith:** Chair, I'd like to introduce Ray Maguire.

**Ray Maguire:** Thank you. I'm glad that I heard Michelle talking about technology. As you know, this day is about fraud, cyber and other things very important about our identity. I have experience. I have claimed for the insurance and I have received many phone calls from the consultant area. Some of them call, use the private number or I can't see the number.

My concern is they ask me to call back the number, which is good. But when I call back, I have to answer four questions before they answer. Believe that it was me. That means the reference number, my home phone, a home address and the other one, my ID. Please think about privacy and listen to the customer, me and people who came. So, I ask, please, Michelle, because you have knowledge about technology, is there any way to overcome this, to protect us, not have to disclose DOB? Thank you.

**Tom Pockett:** Okay, thanks, Ray. Yes, it's part of the security process too. When you call, you have to satisfy a few questions to ensure that it's you calling, so that no one can access your data. Yes, you do have to give a whole range of information. I can understand why people don't like giving it. There's another reason why we have to give it, it's the main way of protecting people from accessing your data in our company.

But I take your point away about the complexity and can we make it easier, and I will pass it on to the Executive team for them to think about and how we can make it a lot simpler for people joining in, but not minimise the risk or expose us to more fraud. So, thank you, Ray, for your question. I think that's it on questions from the floor. Any questions online?

#### Questions online, or on the phone

**Kylie Smith:** We do have a question online, Chair. It's from **Mr Stephen Mayne**. Did any of the five main proxy advisors, ACSI, Ownership Matters, Glass Lewis, ISS and ASA, recommend a vote against any of today's resolutions, including on David Armstrong's election. If so, what reasons did they give? And will you disclose the proxy votes before the debate on each resolution so shareholders can ask questions about the reasons if there have been any protest votes? Please don't say they're confidential. It is standard for companies to be across this detail on the voting recommendations and inform shareholders where relevant without publishing the full proxy advisor reports, of course.

**Tom Pockett:** I don't think we had any proxy advisors vote against the resolutions. So I think we're all good. Any other questions?

**Kylie Smith:** There are no further questions online nor are there any questions on the phone.

**Tom Pockett:** Excellent. Thank you. So the direct votes and proxies received in respect to this resolution ahead of the meeting are now shown on the slide on the screen. The results are strongly in favour of David's re-election. Congratulations.

## Resolution 2b: Re-election of George Sartorel

The next resolution is the re-election of George Sartorel. The Board, other than George who has abstained, recommends that you vote in favour of George's re-election to the Board

### Questions from the floor, online, or on the phone

There were no questions received ahead of today's meeting, so I'll now move to questions in the room. It doesn't look like we have any. Are there any questions online?

**Kylie Smith:** Just like the room, there are no questions online and there are no questions on the phone.

**Tom Pockett:** Okay. I'll just check. There's nothing? No. Okay. Direct votes and proxies received in respect of this resolution ahead of the meeting are now shown on the slide on the screen. As you can see from these results, there is strong support for George's re-election to the Board. Congratulations, George.

## Resolution 2c: Re-election of Michelle Tredenick

We will now consider the re-election of Michelle Tredenick. The Board, with Michelle abstaining, recommends that you vote in favour of her re-election to the Board. There were no questions received ahead of today's meeting, so I'll now move to questions to the room. Doesn't look like there are any. Kylie, do we have any online?

### Questions online, or on the phone

**Kylie Smith:** There is one question online, Chair, from **Mr Stephen Mayne**. He says ASIC took QBE to court yesterday over policy bonus issues. JB Hi-Fi also faced ACCC regulatory action over allegedly misleading promotions. Have we done a review of our customer incentive, loyalty and marketing schemes to ensure we're fully compliant with the law and are directors like Michelle being fully informed on this issue?

**Tom Pockett:** Luckily, I addressed that before when the gentleman asked the question. Yes, this is a bit of history for us. We've dealt with that in the past and we've got much more improved controls going forward. So thanks, Stephen, for the question, but we're done on that one. Any more questions, Kylie?

**Kylie Smith:** There are no further questions online nor are there any on the phone.

**Tom Pockett:** Great. The direct votes and proxies received ahead of the meeting are shown on the slide on the screen. The results are strongly in favour of Michelle's re-election. Well done, Michelle.

## Item 3: Adoption of the Remuneration Report

### Resolution 3

We'll now move to the next item of business. The next resolution is the adoption of the company's Remuneration Report for the financial year ended 30 June '24. The 2024 remuneration report is set out on pages 70 to 95 of the company's 2024 Annual Report and provides disclosures relating to director and executive remuneration.



## Introductory remarks

Before I invite questions on this item, I'll make some introductory remarks. As we foreshadowed last year, our FY24 executive remuneration framework was subject to a number of changes to meet APRA Prudential Standard CPS 511 Remuneration.

Some of the key changes include:

1. Introducing a non-financial measure of customer experience in the long-term incentive plan. This is equally weighted with the existing financial measures of return on equity and total shareholder return.
2. Extending maximum long-term incentive deferral from four to six years for the group CEO and from four to five years for the other executives.
3. Putting a material weight of 40% on non-financial performance measures that relate to customer, people, digital, risk and climate in the group balance scorecard. The scorecard is the primary determinant of the size of the short-term incentive pool, and also
4. Introducing clawback for all performance-based variable remuneration for executives.

FY24 remuneration outcomes reflected the company's solid performance against the financial and non-financial measures. The Board approved an FY24 executive short-term incentive pool of 80% of the maximum opportunity. The FY21 long-term incentive did not best because hurdles were not met.

That concludes my introductory remarks so we will now move to questions received ahead of the meeting, Kylie.

## Question in advance

**Kylie Smith:** Thank you, Chair. The first question is from **Gregory Wolfe** who asks what the Company can do to reduce the executive wage bill?

**Tom Pockett:** Thanks, Gregory. I could ask the Executives, but I'll answer it. Look, we regularly review our remuneration frameworks to ensure they're fair, relevant and they align pay outcomes with the interest of our shareholders as I just went through in the previous section. We benchmark remuneration against peer companies, which shows that our executives are paid at a level commensurate with the industry. So that's how we set the executive remuneration. It's a pretty standard way of doing it and a lot of it is geared to achieving performance for shareholders.

**Kylie Smith:** Chair the next question submitted in advance is from **Vanessa Kail** who asks how can we justify remuneration increases when times are hard for the majority?

**Tom Pockett:** Yes, Vanessa. We did increase salaries slightly. It was about 5% and that was really a result of the Board considering benchmarking, as I discussed before, for similar roles in the industry and really to retain our competitive position and retain our talent. Just by the way, there have been no increases since 2021, so this is the first increase since then and they are quite modest.

However, I will add that we are very cognisant of the financial pressures that many Australians and New Zealanders are feeling.

Before I move to the final question received in advance of the meeting, if there are any questions from the room, please make your way to the microphones or raise your hand. Kylie, do we have any questions?

**Kylie Smith:** Chair, the final question submitted in advance is from **Francesco Scorzelli** who has expressed his concern about the increase in pay to the CEO, particularly in light of losing valuation in the investment compared to a rising share market.

**Tom Pockett:** I think I've covered that question, Francesco, in the previous answer. So, thank you. Are there any other questions, Kylie?

**Kylie Smith:** Not submitted in advance.

#### Questions from the floor

**Tom Pockett:** Great. Are there any questions? Yes, number two.

**Kylie Smith:** Chair, may I re-introduce **Mr Joe Nagy**.

**Joe Nagy:** Mr Chair, you mentioned about the salaries. I'm wondering if you could address, or maybe Nick could address, the staff turnover ratio because that's always a factor in terms of the fairness of salaries in comparison with Executives and the rest of the staff. Thank you.

**Tom Pockett:** I don't have that handy. Do you know what the overall turnover number is?

**Nick Hawkins:** It's been coming down a bit. We saw a lot of what happened during COVID and after COVID, many companies, including us, on short many roles. And so actually and we had shut borders as well. And so we had quite a lot of turnover and a lot of people, particularly in our call centres, moving from call centres, banks, telcos, insurers, So we actually had quite a lot of turnover. And with shut borders, obviously, we weren't able to increase the number of people working.

So it's actually put a bit of pressure. That's changed a lot and improved a lot and come down over the last couple of years.

**Tom Pockett:** My Company Secretary [advises] the employee turnover was 10% and it was down from 15%, so it sort of follows Nick's comments. Thank you for the question. It doesn't look like there's any other questions. No other questions?

#### Questions online, or on the phone

**Kylie Smith:** I do have a question online. It's from **Mr Stephen Mayne**. Retail shareholder voting turnout at AGMs has fallen to less than 3% as we feel powerless in the face of institutional voting and the move away from paper disenfranchises older shareholders.

Therefore, when disclosing the outcome of voting on all resolutions today, including this Remuneration Report item, could you please advise the ASX how many shareholders voted for and against each item, similar to what happens with the scheme of arrangement? This will provide a better gauge of retail shareholder sentiment on all resolutions and an insight into Australia's chronically low level retail shareholder participation rate. I asked you to do this last year and you refused. Tabcorp did it yesterday and even Qantas and the ASX itself got with the program last year.

**Tom Pockett:** Thank you. Thanks, Stephen. You did ask me a question last year. Look, we comply, in addition to all the corporate reporting that we are required to do under the Corporations Act. So, at this stage, we'll just continue to keep complying with the requirements under the Act. Thanks, Kylie. Are there any other questions?

**Kylie Smith:** There are no further questions online and there are no questions on the phone.

**Tom Pockett:** Great. Thank you. So that concludes the discussion on Resolution 3. The direct votes and proxies received for this resolution ahead of the meeting are now shown on the screen. Based on these results, I am pleased to see support we have received for the 2024 Remuneration Report.

#### **Item 4: Allocation of share rights to Mr Nick Hawkins, Managing Director and Chief Executive Officer**

##### **Resolution 4**

The next item of business relates to the allocation of deferred award rights and executive performance rights to the Managing Director and Chief Executive Officer, Nick Hawkins, under our short and long-term incentive plans. There is a detailed explanation of these allocations in the Notice of Meeting and Remuneration Report. The Board, other than Nick, recommends that you vote in favour of this resolution.

##### **Questions in advance**

I now invite discussion on this resolution. Kylie, do we have any questions on this one in advance?

**Kylie Smith:** We do. We have two in advance. The first is from **Leonard Hyde**, who questions the allocation of rights being made to the Managing Director and notes that performance of the individual should be assessed against the company performance plus return to shareholders?

**Tom Pockett:** This process is an allocation of rights as per Nick's employment contract. All these rights are subject to quite rigorous performance hurdles which, as I mentioned before, have a very significant focus on achieving shareholder outcomes. So, really, if these vest, Nick does well, of course, being rewarded, but also it's a reflection that all shareholders have had a good return over that period of time.

**Kylie Smith:** Chair the next question submitted online was from **Christopher Langmaid**, who asks why shareholders are asked to dilute the company shares by allocating rights to the CEO?

**Tom Pockett:** Thanks, Chris. That's a good question. Firstly, the allocation of rights aligns to shareholders' outcome. However, there is no dilution. We do buy shares on market to satisfy these share issues. Are there any other questions from the floor? We have no other questions.

##### **Questions online, or on the phone**

**Kylie Smith:** I do have a question online from **Mr Stephen Mayne**. If Nick Hawkins resigned or retired as IAG CEO and then less than 12 months later joined the Board of Suncorp as an independent director, would that trigger an automatic cancellation of all LTI schemes on foot or would they continue to roll on? In other words, is there an element of retention in these LTIs to provide a disincentive against this scenario from happening?

As the Chair at Stockland, we've just seen this situation happen when he recruited the retired CEO of GPT to join the Stockland Board six months after retiring.

**Tom Pockett:** Yes, same question. Look, once someone leaves our employ, there's no other retention or restrictions on them.

They are still subject to all the confidentiality agreements that they have signed as an employee of IAG and therefore are required to keep all confidential information confidential.

If Nick left as a good leaver, those rights would remain on foot and barring any other issues, they would just normally vest. So that's the answer. Thanks, Kylie.

**Kylie Smith:** Thank you, Chair. There are no further questions online and there are no questions on the phone.

**Tom Pockett:** Great. Well, thank you for all your comments and questions in relation to the allocation of share rights to Nick Hawkins. That concludes the discussion on Resolution 4. The direct votes and proxies received for this resolution ahead of the meeting are now shown on the slide on the screen and votes are strongly in favour of this resolution.

I would like to remind shareholders who have not yet cast their votes on this, and all other Resolutions, to do so now, as the Poll is about to close. We will now pause for a few moments whilst Shareholders in the room and online cast their votes.

### **Poll closing**

Now that voting has completed, I now declare the Poll closed. The final voting results will be provided to the ASX today and will be placed on the Company's website, along with a webcast of the Meeting. On behalf of your Board of Directors, thank you to everyone who attended in person today, and to those who joined us online and by phone.

I now declare this meeting closed. For those attending in person today, the Board looks forward to joining you for some light refreshments in the Smith room, which is located to the left of the main foyer as you leave this room. Thank you very much everyone.

## **About IAG**

IAG is the parent company of a general insurance group with operations in Australia and New Zealand. IAG's main businesses underwrite over \$16 billion of insurance premium per annum under many leading brands, including: NRMA Insurance, RACV (under a distribution agreement with RACV), CGU and WFI (Australia); and NZI, State, AML and Lumley (New Zealand). For further information, please visit [www.iag.com.au](http://www.iag.com.au).

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