



Voting Intentions – IOOF Holdings 2021 AGM

ASX Code	IFL
Meeting Time/Date	9.30am, 25 November 2021
Type of Meeting	Virtual; http://web.lumiagm.com/370-300-136
Monitor	Alan Hardcastle assisted by Christine Haydon
Pre AGM Meeting?	Yes, with Chair Allan Griffiths

Proposed Voting Summary

2a	Re-election of Allan Griffiths as a Director	For
2b	Re-election of Andrew Bloore as a Director	For
3	Adoption of Remuneration Report	For
4	Grant of performance rights to the Chief Executive Officer	For
5	Increase in total fee pool for Non-Executive Directors	For
6	Approval of change of company name to Insignia Financial Ltd	For

Key Financials

	2021	2020	2019	2018	2017
Statutory NPAT (\$m)	(143.5)	147.0	28.6	88.3	116.0
Underlying NPAT (\$m)	147.8	128.8	198.0	191.4	169.4
Statutory EPS (cents)	(24.4)	42	8.1	26.4	38.7
Dividend per Share (cents)	23	34.5	37.5	54	53
Share Price at End of FY (\$)	4.27	4.92	5.17	8.99	9.80
Statutory CEO Remuneration (\$)	1.498	1.487	3.629*	2.798	2.887
Total Shareholder Return (%)	(8.5)	1.8	(36.8)	(2.8)	31.9

*Statutory NPAT and EPS are the audited figure from the financial accounts. Underlying NPAT is (usually) an unaudited figure used in management presentations or commentary. Total Shareholder Return is calculated as the share price change over the year plus the dividend declared during the year, divided by the share price at end of previous year. This may differ from the figure quoted by the company. *includes awards for previous CEO and incumbent*

Summary of Historical ASA Issues with the Company

The company has changed a lot of the board, senior management and Chief Risk Office since the negative attention during the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in 2018. Subsequent to this, to fund the acquisition of the MLC Wealth business, the company undertook a significant capital raising in August 2020, ASA preferred method is PAITERO which treats all shareholders equally and this was discussed with the

board. Notwithstanding these concerns, the ASA has supported all AGM resolutions since at least 2018.

Review of Board on Governance, Transparency, Fairness to Retail Shareholders

Positives

- The board has an independent non-executive chair and majority of independent directors.
- The board has at least 30% female and at least 30% male directors.
- The company devotes a significant part of the Annual Report in describing how it is tackling ESG, has or is appointing specialists in this area, and is engaging on TCFD disclosures.

Areas for Improvement

- We have concerns about their last capital raising and would like to see them use a fairer approach (eg a renounceable rights/entitlement issue) next time.
- Whilst relatively new directors Michelle Somerville and Andrew Bloore have been increasing their shareholdings in the company, they have a long way to go to meet ASA's guidelines.
- The company does not disclose a meaningful skills matrix of the board easily accessible by shareholders. They currently provide only a restricted table however have assured us they will refresh the skills matrix in 2022
- Board diversity in areas other than gender (eg professional background, culture, etc) could be better.

Summary

Significant improvements have been made since the Royal Commission and progress seems to be continuing.

Items for Voting

Item 2a	Re-election of Allan Griffiths as a Director
ASA Vote	For

Mr Griffiths, a former CEO of Aviva Australia and senior executive at Colonial Ltd and Norwich Union, was appointed to the board in July 2014 and as Chair in April 2019. He has a shareholding which considerably exceeds his FY21 remuneration and is independent.

He is Chair of two unlisted entities (Westpac/BT Insurance and Metrics Credit partners). We do not consider his workload excessive.

We believe that Mr Griffiths is well qualified and is likely to contribute to the board and will support his re-election.

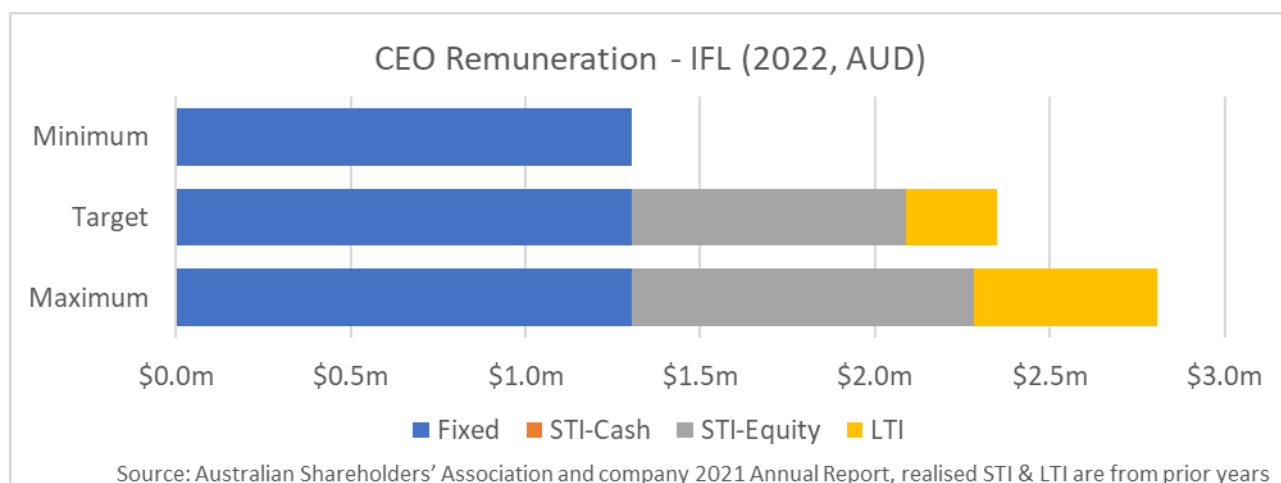
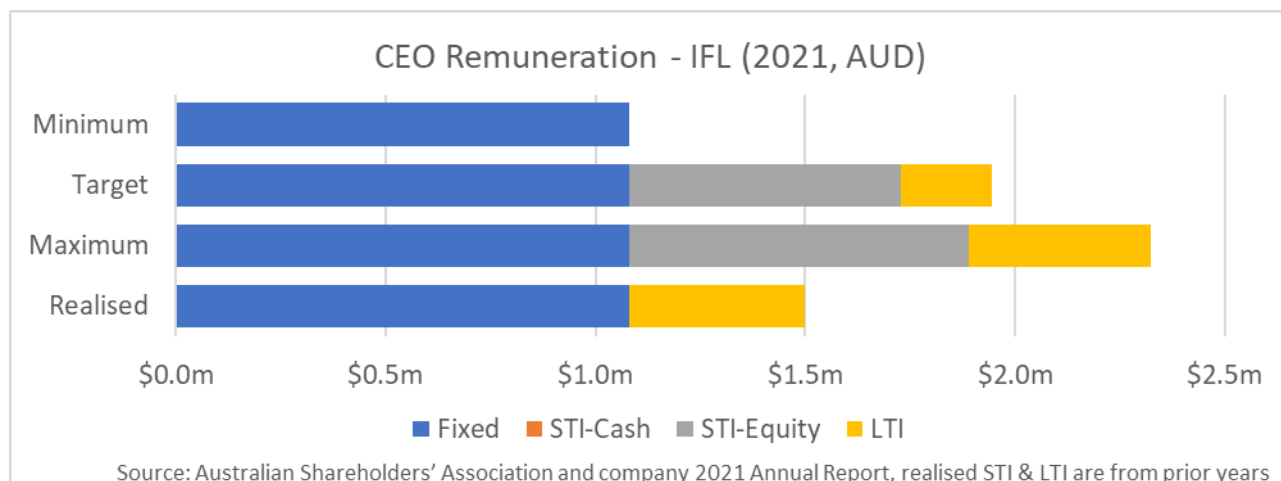
Item 2b	Re-election of Andrew Bloore as a Director
ASA Vote	For

Mr Bloore, who previously owned a superannuation administration business and more recently is an entrepreneur and farmer, was appointed to the board in September 2019. Mr. Bloore also has been involved in the development of disruptive technologies and his IT, superannuation industry regulation and software design experience adds to the board's technology skill sets. He has a shareholding equivalent to about 43% of his annual fees and is independent.

Mr Bloore seems to currently have no other directorships. We do not consider his workload excessive.

We believe that Mr Bloore is well qualified, is likely to contribute to the board, is progressing adequately to a sufficient shareholding in the company, and will support his re-election.

Item 3	Adoption of Remuneration Report
ASA Vote	For



Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

The company has made significant changes this year, recently implementing a single Executive Equity Plan (EEP) which combines what we would call short- and long-term incentives into one plan.

In the new EEP plan, 60% (nominally) of the plan is based on short term performance against predominantly non-financial metrics, is paid as equity, and is only released after four years. 40% (nominally) of the plan is based on four-year relative total shareholder return (TSR) performance. It is confusing and difficult to interpret the plan as the 60% is based on target performance (ie a higher payout is possible) and the 40% is based on maximum performance (ie a lower payout is possible).

In response to Covid, the Chair and CEO took a 20% reduction in base pay for six months from 1 August 2020. All other directors and the CFO took a 10% reduction in base pay.

Positives

- The total quantum of the CEO remuneration package does not reasonably exceed the Godfrey Remuneration Group report benchmarks.
- The quantum of board fees do not reasonably exceed the Godfrey Remuneration Group report benchmarks.
- Approximately 50% of CEO’s pay is genuinely at risk
- The short-term part of the EPP award is not released until four years after issue.
- The long-term part of the EPP award is assessed over four years.
- No retesting of performance hurdles is allowed.
- Comparator group is the ASX200.
- The long-term part of the EPP award is based on comparator groups and does not vest unless performance is >50th percentile.
- All share grants are allocated at face value

Areas for Improvement

- Overall, the document is not transparent or understandable and does not show a logical relationship between rewards and financial performance and corporate governance.
- The company provides a table of actual remuneration which has a unique interpretation of what should be in it. We would prefer a more standard approach.
- The long-term part of the EPP can pay out even if total shareholder return is negative.
- Most of the short-term part of the EPP is based on non-financial metrics, albeit some of this is required by the banking regulator APRA.
- Disclosure for performance hurdles is poor.

Conclusion on Remuneration

The new EEP is a significant improvement on past remuneration schemes which we have supported. It is not perfect but has several things we like. The remuneration report document itself however is very disappointing and is somewhat impenetrable for even experienced remuneration report analysts – it needs to be written so that a normal shareholder can properly and accurately understand the scheme.

With this in mind, we will support the remuneration report this year but would expect a clearer and more transparent document next year.

Item 4	Grant of Performance Rights to CEO Renato Mota
ASA Vote	For

Please refer to item 3.

Item 5	Increase in total fee pool for Non-Executive Directors
ASA Vote	For

The proposed increase of \$500,000 will allow the board some flexibility to increase in size, manage board succession, remain competitive and reflects the increasing scale and complexity of the operations of the company. The last total fee pool was approved in 2013 and is in the lower 50% of the Godfrey range. It should be also noted that non-executive directors receive a fixed fee of \$170,000 with no additional fees for committee work.

Item 6	Approval of change of company name to Insignia Financial Ltd
ASA Vote	For

This item is a change of the company name from IOOF Holdings to Insignia Financial Ltd which will retain the existing ASX ticker for IFL. The board decided that a name change brings all of the organizations (MLC, ANZ One Path) etc that have recently been acquired together as a new entity with one company name for the future. ASA understands this rationale and will vote undirected proxies in favour.

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

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