



2023 IAG AGM Addresses

IAG's 2023 AGM commences at 9.30am today, 11 October 2023.

Attached are the AGM addresses to be delivered by the Chair, Mr Tom Pockett, and Managing Director and CEO, Mr Nick Hawkins.

IAG advises that the CEO's address includes confirmation of the FY24 guidance on page 10 of the CEO Address (page 15 of this announcement).

The 2023 AGM will be livestreamed at meetnow.global/IAG2023.

If you experience any difficulty participating via the Computershare Online Platform or the phone line, please call the helpline number: +61 3 9415 4024.

This release has been authorised by the Group Company Secretary.

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 \$14 billion of insurance premium per annum under many leading brands, including: NRMA Insurance, RACV (under a distribution agreement with RACV), CGU, SGIO, SGIC and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). For further information, please visit www.iag.com.au.

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Chair Address to 2023 AGM

To be checked against delivery at the 2023 AGM, starting at 9.30am AEDT on 11 October 2023.

Tom Pockett
Chair, IAG

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

FY23 results

The last two years has seen a very challenging environment for Australia and New Zealand and of course, our company. This period included the highest levels of peril events in Australia and New Zealand since the NZ earthquakes in 2010 and 2011. The company dealt with over 377,000 claims related to these events over this period.

This combined with the inflationary effects of the world coming out of COVID, which has increased our costs of servicing claims. Together with higher re-insurance costs, this has led to a very challenging period for IAG and insurance companies globally.

As you will all recall, the financial year began with severe weather and floods across New South Wales leading to a high number of claims, mostly for storm damage to homes, property and vehicles.

Then New Zealand suffered the devastating impacts of the North Island floods and Cyclone Gabrielle, all within the space of three weeks in early 2023. These are the second and third largest events to ever occur in New Zealand and resulted in 50,000 claims.

We pride ourselves on our ability to support our customers at their time of need, and this was the case in these extreme events, as well as for the many other everyday claims.

The Board and I are sincerely thankful to our teams, especially our front-line teams, who managed through this complexity, and who continue to serve IAG's customers.

Our financial performance over the year was solid given these challenges.

Gross written premium grew by 10.6% to \$14.7 billion.

Net profit after tax was up almost 140% from FY22 to \$832 million. The higher net profit reflected:

- an increase in insurance profit
- improved returns on our shareholders' funds investment portfolio
- and the benefit of the post-tax \$392 million reduction in the business interruption provision this year.

Over the year, the company's total shareholder return – which comprises share price growth and dividends – was 33%.

Sound results deliver increased dividend

IAG's capital position remained strong, which enabled the Board to increase the final dividend to 9.0 cents per share, franked to 30%.

This resulted in a full year dividend of 15.0 cents per share, up 36% from FY22, and a payout ratio of 83% of net profit after tax. This was slightly above the maximum of IAG's stated dividend policy.

Management and strategy

The company's performance for FY23 reflects the focus that Nick and his leadership team continue to apply to our strategy to create a stronger and more resilient IAG. Nick will talk to the outcomes achieved for our stakeholders shortly.

As a Board, we regularly review IAG's progress against our strategic priorities to grow with our customers; build better businesses; create value through digital; and manage our risks.

I am pleased to report that – despite the operating complexity – IAG made progress towards achieving its strategy this year.

We have a sustainable focus

We have a Company-wide approach to sustainability, which connects our people to our purpose, and keeps pace with the evolving expectations of our customers, communities, and stakeholders.

Environment and climate

We focus on climate and disaster resilience because the increased frequency and severity of extreme weather events has a direct impact on our business and our customers, as we have seen recently. One of the most important roles we can play is sharing our data and expertise to help governments invest in mitigation measures that will help reduce the impact of these events.

We manage our climate-related risks and opportunities through IAG's Climate & Disaster Resilience Action Plan, which sets a target of achieving net zero emissions by 2050.

In October 2022, we revised our science-based targets for scope 1 and 2 emissions and set out a transition plan to support our work to achieve our net zero commitment. The plan sets out steps to reduce scope 1 and 2 emissions, as well as the work required to understand and measure scope 3 emissions in our supply chain, underwriting and investments.

Social

As well as protecting our customers and the community, our ESG focus extends to diversity employment targets for our people, and the way we manage our supply chain.

We have targets to have women constitute 50% of our senior management roles, and Indigenous employees to be 3% of our Australian workforce. This year's results were 45% and 1.2% respectively.

We published our third Modern Slavery Statement in December 2022, and launched Modern Slavery training modules to support its application across our business.

Governance

Management of ESG issues is governed by a Board-approved Social and Environmental Framework, which was updated this year to strengthen ESG governance.

To improve the measurement and visibility of ESG, we have introduced a 5% sustainability metric in the FY24 Group Balanced Scorecard.

This year, the Board approved a refresh of our Responsible Investment Policy. We now aim to remove from our investment portfolio companies that derive more than 10% of their revenue from fossil fuel production or extraction.

These expanded fossil fuel prohibitions were fully implemented by 30 June 2023.

We also have commitments around Responsible Underwriting to reduce our exposure to entities predominantly in the business of fossil fuel production or extraction.

As at 30 June 2023, these entities contributed only \$250,000 in gross written premium and we remain committed to phasing these out by 30 June 2024.

Board renewal and diversity

You will have seen in the annual report that we further strengthened our Board in July this year with the appointment of Wendy Thorpe as a Non-Executive Director.

Wendy provides us with additional skills in insurance and other financial services, technology, and transformational change. You will have the opportunity to hear from Wendy soon, when she speaks to the resolution on her election.

Similarly, our Directors Simon Allen and Jon Nicholson will also address the meeting, after retiring by normal rotation in accordance with our Constitution and offering themselves for re-election.

In regard to Board diversity, this year, we uplifted our Board gender diversity target to have of 40– 60% of either gender on the Board. Our previous target was to have no less than 30% of Directors of each gender.

The percentage of women on our Board currently sits at 27%, up from 20% last year. While this is good progress, we remain actively focused on recruiting more female Directors as we work to achieve our revised gender diversity target.

Remuneration

I also flag that there is a separate item on today's agenda to consider the Remuneration Report and I will talk in more detail about our remuneration practices and approach when we reach Resolution 4.

Conclusion

In closing, I thank you, our investors, for your ongoing support. Your Company continues to demonstrate a solid performance, as management simplifies the business, focuses on strategy, and successfully addresses external challenges.

I now invite Nick to describe these outcomes in more detail.

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CEO Address to 2023 AGM

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Nick Hawkins
Managing Director and CEO, IAG

Slide 1 – Title slide

Thank you, Tom and good morning, ladies and gentlemen

It's great to be here today, and to have the opportunity to talk about what our company achieved in FY23.

To begin, I also acknowledge the traditional owners of the lands on which we meet: the Gadigal people of the Eora nation, and I pay my respects to their elders past, present and emerging.

My discussion today is framed around our purpose, and the way we create value for all our stakeholders. And – of course, all of you – our shareholders.

Slide 2 – How IAG creates value – our purpose and values



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.

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We want to make your world a safer place for the 30 million people who live in Australia and New Zealand where we operate.

Slide 3 – Focused on our strategy

Focused on our strategy

Purpose		Strategy		People	
We make your world a safer place		Create a stronger, more resilient IAG		Our people are the difference: bringing our purpose to life and delivering our strategy	
Focus	Approach ¹	Ambitions ¹	Aspirational goals ¹		
Grow with our customers	Deliver outstanding personalised service when our customers need us the most	» • 1m additional direct customers	15% Insurance Margin	13-14% ROE	
Build better businesses	Focus on underwriting expertise, active portfolio management and pricing excellence	» • \$250m IIA insurance profit in FY24 • Reducing expense ratio			
Create value through digital	Create connected experiences that seamlessly assist and reward our customers as they unlock the value of our network	» • \$400m value from DIA claims and supply chain cost reductions on a run-rate basis from FY26 • Common core insurance platform for personal lines across Australia and NZ			
Manage our risks	Actively manage capital and risk in our business so we can continue to manage the risks in our customers' lives	» • Risk maturity assessed as Integrated			

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1. These ambitions and medium-term goals are subject to assumptions and dependencies, including that there are no material adverse developments in macro-economic conditions and disruptions or events beyond IAG's control. For example, natural perils events in excess of IAG's allowances. As they span a number of years, these assumptions and dependencies have a greater level of uncertainty than financial year guidance (see Appendix 1 of the FY23 Results Presentation)

We deliver on our strategy and purpose through four strategic pillars:

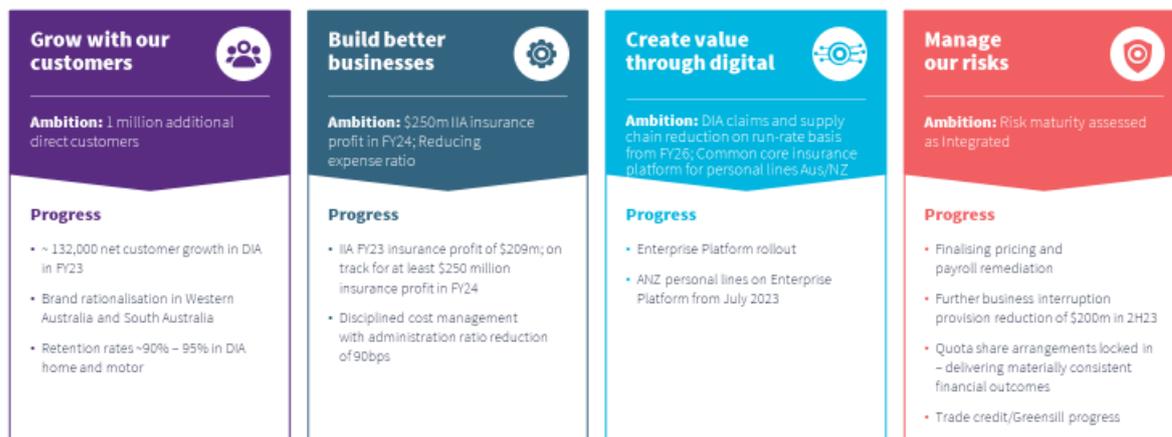
- **Grow with our customers**, with the ambition to add one million additional direct customers to our business
- **Build better businesses**, with ambitions to improve the way we run our business, and to leverage our scale to support reducing our operating expenses as a portion of our premiums
- **Create value through digital**, through delivery of technology to create better outcomes for our stakeholders and
- **Manage our risks**, with our risk maturity improved across our company.

We have goals to achieve a 15% insurance margin and 13–14% return on equity on a 'through the cycle' basis.

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Slide 4 – Progress on our strategic priorities

Strategic progress



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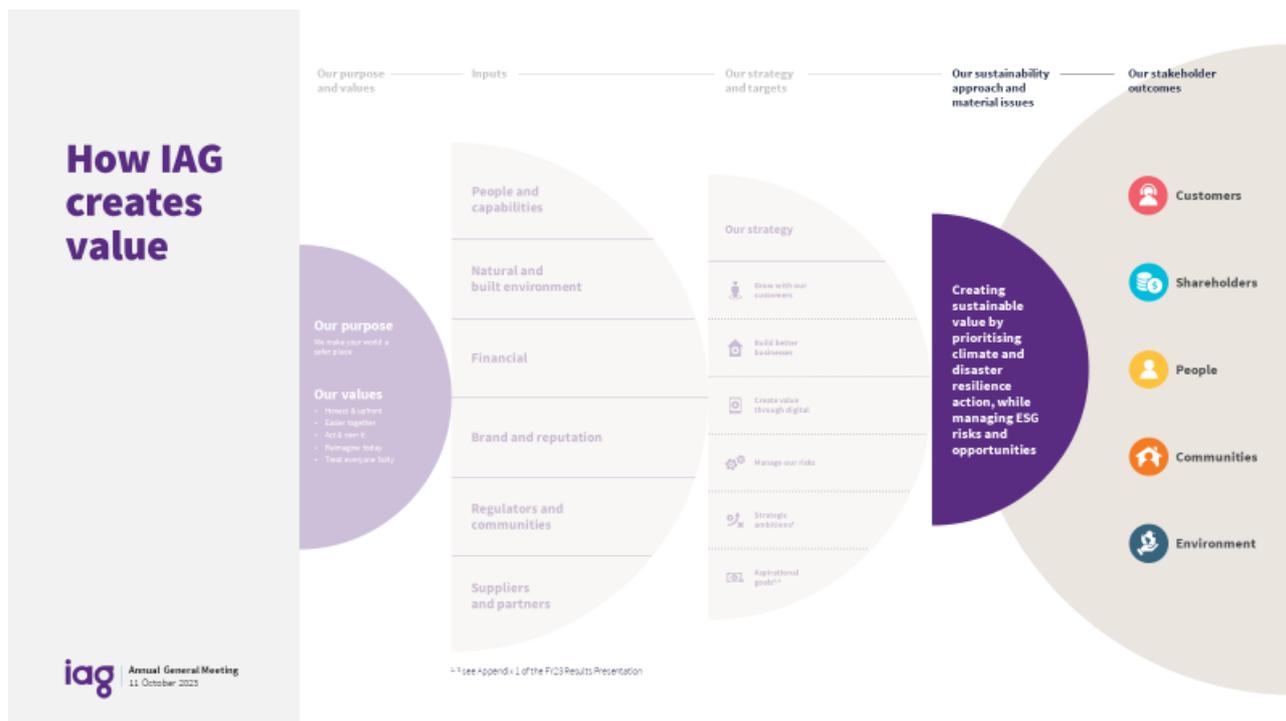
For the past three years, our focus has been on simplifying and driving performance in our core insurance business.

We continue to see progress against all four of our strategic pillars.

The highlights are captured on the slide, but I want to call out:

- we added approximately 132,000 customers in our Direct Insurance Australia business over the past 12 months. That brings to around 210,000 the number of additional direct customers we have gained since we set our ambition of one million additional direct customers;
- we have seen a material improvement in our Intermediated Insurance Australia business after we set it up as a separate division, with an experienced leadership team – we achieved \$209 million in FY23, on our way to delivering at least \$250 million in FY24;
- we have been disciplined in controlling our operating expenses, which is one way we can help limit the premium increases we are passing on to our customers;
- we are rolling out a common pricing and policy administration system for all of our personal lines products across our Australia and New Zealand businesses, moving us closer to fixing 25 years of complexity from our history of acquisitions;
- And finally, we have made significant progress around managing our risks.

Slide 5 – Our sustainability approach, material issues and stakeholder outcomes



Closing out our Value Creation Model, a critical component of how we create value is our approach to sustainability.

- Today, I will demonstrate how we have created value for our five groups of stakeholders, and I will talk to each of these separately.

Slide 6 – Outcomes for our customers

Customers

Outcomes for our customers

Making our customers' world a safer place

\$10,203 million
claims paid in FY23
(up 20% from FY22)

Customer Experience scores:

+45 Australia **+51** New Zealand

Retention rates:
~90% - 95%
in DIA home and motor

DIA home, motor and small business products simplified **from 58 to 14**

NRMA Insurance rewards program

Help Hub

- recognises customers' tenure and the number of products they hold
- incentives and offers to help promote risk reduction

NRMA Insurance online:

43% of new business **40%** of renewals

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First, customers.

Tom has already mentioned that we received over 377,000 claims as a result of extreme weather events over the past two years.

Our business exists to help people and businesses recover from the impact and cost of unexpected loss. I'm immensely proud of the way we show up for our customers when they need us the most.

Our priority is always to ensure our customers are safe and supported. That's why we offer temporary accommodation, emergency financial support and access to free and confidential counselling by a team of psychologists experienced in providing post-incident support.

We also have our 24/7 Major Event Response Team, an all-hands-on-deck approach to bring in additional people from across our company, and the ability to quickly scale-up our claims service, adding people when required.

I've seen our response first-hand. In the immediate aftermath of the South East Queensland and Northern New South Wales floods in February and March last year, I visited Lismore and the Northern Rivers region in New South Wales. I also spent time on the ground in New Zealand following the devastating Cyclone Gabrielle.

Just last week, I went back to the Northern Rivers to see how that community is faring. I was moved by the resilience I saw, even though the road to recovery continues, and there are challenges.

Our claims systems and processes have been tested during these large events. Unfortunately, some of the more complex claims are still being finalised but we are working to ensure that happens as soon as possible.

We do have a long-term focus on helping our customers and communities improve resilience and reduce risk. We want to share our knowledge and expertise so that we can reduce the impact of extreme weather events and, in turn, the costs of insurance.

That is why we are an active participant in conversations with government about mitigation solutions including building codes, land planning and planned relocation.

In that context, we welcomed the Federal Government's recent announcement of nearly \$400 million in funding for key disaster preparedness projects. These will help to protect people and communities from the impacts of severe weather and natural disasters.

IAG is also a member of the Federal Government's Hazards Insurance Partnership. This organisation is working to identify opportunities for disaster risk reduction to improve insurance affordability and availability.

One result of the year's challenging operating environment has been significantly increased premiums. However, we have remained mindful of the flow-on impacts to our customers who are already experiencing tightening household budgets.

To help counter some of the increased costs that affect premiums, we are working to improve our efficiency and increase our use of digital solutions.

For example, we have simplified the range of products we offer our customers and increased the ways they can engage with us about their policies and claims.

Expanding our Motorserve and Repairhub sites means we can get customers' cars back on the road quicker. We are also progressing our artificial intelligence motor total loss assessment across our businesses. That is reducing claims cycle times from weeks to days.

Despite the increases in premiums, we are heartened by ongoing high levels of customer retention and the growth in new customers. These are a tribute to the strength and stature of our brands and our customers' confidence in the value of what we do.

Slide 7 – Outcomes for our shareholders



Turning now to the value we have created for you, our shareholders.

The Australian and New Zealand economies have been extremely challenging this year.

As insurers:

- we had to manage the sudden emergence of inflation, immediately impacting our claims costs;
- we had a significant rise in natural perils costs as climate change compounds the impact of three years of a La Nina weather cycle;
- and we have seen substantial and sustained reduction in global reinsurance capacity, which has materially impacted pricing in the Australian and New Zealand insurance industry.

In this environment, we achieved strong results.

Our gross written premium grew by 10.6% for the year, with strong contributions from all three of our business divisions.

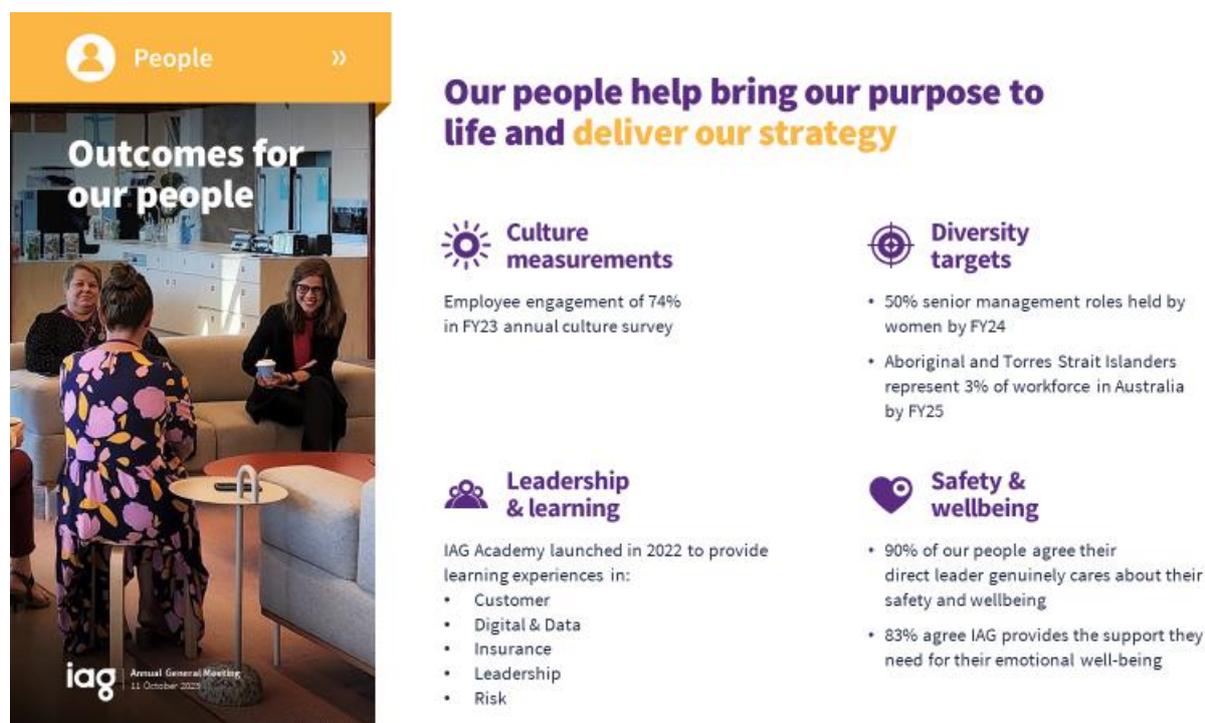
Net profit after tax was \$832 million and cash earnings increased by 112%. Both these outcomes included the benefit of releases from the business interruption provision.

Our reported insurance margin of 9.6% was impacted by the third year of a LaNina weather cycle, and the second and third largest events in New Zealand's history. The underlying insurance margin was also impacted by unexpected inflation which hit us particularly hard in the first half of the financial year.

We did achieve a significant improvement in the second half of the year, however, as we started to realise the premium increases we applied to respond to inflation and other costs, including reinsurance and our estimate of natural perils.

The final dividend of 9 cents per share brought our total FY23 dividends to 15 cents per share, a 36% increase on the previous year.

Slide 8 – Outcomes for our people



People »

Outcomes for our people

Our people help bring our purpose to life and deliver our strategy

- Culture measurements**
Employee engagement of 74% in FY23 annual culture survey
- Diversity targets**
 - 50% senior management roles held by women by FY24
 - Aboriginal and Torres Strait Islanders represent 3% of workforce in Australia by FY25
- Leadership & learning**
IAG Academy launched in 2022 to provide learning experiences in:
 - Customer
 - Digital & Data
 - Insurance
 - Leadership
 - Risk
- Safety & wellbeing**
 - 90% of our people agree their direct leader genuinely cares about their safety and wellbeing
 - 83% agree IAG provides the support they need for their emotional well-being

I'm pleased to turn to our people experience.

Our people are key to the way we help our customers.

They work tirelessly to support customers after extreme weather events, as well as during other experiences of accident or loss.

To ensure we attract and retain the best people, we are investing in technical capability, leadership development and ensuring we offer the right experience for our people.

And we continue to prioritise the safety and wellbeing of our people, including offering support when they need it.

We are building a culture that will help us stand out in today's competitive employment market.

We assess our culture through annual surveys and in-depth listening and I am very proud that our overall employee engagement score is similar to last year's, despite what has been a pretty tough year.

Slide 9 – Outcomes for our community



We help to build safer, more resilient communities

- \$10 million invested in community initiatives
- 9,290 hours volunteered by our people (up from 2,760 hours in FY22)

Resilience Day

- 1,280 trees planted
- 6,483m² bushfire fuel cleared

Target

1m Australians and New Zealanders have taken action to reduce risk from natural hazards by 2025

Wild Weather Tracker

- Australia and New Zealand
- Highlighting ongoing impact of storms, floods, bushfires and other extreme events
- Helping communities understand their risk

Partnerships



Moving now to outcomes for the community.

Climate change continues to increase the frequency and severity of extreme weather.

And we see first-hand the impact this is having on our customers and communities.

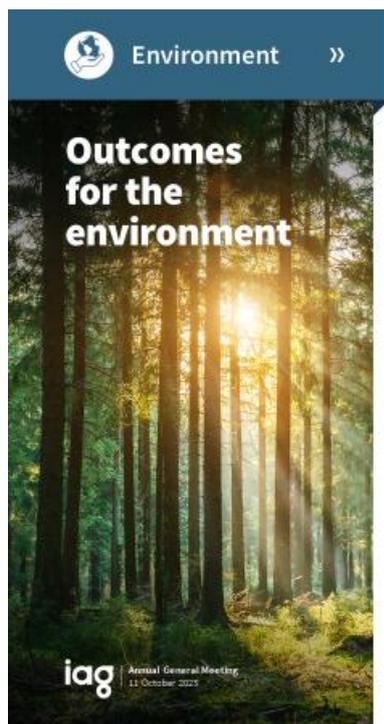
Supporting communities to be more resilient to extreme weather does help reduce the impacts that physical climate risks have on them, and on our business.

We share our claims data analysis and extreme weather insights through targeted research and initiatives such as our Wild Weather Trackers in Australia and New Zealand.

The trackers help people to understand their risk, suggest actions they can take to be better prepared, and provide access to tools and resources to help them take action.

We cannot deliver this change alone and I acknowledge the deep community partnerships we have established.

Slide 10 – Outcomes for the environment



Supporting customers and communities to transition to a Net Zero future

FY22 -24 Climate & Disaster Resilience Action Plan

- Commitment to net zero emissions in direct and indirect operations by 2050
- 15% total scope 1 and 2 emissions reduction since FY21 (baseline year for emissions reduction target)
- 100% renewable energy for IAG-operated Australian sites by FY25

Investment targets¹

- Min 25% reduction versus 2020 relevant index level baselines until 2025
- Min 50% reduction versus 2020 relevant index level baselines by 2030

 **\$238m**
invested in Green Bonds

¹ Targets to reduce the normalised scope 1 and 2 carbon footprint and carbon intensity for Australian and Global listed mandates

When it comes to the outcomes we can achieve for the environment, our particular focus is climate.

That's because changes in climate affect our customers, and our company.

Even though our businesses have managed the uncertainty of climate for more than a hundred years, climate change is driving an increase in the severity and frequency of natural disasters.

And this is happening at a level we have not seen before.

In response, we continue to invest in improving our understanding of the changing climate, and its impact.

We have our own specialist in-house natural perils team, including meteorologists as well as flood and cyclone experts and atmospheric scientists.

And we have an enterprise-wide Climate & Disaster Resilience Action Plan that responds to material risks and opportunities.

Within our businesses, we have taken steps to manage our carbon footprint and have made a commitment to achieve Net Zero emissions across our value chain by 2050.

Slide 11 – FY24 guidance

FY24 guidance¹

 **Low double digit**
GWP growth

 **13.5% to 15.5%**
reported insurance margin

Full details on IAG Guidance, Goals and Ambitions, including assumptions and dependencies, outlined on Appendix 1 of the FY23 Results Presentation

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	%	\$
FY23 Reported margin/insurance profit	9.6	803m
FY23 Underlying margin/insurance profit	12.6	1,052m
FY24 Underlying insurance margin drivers		
• Net Earned Premium growth		
• Ongoing claims inflation		
• Higher investment income		
• Increase in perils allowance to \$1,147m		
FY24 Reported margin/insurance profit	13.5 to 15.5	1,200m to 1,450m

Our confidence in the strength of our underlying business is reflected in our financial guidance for FY24.

We expect to achieve 'low double digit' gross written premium growth and our reported insurance margin guidance is in the range of 13.5 to 15.5%.

Looking at results to date this year, we are on track to deliver this guidance.

We have experienced a relatively benign start to FY24 from a natural perils perspective. To the end of September, our natural perils costs have been approximately \$120 million, which includes \$47 million in additional claims from events in FY23, primarily from the Hunter Hailstorm.

We have assumed in our forecasts that FY24 natural perils will be in line with our original forecast.

Inflationary trends continue to be elevated across our business, particularly within our Motor claims costs. This is expected to result in some prior period development in our first half result as we finalise the settlement of short-tail claims for amounts more than we expected at 30 June.

Combined with additional reinsurance reinstatement costs of around \$70 million following the New Zealand events earlier this year, it is likely that our first half underlying margin will be around the lower end of our guidance range. We expect a stronger second half as we benefit from the earn-through of pricing.

To close, we are seeing positive financial signals; we have improved our underlying performance; retention rates remain very strong; we're growing customer numbers; and we have continued to invest in our business, and in our people.

I will now hand back to Tom for the formal business of the meeting.

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