



2022 Annual General Meeting

21 October 2022

2022 IAG AGM Speeches

IAG's 2022 AGM commences at 9.30am today, 21 October 2022.

Attached are the speeches to be delivered by David Armstrong who is acting as Chairman for the AGM, and Mr Nick Hawkins, Managing Director and CEO.

The 2022 AGM will be livestreamed at meetnow.global/IAG2022.

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

This release has been authorised by the 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 \$13 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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2022 Annual General Meeting

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Chairman's address

To be checked against delivery at the 2022 AGM, starting at 9.30am AEDT on 21 October 2022.

David Armstrong
Chairman of the 2022 IAG Annual General Meeting

Good morning, ladies and gentlemen and on behalf of the Board of IAG, welcome to this year's annual general meeting.

One of the defining features of the past year is the extraordinary number of extreme weather events we have experienced, with a succession of hailstorms, thunderstorms, floods, East Coast lows and even a tornado and earthquake.

These have had a devastating effect on our customers and their communities, and our teams have worked closely with those affected to help them recover from their loss.

I take this opportunity to recognise the outstanding work of our people who bring our purpose to life in these circumstances, whether they are first on the ground after an event, or those who manage claims and guide our customers to help them get back on their feet.

FY22 results

Despite facing a number of challenges, I am pleased to report that your company performed well in the 2022 financial year:

- Gross written premium grew by almost 6% to just over \$13 billion.
- Net profit after tax was \$347 million, compared to a \$427 million loss in the previous year.
- And we have maintained a strong balance sheet.

We achieved this outcome despite having to strengthen prior period reserves, and respond to the high number of natural peril events, volatile investment markets, and a higher inflationary environment.

On 30 June 2022, our capital position was strong. Our CET1 ratio was 0.97 times the Prescribed Capital Amount. This is comfortably within our target benchmark of 0.9 to 1.1 times the Prescribed Capital Amount, and well above APRA's requirement of 0.6 times.

The strength of this capital position, along with resolution of the second COVID-19 Business Interruption test case, allows us to return up to \$350 million of capital. We announced on Monday that we will do this by way of an on-market share buy-back.

Management and strategy

Our Managing Director and Chief Executive Officer, Nick Hawkins was appointed in November 2020 and he and his Senior Leadership Team have set a strategy to create a stronger and more resilient IAG.

The strategy is supported by four strategic pillars:

- to grow with our customers;
- build better businesses;
- create value through digital;
- and manage our risks.

The Board and Senior Leadership Team were engaged actively in determining this strategy, and are fully aligned and committed to delivering it.

I will invite Nick to talk through the results and progress against strategy in more detail shortly.

Dividend

The company paid a final dividend of 5 cents per share, franked to 70%. This brought the full year dividend to 11.0 cents per share, which equates to a payout ratio of ~78% of reported Net Profit After Tax. The outcome is in line with IAG's stated policy to distribute 60-80% of cash earnings in any full financial year.

Creating sustainable value

I am pleased to report that IAG has a company-wide focus on the environmental, social and governance issues that relate to our operations.

The ESG issues we focus on underpin our approach to supporting our customers, our suppliers, our employees, and the communities in which we operate, helping us to create sustainable value.

Environment

Climate remains a critical area of focus for us, because of the direct link between changes in climate and the impact on our customers, and on our business.

We manage our response to climate change risks and opportunities through our FY22 -24 Climate & Disaster Resilience Action Plan. This includes our ambition to reach net zero across all emissions, Scopes 1, 2 and 3, by 2050, across our direct and indirect operations in keeping with the UN Paris Agreement goal to limit climate change to +1.5°C.

For Scope 1 and Scope 2 emissions, we have made good progress, with a 54% reduction against our 2018 baseline. Scope 3 emissions are much more complex and we are working through how we can develop a plan to achieve our ambition.

In addition to pursuing these targets, we continue to use our expertise and data to support governments to plan for and build more resilient communities and reduce the impact of natural disasters.

Social

- Our Social focus includes supporting vulnerable customers and we have made a considerable investment in training our frontline people to do this.
- Diversity, Equity and Inclusion is an integral part of our culture and supported by targets to:
 - increase the number of women in senior management roles to 50% by 2023;
 - support Aboriginal and Torres Strait Islander employment and suppliers; and
 - grow resilience, build cultural connection, and play a role in addressing inequalities and growing prosperity and wellbeing for Aboriginal and Torres Strait Islander people and Māori.
- Internally, we have programs and resources to maintain the safety and wellbeing of our people.
- More broadly, we published our second Modern Slavery Statement in December 2021, setting out actions we have taken to identify, assess and remediate modern slavery risks in our operations, supply chains and investments. Our statement is available on our website, and will be updated in December this year.

Our **Governance** focus includes our work to pursue responsible underwriting and responsible investment.

Responsible underwriting

Our plan is to cease insuring companies that predominantly participate in fossil fuels extraction – including oil and gas - and power generation from coal. As of 30 June 2022, our exposure to these businesses was less than \$1 million premium, or below 0.01% of our total gross written premium.

Responsible investing

Our policy is to prohibit investments in companies involved in thermal coal mining and we are reviewing our investments policy in relation to companies involved in the extraction of other fossil fuels.

I now turn to two topics that are included in the formal business of the meeting today – remuneration, and Board renewal.

Remuneration review

At the 2021 Annual General Meeting, shareholders delivered us a first 'strike' against our Remuneration Report, expressing dissatisfaction with our executive remuneration framework and outcomes, and the principles that guided our decision making.

As a Board, we reflected deeply on this feedback, and we have made changes to more closely align executive remuneration outcomes with shareholder outcomes.

FY22 remuneration outcomes

We made a number of changes in 2022 to ensure greater alignment between shareholder outcomes and executive remuneration outcomes:

- We changed our treatment of one-off items when determining incentives: Adjustments to earnings for one-off items will now only be made in limited circumstances.

- We strengthened earnings calculation principles: these were introduced to support decisions about whether to adjust the earnings measures used in determining long and short term rewards.
- We changed our Short Term Incentive funding measure: Net Profit After Tax before amortisation replaced cash earnings as the FY22 Short Term Incentive funding measure.

There will be further changes for FY23 and beyond to simplify our approach to performance measures:

- Short Term Incentive measures have been reduced from eight to six, and more closely aligned with IAG's strategy pillars, including two financial measures (underlying insurance profit and Net Profit After Tax).
- The weighting of Short Term Incentive financial measures has been strengthened from 50 – 60%
- For our Long Term Incentive, we have adopted a simple Reported Return on Equity measure which replaces our previous more complex measure.

Our 2022 Remuneration Report included enhanced and more transparent disclosures, with retrospective disclosure of the targets for short term financial measures, and greater disclosure of the approach for determining the Short Term Incentive pool.

FY22 remuneration outcomes

- The CEO's Short Term Incentive outcome was 20% of maximum, while other executives received short term incentive outcomes in the range of 17 – 22%.
- And four-year performance thresholds for the Long Term Incentive awards were not reached, resulting in nil vesting for both awards.

FY23 remuneration

- There were no increases to Executive pay awarded for FY23 as part of the August 2022 review, and no increase to Board fees.

Future remuneration framework review

- Our remuneration framework is currently under further review as we assess the appropriate changes for FY24.
- The review will consider also how ESG metrics will be incorporated into Executive incentive arrangements from FY24.

For more detail on these changes and the Remuneration outcomes, please refer to the Remuneration Report within our Annual Report.

Board renewal

As our Chairman noted in his letter to shareholders in this year's annual review and sustainability report, your company is well-served by a skilled and experienced Board.

In the last 12 months, our Board added extensive insurance and financial services knowledge and skills through the appointment of George Sartorel, Scott Pickering and myself.

As this is the first Annual General Meeting since his appointment, Scott is standing for election today. You will have an opportunity to hear from him shortly, when we reach the item of business that relates to his election.

Three other Directors – Tom Pockett, Helen Nugent and George Savvides – have retired by rotation, in keeping with our constitution. You will hear more from these Directors when we reach the items of business that relate to their re-election.

On the subject of Board renewal, we recently advised that Sheila McGregor leaves our Board at the conclusion of this meeting, after four years as a Director.

Sheila is transitioning to an expanded Partner role at law firm Gilbert + Tobin, leading the firm's Tech+ IP team. I take this opportunity to thank her for a significant contribution to IAG, and we wish her the very best in her new role.

Given our stated gender diversity target to have no fewer than 30% of Directors of each gender on the Board, we are actively focused on recruiting female Directors. We look forward to providing information about appointments at the appropriate time.

Conclusion

The underlying performance of our company remains strong, and management continues to be focused on achieving significant improvements against clear strategic targets.

This year's result is a credit to the commitment and guidance provided by Nick Hawkins and his Group Leadership Team, and to the efforts of every person working at IAG.

Thank you to my fellow Directors for their commitment, guidance, and insights, and on their behalf,

I thank all of you for your continued support.

It is now my pleasure to invite Nick to address the meeting.

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CEO's address

Nick Hawkins
Managing Director and Chief Executive Officer

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Slide 1 – Title slide

Thank you, David and good morning, ladies and gentlemen

It's great to be here with you in person for the first time in a couple of years, and to have the opportunity to talk about what our company has achieved this year.

To begin, I 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.

I thought I would frame my discussion today around the way we create value for you, our shareholders, and for our other key stakeholders.

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



We are a very purpose-driven organisation. That means we want to make your world a safer place for the 30 million people who live in Australia and New Zealand where our businesses operate, and in particular of course, for the 8.5 million people who are our customers who trust us to insure them.

Slide 3 – How IAG creates value – our strategy, targets and strategic ambitions



Importantly, behind this purpose sits our strategy, to create a stronger, more resilient IAG.

We have defined our strategy around priorities where we focus our efforts. These are:

- Growing with our customers
- Building better businesses
- Creating value through digital, and
- Managing our risks

And we have been very clear to you as our owners what delivering on these priorities will look like over the next four years. That is:

- Adding one million new customers by FY26
- Moving to 80% digital transactions by FY26
- Significantly turning around our Intermediated Insurance Australia business to achieve \$250 million insurance profit by FY24
- And creating \$400 million of value through our claims and supply chain initiatives

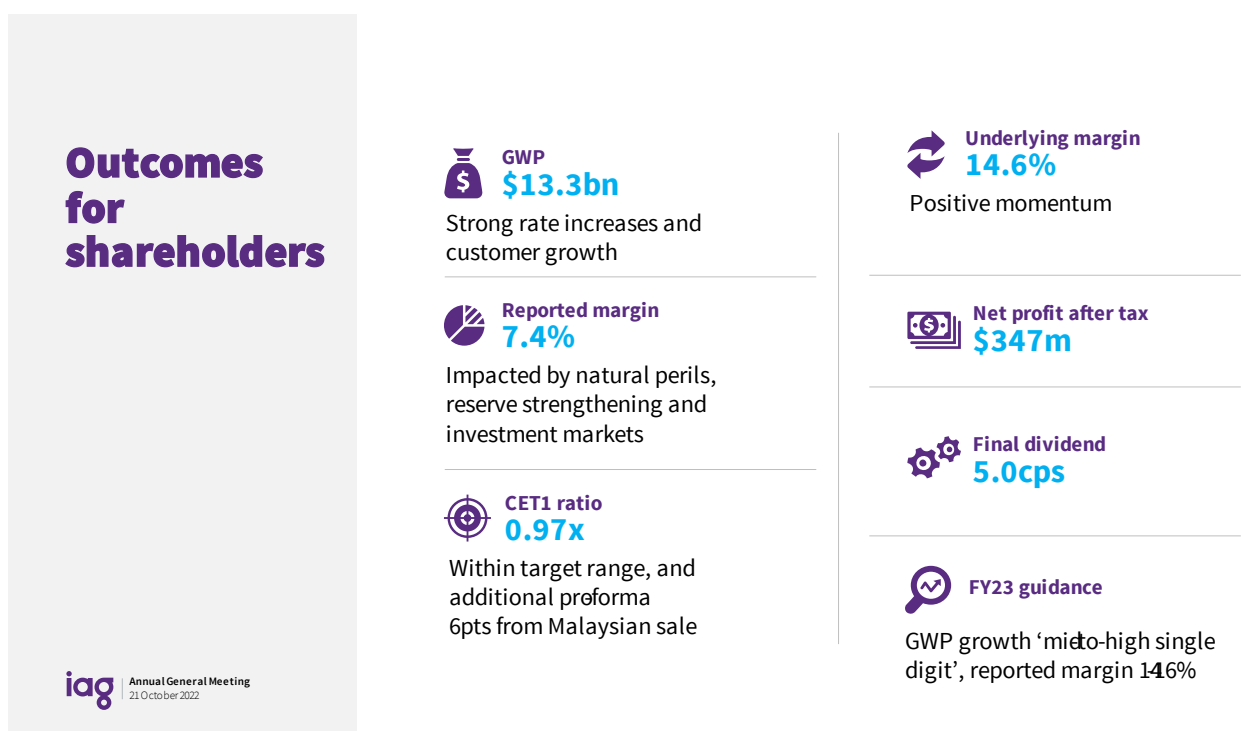
Slide 4 – Our sustainability approach, material issues and stakeholder outcomes



Integral to delivery of our purpose, strategy and priorities is our approach to sustainability and the material issues that we continue to identify and respond to.

You will see on the screen that we have identified five groups of stakeholders that we create value for, and I will talk to each of these separately.

Slide 5 – Outcomes for shareholders



Let's start with all of us – the shareholders of IAG

Our FY22 results reflect the quality of the underlying business, and the outcomes we achieved as we build a stronger, more resilient company.

In a tough environment, we delivered a strong performance and momentum that has carried into the current year.

Gross written premium grew by just under 6% to \$13.3 billion.

And our net profit after tax was \$347 million, despite us having to respond to a high number of extreme weather events, volatile investment markets, a higher inflationary environment, and the need to strengthen prior period reserves.

Our net profit included a \$200 million pre-tax release from the business interruption provision, and I will revisit that topic again when I talk to FY23 guidance.

Off the back of the net profit result, the Board declared a final dividend of five cents per share, taking our full year dividend to 11 cents per share.

Our reported insurance profit of \$586 million represented a reported insurance margin of 7.4% after net natural peril costs of \$1.1 billion. This was \$354 million above our original allowance and reflects a very difficult year for the communities that we support.

The underlying insurance margin of 14.6% better reflects the strength and performance of our business.

Slide 6 – Outcomes for our customers



Making our customers' world a safer place

- 8.5 million customers insured
- \$8,488 million claims paid in FY22
- Strategic Net Promoter Scores:
 - +29 Australia
 - +21 New Zealand
- Australian retention rates:
 - 96% in home
 - 91% in direct motor
- NRMA Insurance launched into South Australia and Western Australia
- ROLLiN' subscription-like service launched

Our customer story this year is dominated by the high number of extreme weather events we have experienced and, in that context, I want to acknowledge the hardship that our customers have endured and the efforts of our people to help them.

Across Australia and New Zealand, claim lodgements from extreme weather events in FY22 more than doubled over the prior year.

That huge increase in claims had a significant impact on our customers, on our people, and – of course – on our financial results, as I just reflected. It is a credit to the resilience and skills of our people that we continued to help our customers, which I know is a great source of pride for them.

In this environment, we have been increasing our premiums, but we are also heartened by the high retention rates, which are the strongest we have ever seen.

Away from the challenges of the weather, we took a number of steps to enhance products, strengthen partnerships and improve our customers' experience.

We launched NRMA Insurance into Western Australia and South Australia, extending the reach of one of Australia's most trusted brands.

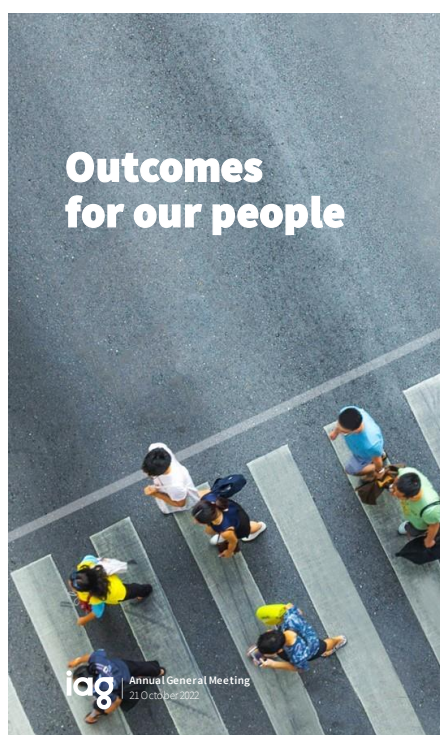
We also launched the digital ROLLiN' product to provide younger customers with a subscription-like service for motor vehicle insurance.

We continued to improve the consistency and quality of smash repairs through our motor vehicle Repairhub businesses; these allow us to return repaired cars to customers faster and provide economies of scale in our motor parts procurement.

In Australia, we are using artificial intelligence to predict whether a motor vehicle is a total loss after an accident, and customers now have access to an Online Claims Tracker for their motor vehicle claims.

In New Zealand, we have automated several processes to speed up claims for AMI and State customers.

Slide 7 – Outcomes for our people



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



Culture measurements

- Employee engagement
- Leadership agility



Leadership & Learning

- EGM and EM leadership programs
- IAG Academy



Diversity targets

- 50% senior management roles held by women by 2023
- First Nations Australians represent 3% of workforce in Australia by 2025



Safety & wellbeing

- 92% of our people agree their direct leader genuinely cares about their safety and wellbeing

Our people culture is reflected in 'The IAG Way', which sets out who we are, what we stand for and how we expect people to behave. This also supports us to attract and retain people – a critical focus given today's competitive labour market.

We regularly measure our culture through quarterly 'pulse' surveys and an annual culture survey that study two key indicators – Employee Engagement, and Leadership Agility.

We know that Diversity, Equity and Inclusion is critical to every part of our business, and has a positive impact on risk management, innovation and culture. We are focused on specific areas including gender equity, pay parity, LGBTIQ+ inclusion, workplace accessibility, flexibility, and hybrid working.

We have a target to have 50% of senior management roles occupied by women by 2023. To reach this target, we are focused on leadership development, and accelerating our approach to talent acquisition and succession planning.

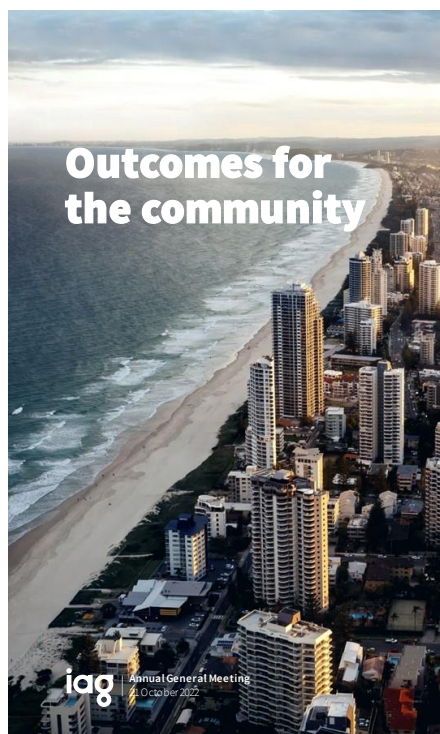
We have a commitment to increasing Aboriginal and Torres Strait Islander employment. To help us improve our performance on this measure we have a plan to:

- build talent and development pathways,
- continue to invest in cultural awareness training across IAG, and
- listen to the voice of First Nations employees

To deliver on our strategy and respond to the changing environment, we need to build our Insurance and Leadership capability and this year we continued to invest in these areas.

We also continued to prioritise the safety and wellbeing of all our people.

Slide 8 – Outcomes for the community



We help to build safer, more resilient communities

- \$15.2 million invested in community initiatives (+13% from FY21)
- 2,760 hours volunteered by our people (+16% from FY21)

Australia

- Launched 4th Reconciliation Action Plan
- Reaffirmed support for Uluru Statement from the Heart

New Zealand

- He Rautaki Māori (Māori Engagement Strategy)

September 2021

- \$2m from NRMA Insurance and RACV to the GIVIT platform for COVID-19 Relief Program

Early 2022

- Further \$1m HELP package from NRMA Insurance for NSW and SE Qld flood-affected communities

When it comes to communities, this year, we continued our work to build disaster resilience across Australia and New Zealand. We know that mitigation, land use planning and building code reform are key to keeping communities safe in natural disasters.

We are contributing to better outcomes for our communities by offering our expertise and working with governments, industry and customers to improve planning and build more resilient homes.

Our community engagement strategy includes both Aboriginal and Torres Strait Islander peoples and Māori. Our aim is to grow resilience, build cultural connection, play a role in addressing inequalities, and grow prosperity and wellbeing in Australia and New Zealand.

Slide 9 – 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
- 13% reduction in scope 1 and 2 emissions in FY22

Launched NRMA Insurance Offset Program

- Motor customers can offset their car's estimated yearly driving emissions

Moving now to the environment. As David noted, we have a particular focus on climate, because of the impact changes in climate have on our customers, and on our business.

Of course, we have a deep understanding of the impact of natural disasters and how they affect people in Australia and New Zealand.

Our businesses have been managing the uncertainty of climate for more than one hundred years and we have long played a critical role in supporting our customers and the communities they live in.

But now, global warming is driving an increase in the severity and frequency of natural disasters, at a level we have not seen before.

I want to talk briefly about how we are dealing with this challenge.

In pursuit of our purpose, we continue to invest in improving our understanding of the changing climate and its potential impact. Our investment includes our own specialist in-house natural perils team – which has meteorologists as well as flood and cyclone experts and atmospheric scientists.

As the owners of our business, you can be reassured that we are using our understanding of weather – and its impact on the risks that we underwrite – to price our products in a way that means we will continue to be here, and strong, for our 8.5 million customers.

We are also aware that some communities are especially vulnerable to the impact of the more frequent natural disasters, and to increased prices. That is why we are using our expertise to advocate for programs of work that will mitigate the financial and social impact of natural disasters on our communities. We do this by contributing to the science, and by helping communities prepare and adapt.

We also use reinsurance to help us manage the volatility created by natural disasters – think of this as insurance for insurers, a way of us reducing the amount of risk that we take on.

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

We are also developing solutions to help our customers adapt to a changing climate and transition to a Net Zero future.

From a business perspective, we are on track to meet our target to cease insuring entities predominately in the business of extracting fossil fuels – including oil and gas - and power generation from coal by the end of FY23.

And we continue to achieve our intermediate targets to reduce the normalised carbon footprint and carbon intensity of our equity portfolios.

Slide 10 – FY23 guidance



FY23 guidance

GWP

Mid-to-high single digit growth for the full year

Reported margin

14 - 16%

Reported insurance margin guidance assumes:

- Continued momentum in the underlying performance of IAG's businesses, supported by increased investment yields;
- Natural perils remain within allowance of \$909 million post quota -share (an increase of \$144 million or nearly ~19% on the FY22 allowance);
- No material prior period reserve releases or strengthening; and
- No material movement in macro -economic conditions including foreign exchange rates or investment markets .



I'll close with some comments on our guidance for FY23.

Having a more focused operating model, a leadership team with deep expertise, and a clear strategy for growth gives us confidence in the future.

Our guidance for FY23 reflects this confidence.

We are forecasting mid-to-high single digit growth in gross written premium and our reported insurance margin guidance is for a range of 14% to 16%. This is a step towards our aspirational goals to deliver a 15% to 17% insurance margin and a 12% to 13% Return on Equity over the medium term.

We are seeing a continuation of trends evident from last financial year.

Like all businesses and our customers, we continue to experience the inflation which is a key feature of the Australian and New Zealand economies.

And we have seen further natural disasters, most recently those that have occurred in New South Wales, Victoria and Tasmania over the last week. To date, we have received approximately 2,000 claims from those two states. Our thoughts are with our customers, and with our people who are managing these claims.

In response to these pressures, and in anticipation of higher reinsurance costs, we have been increasing our premiums across home, motor and our commercial insurance classes. You will see greater earn-through of that in the second half, as policies are renewed.

Encouragingly, our retention rates remain very strong.

Our FY23 result will also benefit from the pre-tax \$360 million reduction in the COVID-19 Business Interruption provision following a resolution of some of the legal issues.

Connected to this, on Monday, we announced an on-market share buy-back which will commence in early November.

Buying back shares is a common capital management tool used by many other companies in the market and also helps to make your shares more valuable.

To finish, I remain confident in the ability of our business and our people to deliver on the targets we've set.

Some of the issues we've been forced to confront have been challenging for us. We've had to re-evaluate how we run and manage our company.

We're confident those issues are behind us. We've fundamentally improved how we manage risk and I've set up my leadership team to ensure there is clear accountability going forward.

We're executing on our strategy and our business has momentum.

I'll hand back to David for the formal business of the meeting.

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