



2020 AGM transcript

Elizabeth Bryan: Good morning ladies and gentlemen and welcome to the Insurance Australia Group Limited 2020 Annual General Meeting. My name is Elizabeth Bryan and I am the Chairman of your Company.

I am looking forward to engaging with you during the course of today's virtual AGM. The Group General Counsel has informed me that a quorum is present so I declare our 2020 AGM open.

In February 2019 IAG was very proud to release its third Reconciliation Action Plan. This is IAG's commitment to Australia's First Nations people. In keeping with these commitments, we are delighted to invite Aunty Donna Ingram to officially welcome us to her land, Gadigal country. Let me introduce her as she's going to welcome us via video.

Aunty Donna was born and raised in Sydney on Gadigal land and her Aboriginal family connections are the Wiradjuri of Central West New South Wales. Aunty Donna is a cultural representative for the local Aboriginal community in Sydney. She has worked in Aboriginal affairs, government and community organisations in Sydney for the last 35 years, mostly in education.

In keeping with our COVID-19 safety plan, which limits the number of people we can have onsite with us today, we have arranged for Aunty Donna to pre-record her welcome and we will now show you the video.

Aunty Donna Ingram – Welcome to country

Good morning IAG. It is my great pleasure to be with you all again to offer to welcome to country for IAG's Annual General Meeting for 2020. We are sad we cannot come together for this event but I would like to thank IAG for including this welcome to country as part of this important meeting. We are presenting to you from the traditional land of the Gadigal who are one of 29 clans of the Eora Nation which is bordered by the Hawkesbury, the Georges and the Nepean Rivers.

I am an Aboriginal woman who currently identifies with the Wiradjuri Nation through my family connections from Cowra in Central West New South Wales. I have had the privilege to live, work and raise my four children on this land for most of my life. My family has grown and I am now a proud grandmother to Aaliyah, Elijah, Kelyla, Lakoda and Baby Jake. My wish for my grandchildren is to grow up happy and healthy in a safe and inclusive society that offers them equal opportunities in life.

I acknowledge the Gadigal, their spirits and ancestors, who will always remain with the land Mother Earth and I thank them for their ongoing custodianship of country. I pay my respects to our elders both past and present, but we must never forget the sacrifices made by our leaders to create a better future for Aboriginal people. I do this as a reminder and as a tribute to elders and those who have gone before us to fight for land rights, justice and equity for our community.

I extend my respects to Aboriginal and Torres Strait Islander people from the many clans and nations across the country who are here today. I also recognise our non-Aboriginal sisters and brothers who walk beside us to contribute to a safer society. At this point I would normally say I now offer you a warm and sincere welcome to the land of the Gadigal of the Eora Nation and wish you a safe stay on the land and safe travel from the land. I have the same wish for you all wherever you may be.

On behalf of my community and the Gadigal I wish you a productive time at this year's AGM to highlight achievements and challenges over the past year that contribute to your purpose of working collaboratively with the community to understand, reduce and avoid risk and to build resilience and preparedness with the ultimate goal of making the world a safer place. In closing, we remember that it is, was and always will be Aboriginal land. Thanks everyone. Have a great day.

Introductory comments

Elizabeth Bryan: Thank you very much Aunty Donna. I would now like to introduce the IAG Board of Directors to you and outline how they and the other attendees are participating in today's meeting. Joining me here at our Sydney Head Office is Peter Harmer, our Managing Director and Chief Executive Officer, along with those Sydney based directors who are standing for re-election at this meeting and who will be addressing you later. They are Duncan Boyle, Chairman of our Risk Committee, Jon Nicholson, Chairman of our People and Remuneration Committee and Sheila McGregor.

We also have with us Peter Horton, our Group General Counsel and Company Secretary. Also joining us on screen from his home in Auckland is Simon Allen, our New Zealand based director who is standing for election today. As you will appreciate it was not possible for Simon to be with us here in Sydney due to the COVID-19 travel restrictions, but he will also address the meeting later.

So that we maintain responsible physical distancing your other directors are also joining us online. They are Helen Nugent; Tom Pockett, Chairman of the Audit Committee; George Savvides; and Michelle Tredenick. Also attending both in person and on the phone are key members of IAG's Executive Team, the Company's lead external audit partner from KPMG, Mr Andrew Yates, and representatives of our share registry provider Computershare.

Technology and procedures

I will now outline the technology and procedural matters for the meeting. Our AGM online guide for this meeting has been lodged with the ASX and is also available on our Company website. If you are experiencing any difficulty participating via the online platform or the phone line, please call the helpline shown at the left of the screen for those who are online and in the release we lodged with the ASX earlier this morning.

If you are participating via the AGM online platform, you will see a split screen which shows an information panel on the left and a video stream and the presentation slides on the right. You can increase the size of the video and the slide panel by clicking the square icon on the top right. To exit out of the larger display to again show both visual areas, press the arrow shaped key beside that.

In case you have any difficulty viewing the presentation slides during the AGM, I confirm we lodged these on the ASX platform earlier this morning. On the online platform there are two icons. These allow you to ask a written question online and get a voting card. An additional eye icon takes you back to the home landing page which shows meeting information.

Asking questions

If you did not submit your questions prior to the AGM and would like to do so during the meeting there are two ways of doing this. First, you may type written questions into the online platform. All you need to do is click on the Q&A speech bubble icon at the top of the platform. A pop-up question screen will open. At the bottom of that screen there's a section where you type your questions. Please identify at the start which numbered item of business in the Notice of Meeting your question pertains to. Write your question and once you have finished hit the arrow symbol to send.

You may also ask questions via the phone during the meeting. The phone number is displayed on the information panel on the left side of the screen if you are participating via the online platform and on the slide on the screen now. It is also in the release we lodged with the ASX earlier this morning. Once you are on the phone call to register to ask a question, please push star one on your keypad. Practically it's easier to type your question into the online platform rather than call in via the phone, so we do encourage you to type your questions if you can.

I confirm you may start submitting written questions or joining the phone queue for questions at any time from now on. You do not need to wait until we get to that item of business. In fact, we encourage you to start now, particularly if you are submitting written questions. If you experience any difficulties please call the AGM helpline number. Although you can start submitting your questions now, we will not of course address them until we reach the relevant item of business in the meeting.

In terms of question sequence, we will address questions in the following sequence throughout the meeting. For each item of business, I will first address the written questions submitted in the online platform during the meeting and I will read these on each shareholder's behalf. I will then address any question via the phone line for that item of business. I confirm that Peter Harmer and I have endeavoured to respond to the more frequently asked shareholder questions received prior to the meeting in the addresses we will deliver shortly.

In terms of the questions we receive during the meeting, we may choose to moderate or amalgamate some of the questions together, particularly if we received multiple questions on one topic.

Finally, due to the time constraints, we may run out of time to answer all your questions. If this happens, we will contact you separately in due course, or provide a response on our website.

Voting procedures

I'd now like to briefly summarise the voting procedures which will apply to this meeting. As we have asked you to participate virtually, each resolution will be conducted by a poll. Shareholders have the option to submit a direct vote, or appoint a proxy prior to today's AGM. If you are eligible to vote, including if you wish to change a vote you cast before the meeting, you may vote through the online meeting platform, after I've declared the poll open. This will occur shortly.

All you need to do is click on the voting icon at the top of the platform. This icon is shown on the presentation screen now. When you click on this icon, a pop-up voting screen will open and set out the list of resolutions and the option for you to vote for, against, or abstain on each resolution. To cast your vote, simply select one of the options. There's no need to hit a submit or enter button, as the vote is automatically recorded.

You may do this at any time during the meeting once the poll has been opened. You can also change your vote at any point, up until the poll is declared closed.

This will occur just prior to the end of the meeting. I will give you a warning before the poll is closed. I confirm that where undirected proxies have been given in favour of the Chairman, I will vote in favour of all resolutions, other than Resolutions 9 to 10, to the extent permitted.

During the meeting, we will discuss each resolution. We will display, in the presentation slides, the number of direct and proxy votes received on each resolution prior to the meeting. Votes cast during the meeting will be counted by personnel from our Share Registries provider, Computershare, after the meeting closes. Results of the poll will be released as soon as available today on the ASX and will also be displayed on our Company website on the AGM page.

If you experience any difficulties on the online platform, the help number is displayed at the top of the webpage. Welcome to the new digital world. I now declare voting open on all items of business. The polling icon should now appear on your screens, if you're a shareholder who registered to participate in the AGM via the online platform. We invite you to start submitting your votes from this point onwards in the meeting. I will give you a warning just prior to the poll closing at the end of the meeting.

Chairman's address

Before we move to the business of this year's meeting, I'd like to take a few minutes to reflect on some of the events that have shaped the year for IAG. When I think back over the year since I last spoke to you, I reflect not only on the scale of the challenges we faced as a business, but also on the extraordinary disruption that each of us has faced in our lives, whether as consumers, investors, or employees.

In the face of this disruption, we are all working to ensure that IAG doesn't just survive but thrives in a post-pandemic world. The organisation's overriding role has been, and is, to contribute as much as we can to making the world a safer place for all of us.

Our bushfire response shows us at our best

When we met last October, Australia had already seen almost a month of bushfires, after the earliest ever start to the annual bushfire season. The black summer bushfires were devastating for all Australians. The loss of life, properties and the impact on our communities and wildlife was heartbreaking.

IAG is at its best when our customers need us most. Our networks and experience enabled us to quickly set up dedicated claim teams in regional recovery centres and provide emergency accommodation and financial assistance to our affected customers. \$920 million we are paying out for more than 20,000 bushfire-related claims is making a significant contribution to the recovery of our customers and to the communities in which they live.

It's a testament to the important role general insurance plays and the reason I'm so proud to be associated with this critical industry. However, our purpose to make your world a safer place means that we see our role extending beyond simply paying claims. Our purpose drives us to understand, reduce and avoid risk and to build resilience and preparedness.

For communities to continue to be protected by affordable insurance, we need the focus to shift from disaster recovery, to mitigating the effects of natural perils like bushfires. This requires coordination between governments, businesses and the not-for-profit sector, so communities are more engaged and the built and natural environments are more resilient.

We're already active participants in this process. We established and continue to lead the Australian Business Roundtable for Safer Communities and Disaster Resilience. We support the New South Wales State Emergency Services and the Australian Red Cross. We're engaged with all levels of government, as they develop and implement policies that protect people and communities.

Given Australia's recent bushfire season, we were especially pleased to contribute our experience and expertise to the Australian Government's Royal Commission into National Natural Disaster Arrangements, as well as the Senate Committee on Finance and Public Administration's enquiry on lessons to be learned in relation to the Australian bushfire season 2019/2020.

Supporting our people and customers through COVID-19

While the black summer bushfires were eventually extinguished, the year's other critical occurrence, the COVID-19 pandemic, continues to severely affect many of our customers and the community more widely. As with natural disasters, we continue to be guided by our purpose as we support our customers and employees during these challenging times.

To protect our people and our customers, we initially closed our kiosks and retail stores. Then we closed our offices and directed our people to work from home wherever possible. For those unable to work from home, we put in place plans to help keep them safe. By late March, over 98% of our people were working from home and the majority of them continue to do so.

We introduced a range of support measures for personal insurance customers, whose travel plans were affected by the coronavirus, or who were experiencing financial hardship. Small businesses were supported by steps, including deferred premium payments and refunds on the unused portion of premiums for cancelled policies.

The role of insurance

The pandemic has thrown into sharp relief the fundamental role of insurance in society. At its core, insurance is a pooling of the premiums of the many, to pay the claims of the few who suffer loss. Insurance acts as an economic shock absorber, when individuals or communities suffer loss. However, it is not designed, structured, or capitalised to cover such systemic risks as a pandemic.

This is where governments step in, to act as that shock absorber. We have seen our own Federal Government take on that role in a robust manner. We know that a number of organisations are struggling as a result of the pandemic and they're looking to their insurance, as well as their government, to support them.

As I have outlined, we have provided support to businesses, but we are not able to step in and respond to all the issues they face as a result of the impact of COVID-19. Specifically, while we are sympathetic to the plight of these businesses, we, and the industry as a whole, are clear that our policies do not provide cover for business interruption resulting from a pandemic. We believe that this is clearly reflected in our policy wording.

Some uncertainty over business interruption cover led the Insurance Council of Australia and the Australian Financial Complaints Authority to support a test case to resolve one of the questions COVID-19 has raised. This test case was considered by the New South Wales Court of Appeal on 2 October 2020. The Court has not yet delivered its judgement.

2020 financial year results and dividend

Responding to the extraordinary challenges we have faced this year came at a cost to the Company, but this is the business we're in. But unfortunately, there was also a cost to you, our shareholders. IAG achieved gross written premium of over \$12 billion, net profit after tax of \$435 million and cash return on equity of 4.5%.

Our cash earnings result of \$279 million was 70% lower than the prior financial year, depleted by the costs of extreme weather and the other events and by the investment market volatility associated with the COVID-19 pandemic. Our dividend policy guides us to paying out 60% to 80% of cash earnings on a full-year basis.

This year's cash earnings' result meant that there was no final 2020 financial year dividend. In fact, the top end of our 60% to 80% targeted payout range was delivered by the interim dividend of \$0.10 per share, which was paid in March.

We acknowledge some shareholders express disappointment with this decision, but we believe it's important that we adhere to our long-established dividend payout policy. This policy is designed to ensure we stay well-capitalised to deal with uncertainty. Our decision is also appropriate given regulatory guidance urging companies to exercise caution around capital distributions in the face of this ongoing uncertainty and the heightened economic risk.

Financial results impact on remuneration

Let me now turn to executive remuneration. Our approach to executive remuneration is intended to align executive pay outcomes with the interests of our customers, the community, and our shareholders. Despite the tireless efforts of our employees to meet the challenges presented this year, shareholder returns for the 2020 financial year declined materially. In response to these results, the Board determined that following the August 2020 pay review, there would be no increase in fixed pay for senior managers, including executives, and no increase in fees for Directors.

Eligible employees below the top three layers of management were provided a fixed-pay increase of 1%. Additionally, none of our employees received a payment under the Group short-term incentive plan for the 2020 financial year. The Board also made a number of downward risk-related adjustments to deferred awards for current and former senior leaders. The adjustments of approximately \$2.7 million were related to risk control failures identified and assessed during the year.

In determining future executive pay outcomes, we will continue to assess both financial and non-financial drivers of business performance. Our comprehensive risk assessment process will help ensure we deliver results in a sustainable way for all our stakeholders. We will continue to monitor the alignment of remuneration outcomes with business performance, the economic environment and the experiences of our stakeholders and we will exercise discretion where required.

We also continue to mature our remuneration governance practices. Our aim is to ensure our practices operate effectively and will readily adapt to the future regulatory context of the financial accountability regime and the APRA prudential standard CPS 511 Remuneration.

Ensuring our business succeeds well into the future

I would like now to turn to the future, to both the matters we are managing in the business and to a matter of importance that was originally put to this meeting by the Colong Foundation for Wilderness. Your Board remains strongly focused on the key issues of strategy and risk to ensure the ongoing success of our business well into the future. We are guarding and supporting management as it works to further refine a customer-focused business strategy aligned to our core insurance operations.

We are also maintaining an intense focus on risk, endorsing management's goal of achieving a fully effective risk management system at every level of the organisation. A sound understanding of risk will ensure the Company is well equipped to manage its business and benefit from the new opportunities it identifies.

Board succession

We are also committed to ensuring your Board has the combination of skills we need to continue to guide your Company. Following the retirement of our long-term Director Hugh Fletcher at last year's Annual General Meeting, we were pleased to appoint Simon Allen to the Board in November 2019 as an Independent Non-Executive Director. You will have an opportunity to learn more about Simon shortly when he speaks to the resolution that deals with his election.

Welcome to the new CEO

This year, the Board has undertaken one of the most important responsibilities of any Board, managing the succession of the CEO after Peter Harmer advised us in April of his intention to retire by the end of this year. After an extensive internal and external search process, we were delighted to appoint Nick Hawkins to succeed Peter. I'm very pleased that we have been able to appoint a new CEO from within the ranks of our current management team. At a time of significant external disruption, we see tremendous value in the stability and continuity that comes from making an internal appointment. Nick will assume the role of CEO from 2 November and the Board and I look forward to working with him in his new role and congratulate him on his appointment.

I'll take this opportunity to recognise Peter's significant contribution to our Company. On behalf of the Board, I sincerely thank him for his five years at the helm of IAG. Peter has been pivotal to the creation of a more innovative and customer focused IAG. He has taken important steps to simplify the Company while driving a culture that values digital innovation and puts the customer first. Peter leaves IAG in a strong position for future success. Thank you, Peter.

Before handing over to Peter to talk to you about the business's performance over the last year, I would like to address an important matter that was originally listed on our agenda as Resolutions 8, 9 and 10.

Flood mitigation for the Hawkesbury-Nepean Valley

As I have previously mentioned in my address, our purpose drives us to advocate for disaster risk reduction. This focus is at the heart of how we have approached an issue that is captured in the three shareholder resolutions the Colong Foundation for Wilderness asked to be put before this meeting today.

Since we issued the Notice of Meeting, we have had a number of positive conversations with representatives of the Colong Foundation and I am pleased to advise the meeting that we have been able to satisfactorily address their concerns.

As a result, they have withdrawn the resolutions that were before the meeting. In discussions with the Colong Foundation for Wilderness and others more closely involved with this debate, it has become clear that a decision to raise the height of the Warragamba Dam wall could well result in the destruction of those large areas of natural environment and also important cultural heritage sites.

At IAG, we have extensive data and we have experienced technical people who have used this data to evaluate the significant flood risk in the valley below the Warragamba Dam. In the past, we have expressed support for the raising of the wall. However, we now have additional information concerning the probable loss of significant cultural heritage sites and important natural habitats. IAG will continue to support the need for flood risk mitigation in the Hawkesbury-Nepean Valley to reduce the risk to life and property.

However, given our increasing awareness of the environmental and cultural issues, I make the commitment that we will step back from advocating for a specific solution, including the raising of the Warragamba Dam wall. Instead, we will support appropriate environmental impact studies to explore the best way to achieve safety for the residents of the Hawkesbury-Nepean Valley while recognising the issues presented by the Colong Foundation for Wilderness.

Further, we commit to exploring the appropriateness of IAG becoming a signatory to the United Nations Principle for Sustainable Insurance WWF World Heritage Sites initiative. I thank the Colong Foundation for Wilderness and the Gundungurra Traditional Owners for drawing the complexities of this issue to our attention. Our engagement with the Colong Foundation for Wilderness informed the development of the environmental and social framework approved by the Board earlier this year.

Ladies and gentlemen, thank you for your attention to my address. I now invite Peter Harmer to report to you on the details of our business performance for the 2020 financial year. I will then invite our next Managing Director and CEO Nick Hawkins to briefly address the meeting. Peter.

CEO's Presentation

Peter Harmer: Thank you, Elizabeth, and good morning ladies and gentlemen.

FY20 results

When you consider the circumstances in which our business has had to operate these last 12 months, I believe our people have delivered some commendable results. Our top-line growth was in line with the guidance we gave at the beginning of the year. However, we did experience an immensely challenging second half for the 2020 financial year where the multiple bushfires, hailstorms, floods and wild weather were followed by the COVID-19 pandemic and disruption to our people, our customers and our suppliers and the associated volatility in investment markets, all of which adversely affected our results.

In addition, we bolstered our reinsurance protection following heavy perils losses early in the calendar year, and this increased our reinsurance expense. Our underlying margin softened in the second half owing to these higher reinsurance costs, together with lower interest rates continuing to impact investment income and a poorer performance from our commercial long tail classes in Australia. At a reported insurance margin level, the difference versus pre-existing guidance was essentially down to adverse peril, reserving and credit spread effects.

The year also saw us successfully exit our investment in India realising a post-tax profit of \$326 million in the process. Unfortunately, partially offsetting that has been the customer refunds provision which we set up at the half. These issues stem from our review of pricing systems and processes as part of the implementation of our customer equity framework which is well advanced although not yet complete.

Bushfire response

When I look back over the year, I am especially proud of the way our people have risen to the challenges that we've seen, maintaining a high level of commitment to our customers through the major weather events that I've already referred to. The focus of our response to the unprecedented bushfires in particular was on helping customers and communities so they could rebuild their homes, their businesses, and their lives. We provided practical on-the-ground support for our customers, our people and for those helping affected communities.

COVID-19 – comprehensive response

This slide gives an indication of the breadth of action taken in our response to COVID-19. I don't propose to go through it in detail but we quickly set up a COVID-19 response team to coordinate our response that prioritised the health and wellbeing of our people, our customers and our business partners as well as the communities in which we operate. We had 98% of our people across Australia and New Zealand working from home at the height of the pandemic in late March and the vast majority continue to work this way.

I'm particularly proud that customer service levels held steady across the business and the resilience of our business model has shone through. This has been a comprehensive response and of course, it is ongoing. I also want to impress upon you that we are actively addressing not only the challenges but also the opportunities that this current operating environment is creating for our core insurance business.

Community support

Given the scale of crises we've seen this year, we were pleased to expend our support beyond our customers and people into the broader community. In Australia we announced a community investment of \$4 million to address family and domestic violence and mental health through the Full Stop Foundation and Lifeline. We continued to roll out our customer equity framework this year, with the establishment of our family and domestic violence policy to ensure our people are equipped to deal with customers in Australia who are experiencing family and domestic violence. The policy is a key requirement of the General Insurance Code of Practice that will be applied to our New Zealand business next financial year.

Financial Inclusion Action Plan

This year has also seen IAG make progress in a range of important, social, environmental and governance areas. We joined the Financial Inclusion Action Plan program as part of our commitment to improve the economic security of Australians by making our products and services more accessible.

Access to insurance is important, because it not only provides the financial protection to help people recover when the unexpected happens, but it provides certainty to enable people and businesses to take considered risks and this is going to be increasingly important as we all start the process of economic repair.

In putting together our plan, we considered what's important about making insurance accessible and this led us to focus on how we can better identify and support people who may experience financial exclusion due to culture, language, gender, disability or other life circumstances.

Climate Action Plan progress

This year's extreme weather events triggered broader debate and even greater community concern over climate change and its impact. We've made important contributions to climate change discussions and have supported actions for more than 15 years and this year was no exception. Last year we worked with the US National Centre for Atmospheric Research and in December, released a report calling for a national coordinated approach to combat the devastating impact of climate change. The report, *Severe Weather in a Changing Climate*, include the latest data on the state of the climate and predictions on future extreme weather events based on a range of warming global temperatures up to three degrees Celsius from pre-industrial times. It demonstrates that rising temperatures will lead to dramatic changes in the frequency and intensity of extreme weather in Australia. We released a second edition of the report last month.

Since last year's meeting, we have published two climate action plan scorecards, providing updates on our progress against the targets and the deadlines that we set.

Being a responsible business

We released our supplier code of conduct to convey our expectations of our suppliers in relation to environment, social and governance issues. IAG cares about how our suppliers manage their operations and their supplier relationships and we expect that the people and communities along our supply chain are not adversely impacted by the actions and decisions of our suppliers.

Working with our supply chain to ensure high social and environmental standards helps us build more resilience and ultimately delivers a better experience to our customers.

Our people

We had a target to have women hold 40% of senior leadership roles across our Company by 2020 and at 30 June 2020, women held 40.72% of senior management roles across IAG and constituted 58.27% of our workforce. While we are delighted with our progress and achievement this year, we recognise we have further to go and that's why we have set ourselves the target to have women hold 50% of senior leadership roles by 2023.

We're also taking a number of steps to help us grow our representation of First Nations employees. We've established an IAG First Nations employee network group to create a greater sense of belonging and inclusivity for our First Nations people. We have also committed to delivering an internal mentoring program for First Nations employees in 2021 to provide ongoing personal and professional support.

First quarter trading update

To close, I want to provide a brief update on our trading performance for the first quarter of this new financial year. Given the unprecedented uncertainty that COVID-19 and its economic repercussions are creating, when we released our full year results in August we advised that we will not be providing our traditional guidance measures for the 2021 financial year. Instead, at appropriate times, we will provide updates on how the Company is travelling performance wise. This is one of those times.

In the opening quarter, we have recorded low single digit gross written premium growth, despite incurring an adverse foreign currency translation effect from New Zealand. Our insurance profit for the quarter reflects the seasonally low incidence of natural peril events in this period, while underlying profitability has been similar to that seen in the second half of the previous financial year.

Within our underlying insurance margin, combined COVID-19 related effects have been broadly neutral during this period, with some benefit from lower motor claims frequency offset by incremental expense and provisioning impacts. We continue to retain a strong capital position, well above our targeted benchmarks.

Despite the uncertainty confronting us, including that from COVID-19, we do face the future with the confidence that we have a resilient business which is in strong financial shape and which is well equipped to rise to the challenges presented by this current environment.

As this is my final public event for IAG before I retire, I would like to take this opportunity to thank our board, my group leadership team and all those in IAG who I have had the pleasure of working with over the last five years as CEO. Insurance is a vital part of our country's economic infrastructure. By protecting assets and livelihoods, we give people and businesses the confidence to plan ahead, to work to make things better. That's why I'm incredibly proud to have served the industry for over four decades and it has been an absolute privilege to lead IAG.

I'm also incredibly proud to leave IAG with such a positive and reinforcing culture that is totally committed to our purpose of making your world a safer place. I know the future will be bright for IAG and I'll be following the Company's progress with great interest and of course supporting from the sidelines. Thank you.

Statement by incoming Managing Director and CEO, Nick Hawkins

Elizabeth Bryan: Thank you, Peter. Again, thank you on behalf of the board for your commitment to IAG.

Ladies and gentlemen, I'd now like to introduce you to IAG's next Managing Director and CEO, Nick Hawkins. I've already spoken about Nick's appointment, but I want to highlight his great passion for IAG, for our customers, for our people and for our shareholders. The board believes he's ideally suited to lead the Company through the next phase of its growth and development. Over to you, Nick.

Nick Hawkins: Thanks Elizabeth, and good morning ladies and gentlemen. It's a pleasure to have the opportunity to talk to you at this meeting today.

I feel very privileged to be given the opportunity to lead IAG and take our Company into an exciting new era. On a personal note, IAG has been a huge part of my life. I joined our Company in 2001, shortly after moving to Sydney from my hometown in Perth. Over the last 20 years, I've had a range of roles in our business, both in Australia and in New Zealand. During this time, I've witnessed the many strengths of our great organisation: the way we look after our customers, especially in their times of need; the way we look after our people; the way we contribute to the broader community; and the returns that we've provided to our shareholders.

The last 12 months have been challenging and I'm proud of the way we have managed our way through. I officially start as Chief Executive on 2 November and I'm incredibly excited to guide our Company as we address the many opportunities and challenges that lie ahead.

I commit to continuing to build a simpler, stronger and more resilient Company that will provide the products and services to customers in the ways that suit them, to meet the changing needs of our people, support the communities that we are part of and of course for our shareholders, I look forward to delivering the results you deserve for the support you provide us.

I'm excited about the future of our Company. Together we have an opportunity to continue the work to make the world a safer place for the more than 30 million Australian and New Zealanders that we look after. It will be my great pleasure to share our progress with you. Thank you, Chair.

Business of the meeting

Elizabeth Bryan: We will now turn to the formal items of business for this meeting. The AGM Access Notice, which officially convened this year's virtual meeting, along with the Notice of Meeting and the other AGM documents, was sent to shareholders, lodged with the ASX and posted to our Company's website. Further to the comments I made in my address and as notified to the ASX yesterday, the three resolutions which were requisitioned by shareholders, were withdrawn from the agenda yesterday and will not be discussed or considered in the meeting. There are now eight items of business before the Company's AGM this morning and these will be set out in the Notice of Meeting and the Addendum to the Notice of Meeting.

The seven resolutions to be voted on are supported by your board. The only items of business which we will deal with at today's AGM are those that are specified in the Notice of Meeting. On 28 September 2020, we released an addendum to the original Notice of Meeting proposing a new Resolution 11, dealing with the remuneration of the incoming CEO and Managing Director, Nick Hawkins. As Resolution 11 relates to remuneration, we will deal with this item immediately after Resolution 1, which relates to adoption of the Remuneration Report. The meeting will then continue to consider Resolutions 2 to 7 in that order.

Item 1: Receipt of the financial statements

Ladies and gentlemen, we will now move to the formal items of business for this meeting. The first item of business is to consider and receive the financial report and the reports of the directors and of the external auditor for the year ended 30 June 2020. There is no vote on this item. A copy of these statements and reports was published in the 2020 annual report and sent to those shareholders who requested copies. Shareholders have also had the opportunity to view the statements and reports on the Company's website.

The purpose of this item is to provide an opportunity of shareholders to ask questions and make comments about the Company's performance, operations and management. All questions to the auditor should, in the first instance, be addressed to me as Chairman and if appropriate, I will ask Andrew Yates, or our management team, to address the meeting. For those who may want to say something on remuneration, please bear in mind that we have a separate item of business on the Remuneration Report.

I now invite comments or questions on the financial statements and reports. Shareholders who have not already done so should enter their questions in the online platform as shown on the screen now. If you're following the meeting using the conference call, please press star/one to register to ask a question. I will now deal with written questions that have been submitted online, after which I will move to questions on the phone.

The first question that has come up on the screen in front of me is from Mr Bryce York. Let me tell you that a number of shareholders have asked a similar question to the question from Mr York that I'm going to read now.

Bryce York (shareholder): The RBA governor has called on corporate Australia to provide wage increases to workers to help kick-start the economy. Does the IAG Board believe entering into a three-year agreement and only guaranteeing to spend an additional 1% on wages each year, is the mark of a good corporate citizen?

Elizabeth Bryan: Thank you, Mr York, for that question and thanks others of you who have provided similar questions. It is very important as Australians that we do manage to kickstart our economy. We have a current negotiation with our employees on the three-year agreement, which we believe is important for our organisation and it's very important for our employees.

But we also believe that the arrangements that we're seeking to put in place are arrangements that are important for our Company, important for the future stability of employment in our Company and are important to the way we operate our business. This is a matter Peter - that Peter is much more familiar with than I am, so I'm going to ask him to respond to Mr York and to other stakeholders who have asked a similar question to this one. Peter.

Peter Harmer: Thank you, Elizabeth and again, thank you, Mr York, for your question. I think our Chairman has pretty well covered the response but what I might add is that in the enterprise agreement negotiations with the Financial Services Union, we have proposed a minimum performance increase of 1% for the first two years and 1.5% for the third year.

I think the point I'd like to make is that it is a minimum performance increase and clearly, if the Company is in a position to consider more - and that would - and if that is appropriate at the time, then I think the management team would be only too delighted to in fact pay more.

But, of course, as our Chairman has said, ensuring that we balance the interests of all stakeholders and maintain a stable, resilient Company, capable of offering continued employment to as many people as possible, is critical. But thank you for your question.

Elizabeth Bryan: Thank you, Peter. I have another question on the screen in front of me and this is also a question where we have had a number of shareholders ask similar types of questions and I'm going to deal with the way in which Mrs Rosalind Townsend has presented this question.

Rosalind Townsend (shareholder): The Royal Commission into the finance industry was scathing about conflicted remuneration. Is the IAG Board aware that IAG walked away from a deal with their union and workforce to remove conflicted payment from their enterprise agreement and instead, has put to workers, a final offer where pay increases are reliant on meeting targets including sales targets?

Elizabeth Bryan: Again, this is a question in a similar vein about the negotiations that are currently going on. I thank Mrs Townsend for the way she has formatted that and again, Peter, I would appreciate it if you could address the details of the question.

Peter Harmer: Thank you, Elizabeth and again, thank you, Mrs Townsend. I guess I'd make a couple of points. Firstly, what we have sought to negotiate in the agreement is a pay increase over the next three years that is a minimum performance increase and so yes, we are looking to ensure that our employees achieve a minimum level of performance in order to receive that increase.

In relation to your comment about conflicted pay, I'd make a couple of comments. Firstly, our remuneration policy is very clear on ensuring that we remove all elements of conflicted pay and, in fact, we have ensured that our remuneration policy reflects the recommendations of the Cedric Review which was also quite scathing on those arrangements where employees were paid - were potentially conflicted in providing best outcomes to customers.

So we're very, very focused on ensuring that our remuneration arrangements work around employees but they also ensure that we do the right thing for our customers as well. Thank you.

Elizabeth Bryan: Thanks, Peter. Again, I have another question on the screen in front of me and again, it reflects questions that have come from more than one shareholder. This question has been framed by Mrs Michelle Williams and let me read it to you.

Michelle Williams (shareholder): IAG staff have delivered through bushfires, floods and now a global pandemic and have helped to keep the Company profitable. The Company has publicly acknowledged how hard staff have worked through this crisis. An offer of 1% is an insult, especially after agreeing to a higher offer before renegeing on this. Why aren't the staff contributions worthy of a fairer increase?

Elizabeth Bryan: Again, thank you, Mrs Williams and this is part, again, of the ongoing negotiations we had over the three-year agreement. Let me, before I hand this one again back to Peter, to reaffirm what Mrs Williams says.

We have had extraordinary service from our staff during this last difficult year. Their response to our customers during the agony that many of our customers went through during the bushfires was superb and we're extremely proud of how they managed to operate.

Similarly through the floods and also we've had the cooperation of our staff through this pandemic in keeping the work of the Company going. So we're very proud of our staff and we're very grateful for our staff.

We do, however, think that the way we're conducting this current negotiation is an appropriate one and Peter, if you could deal with the specifics of the question for me?

Peter Harmer: Thanks, Elizabeth and Mrs Williams, you're correct on a number of points. Firstly, just to re-state our Chairman's comments, our staff have worked incredibly hard. Not just through the last 12 months but for many, many years and support that we give our customer during their time of need is one of the reasons why the brands we have around the country are so powerful and so well respected.

I would say, though, that as I said before, our offer is a minimum performance increase and if they economic circumstances permit us to consider higher wage increases, then of course that would only be to the delight of management.

What we are seeking to negotiate is something that we think is prudent in the current uncertain environment in which we operate and it allows us to maintain employment levels as best we can.

So I do regret that there are clearly a number of staff who are somewhat disappointed by our current offer but I would ask you just to consider that it is a minimum performance increase. There may be more there if the economic circumstances permit and this, we think, is a responsible way of balancing the needs of all stakeholders. Thank you for your question.

Elizabeth Bryan: Thanks, Peter. The next question I have in front of me is from Mr Pablo Brait.

Pablo Brait (shareholder): The 2020 climate-related disclosures that IAG put out a couple of months ago shows that both the carbon footprint and exposure to higher risk companies in IAG's equity portfolio has been falling for the last three years.

The relevant targets in this invest responsibly section of the disclosure, however, don't specify any measurable milestones and only contain ambiguous language around implementing climate-related risk management measures.

So what's stopping IAG's investment portfolio carbon footprint and exposure to higher risk companies from going back up? Is it IAG's intention to see these exposures continue to fall until what point?

Elizabeth Bryan: Thank you, Mr Brait, for that question and I'm pleased that you have been able to notice the very severe reduction that we've had in our equity portfolio to carbon - to a carbon footprint and to the higher risk companies. It's been a very important and strong policy in the company and, from memory, I think we've reduced our exposure down to 0.1% of our portfolio.

It's part of the ongoing in-built management of our investment portfolio to both diversify away from these higher risk companies and to support appropriate climate-related risk-management measures. This will be a continuing, ongoing policy of IAG's. It's monitored by the IAG management. It's monitored by the IAG Board and it's reported publicly. I think that those influences are a very strong way to prevent your concern that these exposures don't go back upwards. You have our undertaking that we're - we look at this very closely and very often. Thank you.

The next question that's come up for me is from Mrs Natasha Michelle Lee.

Natasha Michelle Lee (shareholder): On page 112, other income of \$441 million is listed, up from \$111 million last year. What items made up this item?

Elizabeth Bryan: I can see out of the corner of my eye, my CEO, Peter, reaching for his accounts. Peter, are you able to respond to that?

Peter Harmer: I'm thinking - I'm looking at our CFO. That would be easier.

Elizabeth Bryan: This one is getting flicked down to people whose job it is to be across these details. Peter and I don't have the details in front of us at the moment. Nick Hawkins, who spoke to you earlier, has been and, up until very recently, our longstanding CFO and I'm going to see if I can get him to come up to the podium to answer that level of detail.

Nick Hawkins: Thank you, Chair and good morning again. So the movement there, I think, is the talking about from \$111 million in 2019 to \$441 million in 2020. The main movement there was the sale of our business in India that goes through that line. So that the sale of our joint venture interest in State Bank of India, which was the general insurance business. Thank you, Chair.

Elizabeth Bryan: Okay, thank you very much, Nick. So I think that was a big movement and it was from the very successful sale of our business in India.

The next question in front of me is from the Australian Shareholders' Association.

Australian Shareholders' Association (shareholder): Last financial year, gross written premiums grew by 1.1%, with most of the growth being achieved through premium increases.

As the Australian and New Zealand insurance markets appear to have limited opportunity for further organic growth, how will future growth be achieved?

Thank you very much for that question. Peter, I think that's an ideal one for you.

Peter Harmer: Thank you, Elizabeth. Look, again thank you for the question. I might start by just unpacking the 1.1% growth in GDP we achieved last year. In our premium direct brands of RACV and NRMA, with RACV we had good growth in both home and motor, and in NRMA we had good growth in motor. Offsetting that was some contraction in our commercial business, specifically CGU here in Australia. That contraction was driven by our decision to stand aside from under-priced business or business where we felt that it didn't meet our risk appetite.

In terms of the future, the insurance market in Australia and New Zealand, typically, over a very long period of time, has grown between 1% and 2% in excess of GDP. So our primary objective in terms of growth is to ensure that we can grow at system. That has averaged, over a very long period of time, somewhere between 3% and 5%. As we look forward, of course, that's a little uncertain as we're in a COVID-19 world. But looking longer term, we'd expect to be able to grow at least at system. I'm sure Mr Hawkins will be delighted to report back on future growth at this time next year.

Elizabeth Bryan: Thank you, Peter. I have another question in front of me, which I'll read to you. It's from Mr Darren Raymond Walker.

Darren Raymond Walker (shareholder): With the transformation of IAG over the past six years, many skilled and experienced people left IAG due to redundancy. Some of these people have applied for new positions with IAG in recent years, roles for which these people often have unique skills and experience directly matching the role, yet they do not even receive the courtesy of being advanced to an interview stage. When seeking feedback on whether their application needed to be improved, the courtesy of a response is not being afforded.

What is the policy of IAG towards job applications from former long-serving staff members? How can shareholders have confidence that the best person for a particular role is being appointed when there seems to be a bias against giving consideration to reemploying past staff members whose development and skills IAG has made significant investment are seemingly not being given fair consideration?

Elizabeth Bryan: Mr Walker, thank you very much for that question and for raising it with us. As we've said earlier, at IAG we really do value our people. We value their ability to serve our customers in a way and at times that are very important to our customers. I'm certainly very sorry to hear if you or any of your colleagues feel that their applications have not been appropriately responded to and it's a matter that we'll certainly have a look into.

Let me say that our processes for employing and for handling job applications are ones that have served the organisation well over a number of years, and have been developed to make sure that when we bring on people they are appropriately skilled for the roles that they're needed for. Roles in all organisations these days are changing, as organisations have to adapt and change to the new digital and service environments that we live in.

But let me refer this matter to our people who deal with it. We have your contact details and perhaps someone might be able to talk to you about the concerns that you have.

I have another question in front of me from Ms Gillian Margaret King.

Gillian Margaret King (shareholder): Thank you for highlighting the costs of natural disasters. These are increasing and will continue to escalate as the frequency and intensity of natural disasters increase due to our changing climate. This is affecting insurance companies, people who aren't insured and governments. It's affecting our dividends and Board members' remuneration, as the Chair outlined.

Is IAG supporting calls for a dedicated, independently-administered national climate disaster fund to meet the escalating costs of natural disasters and to reduce the cost burden of natural disaster response and recovery to Australian households, businesses and taxpayers? If so, how? If not, why?

Elizabeth Bryan: Thank you, Ms King, that's a very thoughtful and it's a very important question. IAG has been working very closely with all issues that are being considered by governments and by local councils. Peter Harmer has been involved representing us in most of these discussions. So I'm going to ask him to respond to the details of your question.

Peter Harmer: Thank you, Elizabeth. Thank you for your question, Ms King. It is an incredibly important issue. So important, in fact, that back in 2012 we formed the Australian Business Roundtable for Disaster Resilience and Safer Communities, the ABR, which I still Chair and IAG will Chair under Mr Hawkins.

We have submitted five white papers now, outlining the case for governments at all levels to invest in disaster mitigation. Our view is that simply leaving it to funding recovery creates an awful lot of pain, not only on the economy, but for our customers, consumers generally across Australia. So we have also worked with the Federal Treasury, starting in about December of last year, on looking at what a cyclone insurance pool might look like for far north Queensland.

It is a very complex subject. But we are firmly of the view that investing more in disaster mitigation protects communities and will relieve the pressure that the increasing frequency and severity of natural peril events is putting on insurance premium. It's a very important question, thank you.

Elizabeth Bryan: Thank you, Peter. I have a follow-on question from Ms King.

Gillian Margaret King (shareholder): Further to Mr Brait's question, on page 25 of the financial year climate-related disclosure report it shows normalised carbon footprint of IAG's listed equity portfolio given in tonnes of CO2 equivalent per US-dollar million invested. What is the normalised carbon footprint? Secondly, why is the reduction slowing, with little reduction in the last financial year?

Elizabeth Bryan: So again I'm going to hope that Peter can deal with that definition for me. Let me hazard a guess at the second question, which is why is the reduction slowing. We're down to very, very small investment levels. As you get very close to a low number, it's very hard to make a big change in reduction. So I expect that that's behind the observation that you're making in the second question.

Peter, I've given you a few minutes to think. Can you define, for both Ms King, Mr Braite and me, the definition of normalised carbon footprint?

Peter Harmer: Unfortunately, Elizabeth, my concern is that any answer I give on defining normalised carbon footprint may well be misleading. I would suggest that we have one of our sustainability people actually respond directly to Ms King.

Elizabeth Bryan: Okay, Ms King, we'll come back to you with that definition. It would be wrong for Peter and I to give you one that's not accurate, but thank you for the question. The next question I have in front of me is Ms Tiffany Nancy Toff.

Tiffany Nancy Toff (shareholder): As a staff member, policyholder and shareholder, what are you doing to protect and inspire us? You have shipped jobs offshore, where the entire experience is flawed and problematic. You can't have realistic case management when consultants don't have the time to properly manage situations on a daily basis, let alone during peak periods or catastrophes. Trying to remove the STI from the EA so you don't have to pay it. Additionally, STIs which are impossible to reach in full.

There is an impossible stretch target to reach. Ridiculously low pay rises. You are insulting to the staff who have stood by you. Pay for existing staff is barely noticeable in difference compared to new starters. Only a company like this would we then be told we are lucky to have a job. It would have been better to be made redundant than listen to this dribble. What are you now going to do to protect my share prices after you have retired?

Elizabeth Bryan: Ms Toff, thank you for that question. I'm very sorry to hear that you're feeling the way you are. We certainly will have someone contact you and try and talk through this issue with you.

Inspiration, for many of us who work with IAG, comes from the jobs we do, from the way that we're able to help people who are in real trouble and who really need the services that we provide. We also believe that the remuneration structure that we have throughout the organisation is fair to our executives and to all our staff members, that we pay good market rates to all our people, and that we have a very positive working environment. So we hope that that both protects and inspires most of our people.

This EA that we're negotiating, clearly, is a topic for a number of questions that are coming to me this morning. Again, let me refer the details of your question to Peter. I think he has covered a number of the matters before. But they're important matters, so let me ask him to go over them again.

Peter Harmer: Thank you, Elizabeth. Ms Toff, it is, as our Chair has said, distressing to understand how you're feeling right now. I do hope that when we make contact later today that we're able to talk through these issues in more detail with you.

Maybe if I can just pick up on a couple of the things that you've raised. Certainly, you are correct, over the last number of years, through our operational partnering program, we have offshored some roles to India and the Philippines. Of course, as COVID-19 hit, the pandemic itself raised some risks in that model, and we have now returned quite a number of jobs - in fact, I think it's just over 500 roles - to Australia. Many of those roles will be permanently here, in Australia, and also in New Zealand.

In relation to the enterprise agreement, originally we did seek to eliminate reference to the STI. Not because we were concerned about paying it. Simply because, as we had experienced this year already, there may be financial circumstances when we're unable to pay a short-term incentive or to pay a bonus. On representation from the union, we've reincluded reference to the STI.

A bonus shouldn't be something that is guaranteed, nor should it be expected to pay in full. It is a bonus which is designed to reward superior performance. I think it's really important that we continue to have that sort of mindset towards our bonus. I think probably that's where I would leave it, Elizabeth.

Elizabeth Bryan: All right. So thank you, Peter. I have up on front of the screen another question from Ms Toff. Let me read it to you.

Tiffany Nancy Toff (shareholder): She says, how about a 5% pay rise just to raise basic wages to where they should already be, regardless of performance or pay rise or bonus?

Elizabeth Bryan: I think, Ms Toff, that Peter and I have probably already dealt with that issue. So again I hope you can speak with one of our representatives later on. Ms Toff, you have put another question up on front of us covering much the same matters. So I'm not going to read that and I think we'll just move on.

That comes to the end of our written questions. I'm now going to move to taking questions over the phone. So if we have any, we'll get the operator to put them through.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up your handset to ask your question. We ask that the shareholders limit their questions to one per turn. If you have further questions, you can re-join the queue. Your first question comes from Mr Nathan Parkins. Please go ahead.

Nathan Parkins (shareholder): Hi, Elizabeth, and thank you for the questions. Uncertainty around business interruption insurance outcomes is undoubtedly having a negative effect on the share price today. Could the Board please talk to specific actions or analysis that the Board has undertaken to mitigate the risks for shareholders in light of the upcoming legal cases around business interruption insurance outcomes, please?

Elizabeth Bryan: Okay, thank you very much for that, Mr Parkins. I addressed our views on business interruption when I spoke to you earlier on in the meeting. It is an issue that we're very alert to. As I said in that meeting, insuring for pandemic is not something that the insurance industry in Australia or IAG undertake and it's not something that we're set up.

However, as you correctly refer to, there is a legal case. There is probably not much more I can say to you until the results of that legal case come forward. We will then be able to interpret the results and we'll make a statement to the market and provide the information that's required on the basis of that decision.

Operator: Thank you. There are no further questions from this phone at this time.

Elizabeth Bryan: All right, so thank you, all, for your comments and your questions in relation to our financial statements and reports and the business of the organisation. I confirm that the financial report and the reports of the directors and of the external auditor for the year ended 30 June 2020 are now received. Thank you for your comments and questions in relation to the financial statements and the reports.

Before we move on to the items of business that are subject to a shareholder vote, let me remind you that we will conduct a poll for each resolution. Once the polls have been closed and the votes compiled, a report on the final results will be announced to the ASX and will be made available on IAG's website.

I have received a report of the results of the direct and proxy voting instructions received for each item of business and I have accepted the recommended results. The direct votes and proxy votes that we have already received will be displayed on the screen as we deal with each resolution.

Resolution 1: Remuneration report

The first resolution at this year's AGM is to consider the Company's Remuneration Report for the financial year ended 30 June 2020. The Remuneration Report is set out on pages 24 to 46 of the Company's 2020 annual report, and provides disclosures relating to director and executive remuneration.

I now invite comments or questions on the Remuneration Report. Shareholders who have not already done so, should enter their questions on the online platform, as shown on the screen below. If you're following the meeting using the conference call, please press star 1 to register to ask a question.

I will now deal with written questions that have been submitted online, after which I'll move to questions on the phone. The first question that I have in front of me is from Anupama Pilboro.

Anupama Pilboro (shareholder): Were there any payments made under long-term incentive plans to Executives?

Elizabeth Bryan: Yes, there were. The long-term incentive plans are a rolling plan and they have either three or four-year restrictions on their payments. As those years roll by, then the plans that are due for that particular period are paid out. I confirm that there were payments made this year.

I'm advised that we have no more online questions and that we're now going to proceed to questions on the phone. So, I'll hand over to the operator.

Operator: Thank you. Your next question comes from Tudoran Maruka. Please go ahead.

Tudoran Maruka (shareholder): Yes, I purchased shares. I have three policies. The policies are with my house, my contents and my car insurance. I pay it monthly, but I get charged \$10 for each policy. I'm on a pension at the moment and it's \$360 a year. I find that very hard to deal with.

Elizabeth Bryan: Okay. Mr Maruka, I'm very sorry to hear that. Now, if we were in a non-COVID environment and having a meeting where we were all in the same room, we would have staff who would be able to meet up with you and talk you through those issues and help solve whatever problems you might have.

Unfortunately, we're having a virtual meeting. So, if you would leave a contact number with the operator, IAG would be very pleased to have one of their staff, who are specialists in this area, contact you and see if there's any way we can help manage this issue.

Operator: Thank you. There are no further questions from the phones at this time.

Elizabeth Bryan: Okay. So, that concludes the discussion of Resolution 1. The direct votes and proxies received in respect of this resolution are now shown on the presentation slide on your screen. I would like to remind shareholders who have not yet cast their votes on the resolution to do so now. Voting on this and all other items is open.

Resolution 11: Allocation of Executive performance rights to the incoming CEO and Managing Director

The next item of business relates to the allocation of Executive performance rights, or EPRs, to the incoming CEO and Managing Director, Nick Hawkins, under the long-term incentive plan.

A detailed explanation of the proposed award is set out in the addendum to the Notice of Meeting. There is a detailed explanation of the deferred award rights and Executive performance rights in the Notice of Meeting.

The purpose of these awards is to align Mr Hawkins' remuneration with shareholders' interests. The deferred award rights are granted as part of the annual short-term incentive plan. They are rights over shares, which vest to Mr Hawkins over a two-year period. The Executive performance rights are granted as a long-term incentive.

These share rights may vest between three and four years after they are granted and then only if performance hurdles, which are closely aligned with value creation for shareholders, are achieved. If the performance hurdles are not achieved, these rights will lapse. The Board recommends that you vote in favour of this resolution. I now invite discussion on this resolution.

I have a screen in front of me. I've invited discussions on the resolution. Is there any discussion? So, I'm advised that there are no online questions and there are no telephone questions. So, that concludes the discussion of Resolution 11. The direct votes and proxies received in respect of this resolution are now shown on the presentation slide on your screen.

After I close the polls, at the end of the meeting, votes cast today will be added to those votes and proxies and the final result will be lodged with the ASX later this afternoon. I would like to remind shareholders who have not yet cast their votes on the resolution to do so now. Voting on this and all other items is open. We will now move on to the next item of business.

Resolution 2: Election of Simon Allen

The next item of business is the election and re-election of Board-endorsed Directors, Simon Allen, Duncan Boyle, Sheila McGregor and Jon Nicholson. A separate resolution will be put for each Director.

For the Company to meet the requirements of ASX listing rules and the Company's constitution, one Director who has been appointed to the Board since the last annual general meeting is offering himself for election and three Directors are retiring at this meeting by rotation and are offering themselves for re-election.

I shall firstly deal with Resolution 2, the proposed election of Simon Allen, who was appointed to the Board subsequent to the last annual general meeting. The Board, other than Simon, due to his conflict of interest, recommends that you vote in favour of Simon's election to the Board. Before turning to questions, I invite Simon, remotely from the screen on his home in New Zealand, to say a few words in relation to his election. Simon.

Simon Allen: Thank you, Elizabeth. Good morning to you, our shareholders. It is my honour to be sitting here for you today, albeit virtually from my home here in Auckland, for election to the Board of IAG. I've been on the IAG Board for nearly a year now and have been a member of the Risk Committee, People and Remuneration Committee and Nominations Committee during that time.

I've also been the Chairman of the IAG New Zealand Boards since November 2019 and have served on these Boards as a Director since late 2015. I believe my New Zealand directorships provide important Board-level oversight and connection by the IAG Board to our New Zealand operations, which represents just over 20% of IAG business.

In joining these IAG Boards, I was attracted by your Board and Management's resolute commitment to IAG's purpose, which is to make the world a safer place.

In my tenure here at IAG, I've seen firsthand the way in which the whole organisation mobilises to bring this purpose to life for our customers and their communities, evidenced by our disaster response to the Australian bushfires earlier this year and our response to the New Zealand earthquakes some years ago. I am honoured to serve on this Board.

My corporate career of over 35 years in New Zealand and Australian capital markets mean that I'm able to meaningfully contribute to IAG's operations in both of these jurisdictions. I started out as a banking and finance analyst in Sydney in 1984.

Many of my roles during my career have been inaugural, calling on me to bring both my strategic and governance acumen to bear in founding organisations. This included founding the investment arm of Barclays Bank in New Zealand, BZW, which was later acquired by ABN AMRO. I was Chief Executive of this business in New Zealand for 21 years.

I believe this executive experience positions me well to understand the strategy and operations required by IAG to successfully run a complex financial services organisation in a sustainable way. I have also been fortunate that I've had a governance career in parallel to my executive profession since my early 30s'.

Our legislative and regulatory markets in Australia and New Zealand are complex and rigorous. This is important to ensure the integrity of our financial markets and, in particular, they are operating fairly and efficiently for customers.

I believe that my background and experience, including as inaugural Chair of NZX Limited and of the Financial Markets Authority in New Zealand, positions me well to oversee IAG's legislative and regulatory affairs and our governance. I believe my participation in the Risk Committee is of value in this regard.

In addition to IAG, my other commitment is as Chairman of Refining New Zealand. I am also currently a Trustee of the New Zealand Antarctic Heritage Trust. I assure you I have the time to fully carry out my responsibilities at IAG.

In concluding, I believe my extensive financial services and governance expertise, along with my appreciation of the duties of listed Directors, enable me to contribute significantly to the IAG Board. I assure you that I'm fully committed to working to create sustainable long-term value for you, our shareholders. Thank you for your support.

Elizabeth Bryan: Thank you, Simon. I now invite comments or questions on Resolution 2, the election of Simon Allen. Shareholders who have not already done so, should enter their questions on the online platform, as shown on the screen now. If you're following the meeting using a conference call, please press star 1 to register to ask a question.

The screen shows me that I have no questions, so we will move on. Without any questions, that concludes Resolution 2. The direct votes and proxies received in respect of this resolution are now shown on the presentation slide on your screen. After the close of polls at the end of the meeting, votes cast today will be added to those votes and proxies and the final result will be lodged with the ASX later this afternoon.

I'd like to remind shareholders who have not yet cast their votes on the resolution to do so now. Voting on this and all other items is open. We will now move on to the next item of business.

Resolution 3: Re-election of Duncan Boyle

I now turn to the resolution that Duncan Boyle be re-elected as a Director. Duncan is retiring from the Board under the Company's constitution and being eligible, offers himself for re-election. The Board, other than Duncan, due to his conflict of interest, recommends that you vote in favour of Duncan's re-election to the Board. Before turning to questions, I invite Duncan to say a few words in respect of his re-election. Duncan.

Duncan Boyle: I am pleased to submit myself to shareholders for re-election this year. My career has spanned 48 years in the insurance industry, principally with RSA in the UK, Europe and Australasia. I ended my executive career as CEO of RSA UK, at the time the second-largest UK general insurer.

I currently Chair TAL, the largest Australian life insurer, wholly owned by Dai-ichi. I believe my extensive insurance expertise, along with my appreciation for the strategic and fiduciary responsibilities that come with being a Director of a listed company, enable me to contribute significantly to the IAG Board.

My focus on your Board has been on Chairing the Risk Committee for the last two years to help uplift the risk capability in the business. This will help ensure that we are managing our risks to ensure we have a sustainable business over the long term that provides value for all our stakeholders.

I also have a keen interest in the claims and underwriting functions. In particular I believe the claims function is paramount in providing excellent customer outcomes and delivering good cost control.

These are challenging times for all companies and I am committed to spend whatever time is needed to support IAG into the future. Thank you.

Elizabeth Bryan: Thank you Duncan. I now invite comments or questions on Resolution 3, the re-election of Duncan Boyle. Shareholders who have not already done so should enter their questions on the online platform as shown on the screen and if you're following the meeting using conference call please press star one to register a question.

I have a question. No, we've moved - I have a question in front of me that refers to the previous matter - we have moved on from that matter so let me take questions on the resolution for Duncan's re-election. I am advised that there are no further questions either online or on the phone so that concludes the discussion of this resolution and the results are on the screen.

Resolution 4: Re-election of Sheila McGregor

Thank you. So that brings us to Resolution 4. This resolution is in respect of Sheila McGregor. Sheila is retiring from the Board under the Company's constitution and being eligible offers herself for re-election. The Board, other than Sheila due to her conflict of interest, recommends that you vote in favour of Sheila's re-election to the Board. Before I invite questions, I will ask Sheila to also say a few words on her re-election. Sheila.

Sheila McGregor: Thank you Chairman and thank you shareholders very much for the opportunity to address you today and to ask for your support for my re-election to the Board. I am currently on the Board Audit, Nomination and Risk Committees and today I thought I would mention two areas of Board discussion that are of particular focus for me.

The first one is regulatory affairs. It's common knowledge that since the Royal Commission regulators are much more active in our industry, both from a prudential perspective involving APRA and from a consumer perspective involving ASIC, the ACCC and the Privacy Office. With my legal background I play an active role on the Board and the Risk Committee in maintaining the Company's focus on these very important issues.

Secondly, as many of you will know, IAG has a densification focus and much of this is technology driven. I have an extensive background in digital and data in the financial services industry having worked with large corporates on the development and execution of their technology strategies. The insights I have gained from that work have helped in Board discussions as we deal with a range of digital and data challenges and opportunities.

I also have a continuing role at law firm Gilbert and Tobin with a flexible part time commitment there. That commitment is reducing over time. My activities outside IAG haven't and won't interfere with my obligations as a director of IAG. Like all of you, I am a shareholder and like many of you, a loyal IAG customer. I do look forward to your ongoing support and thank you very much.

Elizabeth Bryan: Thank you Sheila. I now invite comments on Resolution 4, the re-election of Sheila. I have one comment in front of me from the Australian Shareholders' Association. Let me read that for you. The Australian Shareholders Association would normally support the re-election of Sheila. However, we have concerns over her workload. She is a partner of Gilbert and Tobin, as well as being a director of a non-listed company, two not-for-profit organisations and Chair of an independent girl's school in Sydney.

Will the Chairman allow Sheila to respond to this question? What is the time commitment each month for IAG? Also, what are the monthly time commitments of other organisations? So Australian Shareholders' Association, thank you for that question and I will allow Sheila to respond to it, but before Sheila does let me just make this one comment.

As I opened this meeting saying that it was a difficult year, a difficult year means that the Board has been very busy this year. We have had a number of matters that we have had to deal with. We have had a number of special meetings and we have also been through a long process in the selection of a new CEO. This has all put a lot of extra work on all directors of the Board.

If I might just say that Sheila has always been available for all of these meetings. She always comes to the meetings extremely well prepared and across great many details, as you would expect from the good lawyer that she is but Sheila is always both there and extremely well prepared and extremely well read of her documents.

But with that beginning, Sheila, perhaps you would like to address the concerns of the Australian Shareholders' Association?

Sheila McGregor: Thanks, Chairman, for those words and thanks to the ASA for your question. As I mentioned earlier, my other commitments haven't and won't interfere with my obligations as an IAG Director.

If I can answer your question in reverse order, my Gilbert + Tobin time commitment is decreasing as I said and is now at about a day a week on average and that's flexible.

Since I joined the IAG Board, I resigned from the Gilbert + Tobin Board and its Remuneration Committee and have also stood down from a senior management role at Gilbert + Tobin, so that frees up lots of time.

As far as my other Boards are concerned, one of them meets about four times a year for a couple of hours and others meet about six to eight times a year and have a much, much larger load than the IAG Board.

As far as the time commitment to IAG is concerned, you asked about could I estimate that time? That's difficult to do because it varies month to month, depending on the time of year. So, for example, it's busier before results announcements.

As the Chairman said, this year has been particularly busy for IAG given that we have done search process for a new CEO and also because of the impacts of COVID-19, which all of us have had to deal with. So as I look back on the year, I have had no problem at all committing to the necessary time to preparing and participating in both scheduled and unscheduled meetings. So I do hope that answers the question and thank you for that question.

Elizabeth Bryan: Thank you very much, Sheila. I have no further questions on the screen or on the phone so that concludes discussion of Resolution 4. The direct votes and proxies received in respect of this resolution are now shown on presentation slide on your screen.

After the close of the polls at the end of the meeting, votes cast today will be added to these votes and proxies and the final results will be lodged with the ASX later this afternoon.

Again, I'd like to remind shareholders who have not yet cast their votes on the resolution, to do so now. Voting on this matter and all other items is open. We will now move to the next item of business.

Resolution 5: Re-election of Jon Nicholson

The next resolution is in respect of Jon Nicholson. Jon is retiring from the Board under the Company's constitution and being eligible, officers himself for re-election. The Board, other than Jon due to his conflict of interest, recommends that you vote in favour of Jon's re-election to the Board.

Before turning to questions, I now invite Jon to say a few words in respect of his resolution - his re-election.

Jon Nicholson: Thank you, Chairman and thank you, ladies and gentlemen, for the opportunity to talk to you today. My name is Jon Nicholson and it's an honour and a privilege to seek your support by re-election to the Board.

Over the last two years, since I last stood for re-election, my particular focus on the Board has been culture and remuneration as Chair of the People and Remuneration Committee and on Risk as a member of the Risk Committee.

Over that time, the Remuneration Committee has overseen significant improvements in our remuneration processes and frameworks and the risk committee, Chaired by Duncan Boyle, have led an important upgrade of the risk capabilities of the Company.

Outside of these specific committee roles and the general governance work of the Board, I have given additional support to management in its very successful work to divest most of our Asian portfolio positions and in its work to develop options for growth.

Before joining the IAG Board, I enjoyed a long career in financial services including as the chief strategy officer of Westpac Banking Corporation and as the leader of the Asian Pacific financial services practice of the Boston Consulting Group.

I bring to the Board the deep knowledge of financial services and experience of working with a number of leading insurers and banks across our region.

Outside of IAG, I have commenced as a director to the Westpac Scholar's Trust, to an Indigenous Cape York Partnership and to QuintessenceLabs, a science-based company developing quantum encryption. None of these conflict with, nor do they intrude upon, my obligations to IAG.

Ladies and gentlemen, it is a privilege to be a member of this Board. I remain committed to working diligently for the continued success of the Company and to ensure that it is governed and managed to high standards. I am also, as many of you are, a long-standing customer. I ask you and thank you for your support. Thank you, ladies and gentlemen.

Elizabeth Bryan: Thank you, Jon. I'm now going to invite comments on Resolution 5, which is the re-election of Jon Nicholson. I'm also going to try and deal with a technical issue, we have - we've been getting late questions, not because our shareholders are coming in late but because there's a broadcast lag.

So I have in front of me, a question from Ms Gillian Margaret King that refers to Simon Allen. So Jon, I'm going to put you on hold for a minute while I deal with this.

Ms King has said, would I please allow more time for written questions because I announced that no questions were allowed after a question was submitted late and she - Ms King is questioning the late because of the broadcast lag. So let me try and amend that.

We're always very pleased to try and answer all questions that we get from our shareholders in this meeting. So Ms King's question on Simon Allen is this.

Gillian Margaret King (shareholder): You are a director of one other company, the New Zealand Refining Company Limited. How can you be on the Board of one company that is both causing damage to our climate and another, IAG, that is dealing with and trying to mitigate that damage and its consequence?

Elizabeth Bryan: I will refer to Simon if he can hear through the technology and across the oceans and give him a chance to answer that but I might just say to Ms King, that we are in a transition, we hope, from one form of energy to another form of energy and the transition has to be handled carefully and responsibly - responsibly, to allow us all to go on living our lives and to work with the transition.

So Simon's job on the New Zealand Refining Company is to ensure that fuel is provided to New Zealand and to all the citizens of New Zealand who drive their cars. It's an essential service that is required for the New Zealand economy. So I think perhaps I'm raising some questions about your assertion that you can't do both these things at once. I think that we have to because it is a transition that we're all trying to bring about.

I certainly acknowledge and appreciate the energy and the effort that Ms King is putting into trying to make this transition happen as quickly as possible. We don't dispute that but nevertheless, it is a transition.

Simon, can I hand over to you now? I hope I've given you a few minutes to think about this question and given you some context in which to answer it.

Simon Allen: Thank you, Elizabeth and thank you, Ms King, for the question. It is a live question for anyone involved in the economy of New Zealand.

The first thing I say about Refining New Zealand is that it is deemed by the New Zealand people through the government as an essential service operator in New Zealand and it is a toll operator. Its clients are the suppliers of petrol, diesel and jet fuel to New Zealand. They supply the crude oil and we toll operate it.

It is a company, if you follow its recent history, that has announced a series of changes and strategic reviews of what it's doing but as I said and as Elizabeth eluded to, it does remain an essential service to New Zealand.

My role as Chair is to make sure that it operates in the most efficient way. It has a strong history of environmental responsibility in what it does but it is in an industry which is subject to quite a lot of change. Like - and so in that respect, I am quite satisfied to carry on operating across what I see as a non-competitive situation or non-conflict situation with two different companies.

I've also had an interest in the environment and heritage, hence I am a trustee of the Antarctic Heritage Trust of New Zealand, which maintains and operates the historic explorers' huts in Antarctica. Thank you.

Elizabeth Bryan: Thank you, very much, Simon and Jon, apologies for interrupting your re-election resolution. I'm advised if one can believe the technology in front of me that there are no further questions on Jon's re-election and I have the preliminary voting results in front of me, which I hope that you also have on your screens. If this is correct, that completes the discussion on Resolution 5 and I won't read the normal details to you because I've read them several times already and we'll move on to Resolution 6.

Resolution 6: Adoption of a new constitution

Resolution 6 brings us to the special business of this year's AGM. It seeks the approval of the adoption of a new constitution, which is signed by me as Chairman of the meeting for the purposes of identification as the constitution of the Company in place of the current constitution, with effect from the close of the meeting.

The Company's current constitution was last amended in 2007 at our AGM then. As there have been a number of developments in law, corporal governance principles in general, corporate and commercial practice for ASX listed companies, as well as technological developments since that time, it's proposed that the Company adopt a new constitution.

There is a detailed explanation of the proposed new constitution in the notice of meeting. The Board recommends the adoption of the new constitution that reflects current market practice and terminology. I now invite discussion on this resolution.

I'm advised that we have no questions either written or coming in on the phone or delayed by our broadcast lag, I hope and if that is all true, then that concludes the discussion of this resolution and the results to this resolution are on the screen in front of me and I hope they're on the screen in front of you.

Resolution 7: Takeover provisions

We can now move to Resolution 7 that seeks approval that with the effect from the close of the meeting, proportional takeover provisions be inserted into the constitution of the Company as new Article 6, as set out in the new constitution that is signed by me as the Chairman of the meeting for the purposes of identification under Resolution 6.

There is a detailed explanation of the proposed new constitution, excluding Article 6, in the notice of meeting. I now invite discussion on this resolution.

Again, subject to the technologies and the lags, I'm advised that there are no further questions and that we can conclude discussion of Resolution 7. Again, the resulting results are on the screen in front of me and I hope on the screens in front of you.

Resolutions 7, 8 and 9 – withdrawn

As I said earlier, Resolutions 8 to 10 have been withdrawn and will not be addressed. However, in the interest of good governance and transparency, we will now show the proxy position for each of the resolutions as at the close of voting.

So the preliminary results of Resolution 9 are on the screens. The preliminary results of Resolution 10 are on the screen.

And on the screen, we're now dealing with the closing and counting of polls.

I now declare the polls closed and as I indicated earlier, the final results of the polls will be provided to the ASX today and will be placed on the Company's website and made available at the Company's registered office.

Thank you all for your patience in working through this virtual AGM and thank you all for all of your support this year. It's not been an easy one for most of us. Your Company has served its purpose and been able to provide practical help to many people in their times of need. I thank you for your attention, for your questions, for your interests and I very much look forward to talking with you again next year. Thank you.

About IAG

IAG is the parent company of a general insurance group (the Group) with controlled operations in Australia and New Zealand. The Group's businesses underwrite over \$12 billion of premium per annum, selling insurance under many leading brands, including: NRMA Insurance, CGU, SGIO, SGIC, Swann Insurance and WFI (Australia); and NZI, State, AMI and Lumley (New Zealand). IAG also has an interest in a general insurance joint venture in Malaysia. For further information, please visit www.iag.com.au.

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