



Customers

OVERVIEW

Helping customers manage risk supports our purpose, to make your world a safer place

8.5m

Customers insured

+53 AU

Heartbeat¹ score
(+53 FY21)

+52 NZ

Heartbeat¹ score
(+43 FY21)

6.6m

(1 in 4)
Cars insured

2.7m

(1 in 4)
Homes insured

¹ The Heartbeat score is an internal measure of customer advocacy based on experiences customers have had with us. We obtain this information via surveys of our personal and business insurance customers who have had a recent interaction with IAG, either by telephone, visiting a branch or agency, or by having lodged or settled a claim. The Heartbeat figures as at June 2022 were calculated on a 12-month rolling average.

This year, our customers were affected by several extreme weather events, including torrential rain, floods, an earthquake, and hailstorms. These events resulted in over 124,000 claims.

Responding to natural disasters

We acknowledge the hardship our customers have experienced this year and continue to work to assist them. Our approach is to be first on the ground to ensure our customers have what they require to get their lives back on track. We have dedicated claims support teams, assessors and builders to conduct emergency repairs. In Australia, we offered SMS Disaster Response Communication to help customers lodge claims faster and receive immediate assistance.

Improving the customer experience

This year, our businesses continued to enhance products, strengthen partnerships and improve customer experience. We launched NRMA Insurance into Western Australia and South Australia, extending the reach of one of Australia's most trusted brands. We also launched the digital ROLLiN' product to provide younger customers in their 20s and 30s with a subscription-like offering for motor insurance.

NRMA Insurance created a Customer Loyalty Program, via the NRMA Insurance app. Customers can access their policies, and get Priority Assistance telephone support for faster quotes and new policies for motor, home and compulsory third party. There are also discounts and offers such as car servicing and parts discounts from MotorServe, as well as \$100 off Property Safe services. In New Zealand, our AMI and State brands launched apps that enable customers to access their policies, including getting quotes for new cover and lodging claims. In June, 24% of claims were lodged online.

We continued to grow our online services. NRMA Insurance now conducts ~39% of new business sales and renewals online. Our intermediated business improved the customer experience by simplifying digital broker and partner platforms. A digital workflow management solution was implemented within CGU to simplify ways of working, uplift productivity and enable efficiencies. In New Zealand, digital sales contributed to ~34% of direct new business in FY22.

In Australia, to satisfy ASIC's Product Design & Distribution Obligations, and ensure our products meet our customers' needs, we have launched Target Market Determinations for all retail

insurance products; established new product monitoring systems and processes to better analyse claims, complaints and sales insights; and published policies on how IAG develops and distributes retail insurance products.

Delivering consistent, quality repairs

We also continued to improve the consistency and quality of repairs through Repairhub. In Australia, this is a majority-owned joint venture with RACV and two repair partners. Reduced repair times means cars are returned to customers earlier, while we are also seeing economies of scale in motor parts procurement.

Other Australian motor vehicle assessment developments include the use of artificial intelligence to predict whether a motor vehicle is a total loss after an accident. Once a vehicle has been assessed, customers can settle claims online in only a few hours. In FY22, 24,000 customers made use of this service.

To help Australian customers who want to replace their total loss vehicles, we use Carbar's car-trading and subscription platform to source cars. This process has improved efficiency, and the customer experience.

In New Zealand, our AMI and State brands now offer a private motor auto-verification process to speed up the claims approval process. Eligible motor claims are automatically accepted, excesses automatically calculated, and the acceptance letter automatically emailed to customers.

New Zealand opened its fourth Repairhub in Te Rapa this year. This fully-owned business continues to provide an industry-leading customer experience and is venturing into new technologies including 3D printing and robotics to speed up repair times and reduce costs. In March 2022, our New Zealand business acquired First Rescue, a nationwide network of over 500 providers and assessors offering 24/7 roadside assistance, accident towing, and vehicle assessments. The acquisition supports our strategy to launch additional adjacencies that deliver world-class experiences for our customers and partners along the value chain.

In Australia, customers can use an Online Claims Tracker to monitor repair progress, book an inspection, pay an excess and upload documents directly to their Motor Vehicle claim. More than 170,000 customers have accessed this service since its launch in May 2022. New Zealand customers have their claims managed by an end-to-end team and can log claims online and in the app.

OVERVIEW

A responsible business
creating sustained
return on investments

5.7%

Gross written premium growth

\$586m

Insurance profit

14.6%

Underlying insurance margin¹

622,124

Shareholders as at 30 June 2022

IAG's FY22 performance was characterised by high natural perils expenses, volatile investment markets and reserve strengthening following adverse experience in our commercial liability portfolio.

This year's underlying results reflect the positive momentum we have achieved as we build a stronger, more resilient IAG. Despite challenges in the external environment, our businesses performed well and delivered strong gross written premium growth of 5.7%, to \$13,317 million.

Delivering solid underlying performance

Results for FY22 included:

- Gross written premium growth of 5.7% (FY21: 3.8%), consistent with guidance of mid-single digit growth
- Reported insurance profit of \$586 million, representing a margin of 7.4% (FY21: 13.5%), below the guidance range of 10% to 12%, reflecting:
 - Net natural peril costs of \$1,119 million, \$354 million above the original allowance of \$765 million, consistent with the expectation of 'approximately \$1.1 billion' as announced on 9 March 2022
 - Prior period reserve strengthening of \$172 million
 - Negative credit spread impacts of \$45 million
- An underlying insurance margin¹ in the second half of FY22 of 14.1% (2H21:13.5%)
- A pre-tax net corporate expense benefit of \$200 million (FY21: \$1,510 million loss) reflecting a reduction in the business interruption provision
- A loss on shareholders' funds of \$105 million
- Net profit after tax of \$347 million (FY21: \$427 million loss) including:
 - Strengthening of prior period reserves by \$135 million in the second half (FY22: \$172 million), driven by the commercial liability portfolio. This reflects inflationary impacts on claims settlement costs and above allowance prior year claims, which are now assumed to continue into later years
 - A \$200 million pre-tax release from the business interruption provision
 - Strong momentum in underlying¹ business performance which provides confidence in the outlook for FY23

Direct Insurance Australia grew gross written premium by 4.6% to \$6,036 million through a combination of higher premium rates and an increase in policy numbers. The business also recorded improved retention rates across motor and home insurance in every Australian state.

Intermediated Insurance Australia reported a 6.0% increase in premium to \$4,289 million, with strong underlying premium growth, and solid retention levels.

Our New Zealand business grew gross written premium by 7.7%, to \$2,991 million. The local currency result was up 7.0% to \$3,193m. This result reflected strong growth from the Business division, solid growth in the direct brands, and modest growth across the bank partner distribution channels.

Adjusting our business interruption provision

The appeal judgment in the second business interruption test case was handed down on the 21st of February 2022, and is currently subject to applications for special leave to appeal to the High Court of Australia. On 4 August 2022, the High Court informed the parties that it will hear oral arguments on the applications for special leave. The High Court also indicated that the oral hearings will not be listed before October 2022 at the earliest.

Consistent with our February 2022 update that a release of the business interruption provision was likely to be recognised over time, IAG has reduced the provision to \$975 million at 30 June 2022. The reduction follows a review of the actuarial model supporting the provision, considering the number and nature of the claims received since the second test case; and an analysis of the scope of the judgment and its application.

This provision continues to include a significant risk margin, reflecting the uncertainty of the potential legal outcomes and subsequent claims that may arise following that decision.

Capital and dividend

IAG continued to maintain a solid capital position as at 30 June 2022. The Board has declared a final dividend of 5.0 cents per share, to be paid on 22 September 2022 to shareholders who are registered at 19 August 2022.

¹ IAG defines its underlying insurance margin as the reported insurance margin adjusted for net natural peril claims costs less the related allowance; prior period reserve releases or strengthening; and credit spread movements.

People

OVERVIEW

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

77%

(up 4% from FY21 Annual Culture Survey) Employee Engagement score

LGBTIQ+ Inclusion

AWEI Bronze Status and Strengthening Practice across all sections of the Rainbow Tick Certification in NZ

Level 4

FlexCareers certification

92%

of our people strongly agreed that their direct leader genuinely cares about their safety and wellbeing

44%

Women in Senior Management (up from 43% in FY21)

1.3%

Aboriginal and Torres Strait Islander employment (down from 1.5% in FY21)

IAG's culture is reflected in 'The IAG Way', which gives us a clear focus on who we are, what we stand for and how we need to behave. It also supports us in our talent attraction and retention strategies, which remain a focus given the competitive labour market conditions.

Strengthening our culture

IAG has made progress on strengthening our culture. We measure culture through quarterly 'pulse' surveys and an annual culture survey. These surveys measure two key indicators – Employee Engagement & Leadership Agility. As at 30 June 2022, our Employee Engagement score¹ was 77% (up from 73% in our FY21 Annual Culture Survey), with Leadership Agility remaining high at 88%.

Our highest scoring areas included: flexible working practices, supportive team culture, and quality of leadership. Opportunities identified are around employees feeling more confident to speak up and better managing the impact of organisational change.

In the last 12 months we have strengthened our approach to listening and responding to the voice of our people, by introducing onboarding surveys which have informed our Enterprise Culture Action plan.

We are building a culture of appreciation through our Enterprise Recognition Program - Shout Outs | He toa takatini. Since the program's launch in 2020, over 200,000 "Acts of Appreciation" have been generated acknowledging our people's contribution to performance and for living our values.

Detailed information about our measures and the results we achieved are set out in the remuneration report on pages 29 – 53 of the Annual Report 2022.

Fostering a diverse and inclusive workplace

Diversity, Inclusion and Belonging is critical to every part of our business and has a positive impact on risk management, innovation and culture. Our refreshed Diversity, Inclusion and Belonging Strategy focuses on:

- Increasing the diversity of our workforce by improving the representation of specific groups.
- Promoting a culture of inclusion.
- Building connection and celebrating difference.

To deliver on this strategy, we are focused on various forms of Diversity, Inclusion and Belonging, including: gender equity and pay parity, Aboriginal and Torres Strait Islander employment, LGBTIQ+ inclusion, workplace accessibility, employees with caring responsibilities, and flexibility and hybrid working.

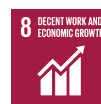
We have a variety of Employee Network Groups that support our strategy by bringing together people who aim to create a more inclusive workplace.

Gender equity and pay parity

In FY22, the share of senior management roles occupied by women was 44% (from 43% in FY21). We recognise there is more work to be done to reach our target of 50% by FY23. We define Senior Management roles as our Group Executive, Executive General Managers and people who report directly to them. More broadly, women constitute 60% of our total workforce. Our focus remains on leadership development and the acceleration of our talent and succession approach.

In 2022, we received external recognition acknowledging our progress on gender equality, ranking 21st in the [Equileap Gender Equality Global Report and Ranking 2022](#).

We continue to focus on gender pay parity across IAG. We do this through regular 'like for like' role analysis as well as analysis of average pay differences across the company, responding where exceptions are identified. Our analysis during FY22 did not highlight any "like for like" gender pay issues.



	Australia		New Zealand	
Male to female annual salary ratio (average) (\$)	FY22	FY21	FY22	FY21
General Employees	1.10	1.10	1.14	1.22
Manager / Senior Specialist	1.07	1.08	1.02	1.12
Senior Manager	1.02	1.03	0.97	1.03
Heads Of / General Manager	1.08	1.09	1.18	1.06

¹ Full year reporting on Employee Engagement and Leadership Agility is based on the average of four scores throughout the year obtained from our quarterly pulse surveys and annual culture survey.

Further information on IAG's gender diversity is available in IAG's Workplace Gender Equality report available at www.iag.com.au/careers.

Aboriginal and Torres Strait Islander employment

IAG is committed to increasing Aboriginal and Torres Strait Islander employment. As at 30 June 2022, IAG's Aboriginal and Torres Strait Islander employment rate was 1.3% (a decline from 1.5% in FY21).

A First Nations People Inclusion Plan has been developed that focuses on attraction and retention through building talent and development pathways, investing in cultural awareness training across IAG, and listening to the voice of First Nations employees. We continue to partner with Career Trackers through their internship program and have grown our First Nations Employee Network Group.

IAG recently launched a Stretch Reconciliation Action Plan (RAP), which continues our commitment to increasing Aboriginal and Torres Strait Islander employment. Our RAP is available on the Reconciliation page of our website. Further detail can also be found on page 14 in the Communities section.

LGBTIQ+ inclusion

We are proud that our Australian and New Zealand workplaces have been acknowledged as supportive, productive, and inclusive workplaces for LGBTIQ+ people. For the fourth year in a row, we were awarded Bronze status in the Australian Workplace Equality Index (AWEI). In New Zealand, we achieved 'Strengthening Practice' (the top category) across all sections of the Rainbow Tick Certification.

Our trans-Tasman Gender Affirmation Guidelines were updated to include paid leave for our people who have made the decision to affirm their gender.

Workplace accessibility

IAG is committed to reducing barriers to accessibility as part of our broader focus on inclusion.

In FY22, we have worked in partnership with the Australian Network on Disability (AND) to take steps to improve the workplace accommodation processes and provide employment and internship opportunities for people living with disability.

Through our relationship with AND, 6 interns joined IAG through the Stepping Into program, with an enhanced focus on identifying continuing employment opportunities post internship. To better support employees living with disability, we have introduced new Workplace Adjustment guidelines, to ensure a consistent and supportive approach to workplace accommodation for disability.

Employees with caring responsibilities

IAG introduced gender neutral parental leave in New Zealand (aligned with IAG in Australia) and a new digital platform (Circle In) for parents and caregivers. The Circle In platform provides resources and information for employees (and their managers) at all stages of their parenting or caregiving journeys.

Flexibility and hybrid working

We have a range of flexible working arrangements available for our people. In our 2021 Annual Culture survey, 90% of participants said that they had the flexibility they required to manage work and other commitments.

In December 2021, IAG achieved a Level 4 FlexCareers certification reflective of the range of flexible working arrangements available to all employees. In response to COVID-19, we implemented 'Dynamic Working'; hybrid/tailored working patterns based on team requirements and objectives, which has enabled purposeful connection and collaboration as we continue to work remotely while also being onsite on specific days.

Building capabilities for future readiness

For IAG to deliver on its strategy and be able to respond at pace to the changing environment, we must build Insurance and Leadership capability both for now and the future.

In FY22, we developed a Leadership and Learning Strategy with two investment priorities:

- Executive Leadership Development: In November 2021, we launched two dynamic Executive Leadership programs focused on building enterprise capabilities, executive behaviours and mindsets.
- The IAG Academy: In October 2021, we launched the IAG Academy, a vehicle to uplift at scale current and future insurance and people capabilities.

Prioritising safety and wellbeing

IAG continues to prioritise the safety and wellbeing of our people. In our Culture surveys, 92% of our people strongly agreed that their direct leader genuinely cares about their safety and wellbeing. We offer our people support when they need it, with around 12% of employees accessing our Employee Assistance program over the past 12 months. Our Lost Time Injury Frequency Rate (LTIFR) remained stable at 0.96 in Australia and 0.17 in New Zealand (as at 30 June, 2022).

In FY22, our wellbeing initiatives included:

- Expansion of our health and wellbeing platform Thrive, from New Zealand into Australia and Singapore.
- Launch of a new series of Wellbeing Webinars, providing practical tips and insights about mental health and holistic wellbeing.
- Launch of a new Work from Home checklist, videos, and guides.
- Support for RUOK Day 2022, which was embraced by many people who used it to connect with and support family, friends and colleagues, and access additional mental health resources.
- Extension of COVID-19 support, including vaccination leave, a wellbeing day for all our people, and flu vaccinations for our people and their immediate families.



June 2022: IAG launched its fourth Reconciliation Action Plan

Communities

OVERVIEW

We help to build safer, more resilient communities

\$15.2m

(+13% from FY21) invested in community initiatives in FY22.

2,760 hrs

(+16% from FY21) volunteered by our people.

32

Supply Nation certified Indigenous suppliers in 2022.

4th RAP

Launched our fourth RAP and reaffirmed support for the Uluru Statement from the Heart.

“There is so much we can continue to learn from our First Nations peoples. I am looking forward to seeing our new RAP come to life, working in collaboration with Aboriginal and Torres Strait Islander Australians to drive positive outcomes.”

Christine Stasi
Group Executive, People,
Performance and Reputation

We want to make a difference in the communities in which we operate, including by helping those affected by natural disasters and COVID-19. We remain focused on building disaster resilience across Australia and New Zealand, and furthering our support for Aboriginal and Torres Strait Islander communities and Māori.

Leading on disaster resilience

Mitigation, land use planning and building code reform are key to keeping communities safe in future natural peril events. We can contribute to better outcomes for our communities by offering our expertise and working with governments, industry and customers to improve planning and build more resilient homes. Such engagements seek to influence public policy decisions on risk mitigation and communities affected by natural disasters. Further detail on how we are addressing disaster resilience can be found on pages 20 and 21 of this report.

Assisting recovery

IAG continues to assist communities as they recover from the impacts of COVID-19 and extreme weather events. During FY22, this assistance included:

- In September 2021, NRMA Insurance and RACV provided \$2 million in funding to the GIVIT platform, enabling the launch of its COVID-19 Relief Program. This Program assisted affected individuals and communities with 791,841 urgently needed items.
- Leveraging our ongoing partnerships with GIVIT, Australian Red Cross and Lifeline, NRMA Insurance announced a further \$1 million HELP package for communities impacted by flooding in NSW and southeast Queensland in early 2022.
- We also deployed the NRMA Insurance Helicopter during the recent flooding events to transport volunteer teams and essential supplies to isolated communities.

Further detail on our community investment and volunteering can be found in our ESG Data Summary at www.iag.com.au/safer-communities.

Supporting Aboriginal and Torres Strait Islander communities and Māori

IAG's engagement strategy includes both an Aboriginal and Torres Strait Islander and Māori focus. The strategy aims to grow resilience, build cultural connection, play a role in addressing inequalities and grow prosperity and wellbeing in Australia and New Zealand.

In Australia, IAG launched its fourth Reconciliation Action Plan (RAP) in June 2022. This Stretch RAP outlines a focus on addressing climate and disaster resilience and continuing IAG's support of Just Reinvest NSW, which involves community-led justice reinvestment initiatives in Mount Druitt (NSW). We reaffirmed our support of the Uluru Statement from the Heart, which seeks to enshrine in the Australian Constitution a voice to parliament alongside a truth-telling and treaty commission.

IAG is also embedding our RAP commitments into our procurement decisions. We currently have 32 active Supply Nation certified Aboriginal or Torres Strait Islander owned businesses in our supply chain, with a target of procuring from a minimum of 45 by June 2023. As part of our RAP launch, we introduced a 2025 target to procure from 65 suppliers to further improve economic and social outcomes.

In New Zealand, the He Rautaki Māori (Māori Engagement Strategy) continues to target four outcomes to help lift Māori prosperity and wellbeing: embracing Te Ao Māori, fostering Māori leadership, supporting Māori business, and becoming a leading supplier to Māori.

Fostering equality

In February 2021, CGU Insurance announced that \$1 million of its sponsorship payment to the Collingwood Football Club would be redirected to programs and initiatives that promote positive race relations and equality.

In September 2021, this payment was directed to support Collingwood's Aboriginal and Torres Strait Islander community program, Barrowarn through a housing program, crisis hotline and youth development service. It also supports the Australian Human Rights Commission's national anti-racism campaign – *Racism. It Stops With Me* – to provide tools and resources to help people and organisations learn about and stand against racism.

As well as being a key stakeholder, Communities also feature in the way we address our material topics. Related activities are discussed on pages 16 - 25 of this report.

OVERVIEW

Our contribution to a healthy environment is dependent on managing environmental risks across our value chain and supporting society's move to a low carbon economy

13%

Reduction in scope 1 and 2 emissions

Net Zero

Emissions commitment by 2050 with 50% reduction by 2030

Launched

The NRMA Insurance Carbon Offset Program



To deliver positive environmental outcomes, we are committing to Net Zero by 2050, delivering our Climate & Disaster Resilience Action Plan (Action Plan) – including shifting to renewable energy – and investing in Indigenous climate knowledge.

Committing to Net Zero by 2050

We recognise the urgent need to reduce the emissions footprint of our business operations. This is why we have committed to Net Zero by 2050, with a 50% emissions reduction by 2030. Our roadmap to date has included achieving our science-based emission targets for scope 1 and 2 through a reduction in energy use and introducing onsite renewable energy in our data centre. We reduced scope 1 and 2 emissions by a further 13% this year, and we are developing an updated Net Zero Roadmap that includes initiatives to map and reduce our scope 3 emissions.

Reducing emissions to reach net zero is complex. Good progress is being made but there will be yearly fluctuations as methodologies for capturing and measuring emissions evolve. We will respond and adapt to these developments accordingly.

Scope 3 emissions

In FY22, we helped several suppliers in New Zealand measure their carbon footprint, using the Toitū Carbon Assess tool, Toitū Envirocare. The tool helps small enterprises measure their carbon footprint and large organisations like IAG better understand their scope 3 supply chain emissions. We completed assessments of 16 suppliers, and these highlighted the challenge of capturing accurate, complete data. We continue to investigate how we can expand measurement and reduction initiatives to a wider range of suppliers.

Shifting to renewable energy

Our pathway to Net Zero is supported by increasing our use of renewable energy. This year we generated 84MW at our onsite photovoltaic system at our data centre in Melbourne. We are looking to accelerate the introduction of renewable energy to our energy mix over the coming years.

Delivering our Climate & Disaster Resilience Action Plan

In November 2021 we published our FY22-24 Action Plan, to drive further momentum towards achieving our climate outcomes. Our commitments include developing solutions to help our customers adapt to a changing climate (including public source resilient house designs), and transition to a Net Zero future. We have also taken steps that support our motor customers to make sustainable choices. We insured roughly 9,700 electric vehicles in Australia and 6,750 in New Zealand at the end of FY22. We also launched the NRMA Insurance Offset Program, providing motor customers with the opportunity to offset their car's estimated yearly driving emissions. More detail on how we are responding to climate change can be found on pages 18 and 19 of this report.

Investing in Indigenous climate knowledge

Aligning our climate commitments with our Indigenous Engagement Strategy, we recently developed a partnership with the Aboriginal Carbon Foundation (AbCF). The AbCF supports carbon farming projects, led by Indigenous rangers. It connects Aboriginal communities who supply carbon credits, with organisations seeking to offset their carbon emissions and provides training for Indigenous rangers. Our partnership will support the development of three carbon farming projects in New South Wales by the end of 2023 and the expansion of AbCF into Victoria and South Australia by 2024.

As well as being a key stakeholder, Environment also features in the way we address our material topics. Related activities are discussed on pages 16 - 25 of this report.