Making progress

Company/ASX Code	Insignia Financial / IFL
AGM time and date	9.30 am Thursday, 23 November 2023
Location	Grand Hyatt Hotel, 123 Collins Street Melbourne
Registry	BoardRoom
Type of meeting	Physical with webcast
Monitor	Christine Haydon assisted by Meena Wahi
Pre-AGM Meeting	Yes, with Chair Allan Griffiths and Chair of Remuneration Committee John Selak

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

1. How we intend to vote

No.	Resolution description	
2a	Re-election of Ms Elizabeth Flynn	For
2b	Re-election of Mr Andrew Bloore	Undecided
3	Remuneration Report	For
4	Grant of performance rights to the Chief Executive Officer - Withdrawn	NA

2. Summary of Issues and Voting Intentions for AGM

- Director Andrew Bloore does not meet ASA shareholding requirements.
- The level of CEO remuneration is considerably above benchmarks for similarly sized companies.

- Resolution 4 was withdrawn on the announcement that CEO, Mr Renato Mota, will step down from his role effective end February 2024, by mutual agreement.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports

Financial performance

(As at FYE)	2023	2022	2021	2020	2019
NPAT ($m)	51.2	36.8	(143.5)	147.0	28.6
UPAT ($m)	194.9	234.5	147.8	128.8	198.0
Share price ($)	2.82	2.69	4.27	4.92	5.17
Dividend (cents)	19.8	23.6	23.0	34.5	37.5
Simple TSR (%)	12.2	(31.5)	(8.5)	1.8	(36.8)
EPS (cents)	7.8	5.7	(24.2)	40.3	8.1
CEO total remuneration, actual ($m)	2.645	2.899	1.498	1.487	3.629*

Underlying Profit After Tax (UNPAT) for the year ended 30 June 2023 was $194.9 m (30 June 2022: $234.5m), a decrease of $39.6 m driven by cost of merger, flat market, and investment into strategic initiatives. A positive Total Shareholder Return (TSR) of 12% has been improvement upon a negative TSR in 2022. A number of strategic initiatives were introduced by Insignia which will have long term impact on shareholder value. Spin off advice business as a strategic initiative will help Insignia save compliance cost in the long term - Advice Services Co (ASC) will be substantially owned by and run for advisers, with the backing and support of Insignia Financial. The strategic imperative stems from the need for the Licensee service business to stand on its own, without subsidies that have been embedded into the institutional ownership model. Given the sector wide challenges including the advice model not yet settled with the federal government still to announce a final position, the concern is the slow pace of action within the company.

Insignia continues to invest in cyber security, including reviewing and upgrading its cyber detection capabilities and tools together with independent testing. From FY24, IFL will invest a further $20M on cyber security and governance, as previously communicated to the market.

Governance and culture

Insignia have become compliant to the globally recognised best practice, Global Reporting Initiative (GRI) Reporting template as part of this global initiative has included:

- Governance, compliance, transparency, and disclosure
- Responsible investment, ESG integration and stewardship
- Data and cybersecurity
- Climate risk assessment.

Key board or senior management changes

Major news is the resignation of CEO Renato Mota who will stay until an external placement is found. This is expected at the end of February 2024. Hence the withdrawal of resolution 4 by the company.

Board renewal is planned with new appointments to be announced in the coming year.

Sustainability/ESG

Insignia have become a certified Climate Active organisation, recognising our carbon-neutral status through the offsetting of our Scope 1,2 & 3 business operational emissions.

Insignia has achieved a carbon neutral status through the offsetting of our Scope 1, 2 & 3 business operational emissions to reduce our environmental impact.

4. Rationale for Voting Intentions

Resolution 2a: Re-election of Ms Elizabeth Flynn (for)

Ms Flynn will retire next year in April with her replacement to come on board in December 2023 to enable transition and handover. Ms Flynn is an independent Director with adequate shareholding, she has no other director commitments and is expected to be able to give full attention to her role. For sake of succession planning and continuity, the ASA will support her re-election.

Resolution 2b: Re-election of Mr Andrew Bloore (undecided)

ASA would like Mr Bloore to have more shares in the company as he does not meet shareholding requirements. He is an independent director and has adequate capacity to undertake the workload. He is the only director with significant IT skills needed by the board.

While he has a long way to go to match his director fees, we note his acquisition of shares in August 2023 took him to over 37,000 shares. We will make the request at the AGM for him to further increase his shareholdings, and determine our vote based on how he responds.

Resolution 3: Adoption of Remuneration Report (for)

The review of executive incentive framework was undertaken as a result of 2023-24 performance year will have an Executive Incentive Plan. This will be closely aligned with the framework of incentives plan but will see variable renewal outcomes delivered via a balance of short term and long term incentive with effect for 6 years.

The current Executive Equity Plan (EEP) comprises of:

- A four-year component
- Annual performance.

IFL are in a transition on their remuneration report to reflect key linkages between risk and performance and to comply with CPS 511 which is a required APRA (Australian Prudential Regulatory Authority) standard. Whilst the CEO remuneration package is in the higher percentile package of GRG remuneration benchmark, we note that the actual payment for this year is less than the previous year. In adopting the new remuneration report, Insignia focus on long term incentives which will increase over a period of 6 years. The CEO has resigned, and the appointment of a new CEO will offer the opportunity for a more reasonable remuneration package. At this time, we will support the adoption of the remuneration report.

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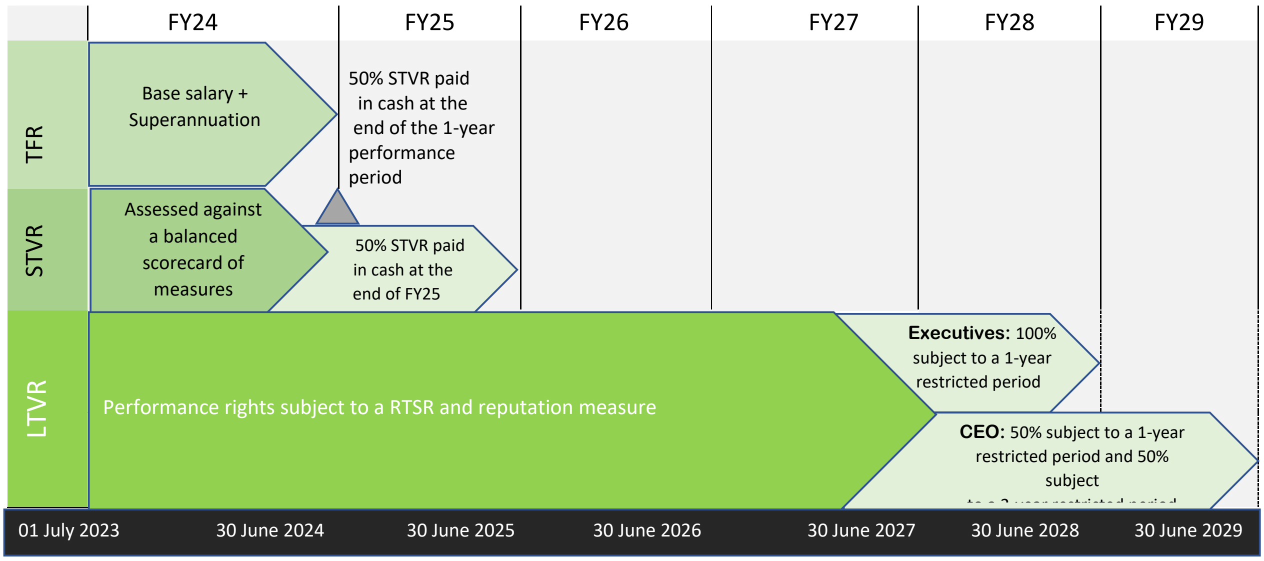
Appendix 1
Remuneration framework detail

CEO rem. Framework for FY23/24	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.376	47%	1.376	35%
STI - Cash	0.409	14%	0.512	13%
STI – Cash deferred	0.409	14%	0.512	13%
LTI	0.760†	26%	1.520	39%
Total	2.954	100%	3.919	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. † Threshold performance level.

The remuneration report is easy to understand, as illustrated with these 2 charts:



The EIP will be assessed against a balanced scorecard of financial and non-financial measures, comprising shared and individual goals. The following framework is an illustration of this structure, against which specific goals and targets will be set at the commencement of each performance period.

	Measures	Financial/ Non-Financial	Measures	Target Weighting
STVR	Shared measures	Financial	UNPAT Net Fund Flows (NFF) Cost to income ratio (CTI)	30%
		Non-financial	Strategic governance client people	40%
	Individual measures	Role specific goals	Aligned to strategic and business priorities	30%
LTVR	Shared measures	Financial	Relative Total Shareholder Return (rTSR)	70%
		Non-financial	Reputation	30%

LTI of $119,625 granted to CEO for meeting TSR hurdle. No LTIs for 2019 & 2020 was granted because Insignia did not meet the TSR hurdle. The company is Implementing EEP (Executive Equity Plan) system over a period of 4 years which combines long and short term incentives into one plan. The new EEP is 60% (nominally) is based on short term performance predominately non-financial metrics is paid as equity and is only released after four year. 40% (nominally) of the plan is based on fours year relative total shareholder return (TSR) performance.

The total quantum of the CEO remuneration package is the higher percentile of the GRG report benchmarks. Approximately 50% of CEO pay is genuinely at risk. The short-term part of EEP is not released until 4 years after issue. The long-term part of the EEP part is assessed over 4 years. Comparative group is ASX 200. The long-term part of the EEP is based on cooperative groups and does not vest until performance is >50th percentile. All share grants are allocated at face value.