

INDEPENDENT REVIEW REPORT

to IAG on sustainability reporting in its Annual Report 2006

INTRODUCTION

We have been engaged by IAG to review selected sustainability performance data (the Performance Data) for the year ended 30 June 2006, as reported in the IAG Annual Report 2006 (the Annual Report) on page 19, and reported in the IAG Concise Annual Report 2006 (also referred to as the Annual Report) on page 19.

SCOPE

Sustainability reporting in the Annual Report and management responsibilities

The management of IAG are responsible for the preparation of the sustainability reporting in the Annual Report and the information and assessments contained within it, for determining IAG's objectives in relation to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. Management's assertions about the effectiveness of the performance management and internal control systems are included in a separate letter we have received from management.

Review approach

We have conducted an independent review of the Performance Data set out on page 19 of the Annual Report for the year ended 30 June 2006, for IAG's Australian operations unless otherwise stated. Complaints as a percentage of policies and Funds for community investment as a percentage of Group net profit attributable to shareholders were not included in our review. There are no mandatory requirements for the preparation, publication or review of sustainability performance data. IAG applies its own internal reporting guidelines for sustainability reporting ("the Criteria"), a concise version of which can be found in the Glossary in the Annual Report. The selection and suitability of the Criteria is the responsibility of management and our review did not include an assessment of the adequacy of the Criteria. Further, the internal control structure which management has established and from which the Performance Data has been derived, has not been reviewed and no opinion is expressed as to its effectiveness.

Our review was conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board, and with Australian Auditing Standards AUS 108 "Assurance Engagements" and AUS 902 "Review of Financial Reports". A review is limited primarily to inquiries of company personnel and other procedures applied to the compilation and presentation of the quantitative data. A review does not provide all evidence that would be required in an audit thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

We performed procedures in order to obtain all the information and explanations that we considered necessary to provide sufficient evidence for us to state whether anything has come to our attention that would indicate the Performance Data has not been presented fairly in accordance with the Criteria established by management.

The Performance Data

We have reviewed the following quantitative Performance Data reported on page 19 in the Annual Report for the year ended 30 June 2006: business volume measure, overall customer satisfaction index, employee engagement score, staff turnover, lost time injury frequency rate, funding of the OH&S department, recycled commingled waste, number of employee volunteer hours, funds for community investment, head count and CO₂e emissions.

INDEPENDENCE

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

STATEMENT

Based on our review, which is not an audit, nothing came to our attention to indicate that the Performance Data set out on page 19 of the Annual Report for the year ended 30 June 2006 has not been presented fairly in accordance with the Criteria established by management.



KPMG



Dr Andries B Terblanché

Partner

Sydney

1st September 2006