

Independent Limited Assurance Statement to the Management and Directors of Insurance Australia Group Limited ('IAG') in relation to its selected sustainability disclosures in its FY20 Annual Review

Our Conclusion

Ernst & Young was engaged by IAG to undertake 'limited assurance' as defined by Australian Auditing Standards, here after referred to as a 'review', over selected sustainability disclosures in IAG's Annual Review and Safer Communities Report and associated online content ('The Report'), for the year ended 30 June 2020. Based on our review, nothing came to our attention that caused us to believe that the selected disclosures have not been prepared and presented fairly, in all material respects, in accordance with the criteria defined below.

Subject Matter

The Subject Matter for our limited assurance engagement for the year ended 30 June 2020 for IAG Group, Australia and New Zealand, was limited to:

- ▶ A selection of 63 non-financial quantitative performance indicators ('Selected Performance Information') contained in the 'Safer Communities' online content¹, (<https://www.iag.com.au/safer-communities/esg-commitments-and-performance>)
- ▶ The consolidated performance metrics relating to the Selected Performance Information¹, presented throughout IAG's FY20 Annual Review and Safer Communities Report
- ▶ Selected qualitative disclosures relating to the Selected Performance Information¹, and selected qualitative disclosures pertaining to IAG's material issues contained within IAG's FY20 Annual Review and Safer Communities Report as well as within its associated online content (limited to IAG's Climate related disclosures (<https://www.iag.com.au/safer-communities/esg-commitments-and-performance>))

Criteria applied by IAG

The following criteria have been applied:

- ▶ IAG's own reporting criteria (as established and set out in 'IAG Data Summary and Glossary of Terms' <https://www.iag.com.au/safer-communities/esg-commitments-and-performance>)
- ▶ The Global Reporting Initiative (GRI) Standards' Reporting Principles for Defining Report Content: being Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other review procedures.

Our procedures included:

- ▶ Conducting interviews with key personnel to understand the process for collecting, collating, and reporting the Subject Matter during the reporting period
- ▶ Checking that the data collection process and calculation criteria had been applied in accordance with the methodologies outlined in the Criteria
- ▶ Undertaking analytical review procedures to support the reasonableness of the data
- ▶ Checking the accuracy of calculations performed
- ▶ Obtaining and reviewing evidence to support key assumptions in calculations and other data or statements
- ▶ Identifying and testing assumptions supporting calculations
- ▶ Checking whether data and statements had been accurately transcribed from corporate systems and/or supporting evidence into the Report
- ▶ Reviewing the presentation of qualitative claims, case studies, and data against the relevant GRI Standards Reporting Principles contained in the criteria
- ▶ Determining whether material topics and performance issues identified during our procedures had been adequately and accurately disclosed

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

¹ The selected metrics included in the scope were determined by IAG and are listed in the Appendix on page 3 of this statement
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EY's responsibility and independence

Our responsibility was to express a limited assurance conclusion on the Subject Matter based on our review, conducted in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and *Assurance Engagements on Greenhouse Gas Statements* ('ASAE3410'), as agreed with IAG.

We were also responsible for maintaining our independence and confirm that we have met the requirements of the APES 110 Code of Ethics for Professional Accountants including independence, and have the required competencies and experience to conduct this assurance engagement.

Management's Responsibility

Management of IAG is responsible for the preparation and fair presentation of the Subject Matter in accordance with the Criteria, and is also responsible for the selection of methods used in the Criteria. No conclusion is expressed as to whether the selected methods are appropriate for the purpose described above. Further, IAG's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records, and making estimates that are reasonable in the circumstances.

Our approach to conducting the review

We conducted this review in accordance with the Australian Auditing and Assurance Standards Board *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000') and the terms of reference for this engagement as agreed with IAG on 11 April 2018 and scope extension agreed on 20 March 2020.

Limited Assurance

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems, which would have been performed under a reasonable assurance engagement.

Use of our Assurance Engagement Report

We disclaim any assumption of responsibility for any reliance on this assurance report, or on the Subject Matter to which it relates, to any persons other than Management and the Directors of IAG, or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.



Adam Carrel
Partner
6 August 2020

Ernst & Young
Sydney, Australia

Appendix: Selected performance data

Selected Australia Performance Data

Performance Data
Customer 1. Business Volumes (including risks in force per million for personal lines and policies in force per million for commercial lines) 2. Customer Advocacy Scores
Community 3. Community Investment (total A\$m)
Workforce 4. Part time employment (%) 5. Full-time equivalent (FTE) 6. Total head count 7. Staff turnover (%) 8. Absenteeism (%) 9. Women in workforce, management, executive and board (% of total by position) 10. Male to female salary ratio (average and position-in-range, A\$)
Safety 11. Lost Time Injury Frequency Rate (LTIFR)
Environment 12. Total Scope 1 greenhouse gas (GHG) emissions (t CO ₂ -e) 13. Total Scope 2 GHG emissions (t CO ₂ -e) 14. Total Scope 3 GHG emissions (t CO ₂ -e) 15. Electricity (mWh) 16. Natural Gas (GJ) 17. Building refrigerants (tonnes) 18. Fuel consumption (kL) 19. Air travel (Million kms) 20. Taxi travel (thousands kms) 21. Rental car (thousands kms) 22. Water consumption (kL) 23. Office paper (tonnes) 24. Recycled waste (tonnes) 25. General waste (tonnes) 26. Paper consumption, including office and print (tonnes)

Selected New Zealand Performance Data

Performance Data
Customer 27. Business Volumes (including risks in force per million for personal lines and policies in force per million for commercial lines) 28. Customer Advocacy Scores
Community 29. Community Investment (total NZ\$m)
Workforce 30. Part time employment (%) 31. Full-time equivalent (FTE) 32. Total head count 33. Staff turnover (%) 34. Absenteeism (%) 35. Women in workforce and management (% of total by position) 36. Male to female salary ratio (average and position-in-range, A\$)
Safety 37. Lost Time Injury Frequency Rate (LTIFR)
Environment 38. Total Scope 1 GHG emissions (t CO ₂ -e) 39. Total Scope 2 GHG emissions (t CO ₂ -e) 40. Total Scope 3 GHG emissions (t CO ₂ -e) 41. Tools of trade vehicle fuel usage (kL) 42. Electricity (mWh) 43. Fuel consumption (kL) 44. Air travel (Million kms) 45. Recycled waste (tonnes) 46. General waste (tonnes) 47. Paper consumption, including office and print (tonnes)

Selected Group Performance Data

Performance Data
Customer 48. Business volume (million)
Community investment 49. Total community investment (A\$m)
Workforce 50. Total headcount 51. Part time employment (%) 52. Full-time equivalent (FTE) 53. Staff turnover (%) 54. Absenteeism (%) 55. Male to female salary ratio, general employees (average and position-in-range, A\$) 56. Women in workforce (% of total by position)
Safety 57. Lost Time Injury Frequency Rate (LTIFR)
Environment 58. Total Scope 1 GHG emissions (t CO ₂ -e) 59. Total Scope 2 GHG emissions (t CO ₂ -e) 60. Total Scope 3 GHG emissions (t CO ₂ -e) 61. Gross written premium (GWP) from mining and fossil fuel power generation activities (US\$) 62. GHG intensity of investment portfolio (tCO ₂ -e per US\$) 63. Exposure to high risk entities within IAG's investment portfolio (US\$m)