



Independent Limited Assurance Report to the Directors of National Australia Bank Limited on Carbon Risk Disclosures

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the following National Australia Bank Limited and its subsidiaries' Carbon Risk Disclosures:

- i) renewable energy disclosure, and
- ii) environmental financing disclosure.

The Carbon Risk Disclosures as at 30 September 2023 identified below have been prepared by National Australia Bank Limited and its subsidiaries in accordance with the Methodology, as described below.

Information Subject to Assurance and Methodology used as the basis for reporting

The Information Subject to Assurance comprises the following Carbon Risk Disclosures for National Australia Bank Limited (ABN 12 004 044 937), together with its subsidiaries ('NAB Group') as at 30 September 2023:

i) Renewable energy disclosure:

Renewable energy generation as a proportion (%) of NAB Group's exposure to the power generation sector, expressed as Exposure at Default (EaD): 73.3%

The renewable energy disclosure is presented in the:

- 2023 Full Year Investor Presentation – in the slide titled 'Energy generation exposures'.
- 2023 Climate Report – in the section titled 'Our approach to climate change', 'Supporting information – Exposure to high emitting sectors'.
- 2023 Sustainability Data Pack – in tab titled 'Exposures', all of which are available on NAB Group's website.

The renewable energy disclosure has been prepared in accordance with the NAB Group Methodology, which is described in footnotes that accompany the Carbon Risk Disclosures. This amount may be rounded to 73% in some reporting disclosures, where rounding is used for graphic purposes.

ii) Environmental financing disclosure:

Environmental financing disclosure includes the following product categories of drawn amounts as at 30 September 2023:

Environmental financing product category	AU\$m as at 30 September 2023
Green lending, green CRE (REIT) lending, sustainability-linked lending and securitisation activity	2,619
Green agriculture and green asset finance lending activity	82
Debt market activity	2,003
Underwriting and arranging activities	1,894



The environmental financing disclosure is presented in the:

- 2023 Full Year Investor Presentation – the Green lending, green CRE (REIT) lending, sustainability-linked lending and securitisation activity number is disclosed in the ‘FY23 progress against our climate strategy’ slide.
- 2023 Annual Report – in the ‘Sustainability Scorecard’ section and in the ‘Our progress’ section.
- 2023 Climate Report – in the sections titled ‘Supporting our customers to decarbonize and build resilience’, ‘Metrics and targets – Environmental financing’ and ‘Supporting information – Environmental financing methodology’.
- 2023 Sustainability Data Pack – in tab titled ‘Financing’.

The environmental financing disclosure has been prepared in accordance with the NAB Group Methodology, which is described in footnotes that accompany the Carbon Risk Disclosures provided in NAB Group’s 2023 Sustainability Data Pack and in more detail in NAB Group’s 2023 Climate Report in the Supporting Information section under the ‘Environmental financing methodology’ section.

We have not been engaged to provide an assurance conclusion on any other information disclosed within NAB Group’s 2023 Full Year Investor Presentation, 2023 Annual Report, 2023 Climate Report or 2023 Sustainability Data Pack, except where specifically identified.

Basis for conclusion

We conducted our limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ASAE 3000) (‘Standard’). In accordance with the Standard, we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that the NAB Group carbon risk disclosures is free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however, we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies to perform the limited assurance engagement.

Summary of procedures performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- interviews with relevant NAB Group personnel to understand the governance structure, internal controls and reporting processes relevant to the Information Subject to Assurance;
- interviews with relevant NAB Group personnel to obtain an understanding of the process for data collection, aggregation, estimation, calculation and reporting process in relation to the Information Subject to Assurance;
- agreeing Information Subject to Assurance to relevant underlying sources on a sample basis;
- performing analytical procedures over the Information Subject to Assurance;
- reviewing NAB Group’s Methodology and relevant management assumptions including classification of sectors under the Australian and New Zealand Standard Industrial Classification, 1993;
- evaluating the appropriateness and application of NAB Group’s Methodology with respect to the disclosed information; and
- assessing overall reporting for accuracy and completeness and performing mathematical checks.



How the Standard defines limited assurance and material misstatement

The 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.

Misstatements, including omissions, within the Information Subject to Assurance are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the directors of NAB Group.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error, or non-compliance with the NAB Group Methodology may occur and not be detected.

A limited assurance engagement as at 30 September 2023 does not provide assurance on whether compliance with the NAB Group Methodology will continue in the future.

Use of this Assurance Report

This report has been prepared for the directors of the NAB Group for the purpose of providing an assurance conclusion on NAB Group's Carbon Risk Disclosures and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the directors of the NAB Group, or for any other purpose than that for which it was prepared.

Management's responsibilities

Management of the NAB Group are responsible for:

- determining that NAB Group's Methodology is appropriate to meet their needs;
- preparing and presenting Carbon Risk Disclosures in accordance with the NAB Group Methodology;
- establishing and maintaining internal controls that enable the preparation and presentation of Carbon Risk Disclosures in a manner that is free from material misstatement, whether due to fraud or error; and
- maintaining integrity of the relevant website information.

Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Carbon Risk Disclosures as at 30 September 2023, and to issue an assurance report that includes our conclusion to the directors of the NAB Group.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management.

KPMG

Julia Bilyanska

Partner

Melbourne

9 November 2023