



# Independent Limited Assurance Report to the Directors of National Australia Bank Limited on Project Finance Sector Disclosures

## Conclusion

Based on the evidence we obtained from the procedures we performed, we are not aware of any material misstatements in the Project Finance (PF) Sector Disclosures described below as PF Information subject to Assurance as at 30 September 2022, which have been prepared by National Australia Bank Limited and its subsidiaries in accordance with the Methodology used as the basis for reporting, as defined below.

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

The Information Subject to Assurance comprises the following:

- **Item 1:** Project finance by sector as a percentage of total portfolio exposure, expressed as Exposure at Default (EaD) for National Australia Bank Limited (ABN 12 004 044 937), together with its subsidiaries ('NAB Group'), as at 30 September 2022:

### Project finance by sector, by year, as a percentage of total portfolio exposure (expressed as EaD as at 30 September)

Sector	2022
Energy (renewable)	18%
Energy (coal and gas-fired)	3%
Economic infrastructure	59%
Social infrastructure	10%
Water treatment infrastructure	1%
Mining and refining (metals and coal)	3%
Oil and gas	5%
Other	1%

- **Item 2:** NAB Group's estimated share of total Scope 1 and 2 greenhouse gas ("GHG") emissions associated with Australian designated generation assets for which NAB Group provides project finance of 26,362 tonnes of carbon dioxide equivalent ("tCO<sub>2</sub>-e"), based on NAB Group's participation in financing for each facility as a percentage of debt as at 30 September 2022.

(together the "**PF Information**").

The PF Information subject to Assurance is presented on pages 2 and 3 of NAB Group's 2022 Equator Principles Report 1 October 2021 – 30 September 2022 and has been prepared by NAB Group to meet the requirements of Equator Principles (EPs) reporting obligations in accordance with Equator Principles IV published by the EP Association in July 2020. Estimated share of total Scope 1 and 2 GHG emissions associated with Australian designated generation assets for which NAB Group provides project finance has been prepared in accordance with the NAB



Group Methodology, which is described in footnotes in page 3 of NAB Group's 2022 Equator Principles Report.

The PF Information subject to Assurance must be read and interpreted together with the Methodology used as the basis for reporting, which NAB Group is solely responsible for determining and applying. We have not been engaged to provide an assurance conclusion on any other information disclosed within NAB Group's 2022 Equator Principles Report 1 October 2021 – 30 September 2022.

### **Basis for Conclusion**

We conducted our limited assurance engagement in accordance with the Australian Standard on Assurance Engagements 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 PF Information subject to Assurance is free from material misstatements, 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 PF 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 PF Information subject to Assurance;
- agreeing PF Information subject to Assurance to relevant underlying sources on a sample basis;
- performing analytical procedures and mathematical checks over the PF Information subject to Assurance;
- reviewing NAB Group's Methodology applied to project finance GHG emissions calculations for Australian power generation assets and other 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 PF Information subject to Assurance; and
- reviewing the 2022 Equator Principles Report 1 October 2021 – 30 September 2022 in its entirety to ensure it is consistent with our overall knowledge of the assurance engagement.

### **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, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions 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 NAB Group Methodology may occur and not be detected.

A limited assurance engagement as at 30 September 2022 does not provide assurance on whether compliance with NAB Group's Methodology will continue in the future.

## **Use of this Assurance Report**

This report has been prepared for the NAB and its directors and management for the purpose of providing an assurance conclusion on the PF Information subject to Assurance 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 NAB, its directors and management, or for any other purpose than that for which it was prepared.

## **Management's responsibility**

Management of NAB Group are responsible for:

- determining that NAB Group's Methodology is appropriate to meet their needs;
- preparing and presenting the PF Information subject to Assurance in accordance with the criteria; and
- establishing and maintaining internal controls that enable the preparation and presentation of the PF Information subject to Assurance that is free from material misstatement, whether due to fraud or error.

## **Our Responsibility**

Our responsibility is to perform a limited assurance engagement in relation to the PF Information subject to Assurance as at 30 September 2022, and to issue an assurance report that includes our conclusion to the directors of NAB.

## **Our Independence and Quality Control**

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 Control 1 to maintain a comprehensive system of quality control.

KPMG

Julia Bilyanska  
Partner  
Melbourne  
28 March 2023