



Independent Limited Assurance Report to the National Australia Bank (NAB) Directors on selected responses within the NAB Group's Principles for Responsible Banking Reporting and Self-Assessment Template

Conclusion

Based on the evidence we obtained from the procedures we performed, we are not aware of any material misstatements in the selected responses within the NAB Group's Principles for Responsible Banking Reporting and Self-Assessment Template, which has been prepared by NAB in accordance with the UNEP Finance Initiative's Principles for Responsible Banking framework for the period ended 30 September 2020.

Selected responses within the NAB Group's Principles for Responsible Banking Reporting and Self-Assessment Template subject to assurance and criteria used as the basis for reporting

Selected responses within the NAB Group's Principles for Responsible Banking (PRB) Reporting and Self-Assessment Template ("Assured PRB Self-Assessment Responses") for National Australia Bank Limited (ABN 12 004 044 937) ("NAB"), together with its subsidiaries ("NAB Group"), for the period ended 30 September 2020 comprised NAB Group's high-level summary of responses to the following UNEP Finance Initiative's PRB Reporting and Self-Assessment Template questions:

UNEP Finance Initiative's PRB Reporting and Self-Assessment Template questions

- 2.1 Impact Analysis:** Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:
- Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
 - Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
 - Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
 - Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has:

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts



UNEP Finance Initiative's PRB Reporting and Self-Assessment Template questions

2.2 Target Setting: Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.

Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.

Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.

2.3 Plans for Target Implementation and Monitoring: Show that your bank has defined actions and milestones to meet the set targets.

Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.

2.4 Progress on Implementing Targets: For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.

Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)

5.3 Governance Structure for Implementation of the Principles: Show that your bank has a governance structure in place for the implementation of the PRB, including:

a) target-setting and actions to achieve targets set

b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.

6.1 Progress on Implementing the Principles for Responsible Banking: Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.



Assured PRB Self-Assessment Responses are presented in the PRB Self-Assessment tab of the NAB Group's 2020 Sustainability Data Pack, which is available on the NAB Group's website at: <https://www.nab.com.au/about-us/social-impact/shareholders/performance-and-reporting>.

Assured PRB Self-Assessment Responses have been prepared by NAB in accordance with the UNEP Finance Initiative's PRB Reporting and Self-Assessment Template and Guidance Document published by UNEP Finance Initiative in September 2019 (together the "PRB framework").

We have not been engaged to provide an assurance conclusion on any other information disclosed within the 2020 NAB Sustainability Data Pack, except where specifically identified.

Basis for Conclusion

We performed 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 we are not aware of any material misstatements in the Assured PRB Self-Assessment Responses, 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.

Summary of Procedures Performed

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

- enquiries with relevant NAB Group personnel to understand the internal controls, governance structure and reporting process relevant to the preparation and disclosure of the Assured PRB Self-Assessment Responses;
- evaluating the appropriate application of the PRB framework with respect to the Assured PRB Self-Assessment Responses;
- reviews of relevant documentation, including the PRB framework;
- agreeing significant claims made within the Assured PRB Self-Assessment Responses to source documentation on a sample basis; and
- reviewing page 8 of the NAB Group's 2020 Sustainability Report and the UNEP Finance Initiative's PRB Reporting and Self-Assessment Template in their entirety to ensure they are 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, within the NAB Group's Assured PRB Self-Assessment Responses are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the NAB Group.



Use of this Assurance Report

This report has been prepared for NAB and its Directors for the purpose of providing an assurance conclusion on the NAB Group's Assured PRB Self-Assessment Responses 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 NAB Directors, or for any other purpose than that for which it was prepared.

NAB Group's responsibility

NAB Group is responsible for:

- determining that the PRB framework is appropriate to meet their needs;
- preparing and presenting the Assured PRB Self-Assessment Responses and UNEP Finance Initiative's PRB Reporting and Self-Assessment Template in accordance with the PRB framework;
- establishing and maintaining internal controls that enable the preparation and presentation of the NAB Group's UNEP Finance Initiative's PRB Reporting and Self-Assessment Template 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 NAB Group's Assured PRB Self-Assessment Responses for the period ended 30 September 2020, 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.

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KPMG

Julia Bilyanska

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Director

Melbourne

11 November 2020