

## Independent Reasonable Assurance Report to the Directors and Management of Bank Australia Limited ('Bank Australia')

### Assurance conclusion

Based on our reasonable assurance procedures, as described in this statement, in our opinion:

- ▶ Specific quantitative information in the Use of Funds Report ('the Report') is fairly stated, in all material respects, based on information provided by Bank Australia for the year ended 30 June 2019; and
- ▶ Bank Australia's systems and policies managing the Sustainability Bond proceeds and the preparation of the Use of Fund Report, are in material respects, in accordance with Bank Australia's Sustainability Bond Framework ('the Framework') for the year ended 30 June 2019.

### Scope

Ernst & Young ('EY', 'we') performed a reasonable assurance engagement to provide an opinion on the specific subject matter and associated criteria of our assurance engagement are detailed in the table below.

### Subject matter and criteria

Subject matter	Criteria
Sustainability Bond quantitative information relating to eligible assets in the Report, as reported on page 10 of Bank Australia's Sustainability Bond Impact Report (outstanding drawn down balance of eligible project assets as at period ended 30 June 2019).	Bank Australia's Sustainability Bond Framework
Bank Australia's Sustainability Bond process, as described in Bank Australia's Sustainability Bond Documentation, including the Sustainability Bond Framework that sets out: <ul style="list-style-type: none"> <li>▶ Use of Funds</li> <li>▶ Project selection criteria and management of proceeds details of the Sustainability Bond</li> <li>▶ Internal systems and processes used to manage the proceeds and report on the Sustainability Bond</li> </ul>	Bank Australia's Sustainability Bond Framework, the ICMA's Sustainability Bond Guidelines 2018, Green Bond Principles 2018 and Social Bond Principles 2018

### Management Responsibility

The management of Bank Australia ('Management') is responsible for the collection, preparation and presentation of the subject matter in accordance with the criteria and for maintaining adequate records and internal controls that are designed to support the Sustainability Bond proceeds and the preparation of the Report.

### Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance opinion as to whether the subject matter is presented in accordance with the criteria, in all material aspects.

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.

### Level of Assurance

A reasonable assurance engagement consists of making enquiries and performing substantive testing and other evidence-gathering procedures that are sufficient for us to obtain a meaningful level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, 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 review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Our Approach

Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements 3000 (revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000'). The procedures we performed were based on our professional judgment and included, but were not limited to, the following:

- ▶ Assessing policies and procedures established by Bank Australia related to the issuance of the Sustainability Bond

- ▶ Checking eligibility of earmarked assets included in Bank Australia's Sustainability Bond against the Framework criteria
- ▶ Recalculation of total eligible asset pool based on reports provided by Bank Australia
- ▶ Interviewing selected business unit and group level personnel to understand the key issues related to the Bank Australia's policies and procedures
- ▶ Obtaining and reviewing evidence to support key assumptions and other data
- ▶ Seeking management representation on key assertions.

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

#### **Limitations**

There are inherent limitations in performing assurance – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the Social and Green Bond Principles 2018 is subjective and could be interpreted differently by different stakeholder groups.

Our assurance was limited to the Bank Australia's Sustainability Bond, and does not include statutory financial statements or extend to other information reported in Bank Australia's Sustainability Bond Impact Report. Our assurance is limited to policies and procedures in place as of 30 June 2019.

#### **Use of Assurance Report**

Our responsibility in performing our assurance activities is to the directors of Bank Australia only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance that such third party may place on the Sustainability Bond issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.



Ernst & Young



Meg Fricke  
Partner

Melbourne, Australia  
18 October 2019