



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

Our Opinion:

Ernst & Young ('EY', 'we') were engaged by Bank Australia to undertake a reasonable assurance engagement as defined by Australian Auditing Standards, hereafter referred to as the assurance procedures, to report on the Subject Matter defined below for the year ended 30 June 2023. In our opinion, the Subject Matter for the year ended 30 June 2023 is prepared, in all material respects, in accordance with the Criteria defined below.

What we assured

We undertook reasonable assurance procedures on the following Subject Matter as reported in Bank Australia's Use of Funds Report (August 2021 framework) as at 30 June 2023 (the 'Report'):

- ▶ Bank Australia's Sustainability Bond issuance process, as described in Bank Australia's Sustainability Bond documentation, including the Sustainability Bond Framework that sets out:
 - ▶ Use of Proceeds
 - ▶ Project selection criteria and management of proceeds details of the Sustainability Bond
 - ▶ Internal systems and processes used to manage the proceeds and the report on Sustainability Bond
- ▶ Information relating to the assets identified as having 'sustainable outcomes'

Criteria applied by Bank Australia

In preparing the quantitative information relevant to eligible assets in the Report and the Sustainability Bond issuance processes, including the systems and policies for managing bond proceeds, including the Sustainability Bond Framework and the preparation of the Report, Bank Australia applied the following Criteria:

- ▶ The ICMA's Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021 requirements on:
 - ▶ Use of Proceeds
 - ▶ Proceeds of Project evaluation and Selection
 - ▶ Management of Proceeds
 - ▶ Reporting
- ▶ Bank Australia Sustainability Bond Framework (August 2021)

Key responsibilities

Bank Australia's responsibility

Bank Australia's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the assurance procedures

We conducted our assurance procedures 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* ('ASAE3000') and the terms of reference for this engagement as agreed with Bank Australia on 19 May 2023. That standard requires that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report.



Summary of assurance procedures performed

The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error. The procedures we performed included, but were not limited to:

- ▶ Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period
- ▶ Assessed policies and procedures established by Bank Australia related to the issuance of the Sustainability Bond
- ▶ Assessed eligibility of earmarked assets included in Bank Australia's Sustainability Bond against the Framework
- ▶ Tested, on a sample basis, underlying source information to assess the accuracy of the data
- ▶ Inspected relevant documentation of the systems and processes for compiling, analysing, and aggregating data in the reporting period and testing such documentation on a sample basis
- ▶ Reviewed the presentation of the information within the Use of Funds report
- ▶ Recalculated the total eligible asset pool based on reports provided by Bank Australia
- ▶ Obtained management representations on key assertions

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

Inherent limitations

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.

While our procedures performed for our reasonable assurance engagement are of a high level of assurance, due to the use of sampling techniques, it is not a guarantee that it will always detect material misstatements.

Other matters

We have not performed assurance procedures in respect of any information relating to prior reporting periods, including those presented in the Subject Matter. Our report does not extend to any disclosures or assertions made by Bank Australia relating to future performance plans and/or strategies disclosed

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in Use of Funds Reports, Bond Impact Reports, and supporting disclosures online.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Bank Australia, or for any purpose other than that for which it was prepared.

Our assurance procedures were performed over certain 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 report.

Ernst & Young

Terence Jeyaretnam FIEAust
Partner
Melbourne, Australia
28 September 2023