

NATIONAL AUSTRALIA BANK LIMITED SOCIAL BOND

FRAMEWORK OVERVIEW AND SECOND OPINION BY SUSTAINALYTICS

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SUSTAINALYTICS

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1. PREFACE

National Australia Bank Limited (NAB) is planning to issue a social bond to finance lending to organisations that are leaders in fostering workplace gender equality in Australia (Social Bond). NAB has engaged Sustainalytics to provide a second opinion on its Social Bond issuance and the bond’s social credentials. As part of this engagement, Sustainalytics held conversations with various members of NAB’s management team to understand the social impact of its lending and planned use of proceeds for the Social Bond issuance. Sustainalytics also reviewed relevant public and internal documents, including the methodology for the Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality citation, which determined the eligibility criteria for the Social Bond proceeds. This document contains two sections: Framework Overview – a summary of the NAB Social Bond framework; and Sustainalytics’ Opinion – an opinion on the framework.

2. INTRODUCTION

The NAB Group is an international financial services group, that provides a comprehensive and integrated range of financial products and services, with over 10 million customers and approximately 35,000 employees, operating approximately 1,000 branches and banking centres globally. The majority of the NAB Group's financial services businesses operate in Australia and New Zealand, with branches located in Asia, the United Kingdom and the United States. NAB was incorporated on 23 June 1893.

On its website, NAB states that its approach to corporate responsibility has the objective of “creating shared value for all stakeholders.” NAB defines shared value as generating financial returns for shareholders, and contributing to environmental sustainability and positive impact for employees, communities, and customers. This corporate responsibility approach is reflected in NAB’s responsible business management activities, and activities that support the community. NAB describes its responsible business management activities as those that manage the Environmental, Social, and Governance (ESG) risks of its business operations, such as supply chain management, stakeholder engagement, and maintaining a diverse and inclusive workforce.

With regards to maintaining a diverse and inclusive workforce, NAB states a specific commitment to “being accountable when it comes to gender equality in the workplace.” It cites mentorship and networking programs for women in business, flexible working arrangements, and the implementation of a domestic violence support policy as examples of initiatives aimed to foster gender equality in the workplace.

In line with its approach to corporate responsibility, and to further promote gender equality in Australian workplaces, NAB is planning to issue a social bond. The Social Bond will fund organisations that have demonstrated leading practices to foster gender equality in Australian workplaces. All organisations funded must be eligible as per the Use of Proceeds criteria described in the NAB Social Bond Framework (Framework). The Framework is aligned with the International Capital Market Association (ICMA)’s Social Bond Guidance and Green Bond Principles (GBP). Combined, the Social Bond Guidance and GBP speak to the social impact of the Social Bond proceeds and to transparency around the selection process, management of proceeds and allocation and impact reporting.

3. FRAMEWORK OVERVIEW

3.1 Use of Proceeds

Eligibility Criteria: The WGEA Employer of Choice Citation

Social Bond proceeds will be used by NAB to lend to organisations that have been awarded the Employer of Choice for Gender Equality citation (EOCGE) by the Workplace Gender Equality Agency (WGEA). Organisations that have received the EOCGE citation are recognised by the WGEA as having demonstrated leading practices that promote the achievement of gender equality in Australian workplaces.

The WGEA is an Australian government statutory agency created by the *Workplace Gender Equality (WGE) Act 2012*. The agency is charged with promoting and improving gender equality in Australian workplaces. It does so by working with employers to facilitate compliance with the reporting requirements under the *Workplace Gender Equality Act 2012*. The WGEA also awards the EOCGE citation to recognize organisations that have demonstrated leading practices that promote the achievement of gender equality in Australian Workplaces. The EOCGE citation assesses organisations on 7 criteria, where each criteria contains pre-requisite indicators that demonstrate leading practice in the area of workplace gender equality. While generally aligned with the reporting criteria of the *Workplace Gender Equality Act*, the EOCGE citation requires organisations to demonstrate practices and commitments that are beyond legal requirements of the Act. Annex 2 provides summary details on the EOCGE citation criteria.

Exclusionary Criteria

NAB has developed a list of exclusionary criteria for the proceeds of this Social Bond. These are described below.

1. Social Bond proceeds will not be allocated to financing any organisations through the Social Bond proceeds, whose current principal industry and primary or predominant activities have been assessed by NAB as being one or more of the following:
 - Alcohol
 - Gambling
 - Tobacco
 - Military Weapons
 - Predatory Lending
 - Fossil Fuels
 - Palm Oil
 - Transport of live cattle
 - Whaling
2. Social Bond proceeds will not be allocated to financing any organisations that are involved in major environmental, social or governance controversies (Category 5 controversies), as assessed by Sustainalytics. Organisations to which proceeds have been allocated will be assessed by Sustainalytics for involvement in Category 5 controversies during the previous 12 months, as a part of an annual compliance review. On an annual basis, NAB will reallocate funding from

organisations identified as having involvement in Category 5 controversies to eligible organisations.

See Annex 3 for details on Sustainalytics' controversy assessment methodology.

3.2 Project Evaluation and Selection Process

Selection of Eligible Loans by NAB

NAB will select organisations to finance and re-finance through Social Bond proceeds if the organisation has a current EOCGE citation from the WGEA. If there is a material change to the role, powers or functions of WGEA or the criteria for EOCGE citation, NAB may (having regard to the gender-equality alignment of the Social Bonds) identify an alternative agency or citation to succeed WGEA or the EOCGE citation (as applicable) for the purposes of identifying eligible borrowers. Where NAB does not identify a successor agency or citation, it may include persons or entities to be eligible borrowers by reference to internal criteria for identifying persons or entities that are not inconsistent with the gender-equality alignment of the Social Bonds.

WGEA awards the EOCGE citation annually, and makes the complete list of citation holders publicly available on its website. The selection of eligible loans will be done on behalf of NAB by a NAB Sustainability Investment Committee, comprised of members from NAB Treasury and NAB Institutional Banking, with input from NAB's Capital Financing ESG team.

WGEA Process for Selection of organisations for the EOCGE Citation

Selection of organisations for the WGEA EOCGE is based on a two step process that evaluates an organisation's:

- (i) compliance with the *Workplace Gender Equality Act* through a mandatory reporting questionnaire; and
- (ii) successful meeting of two sets of pre-requisite indicators that determine leading practice in promoting workplace gender equality.

These pre-requisite indicators are assessed both in the legally required compliance questionnaire and the additional EOCGE citation questionnaire.

As a first step, the WGEA administers the compliance questionnaire, a mandatory reporting questionnaire for all Australian organisations with over 100 employees. Organisations that meet a certain set of pre-requisite indicators in the compliance questionnaire are then invited by the WGEA to apply for a EOCGE citation. These first set of pre-requisites in the compliance questionnaire are indicative of a **minimum standard** expected from organisations that wish to demonstrate leadership in fostering gender equality in the workplace.

As a second step, if all compliance related pre-requisites have been met, organisations are automatically selected by the WGEA to complete the EOCGE questionnaire online and apply for the EOCGE citation. Not all organisations selected by the WGEA choose to apply for the citation. The EOCGE questionnaire covers a series of indicators under the seven criteria described in Annex 2. These indicators are assessed through questions in a survey format. While all questions require reporting, the EOCGE questionnaire includes a

second set of pre-requisite indicators. These indicators are representative of **leading practices** expected from organisations that wish to demonstrate leadership in fostering gender equality in the workplace. As of 2016, the EOCGE questionnaire requires 76 such indicators that demonstrate leading practices in workplace gender equality. Organisations meeting these pre-requisites are also required to provide substantiating information to validate their claims. All organisations that have fully responded to the EOCGE questionnaire, and that meet the second set of leading practice pre-requisites are chosen by the WGEA as recipients of the EOCGE citation.

For a full list of both sets of pre-requisite indicators that an organisation must meet to demonstrate leading practices in workplace gender equality, see the WGEA guide to the receiving the EOCGE citation: <https://www.wgea.gov.au/sites/default/files/2016-EOCGE-Guide-to-citation.pdf>

3.3 Management of Proceeds

Proceeds from the Social Bond will be directed to distinct cost centres, where each distinct cost centre represents a type of industry grouping that holds loans to EOCGE businesses. Within each cost centre, proceeds will be directed towards identified and earmarked EOCGE businesses. Eligible organisations within each cost centre will be identified by tagging them with a note on the file. NAB confirms that its Specialised Transaction Management Team, or any successor thereafter, will prepare a quarterly report that serves as a control to monitor lending to eligible assets. The report lists the eligible counterparty and allocated amount by cost centre. Unallocated proceeds will be temporarily invested in a separate bank account, cash, bonds issued by holders of the EOCGE citation or money market instruments, that are separate from the NAB Treasury's General Funds pool.

3.4 Reporting

Allocation Reporting

NAB confirms that it will, on an annual basis throughout the term of the Social Bond, disclose a list of organisations and businesses to which it is allocating proceeds, and the aggregate amount allocated. This list will include the borrower's name, business description, business location, confirmation of the receipt of the WGEA Employer of Choice for Gender Equality citation, and gross portfolio size. This reporting will be published on the NAB website. NAB has confirmed that an external auditor will provide reasonable assurance that processes, policies and systems for managing NAB's eligible lending from the Social Bond are in accordance with NAB's Framework.

Compliance Review

In addition, NAB has committed to undertaking an annual compliance review of funded organisations with Sustainalytics. Sustainalytics will review all organisations/borrowers to which proceeds have been allocated, in order to determine whether they meet the eligibility criteria in the Framework. As a part of the annual compliance review, Sustainalytics will also undertake a review and analysis of organisations involvement in controversies. Sustainalytics will provide a letter stating the results of the compliance review, which NAB may disclose publicly on its website. The compliance review will take place annually throughout the term of the Social Bond.

Impact Reporting

If feasible, NAB intends to report on the percentage of women on boards, aggregated to an average number at the level of the allocated portfolio. NAB intends to disclose this metric on an annual basis throughout the term of the Social Bond, on its website. If feasible, NAB will also develop case studies in collaboration with WGEA to highlight impact and a particular leading practice of an eligible organisation. If developed, such a case study would be publicly disclosed on NAB's website.

4 SUSTAINALYTICS' OPINION

Advancing the U.N Sustainable Development Goals and aligning with Australian priorities

The UN Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) was entered into force in September 1981 and signed by Australia in August 1983. In signing CEDAW, Australia committed itself to being a society that promotes policies, laws, organisations, structures and attitudes that ensure women are guaranteed the same rights as men. Since signing the CEDAW, Australia has developed many mechanisms for implementing the rights protected under the Convention Sex Discrimination Act 1984 (Cth) (SDA)¹, which makes it unlawful to discriminate against someone on the basis of gender, sexuality, marital status, family responsibilities or because they are pregnant. The SDA has played an important role in changing public attitudes and helped advance gender equality in Australia.

More recently, the Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. These goals are widely considered to be the next step to the Millennium Development Goals (MDG), which were time-bound to 2015. Unlike the MDG's, the SDGs emphasise the elimination of inequality and disparity in opportunity globally, in both developed and developing countries. In particular, SDG 5 'to achieve gender equality and empower all women and girls' takes us far beyond the Millennium Development Goals (MDGs) and addresses many of the important barriers to advancing women's human rights: the persistence of discriminatory laws and policies; alarming rates of violence against women and harmful practices; the lion's share of unpaid care work carried out by women and girls; and the unacceptably low number of women in decision-making across all arenas, to mention a few.

In Australia, a great deal of momentum on gender parity has been created through the private sector. A growing number of organisations are making policy changes, such as extending family and paternity leave and increasing the number of women in boardrooms. However, despite positive outcomes, Australia's performance on the World Economic Forum's global index measuring gender equality has steadily slipped from their rank in 2006 as 15th overall to 36th in 2015.²

This drop in ranking is indicative of a need to further improve gender equality in Australia, especially given the context of its international obligations under CEDAW, and the global agenda for development set by the SDGs. By financing Australian organisations that demonstrate leading practices with respect to workplace gender equality, NAB's lending as described in this framework plays a key role in advancing the Australian and global objective of achieving gender equality and empowerment for women.

Well positioned to address gender inequality in Australian workplaces

NAB is a leader within the banking industry in Sustainalytics' Global Platform. The company ranks highest amongst industry peers based on its overall ESG rating, is a leader in environmental and social performance, and an outperformer in the governance category. The company is notable for its strong disclosure on Human Capital measures, including detailed information on workforce composition, training and employee engagement. As part of its reporting, the company discloses its remuneration by gender

¹ <https://www.legislation.gov.au/Series/C2004A02868>

² <http://reports.weforum.org/global-gender-gap-report-2015/>

and position. Although the company notes that there is a gender pay gap, it has ongoing initiatives to reduce and eventually eliminate the gap. The company's strong reporting is complimented by equally strong programmes to attract, retain and develop its employees. For example, the company has enhanced its benefits for new parents and increased its support for flexible work arrangements. Given its policies and programmes aimed at creating greater gender equality, and given its industry leading ESG performance among its peers, Sustainalytics is of the opinion that NAB is well positioned to issue its first Social Bond in this area.

Strength of the WGEA framework

Sustainalytics assessed the EOCGE citation framework that determines eligibility of organisations for funding through bond proceeds, and determined its strengths and limitations. Sustainalytics is of the opinion that the EOCGE citation framework assesses organisations on criteria that are comprehensive and meaningful.

The strength of the WGEA EOCGE framework derives from the following three factors:

- (i) *The EOCGE citation uses criteria that are meaningful and assess workplace gender equality in a holistic manner*

The combination of results-based criteria and process-based criteria contained in the EOCGE citation ensure that it is a holistic measure of an organisation's progress to create an equal workplace. The EOCGE assesses organisations on criteria that demonstrate results in achieving gender equality in the workplace, such as gender remuneration gap, and number of women in leadership positions. The citation also assesses organisations on criteria that demonstrate the organisation has processes in place to embed gender equality in the workplace over the long term. Three such process based criteria include employee consultation, learning and development (for example, mentorship and career development programs for women), and flexible working arrangements.

Most commonly, workplace gender equality is assessed solely through results based criteria, often using the number of women on boards or in senior management as the primary metric. However, results based metrics like the number of women in leadership positions serve only as a signal that the organisation could have an inclusive workplace and environment. The presence of women in leadership positions does not, by itself, imply that the pathway to leadership is equitable, and that there are processes in place to allow women to progress to leadership roles in a fair manner.

Process based criteria, on the other hand, play an important role in establishing equal opportunity in the workplace. Embedding processes, such as flexible working arrangements and mentorship programs, is key to ensuring an equal chance of advancement for both men and women. Such processes entrench equal opportunities in the workplace, and are important to ensure progress towards results. For example, flexible working arrangements are important for retention of women, allowing them to progress to senior roles. These

process-based criteria play a role in achieving results, like a high number women in leadership positions.

Sustainalytics is of the opinion that this combination of results-based and process-based criteria ensures that EOCGE citation organisations are assessed on workplace gender equality in a comprehensive and meaningful manner.

(ii) *The EOCGE citation considers workplace gender equality an organisational priority through a focus on accountability and targets*

Sustainalytics is of the opinion that the level at which organisations assign ultimate accountability for implementing their gender equality strategies, and the tracking of progress of these strategies, are indicative of the priority they assign to achieving results.

The EOCGE citation recognizes the importance of considering workplace gender equality initiatives as an organisational business priority. The citation assesses if accountability for workplace gender equality lies with an organisation's board, CEO, executive or senior managers. It also assesses organisations on internal targets and monitoring of progress against those targets. Organisations that receive an EOCGE citation must demonstrate that workplace gender equality is an organisational priority through having a formal policy to support gender equality, assigning responsibility for the implementation of that policy to senior leadership, having the CEO be a visible champion of gender equality, and tracking progress on workplace gender equality internally. In Sustainalytics' opinion, this is a strength of the EOCGE framework.

(iii) *The WGEA annually reviews and strengthens the EOCGE framework*

WGEA regularly reviews the pre-requisites for achieving the EOCGE citation to assess if they are reflective of leading practices in gender equality. The WGEA also annually makes amendments to these pre-requisites in line with new legislation and constantly evolving industry best practices. For example, 10 new pre-requisites were added to achieve the EOCGE citation in 2016. This ensures that the eligibility criteria for achieving the EOCGE citation is constantly strengthening, and that the bar for demonstrating leading practices in gender equality is continually being raised. Sustainalytics is of the opinion that such self-strengthening criteria is indicative of best-practice, and is an important strength of the EOCGE framework.

The WGEA EOCGE framework also has certain limitations. One such limitation is that it is not possible to assess if EOCGE citation organisations align with a traditional 'best-in-class' approach. WGEA does not track the ratio of organisations that apply for the EOCGE citation to those that apply and successfully achieve the citation. Additionally, it can be challenging to understand sustained impact at the organisational level, as WGEA does not systematically track how often an organisations achieves the

EOCGE citation. Since application for the EOCGE citation is partly voluntary, and the criteria are continually evolving, the loss of citation from one year to the next may not be indicative of failing standards. Finally, the WGEA also does not track if organisations achieve the EOCGE citation through just meeting the pre-requisites in the citation application form, or through going above and beyond these required elements. While the EOCGE pre-requisites themselves are beyond legal compliance, organisations that have gender equality initiatives that go beyond even the leading practice pre-requisites are not identified. Despite these limitations, Sustainalytics is of the opinion that the EOCGE citation is robust, and meaningfully identifies organisations that have leading practices in workplace gender equality.

Alignment with the Social Bond Guidance and GBP 2016

NAB's Social Bond is in alignment with the Social Bond Guidance with respect to Use of Proceeds, and with the GBP pillars of Project Selection Process, Management of Proceeds, and Reporting. Please see Annex 1 for more details.

Conclusion

Sustainalytics' assessment of the WGEA EOCGE citation concludes that the Social Bond's eligibility criterion and the process to award the EOCGE citation is robust, and meaningfully identifies organisations that have leading practices in workplace gender equality. The use of proceeds clearly seeks to achieve positive outcomes as described in the Social Bond Guidance, and to advance the Sustainable Development Goals. Additionally, NAB's intention to transparently report on impact is aligned with market best practice. Based on the above considerations, Sustainalytics is of the opinion that NAB's Social Bond Framework is credible, and will help to encourage greater workplace gender equality in Australia.

ANNEXES

Annex 1: Alignment with Green Bond Principles

Green Bond/Green Bond Programme External Review Form

Green Bond / Green Bond Programme External Review Form

Section 1. Basic Information

Issuer name: National Australia Bank Limited.

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:

Review provider's name: Sustainalytics

Completion date of this form: March 15th, 2017

Publication date of review publication:

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please note that Sustainalytics is using the Green Bond Principles review form in order to demonstrate this Social Bond’s alignment with both, the Social Bond Guidance, and the GBP. Combined, the Social Bond Guidance and GBP speak to the social impact of the bond proceeds, and provide transparency about the selection process, management of proceeds, and allocation and impact reporting.

Please refer to Social Bond Framework and Second Opinion Document above.

Section 3. Detailed review

1. USE OF PROCEEDS

Overall comment on section (if applicable):
Proceeds of this bond will be used for general corporate purposes by organisations identified as leaders in fostering gender equality in Australian workplaces. NAB will not be selecting specific projects to be funded through lending to these organisations. Sustainalytics recognizes that the eligibility criteria for the use of bond proceeds is based on the sustainability credentials of the borrowing entity, rather than on the nature of projects being financed. Due to the nature of the impact being funded, there is a constraint with respect to using bond proceeds for specific projects. Workplace gender equality is created systemically, by embedding initiatives for creating an equal workplace in an organisation’s strategy and daily operations. It is challenging to fund workplace gender equality in a meaningful way through short term projects.

Given the above, Sustainalytics is of the opinion that the bond will generate positive impact by channeling funds to organisations where workplace gender equality initiatives are embedded in business strategy. Additionally, the bond’s eligibility criteria and broad impact category is recognized by the Social Bond Guidance as “Socioeconomic advancement and empowerment.” Sustainalytics is of the opinion that bond proceeds will also play a role in advancing the U.N. Sustainable Development Goal focussed on achieving gender equality.

Use of proceeds categories as per GBP:

- Renewable energy
- Pollution prevention and control
- Terrestrial and aquatic biodiversity conservation
- Energy efficiency
- Sustainable management of living natural resources
- Clean transportation

- | | |
|--|---|
| <input type="checkbox"/> Sustainable water management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient products, production technologies and processes | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Use of proceeds will be allocated to organisations that demonstrate leading practices in workplace gender equality, as identified by the EOCGE citation. This is in line with the Social Bond Guidance 2016. |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

Eligible organisations are selected if they are awarded the WGEA EOCGE citation. Sustainalytics has assessed the process and framework for awarding the EOCGE citation as being robust and meaningful. This is due to three factors: (i) The EOCGE citation uses criteria that are meaningful and assess workplace gender equality in a holistic manner; (ii) The EOCGE citation considers workplace gender equality an organisational priority through a focus on accountability and targets; and (iii) The WGEA annually reviews and strengthens the EOCGE framework.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):
NAB has a clear system to track bond proceeds and allocate them to eligible organisations. Sustainalytics is of the opinion that NAB has sufficient oversight over management of proceeds.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in a systematic manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (please specify):

4. REPORTING

Overall comment on section (if applicable):
NAB has confirmed that allocation of proceeds will be verified by its external auditor. NAB has also committed to annually disclosing the aggregate amount allocated to eligible organisations.
With respect to the impact of bond proceeds, Sustainalytics is of the opinion that the second set of pre-requisites required to achieve the EOCGE citation demonstrate organisation’s performance in fostering workplace gender equality. If an organisation has performed on these pre-requisite indicators, then it already has demonstrated leading practices in workplace gender equality. For this bond, Sustainalytics believes that the EOCGE pre-requisite indicators are sufficient to demonstrate meaningful impact.
NAB intends to report on the impact of the bond by disclosing the percentage of women on boards, aggregated to an average number at the level of the eligible portfolio. This is in line with industry best practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> GB financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
|--|--------------------------------------|

Other (*please specify*): The percentage of women on boards, aggregated to an average number at the level of the eligible portfolio will be disclosed annually throughout the term of the bond. Case studies will be disclosed if they are feasible to develop.

Information reported (expected or ex-post):

- | | |
|---|---|
| <input type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): The percentage of women on boards, aggregated to an average number at the level of the eligible portfolio; case studies of leading practices in funded organisations, if feasible | |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
|--|---|

- Information published in ad hoc documents
- Other (*please specify*): Reporting will be published on the NAB website
- Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

NAB website: <https://www.nab.com.au/>

WGEA website: <https://www.wgea.gov.au/>

Comprehensive list of EOCGE criteria and guide to achieving citation:

<https://www.wgea.gov.au/sites/default/files/2016-EOCGE-Guide-to-citation.pdf>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion)
- Certification
- Verification / Audit
- Rating
- Other (*please specify*):
annual compliance review

Review provider(s): N/A

Date of publication: N/A

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- (i) **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second opinions" may fall into this category.
- (ii) **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- (iii) **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- (iv) **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

Annex 2: Employer of Choice for Gender Equality (EOCGE) Citation Criteria

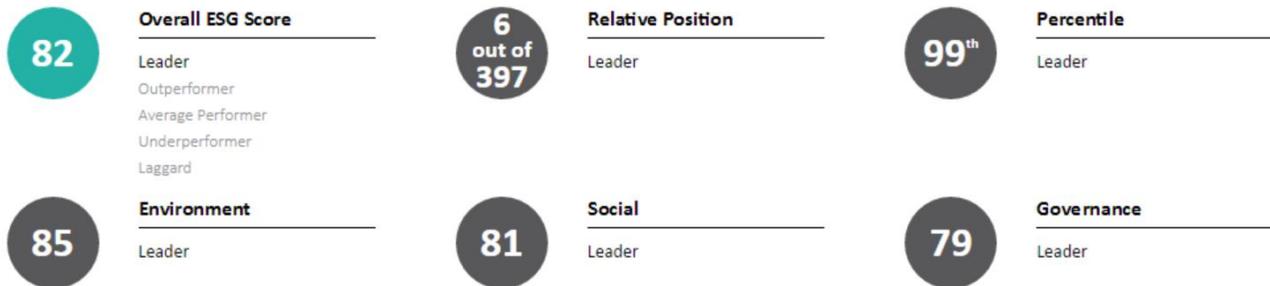
EOCGE criteria	Definition of criteria	Reporting on criteria required by WGE Act?	How is the EOCGE criteria beyond legal compliance?
Leadership, accountability, and focus	This criterion assesses an organisation's overall strategies, policies and processes to achieve gender equality.	Yes	Reporting on leading practice indicators in criteria is beyond legal compliance.
Learning and development	This criterion assesses an organisation's learning and development strategies, policies and processes aimed at building capability throughout the organisation, as well as having career development and leadership programs in place for women and men.	No	Reporting on criteria is beyond legal compliance.
Gender remuneration gaps	This criterion assesses an organisation's policies, strategies and processes to address gender remuneration equity and show progress in closing any gender remuneration gaps over time.	Yes	Reporting on leading practice indicators in criteria is beyond legal compliance.
Flexible working arrangements	This criterion assesses an organisation's policies, strategies and processes to encourage the use of flexible working arrangements for women and men at all levels of the organisation.	Yes	Reporting on leading practice indicators in criteria is beyond legal compliance.
Employee consultation	This criterion gives an indication of an organisation's culture in relation to gender equality using feedback from workers via anonymous survey questions.	Yes	Reporting on leading practice indicators in criteria is beyond legal compliance.
Preventing sex-based harassment and discrimination	This criterion assesses the way an organisation educates all workers (including casual and contract staff) on their rights and obligations regarding sex-based harassment and discrimination, with the aim of eliminating sex-based harassment and discrimination in the workplace and promoting an inclusive culture through education and skills-based training.	Yes	Reporting on leading practice indicators in criteria is beyond legal compliance.
Targets for improving gender equality outcomes	This criterion assesses whether an organisation has set specific, measurable, achievable and time-framed numerical targets where the representation of women in management and on its governing body/board (where the organisation has control over governing body/board appointments) is less than forty per cent.	Yes	Reporting on leading practice indicators in criteria is beyond legal compliance.

Annex 3: Sustainalytics' Controversy Assessment Methodology

Controversies are an assessment of a company's past involvement in incidents that had a negative impact on stakeholders, and that pose outstanding risks to the company. Sustainalytics analyses companies' involvement in controversies based on several factors, including impact of the incident, recurrence and pattern of incidence, company response, and managerial responsibility. After analysis, companies' involvement in controversies is classified on a hurricane scale of 1 to 5. Controversies are assessed as Category 1 if they have a low impact on the environment and society, and pose negligible risks to the company. Controversies are assessed as Category 5 if they have a severe impact on the environment and society, and pose a serious risk to the company. Category 5 represents the most severe corporate conduct.

Annex 4: NAB's Overall ESG performance (as assessed by Sustainalytics)

Overall performance



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