



CLIMATE BONDS VERIFICATION OPINION

NATIONAL AUSTRALIA BANK ANNUAL PROGRAMMATIC ASSURANCE STATEMENT 2020

Prepared by: DNV GL Business Assurance Australia Pty. Ltd.

Location: Sydney, Australia

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Disclaimer

Our assessment relies on the premise that the data and information provided by PON limited to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

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DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct¹ during the assessment and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assessment process.

¹ DNV GL Code of Conduct is available from DNV GL website (www.dnvgl.com)

Scope and objectives

National Australia Bank Limited ("NAB" or "Issuer") has issued multiple Green Bond issuances against its pool of eligible projects and assets. From 2018 NAB has elected to conduct its Certified Green Bond Issuance in a Programmatic format as facilitated by the Climate Bonds Standard ("CBS") v3.0.

NAB senior unsecured Green Bonds that have been issued and are outstanding at the time of verification include:

- NAB Climate Bond AUD 300m ISIN: AU3CB0226090
- NAB EMTN Climate Bond EUR 500m ISIN: XS1575474371
- NAB SDG Green Bond USD 750m ISIN: US63254ABA51
- NAB SDG Green Bond EUR 750m ISIN: XS1872032369

(together, the "NAB Green Bonds")

In addition, during the 2020 financial year, UBank offered a Green Term Deposit product of which an aggregate amount of AUD 156,392,513 was outstanding as at 30 September 2020 (the "UBank Green TD")

NAB related entities have issued:

- NAB RMBS 2018-1 – Green Tranche A1-G (AUD 300m) ISIN: AU3FN0040622
- NAB Low Carbon Shared Portfolio Issuance (AUD 200m) ISIN: AU3FN0042826

(together with the NAB Green Bonds, and the UBank Green TD, the "Bonds")

NAB has used the proceeds of the Bonds to finance (or re-finance) the nominated projects and assets falling under the following categories:

- Low Carbon Buildings – Commercial
- Low Carbon Buildings - Residential
- Low Carbon Transport
- Marine Renewables
- Solar Energy
- Wind Energy

NAB has issued four senior unsecured NAB Green Bonds and the UBank Green TD with a total issuance value of AUD 3,574,928,897². The pool of eligible projects and assets as at 30 September 2020 was AUD 4,150,286,401¹ resulting in a surplus of eligible projects and assets of AUD 575,357,503¹. NAB related entities have also issued two secured green transactions with a total issuance value of AUD 500,000,000, which are supported by separate pools of eligible projects and assets, the details of which are set out in schedules 2 and 3.

DNV GL Business Assurance Australia Pty Ltd (henceforth referred to as "DNV GL") has been commissioned by NAB to provide the Annual Programmatic Verification of the Bonds as an independent

² AUD equivalent amounts based on closing exchange rates published by the RBA as at 30 September, 2020.
<http://www.rba.gov.au/statistics/tables/index.html#exchange-rates>

and approved verifier under the Climate Bonds Standard. Our criteria and information covered to achieve this is described under 'Work Undertaken' below.

No assurance is provided regarding the financial performance of the Bonds, the value of any investments in the Bonds, or the long term environmental benefits of the transaction. Our objective has been to provide an assessment that the Bonds have met the criteria of the Climate Bonds Standard Version 3.0 and the associated Technical Criteria on the basis set out below.

The scope of this DNV GL opinion is limited to the Climate Bonds Standard Version 3.0 and the following associated Sector Technical Criteria:

- Commercial Low Carbon Buildings (v1.0)
- Residential Low Carbon Buildings (v1.0)
- Low Carbon Transport (v1.0)
- Marine Renewables (v1.0)
- Solar Energy (v2.1)
- Wind Energy (v1.1)

Responsibilities of the Management of NAB and DNV GL

The management of NAB has provided the information and data used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform NAB management and other interested stakeholders in the Bonds as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by NAB. DNV GL is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect as a result of the information or data provided by NAB's management and used as a basis for this assessment not being correct or complete.

Basis of DNV GL's opinion

DNV GL has conducted the verification against the CBS v3.0 and associated Sector Technical Criteria through the creation and execution of a verification protocol addressing each requirement of the CBS v3.0 and the associated Sector Technical Criteria. The detail of areas covered in the DNV GL verification is summarised in Schedule 4 below.

Work undertaken

Our work constituted a high level review of the available information, based on the understanding that this information was provided to us by NAB in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

Programmatic Verification

- Creation and execution of a Climate Bond Standard Protocol, adapted to include the relevant Sector Technical Criteria for the nominated projects and assets of the relevant Bond, as described above and in Schedule 4 to this Assessment;
 - Assessment of documentary evidence provided by NAB in relation to the Bonds and supplemented by a high-level desktop research, onsite visit for documentation review and interviews with key personnel from the issuer NAB. These checks refer to current assessment best practices and standards methodology;
 - Review and testing of impact reporting data where possible;
 - Discussions with NAB management, and review of relevant documentation; and
 - Documentation of findings against each element of the criteria.
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Findings and DNV GL's opinion

DNV GL has performed the Annual Programmatic Verification of the National Australia Bank Bonds for the financial year ended 30 September 2020. It is DNV GL's responsibility to provide an independent verification statement on the compliance of the National Australia Bank Bonds with the Climate Bond Standard.

DNV GL conducted the verification in accordance with the Climate Bond Standard Version 3.0 and with International Standard on Assurance Engagements *3000 Assurance Engagements other than Audits or Reviews of Historical Information*. The verification included i) checking whether the provisions of the Climate Bond Standard were consistently and appropriately applied and ii) the collection of evidence supporting the verification.

DNV GL's verification approach draws on an understanding of the risks associated with conforming to the Climate Bond Standard and the controls in place to mitigate these. DNV GL planned and performed the verification by obtaining evidence and other information and explanations that DNV GL considers necessary to give limited assurance that each Bond continues to meet the requirements of the Climate Bond Standard.

Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that, for the 2020 financial year, the NAB Bonds are not, in all material respects, in accordance with the requirements of the Climate Bond Standard Version 3.0 and associated Sector Criteria including Residential Low Carbon Buildings, Commercial Low Carbon Buildings, Low Carbon Transport, Marine Renewables, Solar Energy and Wind Energy.

DNV GL has reviewed the impact reporting metrics associated with the current reporting period including verification of a sample of calculations, references and values. Based on the limited assurance procedures conducted, nothing has come to our attention that causes us to believe that, for the 2020 financial year, the impact reporting metrics are not, in all material respects reasonable and correct.

for DNV GL Business Assurance Australia Pty. Ltd.

Sydney, Australia / 31 May 2021



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About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight. With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

SCHEDULE 1: NAB BONDS POOL OF NOMINATED ASSETS

Schedule data as of 30 September 2020. NAB Climate Bond AUD 300m ISIN: AU3CB0226090, NAB EMTN Climate Bond EUR 500m ISIN: XS1575474371, NAB SDG Green Bond USD 750m ISIN: US63254ABA51, NAB SDG Green Bond EUR 750m ISIN: XS1872032369 and the UBank Green TD.

Australian Renewables

Projects/Assets	Project/Asset Locations	Amount Funded
Albany and Grasmere Wind Farm	Western Australia	6,499,077
North Brown Hill Wind Farm (Hallett 4)	South Australia	37,643,731
Boco Rock Wind Farm	New South Wales	25,783,148
Bungala One Solar Farm	South Australia	22,323,171
Bungala Two Solar Farm	South Australia	21,766,023
Crowlands Wind Farm	Victoria	28,740,704
Dundonell Wind Farm	Victoria	20,020,004
Emerald Solar Farm	Queensland	38,522,873
Greenough River Solar Farm	Western Australia	22,935,380
Gullen Range Wind Farm	New South Wales	52,734,108
Hallett 1 Wind Farm	South Australia	44,672,966
Hallett Hill 2 Wind Farm	South Australia	2,477,914
Haughton Solar Farm	Queensland	31,707,344
Kiata Wind Farm	Victoria	20,460,715
Lal Lal Wind Farm	Victoria	52,832,271
Mt Emerald Wind Farm	Queensland	27,337,220
Musselroe Wind Farm	Tasmania	6,652,225
Oaklands Hill Wind Farm	Victoria	17,663,695
Portfolio facility for Nyngan Solar Farm and Broken Hill Solar Farm	New South Wales	24,196,072

Silverton Wind Farm	New South Wales	23,334,119
Solar Farm 1	Queensland	48,915,531
Stockyard Hill Wind Farm	Victoria	96,423,859
Warradarge Wind Farm	Western Australia	55,593,265
Woolnorth Wind Farm	Tasmania	7,519,886
White Rock Wind Farm	New South Wales	32,614,286

SUBTOTAL AUD \$769,369,586

UK & Europe Renewables

Projects/Assets	Project/Asset Locations	Amount Funded
Boomerang Energy	UK	GBP 50,213,191
Cubico 2	UK	GBP 61,254,669
Eco Wind Power	Europe	EUR 18,960,708
Fred Olsen Wind portfolio	UK	GBP 79,478,857
Greencoat Wind Farm	UK	GBP 200,000,000
Independent Power Producer with 57 assets	Europe & UK	USD 39,559,677
Moray East Wind Farm	UK	GBP 18,466,701
Moray East Wind Farm	Europe	EUR 5,742,684
Portfolio Facility for 14 operational wind & solar farms in the UK	UK	GBP 83,701,590
Portfolio Facility for 21 UK based solar PV parks	UK	GBP 24,193,549
Project Blyth	UK	GBP 46,935,333
Project UK 1	UK	GBP 35,122,666
Race Bank Wind Farm	UK	GBP 18,008,264
Sheringham Shoal	UK	GBP 24,044,770
Ventinent Energy	UK	GBP 77,650,155
Wind Farm 1	Europe	EUR 58,950,000

Wind Farm 2	Europe	EUR 108,034,263
SUBTOTAL		AUD 1,670,504,411¹

US Renewables

Projects/Assets	Project/Asset Locations	Amount Funded
Wind Farm 3	California, USA	USD 50,000,000.00
Solar Farm 2	Hawaii, USA	USD 14,833,227
SUBTOTAL		AUD 91,211,631²

Australian Low Carbon Transport

Projects/Assets	Project/Asset Locations	Amount Funded (AUD)
North West Rail Link PPP	NSW	144,333,086
RailCorp Rolling Stock PPP	NSW	198,904,241
Sydney Light Rail PPP	NSW	183,129,891
SUBTOTAL		AUD 526,367,218

UK Low Carbon Transport

Projects/Assets	Project/Asset Locations	Amount Funded
QW Rail Leasing	UK	GBP 81,689,824
SUBTOTAL		AUD 147,507,807²

¹ AUD equivalent amounts based on closing exchange rates published by the RBA as at 30 September, 2020. <http://www.rba.gov.au/statistics/tables/index.html#exchange-rates>

Australian Low Carbon Buildings – Commercial Office

Projects/Assets	Project/Asset Locations	Amount Funded (AUD)
Low Carbon Commercial Real Estate (various)	Australia (various)	945,325,747
		SUBTOTAL AUD 945,325,747
		TOTAL AUD 4,150,286,401

SCHEDULE 2: NAB RESIDENTIAL MORTGAGE BACKED SECURITIES POOL OF NOMINATED ASSETS

Schedule data as of 30 September 2020. Green RMBS A1-G note balance confirmed to be AUD 138,499,275.²

Asset Type/s	Asset Location	Amount Funded AUD
Low Carbon Residential Real Estate (various)	Australia (various)	239,544,295
	TOTAL	AUD 239,544,295

² NAB's Green RMBS A1-G note (ISIN AU3FN0040622) had an initial face value of AUD300,000,000 when issued on 15 February 2018.

SCHEDULE 3: NAB LOW CARBON SHARED PORTFOLIO POOL OF NOMINATED ASSETS

Schedule data as of 30 September 2020. Low Carbon Shared note balance confirmed to be AUD 85,013,269.³

Asset Type/s	Asset Location	Low Carbon Shared Portfolio (A\$m)	Facility share of the portfolio (%)	NAB's Share of the Low Carbon Shared Portfolio (A\$m)
Hallet Hill 2 Wind Farm	Australia	6.14	7.22%	2.48
Woolnorth Wind Farm	Australia	18.63	21.92%	7.52
Musselroe Wind Farm	Australia	16.48	19.39%	6.65
Oaklands Hill Wind Farm	Australia	43.76	51.48%	17.67
TOTAL		AUD 85.01m	100%	AUD 34.32m

³ NAB's Low Carbon Shared Portfolio (ISIN AU3FN0042826) had an initial face value of AUD200,000,000 when issued on 26 June 2018.

SCHEDULE 4: VERIFICATION CRITERIA

Summary criteria for assertions of compliance with the Climate Bond Standard v3.0

The criteria against which NAB and its nominated projects and assets have been reviewed prior to inclusion in the relevant Bond are grouped under the requirements as detailed within the Climate Bond Standard Version 3.0 including:

Part A: General Requirements

Area	Requirement
Project Nomination	The Climate Bond issued must specify the project collateral or physical assets (or pool of assets) with which it is associated
Use of Proceeds	Proceeds must be allocated to Nominated Project(s)
Non-Contamination	Issuers are permitted a grace period to allocate or re-allocate funds to Nominated Project(s)
Confidentiality	The information disclosed to the Verifier and the Climate Bond Standards Board may be subject to confidentiality arrangements
Reporting	Reporting on use of proceeds and nominated projects and assets

Part B: Low Carbon Contribution - Eligible projects and physical assets

Nominated projects and assets include financing of or investments in equipment and systems which enable the mitigation of greenhouse gasses, as detailed in Schedule 1, 2 and 3.

Area	Requirement
Commercial Low Carbon Buildings	Performance at the top 15% of the local market for the tenor of the Bond.

Residential Low Carbon Buildings	Performance at the top 15% of the local market for the tenor of the Bond.
Low Carbon Transport	All infrastructure, infrastructure upgrades, rolling stock and vehicles for electrified public transport pass this criterion, including electrified rail, trams, trolleybuses and cable cars
Marine Renewables	<p><u>Mitigation Component:</u></p> <p>The asset is 100% dedicated to renewable energy.</p> <p>Any fossil fuel back up in place is limited to:</p> <ul style="list-style-type: none"> - Powering monitoring, operating and maintenance equipment in the event of no renewable power in the system; - Powering resilience or protection measures in the event of no renewable power in the system; - Restart capability. <p><u>Adaptation and Resilience Component:</u></p> <p>Section 1: The issuer or project owner understands the climate related risks and vulnerabilities to the asset/ site.</p> <p>Section 2: The issuer or project owner understands the improvements and impacts in the larger context (spatially and temporally) beyond the asset/ site. (i.e. the impacts of their own assets and activities on the broader ecosystem and stakeholders in that ecosystem).</p> <p>Section 3: The issuer or project owner has designed and implemented strategies to mitigate and adapt to these climate risks and vulnerabilities.</p> <p>Section 4: Issuer or project owner is pursuing strategies that promote resilience and adaptation across the area in which it operates and beyond.</p> <p>Section 5: Issuer or project owner is delivering positive impacts (or no harm) in terms of key sustainability indicators.</p>
Solar Energy Generation	Solar electricity generation facilities

Wind Energy Generation	Wind power generation facilities
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Part C: Bond structures

Area	Requirement
Project Holding	The issuer of a Corporate Climate Bond with Nominated Projects linked to a portfolio of assets must continue to hold eligible assets at least equal to the original principal amount of the Bond at the time of issuance
Settlement Period	Climate Bond issuing entities must demonstrate that the proceeds of a Climate Bond have been allocated to the Nominated Project(s) within 24 months after the bond is issued
Earmarking	The Issuer of the bond shall maintain the earmarking process to manage and account for funding to the Nominated Projects & Assets

SCHEDULE 5: ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Alignment of the Use of Proceeds against the United Nations Sustainable Development Goals (UN SDG)

In addition to the Programmatic verification, DNV GL has reviewed the Use of Proceeds and nominated assets associated with the NAB Green Bonds and UBank Green TD for alignment with the UN SDGs in the following table.

Use of Proceeds	UN SDG	UN SDG Target		Assessment of Contribution to Achieving the SDG
Residential Low Carbon buildings	7. Affordable and Clean Energy	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	<p>Compliance with CBI Commercial and Residential Low Carbon Buildings Approved Proxies.</p> <p>These benchmarks address the overall contribution to global energy supply of renewable sources, including solar, wind, and hydroelectric.</p> <p>Compliance with the CBI Commercial and Residential Low Carbon Buildings Approved Proxies demonstrates a contribution towards UN SDG 7, Target 7.2.</p>
		7.3	By 2030, double the global rate of improvement in energy efficiency	<p>Compliance with CBI Commercial and Residential Low Carbon Buildings Approved Proxies as defined on the CBI website for Residential Low Carbon Buildings⁴</p> <p>These benchmarks include consideration of thermal efficiency of the building envelope and the energy efficiency of lighting, heating and cooling plant, etc.</p> <p>Compliance with the CBI Commercial and Residential Low Carbon Buildings Approved Proxies demonstrates a contribution towards UN SDG 7, Target 7.3.</p>

⁴ <https://www.climatebonds.net/standard/buildings/residential/calculator>

	11. Sustainable Cities and Communities	11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<p>Compliance with CBI Commercial and Residential Low Carbon Buildings Approved Proxies.</p> <p>These benchmarks address the contribution of the built environment to National GHG and Air Pollution emissions through energy consumption and associated energy generation.</p> <p>Compliance with the CBI Residential Low Carbon Buildings Approved Proxies demonstrates a contribution towards UN SDG 11, Target 11.6.</p>
	11. Sustainable Cities and Communities	11.a	Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	<p>Compliance with CBI Residential Low Carbon Buildings Approved Proxies as at June 2020. The Criteria have been established to ensure they are representative of buildings in-line with a zero-carbon building sector in 2050.</p> <p>Energy efficiency performance as defined in the Commercial and Residential Low Carbon Buildings Criteria represents the leveraging and implementation of regional development planning and demonstrates a contribution towards UN SDG 11, Target 11.a.</p>
Low Carbon Transport	11. Sustainable Cities and Communities	11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<p>Compliance with CBI Low Carbon Transport Criteria.</p> <p>These benchmarks address the contribution of transport system to National GHG and Air Pollution emissions through energy consumption, associated energy generation and direct emissions to atmosphere.</p> <p>Compliance with the CBI Low Carbon Transport Criteria demonstrates a contribution towards UN SDG 11, Target 11.6.</p>
Low Carbon Transport	11. Sustainable Cities and Communities	11.a	Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning	<p>Compliance with CBI Low Carbon Transport Criteria represents the leveraging and implementation of regional development planning and demonstrates a contribution towards UN SDG 11, Target 11.a.</p>

	9. Industry, Innovation and Infrastructure	9.1	Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	<p>Compliance with CBI Low Carbon Transport Criteria.</p> <p>These benchmarks address the contribution of infrastructure to the development of rural quality of life through access to all-season roads, and increased passenger and freight volumes by mode of transport.</p> <p>Compliance with the CBI Low Carbon Transport Criteria demonstrates a contribution towards UN SDG 9, Target 9.1.</p>
Renewable Energy	7. Affordable and Clean Energy	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix.	<p>Compliance with CBI Solar and Wind Criteria. The Criteria have been established to ensure alignment with the Paris Agreement 2°C target. Renewable energy generation from terrestrial Solar and Wind assets fall within this Criteria.</p> <p>Compliance with the CBI Solar and Wind Criteria demonstrates a contribution towards UN SDG 7, Target 7.2.</p>