



# NATIONAL AUSTRALIA BANK GREEN BOND FRAMEWORK

**Document title:** Second Party Opinion on National Australia Bank's Green Bond Framework

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### Disclaimer

Our assessment relies on the premise that the data and information provided by the client 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 expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

### Statement of Competence and Independence

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 - Conformity Assessment – *General principles and requirements for validation and verification bodies*, 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 Code of Conduct<sup>1</sup> 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 was not involved in the preparation of statements or data included in the Framework except for this Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assessment process.

<sup>1</sup> DNV Code of Conduct is available from DNV website ([www.dnv.com](http://www.dnv.com))

## DNV'S INDEPENDENT ASSESSMENT

### Scope and Objectives

National Australia Bank ("NAB") is one of the four largest financial institutions in Australia. NAB employs more than 38,000 colleagues globally, supporting more than eight and a half million customers in Australia and overseas across: personal accounts, small, medium and large businesses, private clients, government and institutional activities.

NAB has developed the Green Bond Framework (the "Framework") under which it intends to issue green bonds. The Framework is an update to the 2022 NAB Green Bond Framework, under which NAB has previously issued several Climate Bond certified green bonds, for which DNV has provided pre-issuance and post-issuance verification confirming compliance with the requirements of the Climate Bonds Standard ("CBS").

The Australian Sustainable Finance Institute ("ASFI") Taxonomy ("ASFI Taxonomy") was released in June 2025. NAB as an ASFI Member, was engaged with the development of the ASFI Taxonomy and may seek to include the ASFI Taxonomy as an additional screening mechanism for identification of eligible Use of Proceeds for Green Bond issuance.

Green Bonds issued under this Framework may also support and contribute towards meeting the UN Sustainable Development Goals ("SDGs").

DNV Business Assurance Australia Pty Ltd ("DNV") has been engaged by NAB to review the Framework and provide a Second Party Opinion on the Framework's alignment with Green Bond Principles 2021 (with June 2022 Appendix 1) ("GBP")<sup>2</sup> published by the International Capital Market Association ("ICMA"), and the Climate Bonds Standard Version 4.2 (CBS)<sup>3</sup> specific requirements for green bond frameworks.

No assurance is provided regarding the financial performance of instruments issued via NAB's Framework, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

In providing the views and opinions in this SPO, no conflicts of interest that are material may have arisen.

DNV does not hold an Australian Financial Services License to provide general financial product advice, and this opinion is provided subject to the conditions of the Australian Securities and Investments Commission ("ASIC") SPO class no-action position set out in its letter of 14 June 2024. In accordance with ASIC's SPO class no-action position, DNV may make further details available via electronic link.

### Responsibilities of the Management of NAB and DNV

The management of NAB has provided the information and data used by DNV 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 Framework as to whether the Framework is aligned with the GBP and CBS' requirements for green bond frameworks. In our work we have relied on the information and the facts presented to us by NAB. DNV 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. Thus, DNV shall not be held liable if any of the information or data provided by NAB's management and used as a basis for this assessment were not correct or complete.

<sup>2</sup> <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

<sup>3</sup> <https://www.climatebonds.net/climate-bonds-standard-v42>

## Basis of DNV's opinion

We have adapted our assessment methodology to create the NAB-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four core components:

### 1. Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and social benefits.

### 2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond should outline the process it follows when determining eligibility of an investment using Green Bond proceeds and outline any impact objectives it will consider.

### 3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration is made of how unallocated funds will be handled.

### 4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## 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:

- Creation of a Protocol, adapted to the purpose of the Framework, as described above and in Schedule 3 to this Assessment;
- Assessment of documentary evidence provided by NAB on the Framework and supplemented by high-level desktop research. These checks refer to the current assessment best practices and standards methodology;
- Review of published materials by NAB and NAB's website;
- Discussions with NAB's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

## Findings and DNV's Opinion

DNV's findings are listed below:

### 1. Use of Proceeds

NAB will allocate an amount equivalent to the net proceeds of each NAB Green Bond towards financing, or refinancing, a portfolio of projects, assets and other expenditures which satisfy each or both the eligibility requirements of the CBS Sector Criteria and alignment with the eligible Green Project categories of the GBP. The Framework defines the following eligible Green Project categories as defined in the GBP and the Sector Criteria<sup>4</sup> as defined by the CBS.

GBP eligible Green Project categories	CBS Sector Criteria
Renewable energy	Solar Energy Wind Energy Marine Renewable Energy Geothermal Energy Bioenergy Hydropower Electrical Grids and Storage Hydrogen Production
Energy efficiency	Basic Chemicals
Pollution prevention and control	Waste Management Cement Steel
Environmentally sustainable management of living natural resources and land use	Agriculture Production Forestry, Land Conservation and Restoration
Clean Transportation	Low Carbon Transport Shipping
Green Buildings	Buildings
Sustainable water and wastewater management	Water Infrastructure

DNV assessed the associated project type to determine eligibility against the eligible Green Project categories of the GBP and the Sector Criteria of the CBS. NAB has provided tables mapping its Eligible Green Project Examples with the UN SDGs. The Eligible Green Project Examples within each category and associated selection criteria is provided in the Framework in order to determine eligibility.

DNV concludes that the eligible categories outlined in the Framework are consistent with the eligible Green Project categories of the GBP and the Sector Criteria of the CBS, and that NAB's proposed use of proceeds is aligned with the GBP and CBS.

### 2. Process for Project Evaluation and Selection

The process for project evaluation and selection is described in the Framework. The Framework states that NAB has within its core systems processes for the identification, approval, tagging, tracking, and reporting of lending for eligible green projects, assets and expenditures. The Framework also states that NAB has established a governance body comprised of suitably skilled representatives from NAB Treasury, Risk, Legal and Corporate, and Institutional Banking (Sustainable Finance) teams, which monitors and oversees processes that support the Framework and annual Green Bond reporting.

DNV concludes that NAB's Framework appropriately describes the process of project evaluation and selection and is aligned with the GBP and CBS.

<sup>4</sup> <https://www.climatebonds.net/standard/sector-criteria>

### 3. Management of Proceeds

The Framework states that NAB monitors the portfolio through the maintenance of an internal register of lending to NAB Green Bond eligible projects, assets, and expenditures and tracks the funds drawn against eligible facilities. The register is updated as facilities are drawn and originated and reported internally monthly. NAB also describes its commitment towards use of unallocated proceeds by stating in the Framework that where full allocation is not achieved within 24 months of issuance, the surplus funds will either be invested in other CBS eligible projects not otherwise nominated for inclusion within current NAB Green Bond portfolios; or temporary investments including cash or cash equivalent instruments within a treasury function. The Framework excludes unallocated funds being temporarily invested in greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy.

DNV has reviewed the evidence presented and can confirm that the proceeds arising from the future issuances will be appropriately managed and aligned with the GBP and CBS.

### 4. Reporting

NAB commits to publishing an NAB Green Bond Report annually, containing details of allocation of proceeds, impact and eligibility in respect of all the outstanding NAB Green Bonds.

NAB's Green Bond reporting will include;

- Net proceeds raised from each NAB Green Bond;
- Proceeds allocated against each NAB Green Bond eligible category identified within the Framework;
- Information on eligible projects, assets and expenditures (either in aggregate or individually) included within the NAB Green Bond eligible portfolio;
- Where possible, estimated qualitative and/or quantitative environmental impact reporting measures for eligible projects, assets and expenditures within the NAB Green Bond eligible portfolio;
- Any unallocated NAB Green Bond proceeds and details of any temporary investments; and
- Confirmation that the use of proceeds from NAB Green Bonds follows the Framework and, where applicable, the Climate Bonds Standard.

NAB's disclosure of information within annual reporting will be subject to confidentiality and availability of such information as outlined within the Framework.

DNV considers NAB's reporting to be aligned with the GBP and CBS.

On the basis of the information provided by NAB and the work undertaken, it is DNV's opinion that the NAB Green Bond Framework meets the criteria established in the Protocol, is aligned with the GBP and with the CBS specific requirements for green bond frameworks.

**for DNV Business Assurance Australia Ltd.**

Sydney, Australia / 19<sup>th</sup> December 2025



David McCann  
Lead Verifier



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## Schedule 1. Description of Categories to be financed or refinanced through NAB's Green Bond Framework

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
Renewable Energy	<ul style="list-style-type: none"> <li>Solar Energy <ul style="list-style-type: none"> <li>Onshore solar electricity and solar thermal generation facilities.</li> </ul> </li> <li>Wind Energy <ul style="list-style-type: none"> <li>Onshore wind generation facilities.</li> </ul> </li> <li>Marine Renewable Energy <ul style="list-style-type: none"> <li>Offshore wind and solar, wave power and tidal power generation facilities.</li> </ul> </li> <li>Geothermal Energy <ul style="list-style-type: none"> <li>Geothermal electricity generation facilities with direct emissions less than 100gCO<sub>2</sub>/kWh and geothermal projects that have been reviewed and registered under the Clean Development Mechanism.</li> </ul> </li> <li>Bioenergy <ul style="list-style-type: none"> <li>Facilities producing biomass/biofuel, heating/cooling and co-generation facilities using biofuel/biomass and bio-refinery facilities.</li> </ul> </li> <li>Hydropower <ul style="list-style-type: none"> <li>Small hydropower generation facilities limited to a maximum capacity of 25MW and new large scale hydropower generation facilities with reservoir power density greater than 10W/m<sup>2</sup>.</li> </ul> </li> <li>Electrical Grids and Storage <ul style="list-style-type: none"> <li>Manufacturing facilities, research and development dedicated to renewable energy generation, technology and equipment including green hydrogen.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Solar Power (PV and Solar Thermal): are automatically eligible under the Climate Bonds Standard and are considered to be a source of renewable energy by DNV, resulting in GHG mitigation benefits.</li> <li>Wind Power: Wind Power is automatically eligible under the Climate Bonds Standard and is considered to be a source of renewable energy by DNV, resulting in GHG mitigation benefits.</li> <li>Marine Energy (offshore Wind and Solar): Marine Energy is eligible under the Climate Bonds Standard and is considered to be a source of renewable energy by DNV, resulting in GHG mitigation benefits.</li> <li>Geothermal: Geothermal energy in compliance with the Climate Bonds Standard Geothermal Criteria is confirmed by DNV as being a source of renewable energy and offering GHG mitigation benefits.</li> <li>Bioenergy (biomass/biofuel): Bioenergy facilities in compliance with the Climate Bonds Standard Geothermal Criteria is confirmed by DNV as being a source of renewable energy and offering GHG mitigation benefits.</li> <li>Hydropower: DNV considers the selection of hydropower projects such as small hydropower generation facilities limited to a maximum capacity of 25MW and new large scale hydropower generation facilities with reservoir power density greater than 10W/m<sup>2</sup> to qualify as renewable energy projects and to present GHG mitigation benefits.</li> <li>Electrical Grids and Storage: The proposed grid and storage use of proceeds for R&amp;D related to renewables and storage, T&amp;D related to renewables, distribution management, distribution assets, ICT for smart grids and electrical storage are considered to be aligned with the category of renewable energy and present GHG mitigation and energy efficiency benefits.</li> <li>Hydrogen Production: DNV considers projects that are in compliance with the Climate Bonds Standard Hydrogen Production Sector Criteria to offer GHG mitigation benefits.</li> </ul>

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
	<ul style="list-style-type: none"> <li>- Transmission and distribution supporting infrastructure for renewable energy</li> <li>- Energy distribution, management, control and storage systems for renewable energy including inverters, storage and control systems</li> <li>- Distributed assets required for construction or upgrading of Transmission &amp; Distribution infrastructure to reduce curtailment of renewable energy into the grid</li> <li>- ICT and smart grid applications including controls, smart meters and supporting technology</li> <li>- Electricity storage including batteries, large scale energy storage facilities and their manufacturing facilities</li> <li>• Hydrogen Production <ul style="list-style-type: none"> <li>- Hydrogen production facilities, decarbonisation measures within facilities producing hydrogen (e.g. retrofits), and hydrogen delivery projects, i.e., eligible assets, projects, and entities relating to the production, conditioning, conversion, transportation, and storage of hydrogen as detailed within the Hydrogen Sector Criteria<sup>5</sup>.</li> </ul> </li> </ul>	
Energy Efficiency	<ul style="list-style-type: none"> <li>• Development of products or technologies that deliver material reductions (30%) in energy consumption of underlying assets, technology, product, or systems including chiller enhancements, improvements in refrigeration, energy efficiency products, appliances and equipment, LED and energy efficient lighting, fuel cells and smart meters</li> <li>• Assets, projects and companies relating to the production of eligible organic and inorganic basic chemicals.</li> <li>• Industrial and commercial energy efficiency improvements that deliver a material reduction (30%) in energy consumption.</li> </ul>	<ul style="list-style-type: none"> <li>• The investment in measures and assets to achieve energy efficiency is well aligned with the category of Energy Efficiency in the Green Bond Principles and presents benefits associated with GHG mitigation.</li> </ul>

<sup>5</sup> <https://www.climatebonds.net/standard/hydrogen-production>



Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
	<ul style="list-style-type: none"> <li>District heating using at least 50% renewable energy, as defined in the Renewable Energy category</li> </ul>	
Pollution Prevention and Control	<ul style="list-style-type: none"> <li>Waste Management <ul style="list-style-type: none"> <li>Facilities that contribute to reduction of air emissions, GHG control, soil remediation, waste prevention, waste reduction, waste collection, waste recycling and sorting, waste storage, composting, anaerobic digestion, landfill gas recovery, energy-efficient waste to energy projects.</li> </ul> </li> <li>Cement <ul style="list-style-type: none"> <li>Subject to meeting the eligibility requirements of the Cement Criteria<sup>6</sup>, cement production facilities or decarbonization measures including whole cement facilities, but also kilns, burners, grinding equipment, blending equipment, calciners, precalciners, Supplementary Cementitious Materials (SCM), digitisation measures, heat recovery systems, and others. Cement production facilities may be integrated from quarries to blended cement, or they may be responsible for only one stage of production, for example, clinker production, grinding, or blending.</li> </ul> </li> <li>Steel <ul style="list-style-type: none"> <li>Subject to meeting the eligibility requirements of the Steel Criteria<sup>7</sup>, steel production facilities or associated decarbonisation measures as detailed within Table 6 of the Steel Criteria.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>DNV considers that the described projects such as recycling of materials or reuse of materials are compatible with the 2-degree reduction trajectory in the Climate Bonds Taxonomy and therefore conducive to pollution and prevention control.</li> <li>In particular, regarding the recycling of organic waste, the Framework applies anaerobic digestion (composting) in the Climate Bonds Taxonomy which deals with production of biogases from green waste. It is DNV's opinion that the relevant criterion is accurately adopted for ensuring the project's eligibility.</li> <li>Projects that comply with the Cement and the Steel Sector Criteria are considered by DNV to provide clear benefits associated with decarbonisation of hard-to-abate industries.</li> </ul>
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> <li>Agriculture <ul style="list-style-type: none"> <li>Capital and operating expenditure relating to environmentally sustainable agriculture and animal husbandry, climate smart farm inputs such as biological crop protection or drip irrigation</li> <li>Activities with the goal of reducing GHG emissions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>DNV considers the project categories outlined in the Framework to be suitably ambitious in contributing to significant carbon sequestration, namely crop and livestock production, and to be compatible with the Climate Bonds Taxonomy.</li> </ul>

<sup>6</sup> <https://www.climatebonds.net/standard/cement>
<sup>7</sup> <https://www.climatebonds.net/standard/Steel>

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
	<p>and enhancing carbon sequestration or enhancing adaptation and resilience.</p> <ul style="list-style-type: none"> <li>Forestry, Land Conservation &amp; Restoration <ul style="list-style-type: none"> <li>Environmentally sustainable forestry including FSC certified plantation forestry, sustainable forest management, afforestation or reforestation, preservation or restoration of natural landscapes and carbon sequestration.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>DNV considers the described projects such as plantations and natural forests, land remediation and clean up, natural ecosystem land (managed and unmanaged) to be compatible with the commercial forestry and natural ecosystem protection &amp; restoration criteria of the Climate Bonds Taxonomy.</li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>Low Carbon Transport <ul style="list-style-type: none"> <li>Energy efficient public transport including conversion of fossil fueled fleets to fully electric or hybrid.</li> <li>Fully electric, hydrogen, or other zero-direct emissions transport - including motorbikes, cars, light and heavy commercial vehicles, passenger or freight trains including urban subway/metro, trams and buses.</li> <li>Public walking and bicycle infrastructure.</li> </ul> </li> <li>Shipping <ul style="list-style-type: none"> <li>Maritime freight and passenger transport vessels using low GHG (e.g. hydrogen, green methanol, ammonia, batteries or high % biofuel) or hybrid fuel sources that deliver substantial reductions in GHG emissions intensity and improvements in energy efficiency</li> </ul> </li> <li>Enabling and supporting infrastructure supporting the above including electric charging infrastructure, low carbon liquid fuel or refueling infrastructure, electrified rail infrastructure and bus rapid transit systems.</li> </ul>	<ul style="list-style-type: none"> <li>It is DNV's opinion that the Framework appropriately presents individual criteria for public and non-public transportation for passengers, in accordance with the Climate Bonds Taxonomy. DNV also considers positively that carefully managed investment according to each criterion leads to better environmental outcomes.</li> <li>For road freight, DNV notes it is a particularly challenging area of transport to decarbonise compared to other areas of transport, the Climate Bonds Taxonomy only allows for vehicles with no direct emissions (electric or hydrogen). The Framework also follows this guideline accurately.</li> <li>Dedicated manufacturing facilities for key components such as batteries being used in eligible vehicles are compliant with the Climate Bonds Taxonomy.</li> <li>It is DNV's opinion that the Framework accurately describes technical criteria for shipping that complies with the Climate Bonds Taxonomy and presents energy efficiency and GHG mitigation benefits.</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>Buildings <ul style="list-style-type: none"> <li>Commercial buildings with a minimum NABERS Energy 5-star, 5-star Green Star rating or equivalent best practice certification for environmental performance, or that fall within the</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>DNV finds that the Framework accurately describes buildings projects with emissions footprints that are well aligned with the CBS Buildings Sector Criteria and may be expected to result in energy efficiency and GHG mitigation benefits.</li> </ul>

Eligible Green Project Categories	Eligible Criteria and Description	DNV Findings
	<p>top 15% by carbon emissions performance in that city.</p> <ul style="list-style-type: none"> <li>-Residential buildings that represent the top 15% by carbon emissions performance in that city, or that meet the minimum capacity solar PV installation required by the Climate Bonds Standard Australian residential rooftop solar proxies defined by postcode.</li> <li>-Property upgrades that result in at least 30% improvement in energy efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Commercial and residential buildings that are designed and built to not exceed the emissions intensity thresholds in the locations defined in the CBS Buildings Sector Criteria are considered to contribute significantly to GHG emissions reduction in the construction and property industries. Along with Buildings built to industry-recognised ratings and certification body standards, DNV considers buildings that perform in the top 15% of carbon emissions performance to provide clear benefits associated with decarbonisation of hard-to-abate industries.</li> </ul>
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> <li>Water Infrastructure <ul style="list-style-type: none"> <li>- Sustainable and resilient infrastructure for clean and/or drinking water, including desalination plants, water distribution and storage.</li> <li>- Wastewater treatment and recycling.</li> <li>- Sustainable and resilient urban drainage systems and other forms of flooding mitigation.</li> <li>- Desalination plants with an average power intensity of energy to power of less than 100g CO<sub>2</sub>/kWh.</li> <li>- Flood defense systems.</li> <li>- Nature-based solutions.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>DNV considers that the stated projects contribute to sustainable water and wastewater management, which is regarded as one of key pillars in the GBP in order to promote sustainability.</li> <li>Provision of clean and/or drinking water: The Framework presents eligibility criteria according to the CBI Taxonomy.</li> <li>Wastewater treatment: The Framework presents eligibility criteria according to the CBI Taxonomy.</li> <li>Water desalination: The Framework presents eligibility criteria according to the CBI Taxonomy.</li> <li>Flood defense systems: The Framework presents impact reporting indicators that align with the CBI Taxonomy sector criteria.</li> <li>DNV considers that the nominated water and wastewater management project and asset types provide both GHG mitigation and adaptation and resilience benefits.</li> </ul>

## Schedule 2. Contributions to UN SDGs

Eligible Project Categories	UN SDGs	DNV Findings
Renewable Energy	<b>SDG 7:</b> Affordable and Clean Energy <b>SDG 9:</b> Industry, Innovation and Infrastructure	DNV is of the opinion that eligible categories outlined in the Framework contribute to the achievement of the UN SDGs.
Energy Efficiency	<b>SDG 11:</b> Sustainable Cities and Communities <b>SDG 12:</b> Responsible Consumption and Production	
Pollution Prevention and Control	<b>SDG 9:</b> Industry, Innovation and Infrastructure <b>SDG 11:</b> Sustainable Cities and Communities <b>SDG 12:</b> Responsible Consumption and Production	
Environmentally Sustainable Management of Living Natural Resources and Land Use	<b>SDG 2:</b> Zero Hunger <b>SDG 12:</b> Responsible Consumption and Production <b>SDG 15:</b> Life on Land	
Clean Transportation	<b>SDG 9:</b> Industry, Innovation and Infrastructure <b>SDG 11:</b> Sustainable Cities and Communities	
Green Buildings	<b>SDG 7:</b> Affordable and Clean Energy <b>SDG 11:</b> Sustainable Cities and Communities	
Sustainable Water and Wastewater Management	<b>SDG 6:</b> Clean Water and Sanitation <b>SDG 11:</b> Sustainable Cities and Communities <b>SDG 12:</b> Responsible Consumption and Production	

## Schedule 3. Eligibility Assessment Protocol

### 1. Use of Proceeds

Ref.	Criteria	Requirements	DNV Findings																				
1a	Type of bond / loan	<p>The Bond must fall in one of the following categories, as defined by the Green Bond Principles:</p> <ul style="list-style-type: none"><li>Green Use of Proceeds Bond</li><li>Green Use of Proceeds Revenue Bond</li><li>Green Project Bond</li><li>Green Securitized Bond</li><li>Loan instrument made available for Green project (Green use of loan proceeds)</li></ul>	<p>The NAB's Green Bond Framework clearly describes green bonds. NAB has also described the processes used to support the Green Bond Issuance, and the types of instruments included in their Green Bond definition.</p> <p><b>From the Framework</b></p> <p><i>This Framework describes the processes to support NAB's Green Bond Issuance, in the following areas:</i></p> <ul style="list-style-type: none"><li>a) <i>Use of Proceeds</i></li><li>b) <i>Process for Evaluation and Selection of Eligible Projects and Assets</i></li><li>c) <i>Management of Proceeds</i></li><li>d) <i>Reporting</i></li><li>e) <i>External Review and Assurance</i></li></ul> <p><i>NAB Green Bonds may include unsecured, senior or subordinated "use of proceeds" bonds, asset backed, and residential mortgage-backed securities and covered bonds issued by NAB or its related entities<sup>8</sup>.</i></p>																				
1b	Green Project Categories	<p>The cornerstone of a Green Bond is the utilisation of the proceeds of the bond for eligible Green Projects, which should be appropriately described in the legal documentation of the security.</p>	<p>Eligible project categories listed in the Framework by NAB are as follows:</p> <table><tr><th>GBP eligible Green Project categories</th><th>CBS Sector Criteria</th></tr><tr><td rowspan="8">Renewable energy</td><td>Solar Energy</td></tr><tr><td>Wind Energy</td></tr><tr><td>Marine Renewable Energy</td></tr><tr><td>Geothermal Energy</td></tr><tr><td>Bioenergy</td></tr><tr><td>Hydropower</td></tr><tr><td>Electrical Grids and Storage</td></tr><tr><td>Hydrogen Production</td></tr><tr><td>Energy efficiency</td><td>Basic Chemicals</td></tr><tr><td rowspan="3">Pollution prevention and control</td><td>Waste Management</td></tr><tr><td>Cement</td></tr><tr><td>Steel</td></tr><tr><td rowspan="2">Environmentally sustainable management of living natural resources and land use</td><td>Agriculture Production</td></tr><tr><td>Forestry, Land Conservation and Restoration</td></tr></table>	GBP eligible Green Project categories	CBS Sector Criteria	Renewable energy	Solar Energy	Wind Energy	Marine Renewable Energy	Geothermal Energy	Bioenergy	Hydropower	Electrical Grids and Storage	Hydrogen Production	Energy efficiency	Basic Chemicals	Pollution prevention and control	Waste Management	Cement	Steel	Environmentally sustainable management of living natural resources and land use	Agriculture Production	Forestry, Land Conservation and Restoration
GBP eligible Green Project categories	CBS Sector Criteria																						
Renewable energy	Solar Energy																						
	Wind Energy																						
	Marine Renewable Energy																						
	Geothermal Energy																						
	Bioenergy																						
	Hydropower																						
	Electrical Grids and Storage																						
	Hydrogen Production																						
Energy efficiency	Basic Chemicals																						
Pollution prevention and control	Waste Management																						
	Cement																						
	Steel																						
Environmentally sustainable management of living natural resources and land use	Agriculture Production																						
	Forestry, Land Conservation and Restoration																						

<sup>8</sup> Excluding Bank of New Zealand and NAB Europe

Ref.	Criteria	Requirements	DNV Findings	
			<div>Clean Transportation</div> <div>Green Buildings</div> <div>Sustainable water and wastewater management</div>	<div>Low Carbon Transport Shipping</div> <div>Buildings</div> <div>Water Infrastructure</div>
			DNV considers these categories as being appropriately described in the Framework, and well aligned with the GBP.	
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable benefits, which, where feasible, will be quantified or assessed by the Issuer.	<p>DNV considers the eligible Green Project categories and associated example eligible Green Projects described in the Framework to provide clear environmentally sustainable benefits, as detailed in Schedule 1 of this report.</p> <p>NAB also commits in Appendix 1 of the Framework to quantifying the environmental benefits of the Green Bond through Impact reporting using appropriate Potential Impact Reporting Indicators.</p>	
1d	Refinancing Share	In the event that a proportion of the proceeds may be used for refinancing, it is recommended that issuers provide an estimate of the share of financing vs. re-financing, and where appropriate, also clarify which investments or project portfolios may be refinanced.	<p>The Framework confirms that relevant details of projects, assets and expenditures included in the NAB Green Bond Portfolio will be provided in NAB's Annual Green Bond Report. Refinancing share may be reported by NAB to stakeholders where reporting requirements exist or at NAB's discretion.</p> <div> <div>From the Framework</div> <p><i>NAB will allocate an amount equivalent to the net proceeds of each NAB Green Bond towards financing, or refinancing, a portfolio of projects, assets and other expenditures which satisfy one or more of the following:</i></p> <ul style="list-style-type: none"> <li><i>Eligibility requirements of the Climate Bonds Standard Sector Criteria; and</i></li> <li><i>Alignment with the eligible project categories of the ICMA Green Bond Principles</i></li> </ul> <p><i>The projects, assets, and expenditures may also support and contribute towards meeting the UN SDGs.</i></p> <p><i>For Climate Bonds Standard-certified NAB Green Bonds, the amount equivalent to the net proceeds of each bond will be allocated only against projects, assets, and expenditures that meet the eligibility requirements of Climate Bonds Standard Sector Criteria.</i></p> </div>	

## 2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	DNV Findings
2a	Investment-decision process	<p>The Issuer of a Green Bond should outline the decision-making process it follows to determine the eligibility of projects using Green Bond proceeds. This includes, without limitation:</p> <ul style="list-style-type: none"> <li>The environmental objectives of the eligible Green Projects</li> <li>The process by which the issuer determines how the projects fit within the eligible Green Projects categories identified in the GBP</li> <li>Complementary information on processes by which the issuer identifies and manages perceived environmental and social risks associated with the project</li> </ul>	<p>The Framework outlines a step-by-step procedure that NAB will use to identify eligible projects.</p> <p>The Framework also outlines that eligible green projects, assets, or expenditures must meet the eligibility requirements of the Climate Bonds Standard (CBS) or be aligned to the eligible project categories of the GBP.</p> <p>DNV notes that NAB has established a governance body that comprises suitably skilled representatives from NAB Treasury, Risk, Legal, and Corporate and Institutional Banking (Sustainable Finance), and other specialist support where required, with oversight of the Framework and NAB's Annual Green Bond reporting.</p> <p><b>From the Framework</b></p> <p><i>NAB has implemented processes for the identification, approval, tagging, tracking and reporting of lending for eligible green projects, assets and expenditures within NAB's core systems.</i></p> <p><i>This requires the relevant originating business unit to assess the proposed green project for compliance with internally developed guidance for tagging of green loans. This may require bankers to seek clarification on eligibility from NAB's Sustainable Finance team, independent assurance provider(s) and/or the Climate Bonds Initiative certification team. Additionally, NAB's Risk team conducts periodic review of asset eligibility.</i></p>
2b	Issuer's environmental and social and governance framework	<p>Issuers are also encouraged to:</p> <ul style="list-style-type: none"> <li>Position the relevant information within the context of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability.</li> <li>Provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria</li> <li>Have a process in place to identify mitigants to known material risks of</li> </ul>	<p>NAB has developed a climate strategy that aims to maximise the climate transition's economic benefits for customers, NAB, and the community, and to help achieve emissions reduction targets consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.</p> <p>The Framework states that all eligible green projects, assets or expenditures must meet one or both of the following:</p> <ul style="list-style-type: none"> <li>the eligibility requirements of the Climate Bonds Standard Sector Criteria; and</li> <li>alignment to the eligible project categories of the ICMA Green Bond Principles.</li> </ul> <p>Eligibility criteria may be supplemented by the use of Australian Taxonomy criteria or other relevant guidelines where available and relevant.</p>

Ref.	Criteria	Requirements	DNV Findings
		negative environmental and/or social impacts from the relevant project(s).	DNV finds that these organisational principles and industry alliances provide assurance to Green Bond investors seeking information on the ESG of the Green Bond issuer.

### 3. Management of Proceeds

Ref.	Criteria	Requirements	DNV Findings
<b>3a</b>	Tracking procedure	The net proceeds of Green Bonds should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for Green Projects.	<p>The evidence reviewed shows how NAB plans to trace the Green Bond proceeds from new issuances and outstanding issuances, in accordance with the evaluation and selection process presented.</p> <p><b>From the Framework</b></p> <p><i>NAB has processes in place to monitor and report on the NAB Green Bond portfolio. Each NAB Green Bond has a unique identifier which is used in NAB's internal systems. NAB conducts a monthly verification to confirm that the net proceeds of all outstanding NAB Green Bonds have been fully allocated against eligible projects, assets and expenditures.</i></p> <p>The Framework describes NAB's monitoring of the portfolio through an internal register of lending which will track the funds drawn against eligible facilities which will be updated as facilities are drawn.</p> <p>DNV considers these systems to be well aligned with the GBP and relevant standards.</p>
<b>3b</b>	Tracking procedure	So long as the Green Bond is outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	<p>NAB commits to monitor the allocation of net proceeds and also track the net proceeds through its internal records.</p> <p><b>From the Framework</b></p> <p><i>NAB monitors the portfolio by maintaining an internal register of lending to NAB Green Bond eligible projects, assets and expenditures and tracks the funds drawn against eligible facilities. The register is updated as facilities are drawn and originated and reported internally monthly.</i></p> <p>In the Management of Proceeds section of the Framework it is appropriately described how NAB intends to track and trace the balance of proceeds for both outstanding issuances and allocations to eligible projects and assets.</p>



Ref.	Criteria	Requirements	DNV Findings
3c	Temporary holdings	Pending such investments or disbursements to eligible Green Projects, the Issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	<p>NAB commits to allocating an amount equivalent to the net proceeds of all 'use of proceeds' Green Bonds to eligible projects or assets within 24 months of issue.</p> <p>DNV notes that where full allocation of the net proceeds of a 'use of proceeds' NAB Green Bond is not achieved within 24 months of issuance, surplus funds will be dealt with in a way that satisfies the requirements of the GBP and relevant standards.</p> <p><b>From the Framework</b></p> <p><i>Where full allocation of the net proceeds of a 'use of proceeds' NAB Green Bond is not achieved within 24 months of issuance (or where there is a subsequent shortfall), the surplus funds will either be invested in:</i></p> <ul style="list-style-type: none"> <li><i>a) other Climate Bonds Standard eligible projects, assets and expenditures not otherwise nominated for inclusion within the current NAB Green Bond portfolios; or</i></li> <li><i>b) temporary investments that:</i> <ul style="list-style-type: none"> <li><i>• are cash, or cash equivalent instruments within a Treasury function; or</i></li> <li><i>• do not include greenhouse gas intensive projects which are inconsistent with the delivery of a low carbon and climate resilient economy.</i></li> </ul> </li> </ul> <p>DNV notes that NAB have committed to monitoring and reporting on the allocation of proceeds from the issue of securitized NAB Green Bonds or other funding instruments where proceeds are allocated against unique closed pools of eligible projects or assets.</p> <p>DNV considers these processes to be well aligned with the GBP.</p>

## 4. Reporting

Ref.	Criteria	Requirements	DNV Findings
4a	Periodical reporting	<ul style="list-style-type: none"> <li>Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments.</li> <li>The annual report should include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact.</li> <li>Where confidentiality agreements, competitive considerations, or a large number of underlying projects limit the amount of detail that can be made available, the GBP recommend that information is presented in generic terms or on an aggregated portfolio basis (e.g. percentage allocated to certain project categories).</li> </ul>	<p>The relevant information is appropriately described in the Framework as follows:</p> <p><b>From the Framework</b></p> <p><i>Annual NAB Green Bond Reports may include:</i></p> <ul style="list-style-type: none"> <li><i>Net proceeds raised from each NAB Green Bond;</i></li> <li><i>NAB Green Bond proceeds allocated against each NAB Green Bond eligible category identified within the Framework;</i></li> <li><i>Information regarding eligible projects, assets and expenditures (either in aggregate or individually) included within the NAB Green Bond portfolio;</i></li> <li><i>Where possible, estimated qualitative and/or quantitative environmental impact reporting measures for eligible projects, assets and expenditures within the NAB Green Bond eligible portfolio, including disclosure of assumptions and methodologies used in impact reporting. Appendix 1 sets out potential impact reporting indicators that may be provided;</i></li> <li><i>Any unallocated NAB Green Bond proceeds and details of any temporary investments</i></li> <li><i>Confirmation that the use of proceeds from NAB Green Bonds is in compliance with the Framework and, where applicable, all Climate Bonds Standard certified NAB Green Bonds meet the requirements for certification under the Climate Bonds Standard</i></li> </ul> <p>The Framework states that NAB will refer to the guidelines for impact reporting published by ICMA, the Harmonised Framework for Impact Reporting<sup>9</sup> published by ICMA, the Partnership for Carbon Accounting Financials ("PCAF")<sup>10</sup>, the GHG Protocol<sup>11</sup>, and other green bond impact and relevant environmental impact reporting guidelines and standards as they develop over time.</p> <p>DNV considers this to be well aligned with the GBP and relevant standards.</p>

<sup>9</sup> <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf>

<sup>10</sup> <https://carbonaccountingfinancials.com/>

<sup>11</sup> <https://ghgprotocol.org/>



WHEN TRUST MATTERS

## About DNV

Driven by our purpose of safeguarding life, property and the environment, DNV 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 group. All rights reserved.