



CASE STUDY SERIES: Innovative Financing for Gender Equality via Bonds

# Australia: SOCIAL BOND ISSUED BY A COMMERCIAL BANK

National Australia Bank (NAB)

*Australian Dollar (AUD)*





<b>Issuer</b>	<p>The National Australia Bank (NAB) Group is a financial services organization with over 35,000 employees, more than 595,000 shareholders and serving more than 10 million customers. The majority of its businesses operate in Australia and New Zealand with additional operations located in the United States, Asia and Europe.<sup>1,2</sup> The bank operates the following customer-facing units: Business &amp; Private Banking, Personal Banking, Corporate &amp; Institutional Banking and the Bank of New Zealand.<sup>3,4</sup> Recognizing the importance of advancing gender equality in the workplace, the marketplace and the community, NAB became a signatory to the United Nations Women’s Empowerment Principles in 2017.</p>
<b>Issuance tranche</b>	
<b>Amount issued</b>	AUD 500 million
<b>Date of issuance</b>	24 March 2017
<b>Date of maturity</b>	24 March 2022
<b>Number of issuances</b>	Single
<b>Coupon rate</b>	3.25 per cent per annum fixed rate <sup>5</sup>
<b>Listing (domestic or international)</b>	Unlisted
<b>Stock exchanges where listed</b>	Not applicable
<b>Future issuances</b>	NAB does not currently have any Gender Bonds on issue.



## Use of proceeds

(Socioeconomic advancement and empowerment)

The net proceeds from the NAB Social Bond were fully allocated at settlement. The net proceeds were earmarked for refinancing a portfolio of existing loans and assets for organizations that had been awarded the Employer of Choice for Gender Equality citation (EOCGE) by the Workplace Gender Equality Agency (WGEA).<sup>6</sup>

**In addition, under the Use of Proceeds criteria, a borrower would be excluded from the portfolio if:**

- Its current principal industry and primary or predominant activities have been assessed by NAB as being in one or more of the following: alcohol, gambling, tobacco, military weapons, predatory lending, fossil fuels, palm oil, transport of live cattle or whaling; or
- It is assessed by an external reviewer as having, at any time in the preceding 12 months as part of the annual review process, been involved in conduct that constitutes the most severe category of corporate conduct under the reviewer's controversy assessment methodology.





## Gender considerations in the use of proceeds

The Workplace Gender Equality Agency is an Australian governmental agency that aims to promote and improve gender equality in workplaces nationally as framed by the Workplace Gender Equality Act 2012.<sup>7</sup> To receive an EOCGE citation by the WGEA, organizations must comply with the above-mentioned act and with the requirements under seven focus areas of the citation. The focus areas since 2019–2020 are:<sup>8</sup>

1. Leadership, strategy and accountability
2. Developing a gender-balanced workforce
3. Gender pay equity
4. Support for caring
5. Mainstreaming flexible work
6. Preventing sexual harassment, gender-based harassment and discrimination, and bullying
7. Driving change beyond your workplace

Organizations, however, must substantiate their claims through a robust assessment process. Citations are awarded for a two-year period. The WGEA conducts a five-year review of its EOCGE citation process.<sup>9</sup>



<b>Alignment with the Sustainable Development Goals (SDGs)</b>	<p>As described by Sustainalytics in the 2017 Second Party Opinion, the social bond use of proceeds seeks to advance SDG 5.<sup>10</sup></p>  <p>At the time of the publication of the framework, the Sustainable Development Goals had recently replaced the Millennium Development Goals (MDGs).</p>
<b>SDG targets that the bond addresses</b>	<p>In the 2021 post-issuance report, NAB reported alignment with SDG 5. The key targets of SDG 5 are:<sup>11</sup></p> <ul style="list-style-type: none"><li><b>Target 5.1</b> End all forms of discrimination against all women and girls everywhere.</li><li><b>Target 5.5</b> Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.</li><li><b>Target 5.b</b> Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.</li></ul>
<b>Target population</b>	Not applicable



<h2>Indicators related to gender equality</h2>	<p>As of 30 September 2021, the following workplace metrics were disclosed in respect of the borrowers in the portfolio (in each case as reported by the WGEA):<sup>12</sup></p>	
	Impact metrics	Average percentage of women
	Number and percentage of <b>women</b>	57.1%
	Number and/then percentage of women in <b>managerial positions</b>	52.5%
	Number and/then percentage of women <b>on boards</b>	38.5%
<p>The data are available for each of the 12 borrowers with an EOCGE citation in addition to the metric, “Gender of the CEO.” The report received a limited assurance from Sustainalytics. A final post-issuance report addendum was produced by NAB and verified by Ernst &amp; Young at the maturity of the bond.<sup>13</sup></p>		
<h2>International standards alignment</h2>	<ul style="list-style-type: none"> <li>• International Capital Market Association (ICMA) Social Bond Guidance and Green Bond Principles 2016</li> <li>• ICMA Social Bond Principles (SBP) replaced the ICMA Social Bond Guidance in June 2017, after the social bond issuance.<sup>14</sup></li> </ul>	
<h2>Link to framework</h2>	<p>National Australian Bank Limited. 2017. National Australian Bank Limited Social Bond: Framework Overview and Second Opinion by Sustainalytics. 15 March.</p> <p><a href="https://capital.nab.com.au/docs/170315-NAB-Social-Bond-Framework-and-External-Opinion.pdf">https://capital.nab.com.au/docs/170315-NAB-Social-Bond-Framework-and-External-Opinion.pdf</a></p>	



<b>Link to Second Party Opinion</b>	Sustainalytics, with use of proceeds assurance provided by Ernst & Young. National Australian Bank Limited. 2017. National Australian Bank Limited Social Bond: Framework Overview and Second Opinion by Sustainalytics. 15 March. <a href="https://capital.nab.com.au/disclaimer-area/green-and-sri-bonds">https://capital.nab.com.au/disclaimer-area/green-and-sri-bonds</a>
<b>Credit enhancement</b> <i>(yes or no)</i>	No
<b>Was the bond oversubscribed and were there any special considerations?</b>	<p>The NAB Social Bond was fully subscribed by superannuation funds (i.e. Australian pension programmes created by a company to benefit its employees) and investors in Australia and abroad, many of whom focus on sustainable assets.<sup>15,16</sup></p> <p>According to NAB’s Chief Customer Officer Corporate &amp; Institutional Banking at the launch, “investors have told us that this bond is a real validation of the concept of gender equality”.<sup>17</sup></p> <p>The NAB Social Bond applies exclusionary criteria to the bond (refer above) which were found to be valuable for investors and sustainable asset managers applying such exclusion to their products.<sup>18</sup></p>
<b>Partners</b>	Not available



## Lessons learned

The NAB Social Bond was Australia's first Social Bond and the world's first social bond promoting workplace gender equality.

The NAB Social Bond precedes the release of the ICMA Social Bond Principles, which replaced the Social Bond Guidance later in June 2017. NAB was successful in bringing to market an innovative product; 18 months prior to launch, ICMA published its June 2016 Social Bond Guidance, which enabled NAB to have clear definitions and options for categories of projects.<sup>19</sup>

In its post-issuance report, NAB confirmed the proceeds were used for financing or refinancing a portfolio of organizations across Australia that hold a current EOCGE citation from WGEA and disclosed the names of these organizations. The report also disclosed gender metrics within the organizations, such as the average percentage of women in the workplace, proportion of women in managerial positions and percentage of women on boards. In 2021, the average percentage of women across various levels in the workplace was reported as 57.1 per cent, whereas the proportion of women in managerial positions was 52.5 per cent and on boards 38.5 per cent.<sup>20</sup>

NAB chose to provide investors with the names of individual borrowers in the portfolio (with their consent) as part of its reporting process. NAB also indicated taking a cautious approach, seeking to ensure the portfolio remained in excess of the bond size at all times, capping the volume at AUD 500 million despite an initial portfolio pool size in excess of AUD 1 billion.<sup>21</sup>

NAB's pre-issuance framework brought the social bond from concept to market. NAB highlights that external reviews from both Sustainalytics and audit firm EY were included as part of the framework, and it was NAB's intention to set "the highest benchmark for compliance available."<sup>22</sup>



---

## Endnotes

1. NAB. "About us." <https://www.nab.com.au/about-us>
2. National Australian Bank. 2022. Annual Report 2022, p. 30. <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2022-annual-report.pdf>
3. Ibid., p. 11.
4. NAB. "About us." <https://www.nab.com.au/about-us>
5. Reuters. 2017. "National Australia Bank sells rare A\$500 million gender equality bond." 17 March. <https://www.reuters.com/article/nab-bond-ethical-idUSL3N1GT26D>
6. National Australian Bank Limited. 2017. National Australian Bank Limited Social Bond: Framework Overview and Second Opinion by Sustainalytics. 15 March, p. 3. <https://capital.nab.com.au/disclaimer-area/green-and-sri-bonds>
7. Workplace and Gender Equality Agency (Australian Government). "About us." <https://www.wgea.gov.au/what-we-do>
8. Workplace and Gender Equality Agency (Australian Government). "WGEA Employer of Choice for Gender Equality applications." <https://www.wgea.gov.au/what-we-do/employer-of-choice-for-gender-equality>
9. Ibid.
10. National Australian Bank Limited. 2017. National Australian Bank Limited Social Bond: Framework Overview and Second Opinion by Sustainalytics. 15 March, p. 8. <https://capital.nab.com.au/disclaimer-area/green-and-sri-bonds>
11. National Australia Bank. 2021. NAB Annual Social Bond Report: Financial year ended 30 September 2021, p. 6. <https://capital.nab.com.au/disclaimer-area/green-and-sri-bonds>
12. Ibid.
13. National Australia Bank. 2022. NAB social bond (gender equality) use of proceeds report. 24 March. <https://capital.nab.com.au/disclaimer-area/green-and-sri-bonds>
14. ICMA. 2017. The Social Bond Principles 2017. <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/SocialBondsBrochure-JUNE2017.pdf>
15. James Laidler. 2017. "Investors put \$500 million behind world's first social bond promoting workplace gender equality." NAB News. 17 March (update 20 October 2021). <https://news.nab.com.au/news/investors-put-500-million-behind-worlds-first-social-bond-promoting-workplace-gender-equality/>
16. NAB. 2018. "Big thinking and investors can save the world." Corporate and Institutional. 31 October. <https://business.nab.com.au/big-thinking-and-investors-can-save-the-world-31926/>
17. Ibid.
18. Reuters. 2017. "National Australia Bank sells rare A\$500 million gender equality bond." 17 March. <https://www.reuters.com/article/nab-bond-ethical-idUSL3N1GT26D>
19. Laurence Davison. 2017. "Socialising the bond market." *KangaNews*. 7 May. <https://www.kanganews.com/news/6747-socialising-the-bond-market>
20. National Australia Bank. 2021. NAB Annual Social Bond Report: Financial year ended 30 September 2021, p. 6. <https://capital.nab.com.au/disclaimer-area/green-and-sri-bonds>
21. Ibid.
22. Laurence Davison. 2017. "Socialising the bond market." *KangaNews*. 7 May. <https://www.kanganews.com/news/6747-socialising-the-bond-market>



**UN WOMEN IS THE UN ORGANIZATION  
DEDICATED TO GENDER EQUALITY AND  
THE EMPOWERMENT OF WOMEN.  
A GLOBAL CHAMPION FOR WOMEN AND  
GIRLS, UN WOMEN WAS ESTABLISHED TO  
ACCELERATE PROGRESS ON MEETING  
THEIR NEEDS WORLDWIDE.**

UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind women's equal participation in all aspects of life, focusing on four strategic priorities: Women lead, participate in and benefit equally from governance systems; Women have income security, decent work and economic autonomy; All women and girls live a life free from all forms of violence; Women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN Women also coordinates and promotes the UN system's work in advancing gender equality.



220 East 42nd Street  
New York, New York 10017, USA  
Tel: 212-906-6400  
Fax: 212-906-6705

[www.unwomen.org](http://www.unwomen.org)  
[www.facebook.com/unwomen](https://www.facebook.com/unwomen)  
[www.twitter.com/un\\_women](https://www.twitter.com/un_women)  
[www.youtube.com/unwomen](https://www.youtube.com/unwomen)  
[www.flickr.com/unwomen](https://www.flickr.com/unwomen)