



## Notice of meeting

# Annual General Meeting 2022

**The Annual General Meeting (AGM) of National Australia Bank Limited (NAB or the Company) will commence at 9:30am (AEDT) on Friday, 16 December 2022 at:**

- Grand Hyatt Savoy Ballroom, Level 8, 123 Collins Street, Melbourne, and
- Online at <https://meetnow.global/NAB2022> using the platform provided by our share registry, Computershare Investor Services Pty Limited.

Shareholders should visit [nab.com.au/agm](https://nab.com.au/agm) for all information about our AGM.

Please take the time to read this Notice of Meeting ahead of the AGM date to ensure a smooth experience if you wish to participate.

# Chair's message



## Dear Shareholder

I am pleased to invite you to attend National Australia Bank Limited's (NAB's) 2022 AGM commencing at 9:30am (AEDT) on Friday, 16 December 2022. Registration will open from 8:30am (AEDT).

This will be our first hybrid AGM, allowing shareholders and proxyholders to either attend in person at the Grand Hyatt Savoy Ballroom, 123 Collins Street, Melbourne or online at <https://meetnow.global/NAB2022> using the online meeting platform. We hope you will join us to listen to our presentations, vote and ask questions on the Items of Business.

The Notice of Meeting together with the Online Meeting Guide on NAB's website provide all the important information you need to know about attending our AGM and are available at [nab.com.au/agm](http://nab.com.au/agm). The Items of Business at the AGM are outlined on page 9 and should be read together with the explanatory notes on pages 11 to 27.

## Focus on strength and capability

NAB has continued its journey this year to be a stronger bank. We have a more focused and capable business. This has enabled NAB to grow safely while supporting customers impacted by economic challenges and natural disasters.

Continuity and strength in our leadership and strategy has underpinned stability. We have also made the business better. NAB's products and processes are simpler, benefitting customers and our people. There remains more to do.

Investment in NAB's digital, data and analytics capability is helping us approve loans faster and provide more reliable digital banking services. Strong technology platforms protect customers against the escalating threat of cyber-attacks and fraud. However, we are alert to the need for continued vigilance.

As we have improved the bank, we have kept the lessons of the Financial Services Royal Commission and NAB's self-assessment front of mind in maintaining a steadfast focus on culture and risk management. Many of the issues identified are now behind us, but they constantly remind us to get the basics right.

Earlier this year we entered into an Enforceable Undertaking with our anti-money laundering regulator, AUSTRAC. This follows an enforcement investigation undertaken by AUSTRAC in relation to NAB's compliance with Australia's anti-money laundering and counter-terrorism financing laws.

We are building better capability and improving controls in financial crime risk and are on track to deliver the actions agreed with AUSTRAC.

## Building a better bank

NAB is making excellent progress on our strategy and the Board is encouraged to see the operational results that this is delivering.

This is reflected in improved earnings with all businesses contributing to underlying profit growth, and significant and sustainable momentum across the Group. Our most recent colleague engagement score is 76, compared with 77 in July 2021, and is close to the latest top quartile score of 78.

Taking all this into account, the Board has determined dividends for the year of 151 cents per share, returning \$4.8bn in total to shareholders.

Total shareholder return was 8.6 per cent in the 12 months to September 2022, against an average negative return of 12.9 percent for NAB's major bank peers.

Remuneration outcomes determined by the Board for financial year 2022 reflect an assessment of performance against all targets in NAB's 2022 plan, including financial performance, customer outcomes, colleague engagement and safe growth. NAB's performance against peers has also been reflected in overall remuneration outcomes.

## Future readiness

In view of the challenges of recent years, we are cautious as to what lies ahead. Economies globally are facing new trials and uncertainty remains. Actions taken by foreign leaders often have an impact on Australia and New Zealand.

NAB's leadership has the experience and strategy to manage the challenges that we face. While we are alert to the issues that rising interest rates, inflation and geopolitical risks may bring, we have demonstrated our ability to manage through this and look after our customers.

The Australian economy is resilient and we are in a strong position to take on any challenges that arise. Identifying long-term shifts in NAB's broader operating environment and acting appropriately is critical to protecting and building value for shareholders and helping our communities prosper.

Climate change is one of – if not the – most significant long-term challenges and opportunities of our time.

The Federal Government's legislated 2030 and 2050 emissions reduction targets and associated changes provide welcome certainty and send a strong investment signal to businesses and the world.

At NAB, we're taking action to address the issue through what we can control: finance. Our goal is to align our lending portfolio to net zero emissions by 2050. This year we have set 2030 decarbonisation targets for the intensive priority sectors of power generation, oil and gas, thermal coal mining and cement production.

NAB will support its customers through the transition and help fund the investments required.

Another major opportunity in the year ahead is the prospect of a national referendum on the Constitutional recognition of Indigenous Australians. As a bank, we thrive when we operate in cohesive, well-functioning communities. Recognition is an important step forward and why NAB is supporting the proposed Voice to Federal Parliament.

## Board renewal

Ensuring your Board is well appointed to carry the bank forward is a constant focus.

Kathryn Fagg, Doug McKay and I will stand for re-election at the Annual General Meeting with the full support of the Board and we are anticipating appointments in 2023 that will enhance the diverse skills and experience of directors.

On behalf of the Board, thank you for your ongoing support and investment in NAB. To the team at NAB, thank you for your hard work to serve customers well and help our communities prosper. We're not there yet, but we are getting closer to being the bank we want to be.

On behalf of my fellow Directors, I look forward to welcoming you to our AGM.

Yours sincerely

**Philip Chronican**  
Chair

# How to participate in NAB's 2022 AGM

NAB will hold its 2022 AGM on Friday, 16 December 2022, beginning at 9.30am (AEDT). The meeting will be held as a hybrid meeting, which means shareholders and proxyholders may attend in person or online.

## Attendance

### Registration

Shareholders and proxyholders attending the AGM in person or online can register from 8.30am (AEDT) on the day of the AGM. Visitors attending in person will also be required to register to gain entry to the venue.

### Attending in person

The meeting will be held on Level 8 in the Savoy Ballroom of the Grand Hyatt Hotel at 123 Collins Street, Melbourne, Victoria.

Security measures will be in place at the venue for the safety of shareholders, proxyholders and NAB colleagues. We ask that all attendees respect these security measures and allow time for queuing.

To ensure the wellbeing of those attending the AGM in person, we will be following the current COVID-19 safety guidance from the Government and health authorities. If you are unwell and have any symptoms, please attend online rather than in person.

### Attending online

Shareholders and proxyholders can watch, vote and ask questions online during the AGM.

If attending online, the latest version of Chrome, Safari, Edge or Firefox web browser will be required. Please ensure you have your SRN/HIN and the postcode or country code for your shareholding available when you log in as you won't be able to vote and ask a question without them.

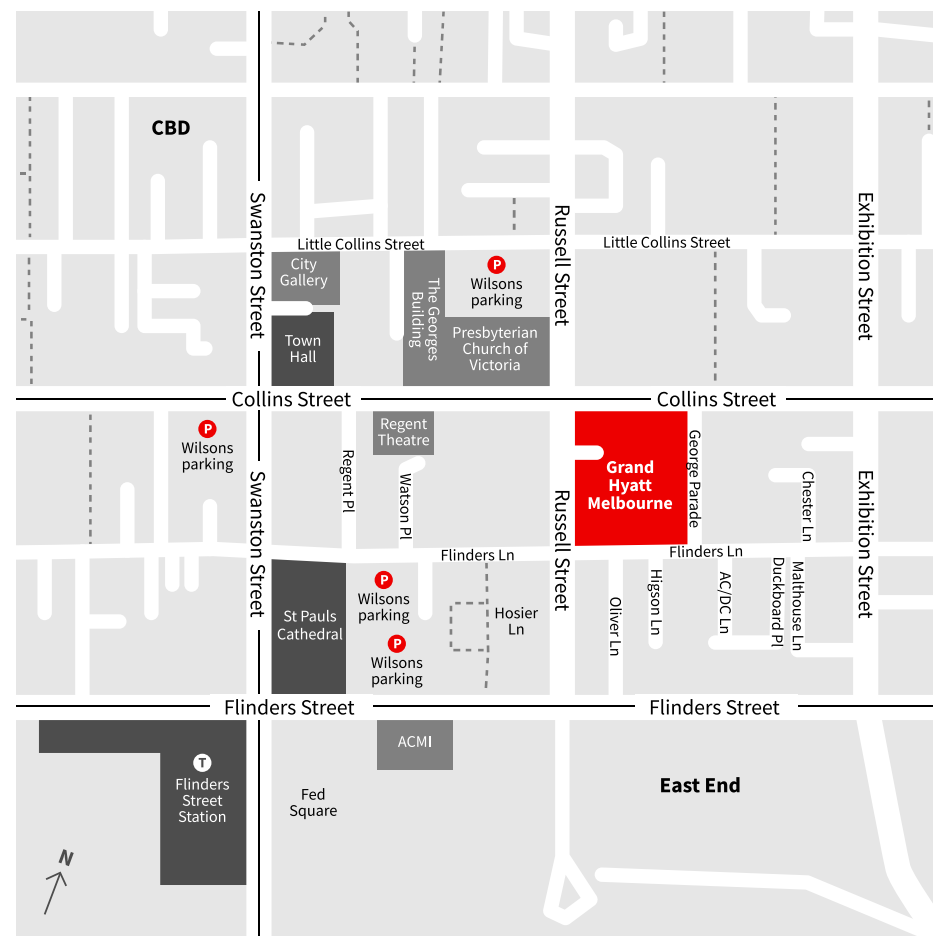
### To register to participate online:

1. Visit [nab.com.au/agm](http://nab.com.au/agm)
2. Click 'Attend the AGM'
3. Enter your SRN/HIN (holder number) (*this can be found on your printed voting form or personalised meeting invitation*).

**Proxyholders** will need to contact Computershare on +61 3 9415 4024 prior to the AGM to obtain their login details.

4. Enter your registered postcode, or if you are a shareholder whose registered address is overseas, select your country of residence from the drop-down menu
5. Read and accept the Terms and Conditions
6. Click 'continue'

To **view the AGM online as a guest**, visit [nab.com.au/agm](http://nab.com.au/agm), click 'Attend the AGM' and select the option to 'Register as a guest'.



## How to get to the venue

### By car

Grand Hyatt offers a multi-level metered car park, accessible via the Russell Street driveway or the car park entrance off Flinders Lane. Parking rates are variable.

### By train, tram or on foot

The Grand Hyatt Hotel is centrally located in Melbourne and is well serviced by trams along Collins Street, Flinders Street and Bourke Street. It is approximately 10 minutes' walk from Flinders Street Station.

# How to participate in NAB's 2022 AGM

## Voting

Shareholders can vote at the AGM if they are registered as the holder of ordinary shares as at 7.00pm (AEDT) on Wednesday, 14 December 2022.

Shareholders may vote before or at the AGM, or may appoint a proxy to vote on their behalf.

Shareholders unable to attend the AGM are encouraged to vote in advance of the AGM.

### Voting before the AGM

Shareholders may lodge their vote or appoint a proxy in the following ways:

- Online at [www.investorvote.com.au](http://www.investorvote.com.au). You will need your SRN/HIN and your postcode to login. If you are unable to locate your SRN/HIN, please contact Computershare.
- By posting a completed voting form to Computershare Investor Services Pty Limited, Reply Paid 2333, Melbourne Victoria 3001. For shareholders receiving the Notice of Meeting by post, a voting form and a reply paid envelope have been included with the Notice of Meeting.
- By facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Votes and proxy appointments must be received by no later than **9.30am (AEDT) Wednesday, 14 December 2022**.

### Voting during the AGM

Shareholders and proxyholders may vote during the AGM by attending in person or online through the online portal by following the instructions and on-screen prompts.

## Asking questions

The AGM is intended to give shareholders the opportunity to hear the Chair and the Group Chief Executive Officer talk about the year in review and provide insights into NAB's prospects for the year ahead. It is also an opportunity for shareholders to ask questions.

In the interests of all people attending the AGM, we ask that shareholders and proxyholders confine their questions to the Items of Business and to matters relevant to shareholders as a whole.

### Before the AGM

Shareholders who are unable to attend the AGM or prefer to register a question in advance may submit questions by Thursday, 8 December 2022 online at [www.investorvote.com.au](http://www.investorvote.com.au) or via email to [nab2022agm@computershare.com.au](mailto:nab2022agm@computershare.com.au). During the meeting, the Chair will address key themes from shareholders' questions received in advance of the AGM.

Shareholders may also submit written questions to NAB's auditor, EY, in advance of the AGM if the questions are relevant to the content of EY's Auditor's Report or the conduct of its audit of the financial statements to be considered at the AGM. EY will also attend the AGM and there will be an opportunity for shareholders and proxyholders to ask questions relevant to the audit during the AGM.

### During the AGM

The Chair will invite shareholders and proxyholders attending the AGM in person to move to a microphone to ask their question at the appropriate time.

Shareholders and proxyholders attending the AGM online may either:

- Submit a question online by following the prompts in the online platform; or
- Ask a question via telephone. To use the telephone line, you will need to call Computershare on 1300 367 647 (within Australia) or +61 3 9415 4299 (outside Australia) by **9.30am (AEDT) on Wednesday, 14 December 2022** to register your participation.

Further information is also provided in our Online Meeting Guide, which can be found at [www.nab.com.au/agm](http://www.nab.com.au/agm).

## Conduct

To help ensure that as many shareholders and proxyholders as possible have the opportunity to ask questions at the AGM on the Items of Business, we ask that shareholders and proxyholders:

- Are courteous and respectful to others attending the AGM. Disrespectful or rude questions and questions using bad language will not be responded to.
- Keep questions to a reasonable length of time. Generally, we ask that shareholders keep their oral questions on an Item of Business to a maximum of two minutes.
- Confine their questions to the Items of Business. If questions appear to be more relevant to a shareholder's own circumstances than to shareholders as a whole, the question (whether in person, online or by telephone) will be referred to customer service attendants and will be addressed outside of the AGM proceedings.

We also ask that shareholders and proxyholders respect the privacy of people attending the AGM and assist in the orderly conduct of the AGM by not taking photographs or audio or video recordings of the proceedings.

## Moderation of questions by the Chair

Questions submitted online during the AGM will be read out to the AGM by a moderator.

It is not uncommon for several shareholders to ask the same or very similar questions. To facilitate the orderly conduct of the AGM and ensure that shareholders and proxyholders who attend the AGM have a reasonable opportunity to participate, a limit on the number of questions each shareholder or proxyholder may ask on an Item of Business may be adopted. Questions submitted online may also be moderated or amalgamated if there are multiple questions addressing the same matter.

Given the large number of shareholders and questions expected, it is possible that not all questions will be answered. The Chair will aim to address questions from a broad range of topics.

## Technical difficulties during the AGM

The Chair has discretion as to whether and how the AGM should proceed if a technical difficulty arises. In exercising his discretion, the Chair will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. As the Chair could (in certain circumstances) elect to continue with the AGM even if a technical difficulty arises, shareholders are encouraged to vote or appoint a proxy ahead of the AGM if they plan to attend the AGM online.

# Important information for shareholders

## What if your shares are held jointly?

If you hold your shares jointly, you and the other holders may attend the AGM. However, only one holder can vote. The holder that can vote is the holder named first on the register.

A corporate holder may appoint one or more persons to act as its representative. However, only one representative can vote at any one time.

## When and how does a shareholder lodge a proxy appointment?

You can appoint a proxy to attend and vote on your behalf at the AGM by following the instructions set out above. A proxy nomination must be received by **9.30am (AEDT) on Wednesday, 14 December 2022**. Your proxy may be an individual or a body corporate and does not need to hold securities in NAB.

## Information on proxy appointments:

- If you are entitled to attend and cast two or more votes, you may appoint up to two proxies.
- Each proxy will have the right to vote and speak at the meeting.
- Where two proxies are appointed, you may specify the proportion or number of votes that each proxy may exercise.
- If you appoint two proxies and do not specify the proportion, each proxy may exercise half your votes. Fractions of votes are disregarded.
- If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If you do not direct a proxy on how to vote on an Item of Business or should any resolution other than those specified in this Notice of Meeting be proposed at the meeting, your proxy may vote or abstain from voting on that resolution as they see fit (subject to any applicable voting exclusions).

- If you submit your proxy form with a direction on how to vote but do not nominate the identity of your proxy, then NAB will deem the Chair of the meeting as your proxy to vote on your behalf.
- If you submit your proxy form with a direction on how to vote and your nominated proxy does not participate in the meeting or does not vote on the resolution in accordance with your directions, the Chair will act in place of your nominated proxy and vote in accordance with your instructions.

## How does someone holding a power of attorney from a shareholder vote?

An original or certified copy of the power of attorney under which you are authorised to attend and vote at the meeting must be provided to NAB's Share Registry prior to the AGM.

## How can corporate shareholders participate and vote?

A body corporate that is a shareholder may by resolution of its directors or other governing body or by an instrument of proxy appoint an individual to act as its representative at the AGM. The appointment must comply with the requirements of section 250D of the Corporations Act. Evidence of the appointment, including any authority under which it has been signed, must be provided to NAB or Computershare prior to the AGM.

# Notice of annual general meeting

## Items of Business

### 1. Re-election of Directors

- (a) To re-elect Mr Philip Chronican as a director following his retirement in accordance with the Company's Constitution.
- (b) To re-elect Ms Kathryn Fagg as a director following her retirement in accordance with the Company's Constitution.
- (c) To re-elect Mr Douglas McKay as a director following his retirement in accordance with the Company's Constitution.

The Board (other than the director who is the subject of the relevant Item) recommends that shareholders vote in favour of Items 1(a), 1(b) and 1(c).

### 2. Remuneration Report

To adopt the Company's Remuneration Report for the financial year ended 30 September 2022.

This resolution is advisory in nature.

The Board recommends that shareholders vote in favour of Item 2.

### 3. Deferred Rights and Performance Rights – Group Chief Executive Officer

- (a) To approve the grant of deferred rights to the Group Chief Executive Officer, Mr Ross McEwan, under the Company's Annual Variable Reward Plan, as described in the Explanatory Notes.
- (b) To approve the grant of performance rights to the Group Chief Executive Officer, Mr Ross McEwan, under the Company's Long-Term Variable Reward Plan, as described in the Explanatory Notes.

The Board (other than Mr McEwan, who has a personal interest in these Items) recommends that shareholders vote in favour of Items 3(a) and 3 (b).

### 4. Amendments to Company's Constitution

To approve by special resolution the amendments to the Company's Constitution described in the Explanatory Notes, with effect from the close of the AGM.

A copy of the Company's Constitution, incorporating the proposed amendments, is available at [www.nab.com.au/agm](http://www.nab.com.au/agm) and will be tabled at the AGM.

A special resolution requires approval by at least 75% of eligible votes cast on the resolution.

The Board recommends that shareholders vote in favour of Item 4.

### 5. Consideration of Financial Report, Directors' Report and Auditor's Report

To consider the Company's Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 September 2022.

### 6. Resolutions requisitioned by a group of shareholders

The following resolutions were requisitioned by a group of shareholders. These resolutions are not supported by the Board. Resolution 6(a) is a special resolution. Resolution 6(b) is contingent on resolution 6(a) being passed and is an ordinary resolution.

- (a) To consider the following resolution as a special resolution:

#### Amendment to the Constitution

Insert into the Constitution in clause 8 'General meetings' the following new sub-clause 8.3A 'Advisory resolutions': "The Company in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the Company partially or exclusively vested in the Directors has been or should be exercised. Such a resolution must relate to a material risk identified by the Directors or the Company and cannot advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the Directors or the Company".

A special resolution requires approval by at least 75% of eligible votes cast on the resolution.

# Notice of annual general meeting

(b) To consider the following resolution as an ordinary resolution:

## Climate Risk Safeguarding

Shareholders recognise the substantial transitional and physical risks of climate change and their potential financial impacts on our company. We also note our company's support for the Paris climate change agreement and the goal of net-zero emissions by 2050. Shareholders therefore request the company disclose, in subsequent annual reporting, information demonstrating how the company's financing<sup>1</sup> will not be used for the purposes of new or expanded fossil fuel projects.

The Board recommends that shareholders vote against Items 6(a) and 6(b).

Unless otherwise stated, resolutions for each Item of Business are ordinary resolutions and require approval by at least 50% of eligible votes cast on the resolution.

## By order of the Board.

Louise Thomson  
Group Company Secretary  
9 November 2022

## Voting to be conducted by a poll

Each resolution considered at the AGM will be conducted by a poll.

## Voting restrictions

### Item 2 (Remuneration Report)

The Company will disregard any votes cast on Item 2:

- by or on behalf of any member of the Company's Key Management Personnel (**KMP**) whose remuneration details are included in the Remuneration Report (or their closely related parties) in any capacity; and
- by any member of the Company's KMP as at the date of the AGM (and their closely related parties) as proxy for another shareholder.

A vote will not be disregarded if it is cast as a proxy for a person entitled to vote on Item 2:

- in accordance with the directions provided by that person; or
- by the Chair, as the Chair has received express authority from that person to exercise undirected proxies on Item 2 even though Item 2 is connected with the remuneration of the Company's KMP.

## Items 3(a) and 3(b) (Deferred Rights and Performance Rights – Group CEO)

The Company will disregard any vote cast:

- in favour of Item 3(a) or 3(b) by or on behalf of the Group CEO and any of his associates in any capacity; and
- on Item 3(a) or 3(b) as a proxy by a member of the Company's KMP as at the date of the AGM or their closely related parties.

A vote will not be disregarded if it is cast as proxy for a person entitled to vote on Item 3(a) and 3(b):

- in accordance with a direction as to how to vote provided by that person; or
- by the Chair, as the Chair has received express authority from that person to exercise undirected proxies on Item 3(a) and 3(b) even though those Items are connected with the remuneration of the Company's KMP.

Further, a vote will not be disregarded if it is cast in favour of Item 3(a) or 3(b) by a holder as a nominee, trustee or custodian (or other fiduciary) for a person entitled to vote on those Items, in accordance with a direction as to how to vote provided by that person, provided that person gives written confirmation to the holder that they are not excluded from voting on those Items.

## Express authority of the Chair

If a shareholder appoints the Chair as their proxy (or the Chair is appointed as the shareholder's proxy by default) and the shareholder does not direct the Chair how to vote on Items 2, 3(a) or 3(b), the shareholder expressly authorises the Chair to exercise the proxy in respect of the relevant Item (even though those Items are connected with the remuneration of one or more of the Company's KMP).

## Chair's voting intentions

The Chair of the AGM intends to vote all available proxies:

- in favour of Items 1(a), 1(b), 1(c), 2, 3(a), 3(b) and 4; and
- against Items 6(a) and 6(b).

# Explanatory notes

These explanatory notes form part of the Notice of Meeting and should be read carefully by all shareholders.

## Item 1: Re-election of Directors

Each re-election will be conducted as a separate resolution.

The Board, with the assistance of the Nomination & Governance Committee, has:

- assessed the skills and experience of directors offering themselves for re-election against the Board's skills matrix to ensure the Board has the necessary skills and experience to discharge its accountabilities and responsibilities;
- undertaken an annual review of the Board's performance, including an assessment of each director's individual performance, and considered the results in determining whether to endorse a director standing for re-election; and
- considered whether each director standing for re-election is independent and has sufficient capacity to undertake the duties expected of a director of the Company.

In accordance with Article 10.3 of the Company's Constitution, Mr Philip Chronican, Ms Kathryn Fagg and Mr Douglas McKay will retire at the AGM and will offer themselves for re-election.

The Board has concluded that each of Mr Chronican, Ms Fagg and Mr McKay are independent and have skills and experience that are valuable to the Board and sufficient capacity to undertake the duties expected of a director of the Company.

1. Corporate lending, bonds, hybrids, syndicated loans, US private placements and securitisation, project finance, asset finance, acquisition and leveraged finance, export credit agency, debt capital markets and advisory, as listed by NAB: <https://www.nab.com.au/corporate/specialist-solutions/financing-corporate-growth>; <https://www.nab.com.au/corporate/specialist-solutions/specialised-financing-solutions>

# Explanatory notes

## Mr Philip Chronican

BCom(Hons), MBA(Dist), GAICD, SF Fin

Appointed as a non-executive director in May 2016.

Chair of the Board since November 2019 and Chair of the Board's Nomination & Governance Committee.

**Industry experience:** Mr Chronican has more than 40 years of experience in banking and financial services in Australia and New Zealand. Before his retirement from executive roles, Mr Chronican was responsible for leading ANZ's Australian retail and commercial banking business. Prior to that, he had a long career at Westpac, including as the Chief Financial Officer and leading Westpac's institutional banking business.

During his career as a banking executive, Mr Chronican gained deep experience in strategy, business performance, transformation, operations, risk management, capital management, financial reporting, stakeholder engagement, and people and culture. He also gained broad experience in technology, mergers and acquisitions activity and post-merger integration.

Mr Chronican has taken an active and public role in advocating for greater transparency and ethics in banking and promoting workforce diversity. Mr Chronican has also developed his knowledge and takes a strong interest in climate change and its impact on customers and the economy.

### Other business and market experience:

Mr Chronican started his career as an economist and continues to take a deep interest in domestic and international economics. Through his executive and non-executive career, Mr Chronican has had extensive experience in governance practices.

**Directorships of other listed entities:** Woolworths Group Limited (since October 2021).

**Other relevant interests:** Mr Chronican's other interests include The Westmead Institute for Medical Research (Chair) and the National Foundation for Australia-China Relations Advisory Board (Member).



### RECOMMENDATION

The Board (other than Mr Chronican who is the subject of this resolution) recommends that shareholders vote in favour of Mr Chronican's re-election.

## Ms Kathryn Fagg AO

BE(Hons), MCom(Hons), FTSE

Appointed as a non-executive director in December 2019.

Member of the Board's Audit Committee and Risk & Compliance Committee.

**Industry experience:** During her executive career, Ms Fagg had banking experience through operational and strategic leadership roles at ANZ. She also served on the Board of the Reserve Bank of Australia.

**Other business and market experience:** Ms Fagg has more than 25 years of senior commercial and operational leadership experience in a range of industries, holding executive roles with Linfox Logistics, Bluescope Steel and ANZ.

During her executive career in banking and other industries, Ms Fagg gained deep experience in strategy, business performance, risk management, customer experience, corporate development, stakeholder engagement, and people and culture, in a variety of jurisdictions across Asia as well as in Australia and New Zealand.

Ms Fagg has had an active non-executive career across industries including science and innovation, manufacturing, industrials, macroeconomics and public policy, and the investment sector. In these roles, Ms Fagg has developed strong experience across a broad range of ESG matters.

**Directorships of other listed entities:** Djerriwarrh Investments Limited (since May 2014) and Medibank Private Limited (since March 2022).

**Former directorships of other listed entities in the past 3 years:** Boral Limited (from September 2014 to July 2021).

**Other relevant interests:** Ms Fagg's other interests include CSIRO (Chair), Breast Cancer Network Australia (Chair), Watertrust Australia Limited (Chair), The Grattan Institute (Director), The Myer Foundation (Director) and Champions of Change Coalition (Director).



### RECOMMENDATION

The Board (other than Ms Fagg who is the subject of this resolution) recommends that shareholders vote in favour of Ms Fagg's re-election.

# Explanatory notes

## Mr Douglas McKay ONZM

BA, AMP (Harvard), CMInstD (NZ)

Appointed as a non-executive director in February 2016.

Member of the Board's Audit Committee and Customer Committee. He is also Chair of Bank of New Zealand (a subsidiary of NAB).

**Industry experience:** Mr McKay has gained industry experience as Chair of BNZ since 2016 (and non-executive director since 2013). This has supplemented Mr McKay's already extensive experience in business performance, capital management, risk management and stakeholder engagement.

**Other business and market experience:** Mr McKay has more than 30 years of experience in commercial and leadership roles in manufacturing and distribution businesses across Australasia having held CEO and Managing Director positions in major trans-Tasman companies including Lion Nathan, Carter Holt Harvey, Goodman Fielder, Sealord and Independent Liquor. He was the inaugural CEO of the amalgamated Auckland Council. During his executive career, Mr McKay gained deep commercial, business performance, customer, marketing, risk management and stakeholder engagement experience. Mr McKay has private equity experience and a deep understanding of New Zealand and Australian markets.

**Directorships of other listed entities:** Fletcher Building Limited (since September 2018) and Vector Limited (since September 2022).

**Former directorships of other listed entities in the past 3 years:** Genesis Energy Limited (from June 2014 to September 2022).

**Other relevant interests:** Mr McKay's other interests include Eden Park Trust (Chair) and IAG (NZ) Holdings Limited (Director).



### RECOMMENDATION

The Board (other than Mr McKay who is the subject of this resolution) recommends that shareholders vote in favour of Mr McKay's re-election.

## Item 2: Remuneration Report

Shareholders will be given the opportunity at the AGM to comment on and ask questions about the Company's Remuneration Report for the financial year ended 30 September 2022 (**2022 Remuneration Report**).

The 2022 Remuneration Report is contained in the 2022 Annual Report and sets out the Company's policy for assessing the performance and determining the remuneration of the Company's KMP (being the Board, the Group CEO and members of the Executive Leadership Team) during the financial year ended 30 September 2022.

You can get a copy of the 2022 Remuneration Report using one of the methods described in the Explanatory Notes to Item 5.

No material changes were made to the executive remuneration framework for 2022.

During the 2023 financial year, the Board is considering appropriate enhancements to our remuneration framework to strengthen compliance with CPS 511. Key changes being considered for implementation by 1 October 2023 include longer variable reward deferral periods for the Group CEO and the introduction of non-financial long-term variable reward performance measures.

Section 250R of the Corporations Act requires a listed company to put a resolution to shareholders to adopt its Remuneration Report for the relevant financial year.

The vote on Item 2 is advisory only and does not bind the directors or the Company.

### RECOMMENDATION

The Board recommends that shareholders vote in favour of Item 2.

## Item 3: Deferred Rights and Performance Rights – Group CEO

Items 3(a) and 3(b) seek approval for grants of deferred rights and performance rights to the Group CEO, Mr McEwan, under the Company's Annual Variable Reward (**VR**) and Long-Term Variable Reward (**LTVR**) Plans as part of his remuneration package for 2022.

### 3.1 Mr McEwan's remuneration package

Mr McEwan's remuneration package is based on the Company's performance and remuneration frameworks (described in the 2022 Remuneration Report). These frameworks seek to provide appropriate rewards (balancing fixed and 'at risk' remuneration) to attract and retain talent.

Mr McEwan's 2022 annual fixed remuneration was \$2,500,000, with a maximum Annual VR opportunity of \$3,750,000 and maximum LTVR opportunity of \$3,250,000. Mr McEwan's remuneration package is unchanged for 2023. Further detail on Mr McEwan's remuneration package is in the 2022 Remuneration Report.

The non-executive directors consider that Mr McEwan's remuneration package (including his proposed grants of deferred rights and performance rights) is reasonable and appropriate having regard to the circumstances of the Company and Mr McEwan's duties and responsibilities.

### 3.2 Annual VR and LTVR arrangements for Mr McEwan

The non-executive directors have reviewed the performance of Mr McEwan during 2022 under the Company's performance and remuneration frameworks and have determined to grant Mr McEwan awards under the Company's Annual VR and LTVR Plans in the form of deferred rights and performance rights, subject to shareholder approval.



# Explanatory notes

## 3.3 Annual VR award

The Annual VR Plan aims to reward Group Executives for delivery of annual goals that drive long-term sustainable performance. The Annual VR forms part of Mr McEwan's 'at risk' remuneration.

The Board has determined an Annual VR of \$2,775,000 be awarded to Mr McEwan for 2022, with half of that award to be provided in cash and the other half to be provided in deferred rights. This ensures the value Mr McEwan actually receives from that half of his Annual VR award is tied to the Company's share price at the relevant Restriction End Dates (defined below) and that Mr McEwan does not receive any dividend related payments in connection with the award unless and until the deferred rights vest. See below for further details on the Dividend Equivalent Payment.

The deferred rights will be granted in four tranches (each tranche comprising approximately 12.5% of Mr McEwan's Annual VR award) and will be subject to lapse conditions until the relevant **Restriction End Date**, being 15 November 2023 for the deferred rights in tranche one, 15 November 2024 for the deferred rights in tranche two, 15 November 2025 for the deferred rights in tranche three, and 15 November 2026 for the deferred rights in tranche four.

## How many deferred rights are proposed to be granted to Mr McEwan and at what price?

It is proposed that Mr McEwan be granted 47,664 deferred rights.

That number of deferred rights was determined by dividing 50% of Mr McEwan's Annual VR award of \$1,387,500 (being the face value attributed to the deferred rights by the Company) by the weighted average price at which the Company's ordinary shares (**Shares**) were traded on the Australian Securities Exchange (**ASX**) in the five trading days from 26 September 2022 to 30 September 2022 inclusive, which was \$29.11.

The deferred rights cannot be transferred, are subject to lapse conditions until they vest, and clawback applies after they vest. Each tranche of deferred rights will be eligible to vest shortly after the relevant Restriction End Date, and on vesting will be automatically exercised and entitle Mr McEwan to receive one Share for each deferred right.

No price is payable by Mr McEwan for the grant or exercise of the deferred rights.

No value will be received by Mr McEwan if the deferred rights lapse.

The deferred rights do not carry any voting rights.

Mr McEwan will receive a cash amount (**Dividend Equivalent Payment**) when a deferred right vests. That Dividend Equivalent Payment will be equal to the value of any dividends paid by the Company during the period between the date the deferred right was granted and the date it vests (including the value of any imputation credits which applied to the dividends).

## Lapse conditions for deferred rights

Until the relevant Restriction End Date, a deferred right will lapse in certain circumstances, including if:

- (i) Mr McEwan does not meet threshold measures of conduct as set by the Company;
- (ii) Mr McEwan resigns from the Company;
- (iii) the Board determines in its absolute discretion that some or all of the deferred rights will lapse, including as a result of:
  - the Board's ongoing monitoring and review of Mr McEwan's performance and the performance of the NAB Group up to the relevant Restriction End Date, taking into account various factors such as Mr McEwan's or the NAB Group's under-performance or failings in matters relating to risk, conduct, values or sustainability measures; or
  - the Board determining that a 'Malus Event' (including where Mr McEwan has failed to comply with his accountability obligations under the *Banking Act 1959* (Cth) (**Banking Act**)) has occurred; or
  - any other circumstances contemplated by the NAB Group Remuneration Policy.

In the event that Mr McEwan ceases employment with the Company for any reason (other than resignation but including retirement or retrenchment) before the Restriction End Date, Mr McEwan will retain his deferred rights unless the Board determines that some or all of the deferred rights will lapse.

Any deferred rights that do not lapse following any of those events, will continue to be held on the same terms (unless the Board determines otherwise).

The Board will retain discretion in relation to the final vesting outcome, including absolute discretion to adjust the number of deferred rights that vest down, or to zero, where appropriate.

The Board may extend each Restriction End Date at any time. This includes if the Board has reason to believe that Mr McEwan is likely to fail to meet threshold measures of conduct or comply with his accountability obligations under the Banking Act.

Details of the Company's approach to clawback and other key terms applying to the deferred rights are set out in section 3.5.

## 3.4 LTVR award

The Board has determined to grant the LTVR award in performance rights because the terms of the performance rights encourage long-term decision making critical to the creation of long-term value for shareholders and align Mr McEwan's remuneration outcomes to the experience of shareholders. The performance rights form part of Mr McEwan's 'at risk' remuneration.

Vesting of the performance rights will be subject to the achievement of a performance hurdle. Each performance right that vests will be automatically exercised and will entitle Mr McEwan to receive one Share.

The performance rights cannot be transferred and are also subject to lapse conditions until 22 December 2026 (**LTVR Restriction End Date**) and clawback.

The performance rights do not give Mr McEwan the right to receive a dividend or a Dividend Equivalent Payment.

## How many performance rights are proposed to be granted to Mr McEwan and at what price?

It is proposed that Mr McEwan be granted 111,645 performance rights.

That number of performance rights was determined by dividing Mr McEwan's maximum LTVR opportunity of \$3,250,000 (being the face value attributed to the performance rights by the Company) by the weighted average price at which the Shares were traded on the ASX in the five trading days from 26 September 2022 to 30 September 2022 inclusive, which was \$29.11.

No price is payable by Mr McEwan for the grant or exercise of the performance rights.

No value will be received by Mr McEwan if the performance hurdle is not met or the performance rights otherwise lapse.

# Explanatory notes

## LTVR performance hurdle and vesting

The performance hurdle is tested once at the end of the performance period.

Component	How it works
<b>Performance hurdle</b>	The number of performance rights that vest will depend on the Company's Total Shareholder Return (TSR) performance over the performance period relative to a peer group comprising a selection of top financial services companies in the S&P/ASX 200 approved by the Board (Peer Group).
<b>Performance Period</b>	From 15 November 2022 to 15 November 2026.
<b>Vesting schedule</b>	<p>The number of performance rights that vest will be determined on a straight-line scale from 50% of the performance rights vesting where the Company's TSR performance ranks at the 50th percentile of the Peer Group, up to 100% of the performance rights vesting where the Company's TSR ranks at the 75th percentile of the Peer Group or above. All performance rights will lapse where the Company's TSR performance ranks below the 50th percentile of the Peer Group.</p> <p>The Board will retain discretion in relation to the final outcome of the performance hurdle and vesting generally, including absolute discretion to adjust the number of performance rights that vest down, or to zero, where appropriate.</p>

## Lapse conditions for performance rights

Until the Restriction End Date, a performance right will lapse in certain circumstances, including if:

- (i) Mr McEwan does not meet threshold measures of conduct as set by the Company;
- (ii) Mr McEwan resigns from the Company;
- (iii) the Board determines that some or all of the performance rights were granted in error; or
- (iv) the Board determines in its absolute discretion that some or all of the performance rights will lapse, including as a result of:
  - the Board's ongoing monitoring and review of Mr McEwan's performance and the performance of the NAB Group up to the LTVR Restriction End Date, taking into account various factors such as Mr McEwan's or the NAB Group's under-performance or failings in matters relating to risk, conduct, values or sustainability measures; or
  - the Board determining that a 'Malus Event' (including where Mr McEwan has failed to comply with his accountability obligations under the Banking Act) has occurred; or
  - any other circumstances contemplated by the NAB Group Remuneration Policy.

In the event that Mr McEwan ceases employment with the Company for any reason (other than resignation but including retirement or retrenchment) before the Restriction End Date, Mr McEwan will retain his performance rights unless the Board determines that some or all of the performance rights will lapse.

Any performance rights that do not lapse following any of the events listed above will continue to be held by Mr McEwan on the same terms (unless the Board determines otherwise).

The Board may extend the LTVR Restriction End Date at any time. This includes if the Board has reason to believe that Mr McEwan is likely to fail to meet threshold measures of conduct or comply with his accountability obligations under the Banking Act.

Details of the Company's approach to clawback and other key terms applying to the performance rights are set out in section 3.5.

## 3.5 Terms that apply to deferred rights and performance rights

### Clawback

The Board has absolute discretion to claw back Shares allocated to Mr McEwan after exercise of the deferred rights or performance rights, including if Mr McEwan has not complied with his accountability requirements under the Banking Act. If that occurs, Mr McEwan will be required to repay to the Company an amount determined by the Board and/or Mr McEwan will be required to transfer some or all of those Shares allocated to him back to the Company.

### Grant date

Subject to shareholder approval, the deferred rights and performance rights will be granted following the AGM and, in any event, within 12 months of the AGM.

Details of the deferred rights and performance rights granted to Mr McEwan will be published in the Company's 2023 Annual Report, along with a statement that shareholder approval for that grant was obtained.

No future grant of deferred rights or performance rights requiring shareholder approval will be made until that approval is obtained.

### Voting

The deferred rights and performance rights do not carry any voting rights. Any Shares allocated to Mr McEwan in respect of vested deferred rights or performance rights, will provide the same rights (including with respect to voting) as other Shares.

### RECOMMENDATION

The Board (other than Mr McEwan who has a personal interest in the subject of this resolution) recommends that shareholders vote in favour of Items 3(a) and 3(b).

## 3.6 Other information

Mr McEwan is the only director who is eligible to participate in the Annual VR and LTVR Plans. The Company's non-executive directors do not receive performance-based remuneration and have never received any securities under the Annual VR and LTVR Plans.

Mr McEwan was previously granted 298,665 performance rights following receipt of shareholder approval for the grant of 180,655 performance rights at the 2020 AGM and 118,010 performance rights at the 2021 AGM. No price was payable by Mr McEwan for the grant of those performance rights. Following shareholder approval at the 2021 AGM, Mr McEwan was granted half his 2021 Annual VR in deferred rights – being 54,806 deferred rights.

No loan has been (or will be) provided to Mr McEwan by the Company in respect of the deferred rights or performance rights.

## 3.7 Why are we seeking approval?

Under the ASX Listing Rules, the Company must seek shareholder approval to issue equity securities in the Company to Company directors. Accordingly, we are seeking approval to enable the Company to grant deferred rights and performance rights to Mr McEwan (a director of the Company) as described above. If shareholders do not approve the grant of the deferred rights or performance rights at the AGM, it is intended that all of the Annual VR or LTVR award (as applicable) will be provided in cash, subject to the performance, service and other conditions outlined above.

# Explanatory notes

## Item 4: Amendments to Company's Constitution

The Company's current Constitution was adopted in 2008. Since then, there have been developments in law, the ASX Listing Rules, corporate governance practices and general corporate and commercial practice for ASX listed entities that are relevant to the Company's Constitution.

The Board recommends the proposed amendments so that the Company's Constitution reflects those developments and supports the administration of the Company and its relationship with shareholders.

Many of the proposed amendments are administrative or relatively minor in nature, clarify existing provisions or update certain outdated provisions and terminology. The key amendments are summarised below.

A copy of the Company's Constitution, incorporating the proposed amendments, is available at [www.nab.com.au/agm](http://www.nab.com.au/agm).

Topic	Summary of proposed amendments
<b>General meeting</b>	
<b>Hybrid meetings</b>	<ul style="list-style-type: none"> <li>The Company's current Constitution contemplates general meetings being held in-person at a physical location or as a hybrid meeting (where some attendees participate in-person and others can participate online using technology). As outlined in this Notice of Meeting, the 2022 AGM is being held as a hybrid meeting.</li> <li>The proposed amendments strengthen the hybrid meeting regime in the current Constitution, including by giving shareholders additional flexibility to participate in hybrid meetings in the manner most convenient for them and by providing more clarity around procedural matters in connection with hybrid meetings. For example, the amendments expressly set out the actions the Chair may take to deal with technical issues that may arise before or during a meeting. Consistent with the Company's current Constitution, any technology used at a general meeting must give shareholders as a whole a reasonable opportunity to participate in the meeting.</li> </ul>
<b>Voting</b>	<ul style="list-style-type: none"> <li>To reflect recent changes to the Corporations Act, the proposed amendments clarify that voting at a general meeting will be conducted by poll unless the Chair determines, subject to applicable law, that a resolution should be decided by a show of hands. Voting by poll is generally seen as more accurate, reliable and a better reflection of the voting power of all shareholders, compared to voting by a show of hands. Voting by poll is already the Company's practice, so the proposed amendments won't result in any change of approach.</li> <li>The Company's Constitution permits the Board to allow direct voting, and to determine the rules surrounding how direct voting is implemented for a particular meeting. The existing provisions were prepared at a time when direct voting was a relatively new mechanism to facilitate shareholder participation in general meetings. Amendments are proposed to provide additional clarity about the mechanics of casting direct votes, to assist shareholders should the Board determine to allow direct voting in future.</li> </ul>

Topic	Summary of proposed amendments
<b>Conduct of meetings generally</b>	<ul style="list-style-type: none"> <li>A range of amendments are proposed to assist with the orderly conduct of general meetings.</li> <li>For example, the amendments expressly set out certain actions the Chair may take, including to refuse entry to, require the removal of or require security measures in respect of, a person using a recording/broadcasting device without consent or refusing to turn off a mobile phone, or a person the Chair has reasonable grounds to believe may behave in a dangerous, offensive or disruptive way. These are powers that are already vested in the Chair. The proposed amendments articulate those powers to provide greater clarity for all attendees, and update the existing provisions to bring them into line with modern practice and technology.</li> <li>Amendments are also proposed to allow the Chair to determine not to put certain resolutions to the meeting, and other procedural powers. This does not extend to shareholder-requisitioned resolutions or resolutions required by law, which are not restricted.</li> <li>Amendments are also proposed to assist with the orderly administration of general meetings. This includes amendments of an administrative nature regarding: <ul style="list-style-type: none"> <li>how the Company may deal with incomplete or unclear proxy forms;</li> <li>use of technology to give notices to shareholders, reflecting recent amendments to the Corporations Act, and how the Company may make documents available for inspection where it reasonably believes a shareholder no longer resides at the address in the Company's register; and</li> <li>when attendance at a general meeting will constitute a waiver of any objections regarding failure to give, or a defect in giving, notice of the meeting or a proxy form, or consideration of a particular matter which is not within the business referred to in the notice of meeting.</li> </ul> </li> </ul>
<b>Dividends and distributions</b>	
<b>Altering dividends</b>	<ul style="list-style-type: none"> <li>The proposed amendments make clear that the Board may rescind or alter any determination or declaration to pay a dividend at any time before payment is made.</li> </ul>
<b>Distribution of specific assets to satisfy dividends, capital returns and other distributions</b>	<ul style="list-style-type: none"> <li>The proposed amendments give the Company flexibility to satisfy capital returns and other distributions through the distribution of specific assets. The current Constitution already allows dividend payments to be satisfied in that way but not capital returns or other distributions. The Board considers that additional flexibility to be important and in shareholders' best interests. The Company has no current plans to implement an in specie distribution.</li> </ul>
<b>Method of payment of dividends</b>	<ul style="list-style-type: none"> <li>The Company's current Constitution provides that dividends payable in cash can be paid by cheque. Amendments are proposed to reflect that the Company's current practice is to pay dividends by direct credit for shareholders with a registered address in Australia.</li> </ul>
<b>Unclaimed distributions</b>	<ul style="list-style-type: none"> <li>The proposed amendments provide shareholders with greater clarity regarding how the Company may deal with unclaimed dividends or other distributions. In particular, they expressly provide that if an unclaimed dividend or distribution is not claimed within five years, and is less than the amount prescribed under the Banking Act (currently \$500), the Board may deal with it as it sees fit. The Board's current intention is that such unclaimed amounts will be donated to charity, used for the NAB Disaster Relief Fund or used for some other similar cause.</li> </ul>

# Explanatory notes

Topic	Summary of proposed amendments
<b>Directors</b>	
<b>Board meetings and circulating resolutions</b>	<ul style="list-style-type: none"> <li>The proposed amendments provide greater flexibility and efficiency to the way the Board operates, including by allowing written resolutions of the Board to be passed by at least 75% of the directors (provided they would constitute a quorum), and directors to consent to such resolutions by electronic or other means.</li> <li>The amendments also clarify how technology may be used for Board meetings and that directors participating in a meeting using technology will generally be taken to have consented to the use of that technology.</li> </ul>
<b>Minimum shareholding requirement</b>	<ul style="list-style-type: none"> <li>The proposed amendments remove a historical requirement that each director hold at least 2,000 fully paid shares within six months of their appointment. This allows the Board to adopt minimum shareholding policies from time to time which align with shareholders' interests and current market practice.</li> <li>The Board's current policy is more onerous than the current constitutional requirement. It requires that within five years of appointment, a non-executive director's shareholding (based on the share price at the time shares were acquired) should equal the value of the non-executive director's annual base fee (and for the Chair, the value of the Chair's annual fee). The Group CEO is required to accumulate and retain shares equal to two times his fixed remuneration, to be accumulated over a five-year period from commencement in the role.</li> </ul>
<b>Vacation of office of director</b>	<ul style="list-style-type: none"> <li>The proposed amendments remove a historical requirement that the office of a director becomes vacant if the director accepts or holds office in any other financial institution without the consent of the Board.</li> <li>The Company has separate director independence standards and a conflicts of interest policy. Under these documents, all directors are expected to bring independent and unfettered judgement to Board deliberations, and directors are expected to avoid any action, position or interest that conflicts or appears to conflict with an interest in the Company. These are matters for ongoing and active consideration by all directors, and any director who has a material personal interest in a matter relating to the Company's affairs must notify the Board.</li> </ul>

Topic	Summary of proposed amendments
<b>Others</b>	
<b>Restricted Securities</b>	<ul style="list-style-type: none"> <li>Amendments are proposed to the existing restricted securities provisions in the Company's Constitution to align with the ASX Listing Rules. Although the Company does not currently have any restricted securities on issue, amending these provisions provides flexibility for them to be issued in the future if it is considered appropriate to do so.</li> </ul>
<b>Joint holders</b>	<ul style="list-style-type: none"> <li>The Company's Constitution provides that the Company is not bound to register more than three people as joint holders of a share, reflecting the current functionality of the ASX Clearing House Electronic Subregister System (<b>CHES</b>).</li> <li>It is expected as part of the CHES replacement process currently contemplated by ASX, that additional functionality will allow more than three joint holders of a share to be registered.</li> <li>In anticipation of this change, the proposed amendments provide that the Company is not bound to register more than six people as joint holders of a share, or such lesser number as the system functionality and relevant rules allow.</li> </ul>
<b>Authenticity of instruments of transfer</b>	<ul style="list-style-type: none"> <li>The ASX Listing Rules set out a number of situations where a company may charge a reasonable fee for share-related transactions, including for registering paper-based transfers.</li> <li>As permitted by the ASX Listing Rules, the amendments make clearer that the Company can reduce the financial burden of registering paper-based transfers, and the associated fraud detection practices, by charging a reasonable fee.</li> <li>No changes to current fees are proposed.</li> </ul>
<b>Superannuation contributions</b>	<ul style="list-style-type: none"> <li>The proposed amendments reflect that superannuation contributions are included in the director remuneration determined by the Company in general meeting, as required by the ASX Listing Rules.</li> </ul>

## RECOMMENDATION

The Board recommends that shareholders vote in favour of Item 4.

# Explanatory notes

## Item 5: Consideration of Financial Report, Directors' Report and Auditor's Report

The Financial Report, Directors' Report and Auditor's Report of the Company for the financial year ended 30 September 2022 will be put before the AGM. Each of these reports is contained in the Company's Annual Report for the financial year ended 30 September 2022 (**2022 Annual Report**).

You can get a copy of the 2022 Annual Report either:

- electronically from our website [www.nab.com.au/annualreports](http://www.nab.com.au/annualreports); or
- from Computershare, which you can request by emailing [nabservices@computershare.com.au](mailto:nabservices@computershare.com.au) or by calling **1300 367 647** (within Australia) or **+61 3 9415 4299** (outside Australia).

While this Item does not require a formal resolution to be put to the AGM, shareholders will be given a reasonable opportunity to comment and raise questions on the matters contained within the 2022 Annual Report. Shareholders will also be able to ask questions of the Company's auditor, EY, who will attend the AGM.

## Item 6: Resolutions requisitioned by a group of shareholders

A group of shareholders has:

- proposed the resolutions for Items 6(a) and 6(b) pursuant to section 249N of the Corporations Act; and
- requested that the supporting statements set out in Appendix 1 and Appendix 2 be provided to shareholders pursuant to section 249P of the Corporations Act.

The resolutions for Items 6(a) and 6(b) are not supported by the Board. The Board considers that the resolutions for Items 6(a) and 6(b) are not in the best interests of the Company and shareholders as a whole and recommends that shareholders vote against Items 6(a) and 6(b).

## (a) Amendment to the Constitution – the Board's Response

The proposed resolution in Item 6(a) seeks to amend the Company's Constitution to include a new provision that would enable shareholders, by ordinary resolution, to express an opinion or request information about the way in which a power of the Company vested in the Board has been or should be exercised. The proposed amendment expressly provides that any shareholder resolution made pursuant to the proposed constitutional amendment would be advisory only and would not bind the directors or the Company.

The Board respects the rights of shareholders to requisition a resolution to amend the Company's Constitution. However, the Board believes that the proposed resolution is not in the best interests of the Company and shareholders as a whole and recommends that shareholders vote against it for the reasons that follow.

Under the Company's Constitution, the power to manage the business of the Company is vested in the directors who are required to make decisions and manage risks in the best interests of the Company and shareholders as a whole.

In order to discharge that duty, the Board must consider a range of issues, having regard to the nature and complexity of NAB's business and its operations in a global environment.

The proposed amendment would provide a platform for groups of shareholders to promote any number of matters that may not be in the best interests of the Company and shareholders as a whole. The Board considers that it would be inappropriate for any one issue promoted by shareholders to be given increased prominence over another. Further, to permit resolutions that are advisory could impact the Board's ability to effectively make decisions in the interests of shareholders as a whole and would confuse the role of the Board and shareholders.

The Company encourages transparency and appropriate shareholder discussion and provides shareholders with a number of avenues to raise issues or concerns. The Company has a comprehensive investor relations engagement program, which aims to facilitate regular and extensive engagement between the Board and senior management and investors. Sustainability considerations (including climate risk) regularly form a significant part of this engagement and the Company's progress on such matters is reported through its annual reporting suite of documents including the 2022 Annual Report, annual results, Investor Presentation, and Sustainability Data Pack. The Company has also published a standalone 2022 Climate Report, with disclosures aligned to the recommendations of the Task Force on Climate-related Financial Disclosures. In addition, at each AGM, the Chair encourages shareholders to ask questions and make comments about the Company that are relevant to shareholders as a whole. Shareholders are also invited to submit questions before the AGM, which help the Company to understand shareholder issues and concerns, and address key areas of shareholder feedback at the AGM.

### RECOMMENDATION

Having regard to these reasons, the Board considers that the proposed amendment to the Company's Constitution is not in the best interests of the Company and shareholders as a whole and recommends shareholders vote against the proposed resolution.

## (b) Climate Risk Safeguarding – the Board's Response

Item 6(b) is an advisory resolution and may be properly considered at the AGM only if Item 6(a) is passed by special resolution. If Item 6(a) is not passed, then this Item will not be put to the AGM. However, consistent with the Company's approach to welcoming shareholder feedback, the Company intends to allow reasonable opportunity at the AGM for shareholders to ask questions on the subject matter of this Item irrespective of the outcome of Item 6(a).

This advisory resolution proposes that in subsequent annual reporting, the Company disclose information demonstrating how the Company's financing will not be used for the purposes of new or expanded fossil fuel projects.

The Company's climate ambition is to act as a catalyst for climate action, supporting emissions reduction and aligning with pathways to net zero by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. The Company is working to support its customers to decarbonise and build their climate resilience, while creating prosperity for customers, colleagues and communities.

The Company updated its climate strategy in 2022 to further embed consideration of climate change into the Company's businesses, and deliver a whole-of-bank response to climate change. The strategy is underpinned by four strategic priorities:

- Grow by supporting our customers to decarbonise and build resilience
- Investing in climate capabilities
- Reducing financed emissions
- Reducing operational emissions.

The Company recognises that climate change is a significant risk to the planet and a major challenge for society to address. Sustainability Risk, which includes consideration of climate change, has been a material risk category within the Company's Risk

# Explanatory notes

Management Framework since 1 October 2021. ESG risks, including climate-related risks, are identified, measured, monitored, reported and overseen in accordance with the Company's Risk Management Strategy and Framework. The Company's ESG-related credit policy and risk appetite settings for coal, oil and gas include:

## Coal

- The Company will not finance new thermal coal mining projects or take on new-to-bank thermal coal mining customers.
- The Company separately reports its thermal coal-related rehabilitation performance guarantees as part of reporting its resources exposures.
- The Company will not finance new or material expansions of coal-fired power generation facilities.

The Company recognises that currently there are no readily available substitutes for the use of metallurgical coal in steel production. The Company will continue providing finance to its customers in this segment, subject to enhanced due diligence which further considers underlying environmental, social and governance risks.

## Oil and gas

- The Company will continue to support integrated liquified natural gas (LNG) in Australia, New Zealand and Papua New Guinea and selected LNG infrastructure in other regions.
- The Company will not directly finance greenfield oil extraction projects or onboard new customers with a predominant focus on oil extraction.
- The Company will only consider directly financing greenfield gas extraction in Australia where it plays a role in underpinning national energy security.
- The Company will not directly finance greenfield gas extraction projects outside Australia.
- The Company will not finance oil and gas extraction, production or pipeline projects within, or impacting, the Arctic National Wildlife Refuge area or any similar Antarctic Refuge.

- The Company will not directly finance oil/tar sands or ultra-deep-water oil and gas extraction projects.

The Company will continue to provide corporate lending to existing oil and gas customers. From 1 October 2025, new lending and renewals will require oil and gas customers to have a transition plan in place.

The Board considers that these policy settings appropriately manage fossil fuel-related financial and non-financial risks of the Company, while supporting customers to decarbonise, build their climate resilience, and help achieve the goals of the Paris Agreement.

The Company has publicly reported on climate-related performance since 2003. Recognising the increasing level of demand for detailed disclosures on climate-related matters, this year the Company has prepared a separate Climate Report. The Climate Report details the Group's approach to climate change covering: governance, strategy, risk management, and metrics and targets. The Climate Report also includes methodological information that was previously published separately. Further detail on sustainability-related performance is also available in the Company's Sustainability Data Pack.

The Company recognises its ability to help the economy transition through the financing it provides. The Company is working to:

- Improve its understanding of the emissions attributable to its lending and investment activities.
- Set targets to reduce its attributable financed emissions, prioritising emissions-intensive sectors.
- Mobilise investment in colleagues, processes, technology and partnerships that will support NAB in achieving its targets.

Ultimately, the goal is to reduce emissions in the real economy, aligned with pathways to net zero by 2050. The Company has joined the Net Zero Banking Alliance (**NZBA**), furthering its ambition to align its operational and attributable financed emissions with pathways to net zero by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

Working towards this ambition, the Company has this year set interim 2030 sectoral decarbonisation targets (sector targets) for four of the most emissions-intensive sectors<sup>2</sup> in its lending portfolio: power generation, oil and gas, thermal coal mining and cement production. These sectors have been prioritised as they represent the majority of financed emissions attributable to the Company's lending portfolio and are among the most emissions-intensive sectors of the Company's lending portfolio.

In setting these sector targets, the Company has been informed by the United Nations Environment Programme Finance Initiative's *Guidelines for Climate Target Setting for Banks* (**UNEP FI Guidelines**). The Company will set sector-level targets for the remaining carbon-intensive sectors by May 2024, consistent with requirements of the NZBA.

Across its lending portfolio, the Company will support the transition to net zero by 2050 by:

- Supporting customers to accelerate their decarbonisation plans.
- Working to re-balance its portfolio exposure to customers with lower emissions intensities.
- Advocating for change that supports the transition with policymakers, regulators, industry associations, customers and investors, as well as the broader community.
- Considering selectively reducing exposure to high emitting clients that have been unable to demonstrate how they are aligned with the Company's sector targets.

Since announcing its target in 2020 to work with 100 of its largest greenhouse gas emitting customers by 30 September 2023, the Company has completed transition maturity assessments for 86 of its largest greenhouse gas emitting customers. The Company is building on steps taken to date to better assess the maturity of customers' transition plans, including continuing to work with the NZBA and industry bodies on development and trialing of relevant guidance. Further detail about how the Company is supporting the transition to net zero can be found in its 2022 Climate Report.

The Company is also investing in its capabilities to realise its ambition to be a catalyst for climate action. This includes investing in colleagues, processes, technology, data, partnerships and advocacy. For example, the Company is taking steps to build the capabilities of its colleagues to support customers in their transitions through its partnership with Melbourne Business School to help develop and deliver targeted climate training for colleagues supporting customers to decarbonise and build resilience.

The Board remains fully committed to the Company's climate strategy and its ambition to be a catalyst for climate action, supporting emissions reduction and aligning with pathways to net zero by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. The Company's 2022 Climate Report details its approach to climate change and demonstrates its progress with respect to its climate ambition.

## RECOMMENDATION

Given the Company's ongoing goals and progress delivering against its climate strategy, the Board considers that Item 6(b) is not in the best interests of the Company and shareholders as a whole and recommends that shareholders vote against the proposed resolution.

2. These sectors are consistent with the UNEP FI Guidelines requiring NZBA members to set targets for a substantial majority of emissions-intensive sectors including: power generation, oil and gas, thermal coal mining, cement production, commercial real estate, residential real estate, iron and steel, aluminium, agriculture and transport.

# Appendices

The comments in the Appendices were provided by a group of shareholders and are not endorsed by the Board. The Company is legally required to circulate these statements to shareholders. However, neither the Board nor the Company make any representations as to the accuracy of the comments provided by the group of shareholders. The Board and the Company disclaim any liability for factual inaccuracies or misleading statements contained in those comments.

## Appendix 1 – Supporting Statement to Resolution 6(a)

Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. For example, in the UK shareholders can consider resolutions seeking to explicitly direct the conduct of the board. In the US, New Zealand and Canada shareholders can consider resolutions seeking to advise their board as to how it should act. As a matter of practice, typically, unless the board permits it, Australian shareholders cannot follow the example of their UK, US, New Zealand or Canadian counterparts in this respect.

A board of directors is a steward for shareholders and accountability for the discharge of that stewardship is essential to long-term corporate prosperity.

In some situations the appropriate course of action for shareholders dissatisfied with the conduct or performance of the board is to seek to remove directors individually. However in many situations a better course of action is to formally and publicly allow shareholders the opportunity at shareholder meetings to alert board members that the shareholders seek more information or favour a particular approach to corporate policy.

The constitution of NAB is not conducive to the rights of shareholders to place resolutions on the agenda of a shareholder meeting. This is contrary to the long-term interests of NAB, its board and shareholders.

Passage of this resolution – to amend the NAB constitution – will simply put the company in a similar position in regard to shareholder resolutions as any listed company in the UK, US, Canada or New Zealand.

We encourage shareholders to vote in favour of this resolution.

## Appendix 2 – Supporting Statement to Resolution 6(b)

Despite committing to the 1.5°C global warming limit of the Paris Agreement, and net-zero global emissions by 2050, NAB's financing continues to undermine these goals.

### Paris-aligned financing means no new fossil fuels

The International Energy Agency's (IEA) Net Zero by 2050 scenario (NZE2050)<sup>1</sup> states “no new coal mines or mine extensions”, “no new oil and gas fields” and “huge declines in the use of coal, oil and gas” are needed to achieve net-zero emissions by 2050. It further states “also not needed are many of the liquefied natural gas (LNG) liquefaction facilities currently under construction or at the planning stage”.

In July 2021, 115 investors with US\$4.2 trillion in assets under management and/or stewardship wrote to 63 global banks, calling on them to integrate the NZE2050 findings, including the need for no new fossil fuels, into their climate strategies.<sup>2</sup>

As early as 2018 the IEA's Executive Director said limiting global warming to less than 2°C means “we have no room to build anything that emits CO<sub>2</sub> emissions”.<sup>3</sup> This conclusion has been confirmed by peer-reviewed scientific research<sup>4</sup> and analysis<sup>5</sup> drawing upon data from organisations including Rystad Energy, IEA and IPCC.

## NAB continuing to finance fossil fuel expansion

Despite these ever-growing calls to end fossil fuel expansion, NAB continues to finance projects and companies doing exactly that.

Our company loaned at least \$1.1B for 15 projects that expand the fossil fuel industry between 2016 and 2020. These projects will enable the release of 3.6 billion tonnes of CO<sub>2</sub>, equivalent to seven times Australia's 2020 national emissions.<sup>6</sup>

Since January 2019 NAB has loaned nearly \$1B to eight ASX300 companies with business plans consistent with the failure of the Paris Agreement, including AGL Energy, Aurizon, Beach Energy, BHP, Mineral Resources, Santos, Viva Energy and Whitehaven Coal.<sup>7</sup>

The loan to Whitehaven Coal, which is planning several new and expanded coal mining projects, is set to mature next year. Nothing in NAB's policy settings rules out a renewal of this financing, nor the financing of other clients planning new or expanded coal mines.

In July 2022, NAB refinanced an expanded loan to the new Coastal Gaslink Pipeline in Canada, contradicting our Chairman's claims this project was an “historical issue” and that NAB has “no intention” of any further financing for greenfield oil and gas extraction. The pipeline is estimated to enable the release of 610 million tonnes of CO<sub>2</sub> over its lifetime.<sup>8</sup> It is also fiercely opposed by the Wet'suwet'en First Nations people who have not provided their free, prior and informed consent.<sup>9</sup>

In August 2022, NAB was lead arranger on a syndicated loan to Santos, ostensibly for the company to proceed with its Barossa gas project, which is so emissions intensive it has been described by one analyst as “...a CO<sub>2</sub> emissions factory with an LNG by-product.”<sup>10</sup>

## Physical and transitional climate risk exposure

As an institution exposed across virtually the entire Australian economy, NAB should be extremely concerned about the financial impacts of physical, transitional, legal and reputational climate risks, which inevitably will be borne by shareholders.

A September 2021 report by the Reserve Bank of Australia (RBA) identifies mortgages as a source of financial risk, stating: “housing prices could decline, leaving banks with less protection than expected against borrower default”.<sup>11</sup> A May 2022 Climate Council study found one in 25 Australian homes would be uninsurable by 2030.<sup>12</sup>

Our peer and competitor, Commonwealth Bank of Australia, has itself drawn attention to climate risks in agriculture, reporting in 2019 that grain growing regions risk productivity declines of up to 50% below the 2018 baseline by 2060, attributed to changes in rainfall.<sup>13</sup> This should be of particular concern to NAB, given our extensive interest in agribusiness.

1. <https://www.iea.org/reports/net-zero-by-2050>

2. <https://shareaction.org/investors-call-on-banks-to-strengthen-climate-ambitions-before-cop26>

3. <https://www.theguardian.com/business/2018/nov/13/world-has-no-capacity-to-absorb-new-fossil-fuel-plants-warns-iea>

4. <https://www.nature.com/articles/s41586-019-1364-3>; <https://iopscience.iop.org/article/10.1088/1748-9326/aabc5f/meta>

5. <http://priceofoil.org/content/uploads/2020/09/OCI-Big-Oil-Reality-Check-vF.pdf> (p.6);

<https://priceofoil.org/2018/10/17/the-skys-limit-ippc-report-15-degrees-of-warming/>

6. <https://www.marketforces.org.au/campaigns/banks/bigfourscorecard/>

7. <https://www.marketforces.org.au/campaigns/super/outofline/>

8. <https://www.marketforces.org.au/campaigns/banks/bigfourscorecard/>

9. <https://www.marketforces.org.au/nab-agm-2021/>

10. <https://ieefa.org/articles/ieefa-santos-barossa-gas-field-emissions-create-major-risks-shareholders>

11. <https://www.rba.gov.au/publications/bulletin/2021/sep/climate-change-risks-to-australian-banks.html>

12. <https://www.climatecouncil.org.au/resources/australian-homes-uninsurable-2030-climate-risk-map/>

13. <https://www.commbank.com.au/content/dam/commbank-assets/about-us/2019-08/CBA-2019-Annual-Report-Risk-management.pdf>

# Appendices

## NAB being left behind

Institutions are placing more effective restrictions on finance to companies and projects expanding fossil fuels, leaving NAB's clearly ineffective policies behind.

In August 2022 industry super fund NGS divested from numerous oil and gas producing companies due to the risk of stranded assets.<sup>14</sup>

In March 2022:

- Dutch bank ING announced it would “restrict dedicated upstream finance (lending or capital markets) for oil and gas fields approved for development after 31 December 2021”,<sup>15</sup>
- European reinsurer Hannover RE announced its facultative division “will no longer take on any new covers for project policies associated with the exploration and/or development of new oil and gas reserves (upstream) or for project policies that exclusively support the transportation and storage (midstream) of new oil and gas reserves”,<sup>16</sup> and
- MAPFRE ruled out insuring or investing in “any coal, oil or gas company that had not committed to an energy transition plan that allows global warming to be maintained at around 1.5°C”.<sup>17</sup>

In 2020 Suncorp ruled out underwriting new oil and gas production assets, and committed to phasing out underwriting for the sector by 2025 and direct investment by 2040.<sup>18</sup>

Since March 2021, Nordea Asset Management has excluded fossil fuel producers without a clear plan for complying with the Paris Agreement in 213 of its 368 funds, stating “no oil and gas producers and of course coal miners live up to these requirements at present”.<sup>19</sup>

## Regulatory and legal risk

In November 2021, the Australian Prudential Regulation Authority (APRA) published its Prudential Practice Guide ‘CPG 229 Climate Change Financial Risks’.<sup>20</sup>

It states that where an institution is unable to adequately address climate risk facing its customers through other measures, it may need to consider “the institution’s ability to continue the relationship” with the customer.

## Investor support required

Despite its stated support for the Paris Agreement and net-zero emissions by 2050, NAB remains an active investor in fossil fuel expansion, further exposing shareholders to financial risks associated with the energy transition required to meet the Paris climate goals.

We urge shareholders to vote in favour of this resolution.

14. <https://www.ngssuper.com.au/articles/sustainability/ngs-divests-major-fossil-fuel-companies>

15. <https://www.ing.com/Sustainability/Our-Stance/Oil-gas-industry.htm>

16. <https://www.hannover-re.com/1846913/annual-report-2021.pdf> (p74)

17. <https://www.mapfre.com/media/shareholders/2022/06-integrated-report-2021.pdf> (p56)

18. <https://www.suncorpgroup.com.au/corporate-responsibility/sustainable-growth/responsible-banking-insurance-investing>

19. <https://www.nordea.com/en/news/140-nordea-funds-tighten-requirements-for-investments-in-fossil-fuels>

20. <https://www.apra.gov.au/sites/default/files/2021-11/Final%20Prudential%20Practice%20Guide%20CPG%20229%20Climate%20Change%20Financial%20Risks.pdf>

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